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Tuesday, July 28, 2020

City of San Diego Report Highlights Progress in Housing Production

ANNUAL HOUSING INVENTORY REPORT SHOWS INITIAL IMPACT OF MAYOR FAULCONER'S 'HOUSING SD' REFORMS

SAN DIEGO – A newly-released report by the City of San Diego gives a snapshot of where the City is in its progress toward regional housing production goals, with construction permits on the rise and builders taking advantage of Mayor Kevin L. Faulconer's "Housing SD" reforms to construct new affordable and permanent supportive housing units across the city.

The City's [2020 Housing Inventory Annual Report](#) details successful City initiatives as well as those in development to help incentivize more housing production in the future.

"We've built a lot of momentum over the past few years by implementing housing reforms to spur more construction, with a focus on affordable and permanent supportive units for low-income San Diegans struggling to make ends meet," Mayor Faulconer said. "Now we're starting to see promising progress with affordable housing production doubling in the city as builders take advantage of the new opportunities we created with our housing reforms."

Every eight years the City is required to update its [General Plan Housing Element](#) as a pathway to reach its share of the Regional Housing Needs Allocation (RHNA) as identified by the state with input from the San Diego Association of Governments (SANDAG).

Housing production in San Diego fell below the RHNA goals for the 2010-2020 cycle with only 48% of the total needed units constructed. Last month, the City Council adopted the updated General Plan Housing Element in which the City had to plan for the construction of more than 108,000 new housing units by 2029.

Although housing production didn't meet its goals in the last cycle, City leaders and staff are encouraged by the data trends in the 2020 Housing Inventory Annual Report which show new housing initiatives are working. New construction starts, which are measured by the number of building permits issued, saw the second highest number between 2010 and 2019. Affordable housing production also increased Citywide, doubling from 2018 numbers. If momentum continues, it will be reflected in the new housing cycle.

"The annual housing inventory report, which first began in 2018, is important to set a baseline so that trends become evident," said Mike Hansen, director of the City's Planning Department. "This year's

report shows early success for our recent initiatives. However, it's important the City continues to adopt new housing reforms to meet new, ambitious housing targets and address all of San Diego's housing needs."

Additional highlights in the report include:

- **Affordable units:** 940 affordable units with long-term rent restrictions were constructed in the very low, low, and moderate income categories.
- **Building permits:** Permits were issued for 5,221 new units and many of these projects are underway with plans for completion within the next few years.
 - Downtown, Mission Valley and Kearny Mesa were the top three communities to issue new building permits. Development in a community is largely dependent on market forces, but Community Plan Updates can also spur development. The Mission Valley Community Update Plan was adopted in 2019 and development interest in the community is expected to continue. Permits in Mission Valley make up nearly 10% of all units permitted in 2019.
- **Community Plan Updates (CPU):** Through CPUs adopted since 2014, the City has created new housing capacity for more than 74,000 additional units.
- **Preservation and Rehabilitation:** The San Diego Housing Commission preserved or rehabilitated 707 at-risk affordable housing units in City Heights, Eastern Area, Encanto and College Area communities.
- **Program-Specific:**
 - **Affordable Housing Density Bonuses:** 273 affordable units were produced using this program which is an increase of more than 500% from 2018. The added incentives in this program exceed current state law mandates to help spur the development of affordable housing for all San Diegans, including seniors, military personnel, former foster youth, disabled veterans and homeless individuals.
 - **Streamlined Regulations for Companion Units:** 627 companion units were permitted in 2019 which resulted in a 375% spike in applications. Streamlining regulations made it easier and more affordable to permit "granny flats" and other companion units.
 - **Reduced Fees:** 29 building permits and 97 units were permitted through the Affordable, Sustainable, Infill Development Program. This program was updated in 2017 to eliminate expedite fees for projects building 100% affordable housing in the city.
 - **Permanent Supportive Housing By-Right:** The Municipal Code was amended in 2019 to allow for a streamlined process to construct housing with accompanying supportive services for homeless San Diegans. The City saw the construction of 626 new permanent supportive housing units in 2019.

The City recently made multiple amendments to its Municipal Code aimed at increasing housing production. These amendments will facilitate development on premises with utilized development permits, allow the development of affordable housing on church sites, and permit Continuing Care Retirement Communities in zones that allow multi-family housing.

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