



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: September 1, 2023

IBA Report Number: 23-24

Land Use and Housing Committee Meeting Date: September 21, 2023

Item Number: TBD

Proposed Response to Grand Jury Report “Housing in San Diego County”

On May 9, 2023, the San Diego County Grand Jury filed a report, titled “Housing in San Diego County”. This report focuses on approaches for dealing with the lack of land and money to build housing.

The Grand Jury reports several findings and recommendations, some of which are directed to the Mayor and the City Council. Of these, three of the findings apply to the City of San Diego. Additionally, Recommendations 23-01 through 23-06 apply to the City. The proposed joint Mayoral and Council response – see Attachment 1 – covers these findings and recommendations.

Per the Grand Jury report, the Council is required to provide comments to the Presiding Judge of the San Diego Superior Court on the applicable findings and recommendations within 90 days. However, the Council President’s office requested and received an extension for the response to November 6, 2023.

In responding to each Grand Jury finding, the City is required to either (1) agree with the finding or (2) disagree wholly or partially with the finding. Responses to Grand Jury recommendations must indicate that the recommendation (1) has been implemented; (2) has not yet been implemented, but will be implemented in the future; (3) requires further analysis; or (4) will not be implemented because it is not warranted or is not reasonable. Explanations for responses are requested when applicable.

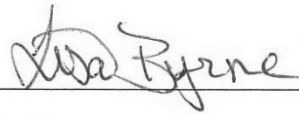
For this Grand Jury report, various departments assisted the IBA in the development of the proposed Council response, including Compliance, City Planning, Development Services,

Government Affairs, Library, the City Attorney’s Office, and the Mayor’s Office, as well as the San Diego Housing Commission. We request that the Land Use and Housing Committee provide feedback and forward its approved proposed response to the full City Council.

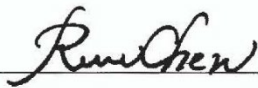
It should be noted that, while this is a joint Mayoral and Council proposed response, the Council may choose to amend or change this response. If the final response that the Council approves is agreeable to the Mayor, then the joint City response will be sent to the Presiding Judge. Otherwise, the Council and Mayor will send separate responses.



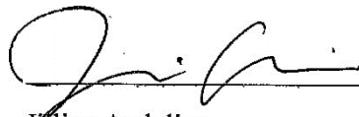
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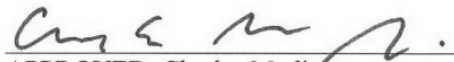
Lisa Byrne
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APPROVED: Charles Modica
Independent Budget Analyst

Attachments:

1. Proposed City Response to San Diego County Grand Jury Report titled “Housing in San Diego County”
2. San Diego County Grand Jury Report titled “Housing in San Diego County”

**Proposed City Response to
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Pursuant to California Penal Code section 933(c), the City of San Diego Mayor and City Council provide the following responses to the findings and recommendations which are included in the above referenced Grand Jury Report.

FINDINGS 01 THROUGH 06

***Finding 01:** The City of Lemon Grove met its housing allocation for all the income categories identified by SANDAG in the Fifth RHNA Cycle.*

This finding applies to the City of Lemon Grove. As such, a response is not provided.

***Finding 02:** The County of San Diego failed to meet their housing allocation for all income levels.*

This finding applies to the County of San Diego. As such, a response is not provided.

***Finding 03:** The following cities did not meet their housing allocations for all income categories: Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, and Vista.*

Response: The Mayor and City Council partially disagree with the Grand Jury’s finding.

This response is specific to housing allocations for the City of San Diego. While the City of San Diego did not meet its housing allocations for very low-, low-, and moderate-income categories, the City did meet its allocation for above moderate for the Fifth Regional Housing Needs Assessment (RHNA) Cycle (2010-2020) established by the State. The City was allocated a total of 33,954 above moderate homes for the Fifth RHNA Cycle and the City produced a total of 41,208 homes in the above moderate-income category. It should be noted that the City received a total allocation of 88,096 homes, which was the highest housing allocation for the San Diego region.

Prior to the end of the Fifth RHNA Cycle, additional regulations to further address the need to produce homes for very low-, low-, and moderate-income households were adopted by the City Council. The City Council approved an [Accessory Dwelling Unit \(ADU\) density bonus program](#) which allows for an additional market rate ADU home for every ADU home with a 10- or 15-year affordability restriction. The City also adopted the [Complete Communities Housing Solutions](#) regulations to provide additional density bonuses and incentives when at least 40 percent of the pre-density bonus homes are for lower-income households, with at least 20 percent for very low-income households. The City’s Fifth RHNA Cycle allocation and production totals are shown in Table 1. Production is measured through the number of building permits issued during the Fifth RHNA Cycle.

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Table 1: *City of San Diego Fifth RHNA Cycle Allocation and Production Totals*

| | <i>Very Low</i> | <i>Low</i> | <i>Moderate</i> | <i>Above Moderate</i> | <i>Total</i> |
|------------|-----------------|------------|-----------------|-----------------------|--------------|
| Allocation | 21,977 | 16,703 | 15,462 | 33,954 | 88,096 |
| Produced | 3,797 | 3,715 | 37 | 41,208 | 48,757 |

Finding 04: *The San Diego region failed to meet its housing allocations for each of the income categories identified by SANDAG in the Fifth RHNA Cycle.*

Response: **The Mayor and City Council agree with the Grand Jury’s finding.**

As stated in the response to Finding 03, the City of San Diego did not meet its housing allocations except for above moderate-income homes; however, the City received the greatest allocation and produced more total housing than any other jurisdiction in the region during the Fifth RHNA Cycle. Since the State’s certification of the City’s [Housing Element](#) on September 10, 2021, the City has continued to aggressively increase new home capacity and support additional home production by adopting the following:

Housing Capacity

- [Barrio Logan Community Plan Update](#) added capacity for 1,300 new homes. (2021)
- [Mira Mesa Community Plan Update](#) added capacity for 24,000 new homes. (2022)

Support Housing Production

- [Housing Action Package 1.0](#) included ten reforms all aimed at increasing production of homes, including implementing Senate Bill 9 to allow for more homes on single family zones, creating an employee housing incentive program, strengthening the City’s Accessible Homes Incentive program, and creating a program to allow for affordable homes in high resource communities. (2022)
- [2021 Land Development Code Update](#) included amendments to the City’s regulations to ensure they promote home development by achieving consistency between the City’s affordable home programs off-site development requirements, allowing parking reductions for home occupancy businesses, allowing flexibility on personal storage requirements for multifamily homes, and allowing alternative compliance options for meeting the outdoor private open space requirements for home development.
- [2022 Land Development Code Update](#) included seven items aimed at increased production of homes. In particular, the Code Update included a new Sustainable Development Area that will allow increased new home production

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in areas located near transit in all communities across the City, added flexibility to the Employment Overlay Zone to allow for increased opportunities for additional housing, and provided regulatory clarifications on housing programs such as Complete Communities Housing Solutions and Affordable Housing Density Program. (2023)

Additionally, the City of San Diego has many other planning initiatives underway to further increase home production such as implementing ten additional housing-related regulation reforms through the Mayor’s proposed [Housing Action Package 2.0](#) – which is anticipated to be reviewed by the Land Use and Housing Committee in September 2023, prior to City Council consideration later this year– and planning for more homes near transit through [Blueprint SD](#), which provides a framework for sustainable and equitable growth in the City by aligning land use and complementary policies to support greenhouse gas emissions reductions. Additional planning initiatives can be viewed at the City Planning Department’s work program [webpage](#).

Further, in accordance with the [Mayor’s Executive Order No. 2023-1](#), the City created the Affordable Housing Permit Now program for development projects with 100 percent affordable homes and emergency shelters. The program is designed to provide greater speed and efficiency in permitting, while providing enhanced customer service to applicants seeking to build affordable homes. The program provides strict timelines for review and approval of eligible projects and includes a process designed for clear communication and effective coordination between applicants and City representatives.

***Finding 05:** Specific plans are useful tools in spurring development, including housing development, and have been used by El Cajon and Chula Vista among others.*

Response: The Mayor and City Council agree with the Grand Jury’s finding.

The City has adopted the following specific plans since the General Plan was updated in 2008 as shown in Table 2.

Table 2: *City of San Diego – Specific Plans Adopted Since 2008*

| Specific Plan | Community Plan Area | Year Adopted | Additional Home Capacity | |
|-------------------------------------|---------------------|--------------|----------------------------|-----------------------|
| | | | Included in Community Plan | Beyond Community Plan |
| <i>City Prepared</i> | | | | |
| Balboa Station Area | Pacific Beach | 2021 | - | 3,500 |
| Morena Corridor | Linda Vista | 2019 | - | 5,600 |
| Historic Village | San Ysidro | 2016 | 1,700 | - |

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| <i>Property Owner Prepared</i> | | | | |
|---------------------------------------|----------------|------|---------------|--------------|
| Riverwalk | Mission Valley | 2020 | 4,300 | - |
| Central Village | Otay Mesa | 2017 | 4,485 | - |
| Quarry Falls (Civita) | Mission Valley | 2008 | 4,780 | - |
| Totals | | | 15,265 | 9,100 |

Additionally, the Otay Mesa [Southwest Village](#) Specific Plan is currently being prepared by the property owners. The City looks to prepare specific plans within areas smaller than community plan areas to plan for transit-oriented village development consistent with the City’s General Plan City of Villages strategy such as the Balboa Station Area and Morena Corridor specific plans which provided additional home capacity. As part of community plan updates, the City has identified areas that could be redeveloped and has required that a specific plan be prepared by the property owners to provide more detailed planning such as Riverwalk in Mission Valley or Central Village in Otay Mesa. The City is open to considering other types of specific plans related to broader policy issues where appropriate and useful.

While specific plans can be useful tools in spurring development, they are not the only tool available to spur new home development. The City has and continues to focus on comprehensively updating its community plans, zoning, and development regulations to allow more new homes expeditiously, in alignment with its housing, climate, and equity goals. Community plan updates and regulatory changes have allowed for homes to be produced with ministerial approvals. Unlike most cities in California that do not have community plans, the addition of a specific plan with a community plan can increase the processing time since it would require additional studies, environmental review, and discretionary hearings to approve a specific plan.

Through community plan updates, the City created increased housing capacities in various community areas. The City has adopted the following 15 community plan updates and focused plan amendments since the General Plan was updated in 2008, which have increased capacity by about 107,000 new homes as shown in Table 3.

Table 3: City of San Diego – Community Plans Adopted Since 2008

| Community Plan Updates | Year | Additional Capacity |
|---|-------------|----------------------------|
| Otay Mesa Community Plan | 2014 | 6,400 |
| Encanto Neighborhoods Community Plan | 2015 | 8,000 |
| Southeastern San Diego Community Plan | 2015 | 3,000 |
| Ocean Beach Community Plan | 2015 | 60 |
| Navajo Community Plan – Grantville Focused Plan Amendment | 2015 | 8,300 |
| Greater Golden Hill Community Plan | 2016 | 50 |
| North Park Community Plan | 2016 | 2,300 |
| San Ysidro Community Plan | 2016 | 1,800 |

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| | | |
|---|------|----------------|
| Uptown Community Plan | 2016 | 150 |
| Midway Pacific Highway Community Plan | 2018 | 6,500 |
| Old Town San Diego Community Plan | 2018 | 800 |
| Mission Valley Community | 2019 | 24,200 |
| Kearny Mesa Community | 2020 | 20,000 |
| Barrio Logan Community Plan | 2021 | 1,300 |
| Mira Mesa Community Plan | 2022 | 24,000 |
| Total Homes | | 106,860 |

The City is in the process of updating the following community plans, which could have the potential to increase capacity for another 100,000 homes over the next three to four years:

- [University Community Plan](#)
- Uptown –[Hillcrest Focused Plan Amendment](#)
- [College Area Community Plan](#)
- [Clairemont Community Plan](#)
- Mid-City Communities Plan

As described above, since 2008, the City of San Diego has adopted specific plans and community plans which have resulted in an additional capacity of approximately 116,000 homes. It is important to note that housing capacity does not equal housing production. Housing capacity is important to allow for new home development to occur, and housing production is contingent not only on housing capacity but also on regulatory tools to facilitate actual development projects.

While increasing the capacity for homes is critical, the City has also focused on taking steps to facilitate the production of homes with regular updates to its development regulations once or twice per year. These regular updates are an opportunity to facilitate the production of homes by streamlining regulations and provide development incentives to support the production of homes at different levels of affordability. The Mayor’s proposed Housing Action Package 2.0 will continue the commitment to create regulations that encourage the development of homes for San Diego’s diverse population. The Housing Action Package 2.0 aims to implement State law to allow the construction of more new homes near transit, provide protection to existing residents, and increase the supply of land available for new home development. This initiative will also incentivize and promote new home opportunities in all communities that San Diegans of all income levels can afford.

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***Finding 06:** Both transit agencies in San Diego County (NCTD and MTS) have made land available for development and are actively developing projects that include housing, among other uses.*

This finding applies to NCTD and MTS. As such, a direct response is not provided. However, the City does make efforts to explore opportunities to utilize City-owned property for housing. For instance, the Phase 2 Report of the City of San Diego, Library Master Plan identifies library locations that have outgrown their community or are inadequate for expansion and provide flexibility with additional uses of City-owned property. Recommendations calling for new or alternative library sites present opportunities for mixed-use development accommodating a library and other uses such as housing and retail, while enhancing community access and benefit. The City is also in the process of preparing a study referred to as the City Property Home Opportunity Framework, which will build on the City’s ongoing efforts to accelerate home production on City-owned land. The City Planning Department, with funding from [SANDAG’s Housing Acceleration Program](#) (HAP) Cycle 1 grant, began studying the viability of utilizing City-owned land for residential development. The second phase of this project, with potential funding from a HAP Cycle 2 grant, would include a City Affordable Home Development Master Plan to comprehensively plan for construction of new homes on City-owned land, as well as potentially other publicly owned land. Community plan updates have also increased the opportunities for homes on transit agency properties which has resulted in the transit-oriented development of homes near the [Grantville Transit Station](#) and the [Encanto/62nd Street Station](#).

RECOMMENDATIONS 23-01 THROUGH 23-06

Recommendation 23-01: *Consider, if they have not done so, using specific plans (as defined by the Governor’s Office of Planning and Research) to facilitate the permitting and development of housing, particularly affordable housing, in their jurisdictions.*

Response: The recommendation has been implemented.

Specific plans are one of a few different tools that a city can use to support the production of housing. Unlike most other cities in California, the City uses community plans to provide more detailed land use and policy guidance to provide capacity and support the production of homes. However, the City has adopted four specific plans as listed in response to Finding 05 that planned for the development of over 15,000 homes as identified in respective community plans. The community plans provided a more general plan use and housing capacity framework for the specific plans to provide a finer more detailed level of planning. The City has also adopted two specific plans that added a capacity for 9,100 new homes beyond the community plan capacity.

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The City has also updated or prepared focused amendments for 15 community plans since 2008 when the City updated its General Plan to provide additional opportunities for homes. Currently, one specific plan and five community plan updates are in process. Since 2008, the City of San Diego has adopted specific plans and community plans which have increased the capacity for 116,000 new homes. The City has also adopted comprehensive updates to its Land Development Code and created incentives and density bonus programs to streamline and incentivize the production of housing.

Recommendation 23-02: *Consider working with school districts and community college districts within their jurisdictions to identify developable land for housing owned by districts within their boundaries.*

Response: The recommendation has been implemented.

The [San Diego Housing Commission](#) (SDHC), which is the City’s public housing agency, has collaborated with local public educational institutions to create and preserve affordable housing. Recently, SDHC engaged in discussions with a community college district regarding the possibility of collaborating on additional affordable workforce housing on district property. Other examples of work include:

- [LIVIA at Scripps Ranch](#) by the Monarch Group recently completed construction of 53 affordable rental apartments out of 264 total apartments in the development. LIVIA at Scripps Ranch is under a long-term ground lease and joint occupancy agreement with the San Diego Unified School District. In 2020, SDHC authorized the issuance of up to \$100 million in Multifamily Housing Revenue Bonds, approved by the Housing Authority of the City of San Diego, toward the financing for the development.
- SDHC collaborated with the San Diego Unified School District and developers to create affordable rental housing for seniors and families at the COMM 22 development in the Southeastern San Diego neighborhood of Logan Heights, which celebrated its grand opening in 2015. The development consists of two home developments—[Victoria at COMM22](#), with 69 affordable apartments for seniors age 62 and older and one manager’s apartment, and [Paseo at COMM22](#), with 128 affordable apartments for families and two manager’s apartments. COMM22 was built on mostly vacant lots which formerly served as maintenance and storage lots for the San Diego Unified School District, which is leasing the land to BRIDGE Housing Corp. SDHC awarded loans and authorized \$44.2 million in Multifamily Housing Revenue Bonds, approved by the Housing Authority of the City of San Diego, to support these projects.

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The City also recently adopted code amendments to support the development of homes on publicly owned land, which includes those owned by school and community college districts. The Mayor is currently proposing amendments to provide additional incentives for the development of housing on publicly owned land by increasing floor area ratio bonuses as part of his Housing Action Package 2.0. Additionally, the City is currently in the process of seeking grant funding for a City Affordable Home Development Master Plan, to comprehensively plan for construction of new homes on City-owned land, as well as potentially other publicly owned land.

Recommendation 23-03: *Consider working with local religious institutions within their jurisdictions to identify land developable for housing, particularly affordable housing.*

Response: The recommendation has been implemented.

SDHC supports collaborations with faith-based institutions to produce affordable housing. Examples of this work include:

- A collaboration with National Community Renaissance (National CORE) on the [Nestor Senior Village](#) affordable housing development, under construction on land National CORE is ground leasing from Nestor United Methodist Church. The development will create 73 affordable apartments for seniors aged 55 and older who experience homelessness. SDHC awarded 73 rental housing vouchers to help residents pay their rent and a \$3.3 million loan toward the development. The City of San Diego also waived more than \$1.2 million in development impact fees to assist the construction.
- As mentioned in the Grand Jury report, Bethel AME Supportive Housing is being built on land owned by the African Methodist Episcopal Church in Logan Heights, with a density bonus from the City of San Diego. This development will include 25 rental apartments that will be affordable for households with income up to 80 percent of San Diego’s Area Median Income, as well as one manager’s apartment.
- In 2008, SDHC authorized the issuance of more than \$17 million in Multifamily Housing Revenue Bonds, approved by the Housing Authority of the City of San Diego, to support the [Parkside Terrace](#) development by Wakeland Housing and Development Corporation. Parkside Terrace created 77 rental apartments affordable for households with income up to 60 percent of San Diego’s Area Median Income. The development was built on land previously occupied by East Village Community Church in Downtown and previously owned by American Baptist Churches of the Pacific Southwest, doing business as Transformation Ministries.

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- SDHC is also involved in other collaborations with a variety of faith-based organizations—including Father Joe’s Villages, Catholic Charities, Episcopal Community Services, San Diego Interfaith and San Diego Rescue Mission—on housing or homelessness shelter programs and will continue to explore additional opportunities to work with local faith-based organizations.

The City also has regulations that allow affordable housing on premises owned by qualified nonprofit institutions, including religious institutions, on sites that do not otherwise allow multiple dwelling unit developments. For instance, the City enacted code amendments in 2019 to decrease parking requirements for religious facilities, to accommodate the development of affordable housing. Affordable housing is permitted on these sites if they are in High or Highest Resource [California Tax Credit Allocation Committee \(CTCAC\) Opportunity Areas](#) and in a [Sustainable Development Area](#). The City will continue to consider additional revisions as part of future Land Development Code amendments to further offer incentives and/or remove regulatory barriers for qualified nonprofit institutions, including religious institutions and other community-based organizations, to support the production of more new affordable homes. In addition to efforts through nonprofit institutions, including religious institutions, the Mayor’s proposed Housing Action Package 2.0 would expand opportunities for affordable housing development in these areas for public sector employees, veterans, and students.

Recommendation 23-04: *Consider drafting revenue-generating legislation at the jurisdiction level, if feasible and legal e.g., the Seattle Jumpstart Tax. Monies generated by such a tax to fund or assist in funding the construction of housing, particularly affordable housing.*

Response: The recommendation has been implemented.

Revenue generation for California jurisdictions is largely restricted by State law; and most tax increases require voter approval. Accordingly, cities can submit revenue-generating ballot measures to the electorate. In recent years, the City of San Diego has submitted to voters revenue-generating legislation related to affordable housing, without success. Most recently, in the November 2020 General Election, the San Diego City Council placed Measure A on the ballot. Measure A authorized up to \$900 million in general obligation bonds for affordable and supportive housing for vulnerable populations, secured by an increase in property taxes within the City. The bond proceeds would have been used to acquire or improve property to provide permanent supportive and affordable housing for vulnerable populations, including extremely low-income, very low-income, or low-income individuals, families, veterans, youth, seniors, the disabled, homeless individuals, chronically homeless individuals, those at serious risk of homelessness, and individuals

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suffering from mental health or substance abuse disorder conditions. Measure A required a two-thirds vote to pass; it received support from 57.55 percent of voters and failed to gain passage.

Additionally, on the March 2020 ballot, San Diego voters considered Measure C, which would increase the City’s Transient Occupancy Tax charged to occupants of hotels and other visitor lodging and dedicate a portion (at least 31 percent) of this increase to homelessness programs. One of the allowable uses for these funds included the financing, permitting, design, development, and construction of affordable housing to be prioritized for extremely low-income and very low-income households, among other homelessness programs and services. The increased tax revenue could be used to secure the issuance of bonds up to \$750 million for qualifying homelessness programs and projects. Measure C was a citizen’s initiative and received support from 65.24 percent of voters. Due to a legal dispute over the voter threshold required for passing citizen-proposed special tax initiatives, Measure C is being considered by the courts. The City is currently awaiting a final determination from the courts on whether Measure C is an approved ballot measure.

Although recent City efforts to pass revenue-generating legislation for affordable housing through the electorate have not been successful, the City does have an ongoing revenue stream to support affordable housing. SDHC administers the City of San Diego Affordable Housing Fund (AHF), which the San Diego City Council created on June 3, 2003, as a permanent and annually renewable source of revenue to help meet the housing needs of the City of San Diego’s lower-income households. AHF revenue is collected from fees charged to residential and commercial developments. AHF dollars are allocated to housing and homelessness programs annually, subject to the City Council’s approval of the AHF Annual Plan and Model Programs.

The AHF Annual Plan details the proposed uses of funds for the next fiscal year. The San Diego City Council approved the Fiscal Year 2024 AHF Annual Plan on June 12, 2023, dedicating \$47.4 million to allowable program activities, including:

- Rental housing production
- Preservation
- Homeownership
- Homeless housing initiatives
- Capacity building

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Recommendation 23-05: *Consider providing legislative support to re-introducing in the State Legislature SB 1105, or similar legislation, to create a San Diego County agency that could raise revenue for housing.*

Response: The recommendation will not be implemented because it is not warranted.

SB 1105 was a complex bill that created a new government agency to oversee certain issues related to housing financing. Specifically, it created a legal body to allow cities and the County to collaborate and raise revenues for housing. While the bill was active, stakeholders noted that this legislation was unnecessary as governments today have the authority to join together as a joint powers authority, and that the individual governments would lose local control if required to participate as part of a new regional agency. Additionally, all cities and the County already have governmental powers to raise revenues for housing, with tax increases typically needing voter approval. The City’s Government Affairs Department will consider supporting legislation that meets the goals of helping the City of San Diego benefit from additional housing funds.

Recommendation 23-06: *Consider providing legislative support to SB 4, which is currently before the legislature. This bill makes it easier to provide affordable housing on land owned by religious institutions.*

Response: The recommendation has been implemented.

SB 4 is one of dozens of bills that seek to streamline housing approvals if certain requirements are met regarding land ownership status, level of affordable housing included, and labor standards. This bill is going through the legislative process and continues to be negotiated by the legislature and stakeholders so the final form and details of the bill will continue to change. The City’s Government Affairs Department takes positions based on the authorities vested in it by the Mayor and City Council in the adopted legislative platform, which is updated every year. While parts of this bill are captured by the legislative platform priorities including promoting more affordable housing, other parts of it are in conflict, including preemption and loss of local control. The Department of Government Affairs will continue to monitor this particular bill, and work with the Council and Mayor to take positions on this bill and similar legislation that have the goal of promoting housing production if and when appropriate. The City will continue to consider supporting State legislation, including SB 4, to further offer incentives and/or remove regulatory barriers to support the production of affordable homes.

HOUSING IN SAN DIEGO COUNTY

SUMMARY

Housing is a basic need. San Diego as a region is failing to build enough housing for its current residents and its future residents. Housing construction requires both available land and available money. However, both have been lacking.

The 2022/2023 San Diego County Grand Jury (Grand Jury) researched this issue by examining how other areas of the State and the United States have attacked the twin problems of the lack of land and money to build housing. Our recommendations include several of the methods used by others to attack the issue of the lack of housing.

INTRODUCTION

At the October 3, 2022 joint meeting between the City Council of San Diego and the San Diego County Board of Supervisors, Nathan Fletcher made the following comments concerning the lack of affordable housing in San Diego. “We know that housing is foundational to life, it is the most basic thing that you need in order to be able to live a fulfilled and thriving life. We also know that in San Diego County, we have some of the least affordable housing anywhere in the country.”¹

Similarly, Sean Elo-Rivera, City of San Diego City Council President, stated, “Housing is a human right, and we must make this declaration to ensure we as elected leaders and our whole community own our responsibility to take the actions necessary to ensure every San Diegan has a real opportunity to have the decent and stable housing necessary for a dignified and healthy life.”²

The lack of housing, in general and affordable housing, is driving people to leave California or to move outside of San Diego County to lower cost areas of the state.³ The State of California and the San Diego Association of Governments (SANDAG) are pushing for the development of additional housing at all income levels to address these housing concerns.

The Regional Housing Needs Assessment (RHNA) is mandated by State Housing Law as part of the periodic process of updating local housing elements, a part of each jurisdictions General Plan. RHNA quantifies the need for housing within each jurisdiction during specified 8-year planning periods, referred to as cycles. During the 5th Housing Element cycle (January 1, 2013 to December 31, 2020) the San Diego region was required by the State of California to plan for 161,980 housing units. The 161,980 housing units were divided among the four state-designated

¹https://sdcounty.granicus.com/player/clip/3322?view_id=9&redirect=true&h=58a6fa0cc3586b1b6379baef710e199

²https://sdcounty.granicus.com/player/clip/8560?view_id=3&redirect=true&h=cfa31a51efbf80dcc585603256f24108

³ <https://www.ppic.org/blog/californias-population-shifts-may-lead-to-new-income-divides/#:~:text=People%20leaving%20the%20state%20have,for%20income%20patterns%20across%20California.>

income levels as measured against the Area Median Income (AMI). The income categories and the number of housing units to be planned for were: Very low income (36,450 units), Low income (27,700 units), Moderate income (30,610 units), and Above moderate income (67,220 units)⁴. Please see the Discussion section where income categories are broken down.

However, for the 5th Housing Element Cycle only the City of Lemon Grove of the 19 SANDAG jurisdictions was able to permit enough housing at each of the levels of affordability⁵.

As shown on the Table below all others failed to meet all four of the allocation goals and seven failed to meet any of the four allocation goals.

| Table – Jurisdictions and Results of Fifth RHNA Cycle | | | | |
|--|-------------------------------|--------------------------|-------------------------------|-------------------------------------|
| Jurisdiction | Very low Income (Goal) | Low Income (Goal) | Moderate Income (Goal) | Above Moderate Income (Goal) |
| Carlsbad | Unmet | Unmet | Unmet | Met |
| Chula Vista | Unmet | Unmet | Unmet | Met |
| Coronado | Unmet | Unmet | Unmet | Met |
| Del Mar | Unmet | Unmet | Met | Met |
| El Cajon | Unmet | Unmet | Unmet | Unmet |
| Encinitas | Unmet | Unmet | Unmet | Met |
| Escondido | Unmet | Unmet | Unmet | Unmet |
| Imperial Beach | Unmet | Unmet | Unmet | Met |
| La Mesa | Unmet | Unmet | Unmet | Met |
| Lemon Grove | Met | Met | Met | Met |
| National City | Unmet | Unmet | Unmet | Unmet |
| Oceanside | Unmet | Unmet | Unmet | Unmet |
| Poway | Unmet | Met | Unmet | Unmet |
| San Diego | Unmet | Unmet | Unmet | Met |
| San Marcos | Unmet | Unmet | Unmet | Met |
| Santee | Unmet | Unmet | Unmet | Unmet |
| Solana Beach | Unmet | Unmet | Unmet | Unmet |
| Vista | Unmet | Unmet | Unmet | Met |
| San Diego County | Unmet | Unmet | Unmet | Unmet |

In recognition that San Diego County is failing to provide enough housing for its current and future citizens, the Grand Jury decided to look at the failure of the cities and County to meet their Regional Housing Needs Allocation goals and evaluate steps that could be taken to increase the regional housing stock. This is particularly timely as we have entered the Sixth RHNA Cycle (June 30, 2020 to April 15, 2029). During this period the region needs to plan for an increase of approximately 10,000 housing units over the Fifth Cycle totaling 171,685 units. Again, the

⁴“5th Cycle Regional Housing Needs Assessment (RHNA) Fact Sheet” SANDAG, no date,

⁵ ibid

171,685 housing units were divided among the four income levels: (Very low 42,332), Low (26,627), Moderate (29,732), and Above moderate (72,992).⁶

METHODOLOGY

The Grand Jury interviewed and requested information from staff from San Diego County and the 18 cities that comprise SANDAG:

- County of San Diego
- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- El Cajon
- Encinitas
- Escondido
- Imperial Beach
- La Mesa
- Lemon Grove
- National City
- Oceanside
- Poway
- San Diego
- San Marcos
- Santee
- Solana Beach
- Vista

The Grand Jury researched and reviewed these documents:

- SANDAG 5th Cycle Regional Housing Needs Assessment (RHNA), Fact Sheet
- SANDAG Regional Housing Needs Assessment Plan, Fifth Housing Element Cycle, Planning for Housing in the San Diego Region, 2010-2020
- An Audit Report prepared for the California State Auditor in relation to the audit ordered by the Joint Legislative Audit Committee.
- The Planner's Guide to Specific Plans
- SANDAG Pro-Housing Best Practices for the San Diego Region
- SANDAG Capital Mapping for the San Diego Region
- SANDAG 6th Cycle Regional Housing Needs Assessment (RHNA), Fact Sheet
- Appeals and Responses to Appeals by the Cities of Coronado, Lemon Grove, Solana Beach, and Imperial Beach regarding the Sixth Cycle RHNA allocations
- The Housing Elements from each of the 19 jurisdictions that comprise SANDAG.

⁶ <https://www.sandag.org/-/media/SANDAG/Documents/PDF/projects-and-programs/regional-initiatives/housing-land-use/regional-housing-needs-assessment/6th-cycle-regional-housing-needs-assessment-methodology-2019-11-22.pdf>

The Grand Jury also reviewed the following California statutes regarding housing including:

- The Sustainable Communities and Climate Protection Act (SB375)
- The Housing Accountability Act of 1982 and subsequent amendments (SB 167), (AB678), (AB 1515), (AB 3194), (SB 330)
- Changes to Local Planning (AB1397)
- Housing Crisis Act of 2019 (SB330)
- Streamlined Affordable Housing Act (SB35)
- Surplus Land Act (AB1486)
- Housing on Educational Properties (AB2295)

DISCUSSION

The Regional Housing Needs Assessment Process

Since 1969, every eight years, the State of California has required all local governments (cities and counties) to plan to meet the housing needs of everyone in the community.⁷ This planning process ends with the creation of the Regional Housing Needs Allocation or RHNA. The process has four main components⁸:

- RHNA Determination – As a first step, the California Department of Finance projects future population and household formation within the state over an eight-year period. Then, the California Department of Housing and Community Development (HCD), in consultation with the local lead agency, projects the regionwide housing need. SANDAG is the local lead agency for San Diego County. The projections are based on vacancy rates, household size, and other factors. The housing need is subdivided into four income categories based on the Average Median Income (AMI). For San Diego County, in 2022 the AMI was \$106,900 for a family of four.⁹ The categories are: Very low (<50% of AMI), Low (50 to 80% of AMI), Moderate (80 to 120% of AMI), and Above moderate (>120% AMI).
- RHNA Plan Methodology – SANDAG and the 18 cities and the County of San Diego prepare a methodology that distributes the RHNA Determination to each city and the County. The plan is required to advance state objectives such as Senate Bill 375¹⁰ which requires consistency between the RHNA Plan and the development pattern of the Sustainable Communities Strategy (SCS). SB 375 also requires that the SCS land use pattern, and the RHNA, aid in meeting the greenhouse gas (GHG) reduction targets set by the California Air Resources Board.
- RHNA Plan Allocation – Using the RHNA Plan methodology, a specific number of housing units are allocated to each city and the County; in each of the four income categories.

⁷ <https://www.hcd.ca.gov/planning-and-community-development/regional-housing-needs-allocation>

⁸ <https://www.sandag.org/-/media/SANDAG/Documents/PDF/projects-and-programs/regional-initiatives/housing-land-use/regional-housing-needs-assessment/6th-cycle-regional-housing-needs-assessment-fact-sheet-2020-02-01.pdf>

⁹ <https://www.sandiegocounty.gov/sdhcd/rental-assistance/income-limits-ami/>

¹⁰ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200720080SB375

- Housing Element Updates – For the final step, each city and the County are required to update their Housing Element to meet their allocations¹¹. The Housing Element is that part of the General Plan that lays out how the city and the County will meet their allocations. The Housing Element includes an inventory of sites for development at each of the four income levels. If necessary, it also identifies sites that could be rezoned to accommodate shortfalls in the number of sites identified vs the number of sites allocated. Once completed and approved by the jurisdiction’s political leaders, the Housing Elements are reviewed by HCD for conformance with State laws and mandates. In most cases the HCD will require revisions to bring it into compliance with State laws and mandates.

Failure to get HCD approval of its Housing Element opens a local government to a number of potential penalties including exposure to litigation from housing rights organizations, developers and HCD itself, loss of its ability to issue permits and control development in its jurisdiction, financial penalties including fines of up to \$100,000/month, and court ordered receivership to bring the jurisdiction’s Housing Element into substantial compliance with HCD¹².

Cities and Planning for Housing

In 2012, the State of California dissolved redevelopment agencies. Before that, local governments often had used redevelopment money to acquire land and develop housing on their own or to assist private developers in creating housing. Instead, cities and the County now use other planning techniques to increase opportunities for the private sector to develop housing in general and affordable housing.

The State of California already has many laws in place to encourage the development of housing. Several local governments have gone above the State minimum requirements to encourage the development of housing. Some examples include:

- Poway is planning to include incentives for deed-restricting Accessory Dwelling Units (ADUs; aka “Granny Flats”) and put into place allowances for larger ADUs (up to 1,500 square feet) to meet the needs of larger low-income households.¹³
- Encinitas¹⁴ and the County of San Diego¹⁵ have Permit Ready ADU plans for residents to use in planning and developing ADUs.
- Del Mar, similar to Poway, allows construction of a larger ADU on a lot if the unit is deed restricted to low-income renters¹⁶.

¹¹ https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1398

¹² <https://abag.ca.gov/sites/default/files/documents/2021-06/Consequences%20of%20Non-Compliance%20with%20Housing%20Laws.pdf>

¹³ <https://www.poway.org/DocumentCenter/View/8172/Draft-Poway-2020-2029-Housing-Element-Update?bidId=>

¹⁴ <https://encinitasca.gov/pradu>

¹⁵ https://www.sandiegocounty.gov/content/sdc/pds/bldg/adu_plans.html

¹⁶ https://www.delmar.ca.us/DocumentCenter/View/8445/04_Housing-Plan

- Santee passed Ordinance 592 enacting the Essential Housing program to boost housing production and improve housing affordability by expediting and incentivizing the construction of new housing. It allows certain housing developments to be approved ministerially (essentially over the counter), if they meet specific criteria.¹⁷ Under the ordinance the Planning Director has 30 days to review the application and if it meets the criteria.¹⁸
- San Diego County encourages the development of ADUs in unincorporated areas by waiving building permit fees, onsite wastewater fees, development impact fees, park fees, traffic impact fees, and drainage fees.¹⁹

City of Lemon Grove

As noted, the City of Lemon Grove successfully met their RHNA housing allocations for each of the income categories identified by SANDAG in the Fifth RHNA Cycle²⁰. The city benefited from having the Citronica development (an affordable housing development) in the planning process prior to the beginning of the Fifth Cycle.

Additionally, Lemon Grove implemented zoning changes (raising height limits, increasing density) and amended its Downtown Specific Plan to include more housing. Each of these measures helped the city to meet its allocations in the other income categories. Lemon Grove also benefited as a developer came in and developed one of the last large vacant tracts of land within the city during the Fifth RHNA cycle.

Specific Plans

Per the Governor's Office of Planning and Research (OPR),²¹ a specific plan addresses development at a defined area within a city or county's boundaries. Specific plans may be general and set forth broad policy concepts, or they may be detailed and give direction for every facet of development including the type, location, and intensity of uses. Specific plans can also give design guidelines for subdivisions and for infrastructure in the area. One of the benefits of creating a specific plan is that it can be used to streamline development by providing a framework for development and complying with California Environmental Quality Act guidelines.

Several cities, besides Lemon Grove, have successfully used specific plans to promote the development of housing, particularly in areas near mobility hubs. Per SANDAG, a mobility hub is a community with high concentration of people, destinations, and travel choices²². El Cajon and Chula Vista are just two of the many cities in the County that have used specific plans to encourage housing development.

¹⁷ <https://www.sandiegocounty.gov/content/dam/sdc/pds/gpupdate/06-Housing-Element-2021.pdf>

¹⁸ <https://www.cityofsanteeca.gov/services/development-services/planning-and-zoning-services/essential-housing-program>

¹⁹ County of San Diego, 6th Cycle Housing Element Update, County of San Diego General Plan, July 14, 2021

²⁰ <https://www.sandiegocounty.gov/content/dam/sdc/pds/gpupdate/06-Housing-Element-2021>

²¹ <https://californiareleaf.org/wp-content/uploads/2019/06/OPR-A-Planners-Guide-to-Specific-Plans.pdf>

²² https://sandag.org/~link.aspx?_id=7C64D5A105C14CE6873837EB99A5E5F1&_z=z

El Cajon adopted a Transit District Specific Plan (TDSP)²³ to transform the area around the El Cajon Transit Center. Among the key goals of the TDSP are to: “Establish a mix of transit-supportive land uses that increase housing opportunities and enhances transit ridership; Improve the safety and comfort of the mobility corridors for pedestrians and bicyclists to increase the number of trips made by foot and bicycle to and from the transit station; Spur revitalization of the area through public and private investment; Highlight neighborhood identity; and Remove barriers to smart growth development.”

Chula Vista adopted the Palomar Gateway Plan for the portion of the city near the intersection of Palomar Street and Interstate Highway 5.²⁴ According to the City of Chula Vista Plan, the goal of the Palomar Gateway Specific plan is to provide additional housing and mixed-use development (residential and commercial) that take advantage of having a major transit station within walking distance.

Housing Bonds Issued by Local and Regional Governments

As noted earlier, a major impediment to creating additional housing has been the lack of money formerly available from redevelopment agencies. As a result, some local and regional governments elsewhere in California have either issued or are planning to issue bonds to assist in the development of affordable housing. Some examples are listed below.

In November 2016, Santa Clara County voters approved Measure A, to raise \$950 million for the construction of affordable housing²⁵. According to the County of Santa Clara, Office of Supportive Housing, Measure A was intended to: increase the scope and breadth of supportive housing for special needs populations, including homeless and chronically homeless persons; increase the supply of housing that is affordable to extremely low-income households; and improve coordination and collaboration among the County, the cities, other governmental agencies, and the affordable housing community.

As of June 2022, Measure A funding has been used to create over 4,000 new apartments, pay for the renovation of nearly 700 housing units, assist with the construction of 47 housing developments, and assisted over 200 families to finance their first homes²⁶.

In 2019, the California legislature enacted AB 1487 that, with the governor’s signature, created the Bay Area Housing Finance Authority (BAHFA). According to the Legislative Analyst: “One of the authority’s major purposes was to raise, administer, and allocate funding for affordable housing in the San Francisco Bay area.”²⁷ The bill specifically authorized BAHFA to: “...among other things, **raise and allocate new revenue, incur and issue bonds and other indebtedness,**

²³ <https://www.elcajon.gov/home/showpublisheddocument/18727/638061165873470000>

²⁴ <https://www.chulavistaca.gov/home/showpublisheddocument/7356/635579674066370000>

²⁵ <https://osh.sccgov.org/housing-community-development/2016-measure-affordable-housing-bond>

²⁶ <https://osh.sccgov.org/housing-community-development/2016-measure-affordable-housing-bond/2016-measure-housing-bond>

²⁷ https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1487

and allocate funds to the various cities, counties, and other public agencies and affordable housing projects within its jurisdiction to finance affordable housing development projects, preserve and enhance existing affordable housing, and fund tenant protection programs.” (NOTE: Bolding by Grand Jury).

In 2022, the legislature enacted SB 679 that, with the governor’s signature, created the Los Angeles County Affordable Housing Solutions Agency²⁸. According to the Legislative Analyst: “This bill would authorize the agency to, among other things, **raise and allocate new revenue, incur and issue bonds and other indebtedness**, and place on the ballot in Los Angeles County, including all of its incorporated cities, funding measures...”(NOTE: Bolding by Grand Jury).

Last legislative session, California State Senator Ben Hueso, representing San Diego and Imperial Counties, introduced SB 1105, “The San Diego Regional Equitable and Environmentally Friendly Housing Act”²⁹. This bill, which did not make it out of committee, would have established the San Diego Regional Equitable and Environmentally Friendly Affordable Housing Agency. This bill was aimed at increasing housing supply in San Diego County by providing funding and technical assistance for housing projects and programs, equitable housing preservation, and rental protection programs. The bill would have authorized the agency to raise money either by taxes and fees of various kinds or by **issuing revenue bonds** (NOTE: Bolding by Grand Jury).

Taxes and Fees Used to Further Housing Development

Another way some local governments have raised money for housing development is by increasing taxes and fees on businesses and developers. Some recent examples from around the United States and locally are:

In 2021, the City of Seattle implemented a payroll expense tax to help fund housing in the city. According to the Seattle’s website, in 2022 the payroll expense tax is required of businesses with \$7,386,494 or more of payroll expense in Seattle in 2021, and compensation in Seattle for the current calendar year (2022) paid to at least one employee whose annual compensation is \$158,282 or more.³⁰

According to the City of Seattle, Department of Finance and Administrative Services, there were over 500 firms paying this tax.³¹ Per a recent news article from a Seattle area newspaper the tax brought in approximately \$231 million in its first year.³² Sixty-two percent of the revenues from the City of Seattle payroll tax are dedicated to the construction of affordable housing³³.

²⁸ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB679

²⁹ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1105

³⁰ <https://www.seattle.gov/city-finance/business-taxes-and-licenses/seattle-taxes/payroll-expense-tax>

³¹ City of Seattle, Department of Finance and Administrative Services, email, December 21, 2022

³² <https://www.seattletimes.com/seattle-news/seattles-jumpstart-tax-on-big-businesses-salaries-upheld-by-wa-court/>

³³ https://library.municode.com/WA/seattle/codes/municipal_code?nodeld=TIT5REFITA_SUBTITLE_IITA_CH5.38PA_EXTA_5.38.050ALAP

The City of San Diego, among other local jurisdictions, charges a fee (the Housing Impact Fee) on commercial developments within the city. The fees are deposited into the City's Affordable Housing Fund. The San Diego Housing Commission (SDHC) administers the Affordable Housing Fund, which helps meet the housing needs of the City's very low, low, and median income households. According to the SDHC website,³⁴ the Commission controls nearly 600 properties that include over 24,000 affordable units.

Workforce Housing for Personnel in Education

A recent report by cityLAB³⁵, the research and design center of Architecture and Urban Design at UCLA, suggested that schools may be a large potential source of land for housing. cityLAB noted in their report that on many campuses, prime sites for affordable housing development include parking lots, portable classrooms, or derelict buildings.

In 2016, the California legislature enacted, and the governor signed, SB 1413.³⁶ The Act authorized a school district to establish and implement programs to address the affordable housing needs of teachers and school district employees. In 2019, the California legislature enacted, and the governor signed, AB 1719, extending this program to community college districts.³⁷

In California, there are already some examples of school and university districts developing workforce housing for educational staff. For example, in 2001 the Santa Clara Unified School District constructed the 40-unit Casa Del Maestro Apartment Complex for District teachers³⁸.

This program was so successful that an additional 30 units were constructed in 2006. The 70 units are rented at below market rate (80%)³⁹. The Casa Del Maestro Apartment Complex is located on a school site and includes 1 and 2-bedroom units with a one car garage. Teachers can sign up for the waiting list if they are within their first 10 years of employment with the District.

In 2019, San Francisco voters passed Proposition E, the Affordable Housing and Educator Housing proposition⁴⁰. The first project to be built under Proposition E is the Shirley Chisholm Village.⁴¹ It is currently under construction on a property formerly used by the school district for storage and will provide new homes for San Francisco Unified School District (SFUSD) educators and employees at a variety of income levels.

³⁴<https://public.tableau.com/app/profile/san.diego.housing.commission.sdhc/viz/CityofSanDiegoAffordableHousingOverview/AffordableHousingOverview>

³⁵ <https://www.csba.org/-/media/CSBA/Files/Advocacy/LegislativeAdvocacy/ResearchReport.ashx?la=en&rev=2d0b1e2e409f4dc6b3177338d016cbb1>

³⁶ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1413

³⁷ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1719

³⁸ <https://www.santaclarausd.org/Page/3537>

³⁹ *ibid*

⁴⁰ <https://sfelections.sfgov.org/november-5-2019-election-results-summary>

⁴¹ <https://www.scv-midpen.com/>

The University of California at Irvine (UCI) also provides educational workforce housing. The Irvine Campus Housing Authority (ICHA⁴²) was created to develop and maintain University Hills, a for-sale and rental housing community on the UCI campus. The goal was to provide affordable housing to eligible full-time UCI employees. The community has four apartment communities, two condominium associations, townhomes, paired homes, single family detached homes and a few custom homes.

The San Diego Unified School District (SDUSD) was able to pass Proposition U at the last election. Under Proposition U, SDUSD is planning a program for educator workforce housing.⁴³ No others among the public school districts, community colleges, and universities in San Diego County have a similar program. However, we note that the City of Poway does give preference to Poway Unified School District (PUSD) employees when affordable housing becomes vacant in city-owned housing units. According to the Draft Housing Element, the city is to: “Support the Poway Unified School District by coordinating affordable housing activities with the school district.”⁴⁴

Transit Agencies and Housing

According to the websites of the two major transit agencies in San Diego County, North County Transit District (NCTD) and Metropolitan Transit System (MTS), both are actively involved in furthering development at properties they own or control.

As of November 2022, the NCTD website lists five projects that are in the process of planning or are actively in the development phase⁴⁵. These include developments at the Oceanside and Escondido Transit Centers, two Coaster Stations in Carlsbad, and at seven Sprinter Station Parking lots. In the last two decades, NCTD had attempted twice to work with the City of Solana Beach to develop the property it owns there. However, neither effort was successful.^{46, 47}

Similarly, MTS’s website identifies a number of properties throughout their system available for joint development opportunities.⁴⁸ MTS is also currently actively involved in developing affordable housing at its Beyer Boulevard Trolley Station, in south San Diego, in conjunction with Affirmed Housing, an affordable housing developer.⁴⁹

Religious Institutions and Housing

Another potential source of land that could be available for housing are religious institutions. A local non-profit, Yes in God’s Backyard San Diego (YIGBY San Diego), is seeking to work with faith communities to build affordable housing in the San Diego Region. According to their

⁴² <https://icha.uci.edu/about-university-hills/>

⁴³ <https://www.sdvote.com/content/dam/rov/en/sb/SB-ENG-625.pdf#page=128>

⁴⁴ City of Poway, Draft Housing Element 2020-2029, July 2021.

⁴⁵ <https://gonctd.com/real-estate-redevelopment/>

⁴⁶ San Diego Union-Tribune, “Solana Beach council to discuss sand, train station project,” January 20, 2007

⁴⁷ Del Mar Times, “Solana Beach council shown top design for train station,” October 5, 2016

⁴⁸ <https://www.sdmts.com/business-center/real-estate>

⁴⁹ <https://www.sdmts.com/inside-mts/media-center/news-releases/mts-approves-new-affordable-housing-development-south-bay>

website, they are pushing to develop 3,000 housing units on land owned or controlled by religious institutions here in San Diego by 2025. They state, “Our vision is to be a resource to faith communities that want to use their surplus land to develop much needed affordable housing in the San Diego region. Our approach is to help congregations create a triple bottom line where they are providing mission driven housing solutions, using environmentally sustainable materials and contributing to their own financial well-being.”⁵⁰

Locally, YIGBY San Diego and the Bethel AME Church in San Diego are moving ahead to build a transit-oriented development with 26 one-bedroom apartments on church property at Imperial Avenue and 32nd Street.⁵¹

State Senator Scott Wiener of San Francisco recently introduced SB 4. This bill would reduce barriers that religious and nonprofit organizations often face when planning multi-family housing projects on their properties.^{52 53} It also allows this to occur even if local zoning prevents this.

According to a recent study by the Turner Center for Housing Innovation at UC Berkeley,⁵⁴ there are nearly 40,000 acres of land controlled by religious institutions throughout the State of California that could be developed for affordable housing. Similar to school districts, areas that could be developed include parking lots and surplus land owned or controlled by the religious institutions.

In a public comment on the City of Solana Beach’s Housing Element, St. James Catholic Parish, noted that they had “been working with the San Diego chapter of Catholic Charities in identifying potential uses for available land we possess at the south end of our property. We would like to go on record expressing an interest in developing this land for public benefit, specifically housing to support low-income individuals. Please consider including this intention in your Housing Element Update.”⁵⁵

FACTS AND FINDINGS

Finding 01: The City of Lemon Grove met its housing allocation for all the income categories identified by SANDAG in the Fifth RHNA Cycle.

Finding 02: The County of San Diego failed to meet their housing allocation for all income levels.

⁵⁰ <https://yigby.org/about-yigby/#top>

⁵¹ San Diego Union-Tribune, Michael Smolens Column: “Effort to ease housing construction on church land gets a new life,” December 21, 2022

⁵² <https://sd11.senate.ca.gov/legislation>

⁵³ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB4

⁵⁴ <https://turnercenter.berkeley.edu/research-and-policy/faith-based-housing-development>.

⁵⁵ https://www.cityofsolanabeach.org/sites/default/files/Solana%20Beach/Community%20Development/Housing%20Element%20Update/Solana%20Beach%20Housing%20Element%20Update_February2023_Clean.pdf

Finding 03: The following cities did not meet their housing allocations for all income categories: Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach and Vista.

Finding 04: The San Diego region failed to meet its housing allocations for each of the income categories identified by SANDAG in the Fifth RHNA Cycle.

Fact: In 2018, the City of El Cajon implemented its Transit District Specific Plan to transform the area around the El Cajon Transit Center and increase the housing stock in that area.

Fact: In 2013, the City of Chula Vista initiated its Palomar Gateway Specific Plan with the goal of providing housing and mixed-use development near the Palomar Street trolley station.

Finding 05: Specific plans are useful tools in spurring development, including housing development, and have been used by El Cajon and Chula Vista among others.

Fact: In November 2016, Santa Clara County voters approved Measure A – the \$950 million affordable housing bond measure.

Fact: As of June 2022, Santa Clara County’s Measure A funding has been used to create new apartments and housing developments, pay to renovate housing, and allocate money to a first-time homebuyer program.

Fact: In 2019 the Bay Area Financing Housing Authority was authorized for the San Francisco Bay Area with the express intention of raising money to finance development of additional housing throughout the San Francisco Bay Area.

Fact: In 2022 the Los Angeles County Affordable Housing Solutions agency was formed with ability to raise money to finance development of additional housing throughout Los Angeles.

Fact: The City of Seattle recently implemented a payroll tax on select companies. This year companies with sales of more than \$7,386,494 per year are taxed on the number of employees making more than \$158,282 per year. Over 500 companies paid the tax.

Fact: Currently, the City of San Diego levies a Housing Impact Fee on commercial development and the funds levied are deposited into the City’s Affordable Housing Fund. Monies in that fund are used by the San Diego Housing Commission to develop its programs for affordable housing development, housing vouchers, etc.

Fact: In California, Santa Clara County and the San Francisco Bay and Los Angeles areas are using or are planning to use the financing authority given to them to fund the current and future development of affordable housing.

Fact: Housing impact fees are used to generate funds for affordable housing by the City of San Diego.

Fact: In Seattle, the City is using its authority to levy taxes to fund the current and future development of affordable housing.

Fact: cityLAB identified school districts as government entities that have land available for construction of affordable housing, particularly for employees of the district.

Fact: SFUSD identified underutilized land it owned and is developing it, in conjunction with the City of San Francisco, into a residential community with housing set aside for district employees.

Fact: The Santa Clara School District constructed workforce housing for its personnel more than a decade ago.

Fact: The University of California at Irvine developed housing on the campus for full-time university employees and their families.

Fact: North County Transit District is making surplus land available for development at several locations under its ownership or control.

Fact: North County Transit District recently agreed to develop land it controls, in conjunction with a developer, for a mixed-use development at the Oceanside Transit Center. The development is to include affordable housing.

Fact: The Metropolitan Transit System has identified surplus land available for development at several locations under its ownership or control.

Fact: The Metropolitan Transit System is working with a housing developer to construct affordable housing at its Beyer Boulevard Trolley Station.

Fact: YIGBY San Diego, a local group, is working with religious institutions in the San Diego region to develop affordable housing on land owned or controlled by those institutions.

Fact: YIGBY San Diego is working with Bethel AME church, to build an affordable housing development for veterans in the City of San Diego.

Fact: The Turner Center of Housing Innovation identified religious institutions as potentially having land available for construction of affordable housing.

Finding 06: Both transit agencies in San Diego County (NCTD and MTS) have made land available for development and are actively developing projects that include housing, among other uses.

RECOMMENDATIONS

The 2022/2023 San Diego County Grand Jury recommends that the Chief Administrative Officer of the County of San Diego, the Mayor and City Council for the City of San Diego, and the City Managers of the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Marcos, Santee, Solana Beach, and Vista:

- 23-01:** Consider, if they have not done so, using specific plans (as defined by the Governor’s Office of Planning and Research) to facilitate the permitting and development of housing, particularly affordable housing, in their jurisdictions.
- 23-02:** Consider working with school districts and community college districts within their jurisdictions to identify developable land for housing owned by districts within their boundaries.
- 23-03:** Consider working with local religious institutions within their jurisdictions to identify land developable for housing, particularly affordable housing.
- 23-04:** Consider drafting revenue-generating legislation at the jurisdiction level, if feasible and legal e.g., the Seattle Jumpstart Tax. Monies generated by such a tax to fund or assist in funding the construction of housing, particularly affordable housing.

The 2022/2023 San Diego County Grand Jury recommends that the Chief Administrative Officer of the County of San Diego, Mayor and City Council of the City of San Diego, and the City Managers of the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Marcos, Santee, Solana Beach, and Vista:

- 23-05:** Consider providing legislative support to re-introducing in the State Legislature SB 1105, or similar legislation, to create a San Diego County agency that could raise revenue for housing.
- 23-06:** Consider providing legislative support to SB4, which is currently before the legislature. This bill makes it easier to provide affordable housing on land owned by religious institutions.

The 2022/2023 San Diego County Grand Jury recommends that City Manager of the city of Solana Beach:

23-07: Consider requesting proposals for development at the NCTD Coaster Station property to include affordable housing.

The 2022/2023 San Diego County Grand Jury recommends that the Chief Administrative Officer of the County of San Diego and the City Managers of the cities of Escondido, San Marcos, Vista, Oceanside, and Carlsbad:

23-08: Continue working with the North County Transit to identify land suitable for development of housing, particularly affordable housing, at major transit stops including Coaster and Sprinter train and bus lines as appropriate.

The 2022/2023 San Diego County Grand Jury recommends that the Chief Administrative Officer of the County of San Diego and the City Managers of the cities of El Cajon, La Mesa, Lemon Grove, National City, and Chula Vista:

23-09: Continue working with the Metropolitan Transit District to identify land suitable for development of housing, particularly affordable housing, at major transit stops including trolley and bus lines as appropriate.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding
 - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, with a summary regarding the implemented action.

- (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
- (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

| Responding Agency | Recommendations | Date |
|--|---|-----------------|
| Chief Administrative Officer, County of San Diego | 23-01 through 23-06, 23-08 through 23-09 | 8/9/2023 |
| Mayor, City of San Diego | 23-01 through 23-06 | 8/9/2023 |
| City Council, City of San Diego | 23-01 through 23-06 | 8/9/2023 |
| City Manager, City of Carlsbad | 23-01 through 23-06, 23-08 | 8/9/2023 |
| City Manager, City of Chula Vista | 23-01 through 23-06, 23-09 | 8/9/2023 |
| City Manager, City of Coronado | 23-01 through 23-06 | 8/9/2023 |
| City Manager, City of Del Mar | 23-01 through 23-06 | 8/9/2023 |
| City Manager, City of El Cajon | 23-01 through 23-06, 23-09 | 8/9/2023 |
| City Manager, City of Encinitas | 23-01 through 23-06 | 8/9/2023 |
| City Manager, City of Escondido | 23-01 through 23-06, 23-08 | 8/9/2023 |
| City Manager, City of Imperial Beach | 23-01 through 23-06 | 8/9/2023 |

| <u>Responding Agency</u> | <u>Recommendations</u> | <u>Date</u> |
|--|-----------------------------------|--------------------|
| City Manager, City of La Mesa | 23-01 through 23-06, 23-09 | 8/9/2023 |
| City Manager, City of Lemon Grove | 23-01 through 23-06, 23-09 | 8/9/2023 |
| City Manager, City of National City | 23-01 through 23-06, 23-09 | 8/9/2023 |
| City Manager, City of Oceanside | 23-01 through 23-06, 23-08 | 8/9/2023 |
| City Manager, City of Poway | 23-01 through 23-06 | 8/9/2023 |
| City Manager, City of San Marcos | 23-01 through 23-06, 23-08 | 8/9/2023 |
| City Manager, City of Santee | 23-01 through 23-06 | 8/9/2023 |
| City Manager, City of Solana Beach | 23-01 through 23-07 | 8/9/2023 |
| City Manager, City of Vista | 23-01 through 23-06, 23-08 | 8/9/2023 |