

HOUSING INVENTORY

ANNUAL REPORT 2020



The City of
**SAN
DIEGO** 

Introduction

The City of San Diego (City) released the inaugural Housing Inventory Annual Report in 2018 to provide an analysis of the existing housing stock, a review of trends in the housing market, and an overview of the progress made towards goals outlined in the General Plan Housing Element adopted by City Council in March 2013. The 2018 report provided a summary of the first five years of the current Housing Element cycle.

This year, the 2020 Housing Inventory Annual Report presents progress made in 2019 towards regional housing production goals and discusses recent City initiatives and those in development to help incentivize more production in the future.

Data for this report has been compiled by Planning Department staff in coordination with the Development Services Department and the San Diego Housing Commission. Some data points are highlighted in this report due to recent program updates, but comparative data points may not be available. Where it may not be possible to capture some trends, annual reporting is essential for setting the baseline so that trends may become evident.

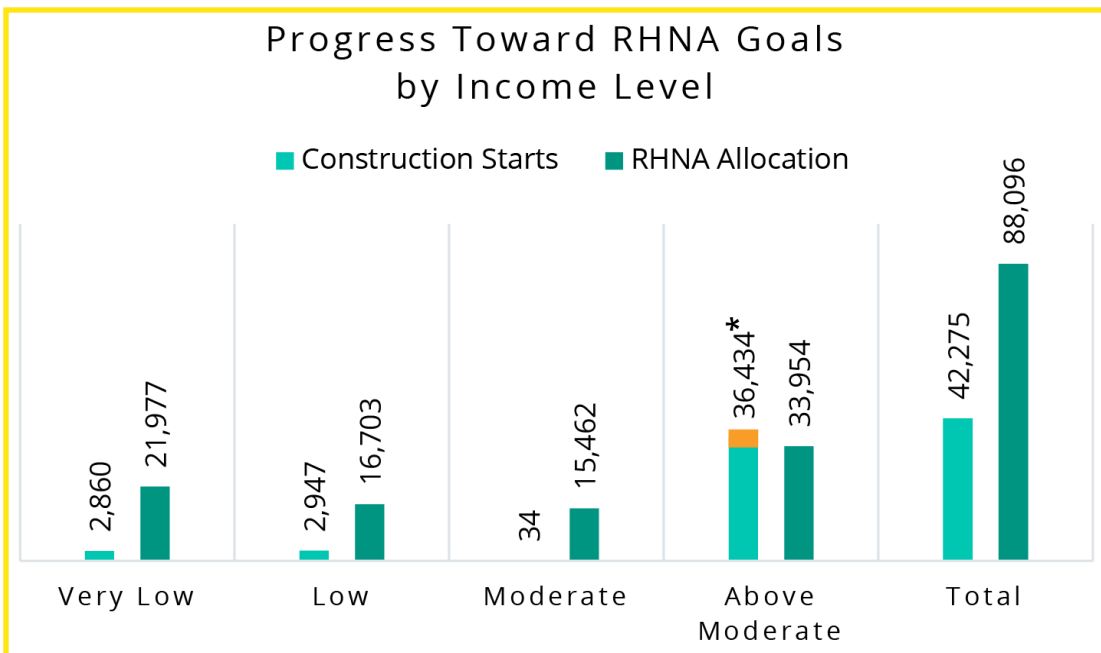
Affordable Housing

Units that attribute to the Very Low, Low, and Moderate Income RHNA categories are those with deeds containing covenants or restrictions that require those units to be sold or rented at affordable rates for a specified time period. The level of affordability is dependent on a household percentage of the Area Median Income (AMI). These income groups are as follows:

Very Low Income	0-50% of AMI
Low Income	51-80% of AMI
Moderate Income	81-120% of AMI
Above Moderate Income	+121% of AMI

Regional Context

With a current housing stock of approximately 530,000 homes, the housing supply in the City consist of the majority of housing for the San Diego region. Housing production, however, remains far below the Regional Housing Needs Allocation (RHNA) goals for the 2010-2020 cycle. The chart below shows that only 48 percent of the total needed units for the current cycle have been constructed between 2010-2019.



*Units that exceed an income category do not count toward the RHNA progress, but do add to the City's housing stock.

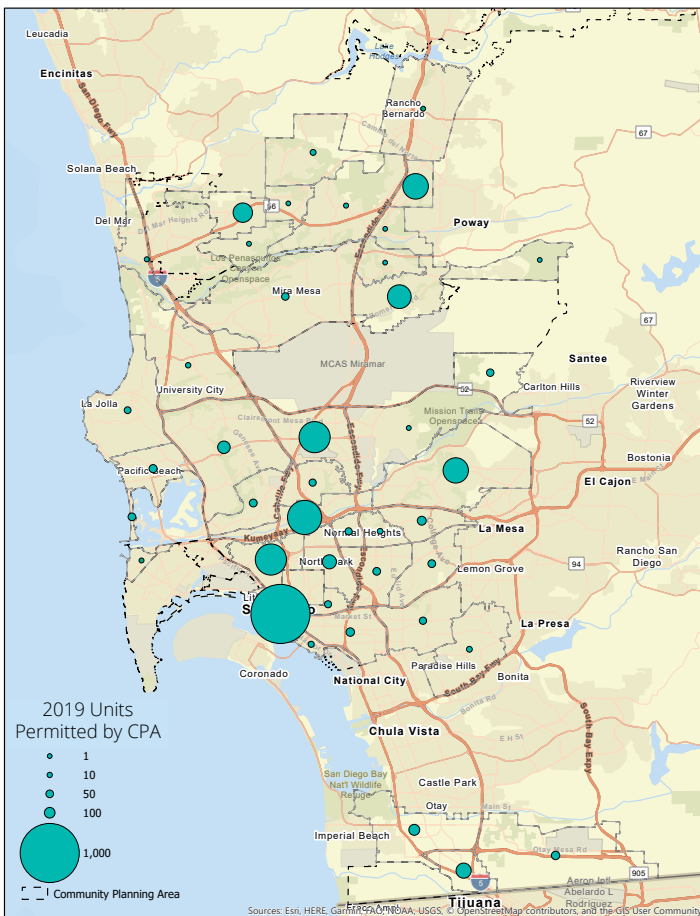
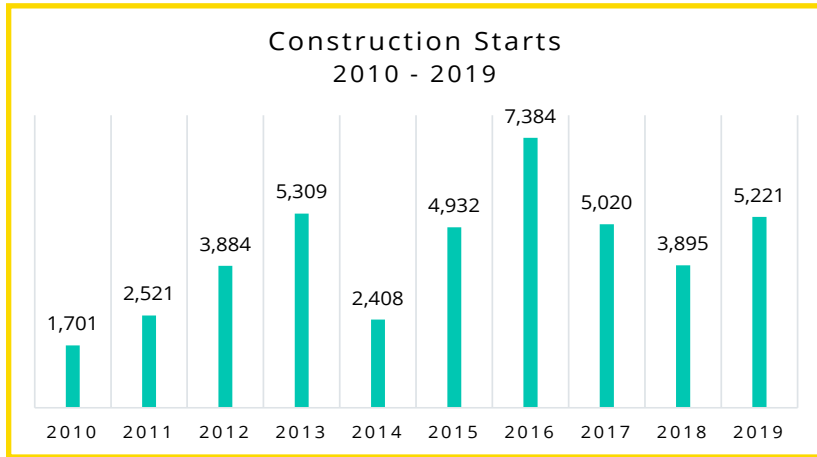
2019 Housing Snapshot

Housing Production

While progress is being made, the City's housing production has not kept pace with demand. Construction of new housing across all income levels continues to fall far below what is needed. The map below shows the number of units that received an entitlement in 2019 by Community Plan Area.

In 2019 new construction starts, which are measured by the number of building permits issued, increased from 2017 and 2018 numbers. Construction starts in 2019 are the second highest seen between 2010 and 2019. Affordable housing production has also increased in the City, doubling from 2018 numbers. Production of middle-income units is on the rise compared to previous years but continues to fall far behind RHNA targets.

A total of 218 units were demolished across 19 community plan areas, with the highest number of units demolished in University, Serra Mesa, North Park, and Uptown.

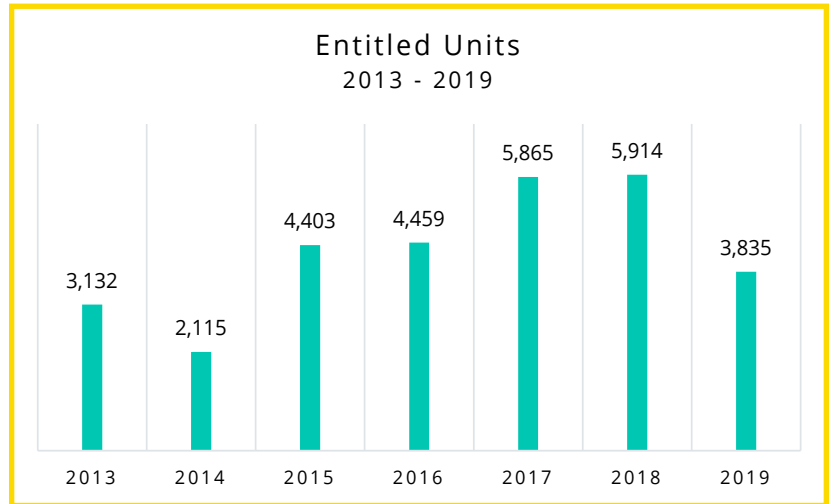


Washington Crossing in Uptown was permitted in 2018 for the development of 36 units, three of which are dedicated as affordable to veterans and foster youth. The photos shown are of the project construction, taken in 2019 and the completed project, taken in 2020.

Entitlements

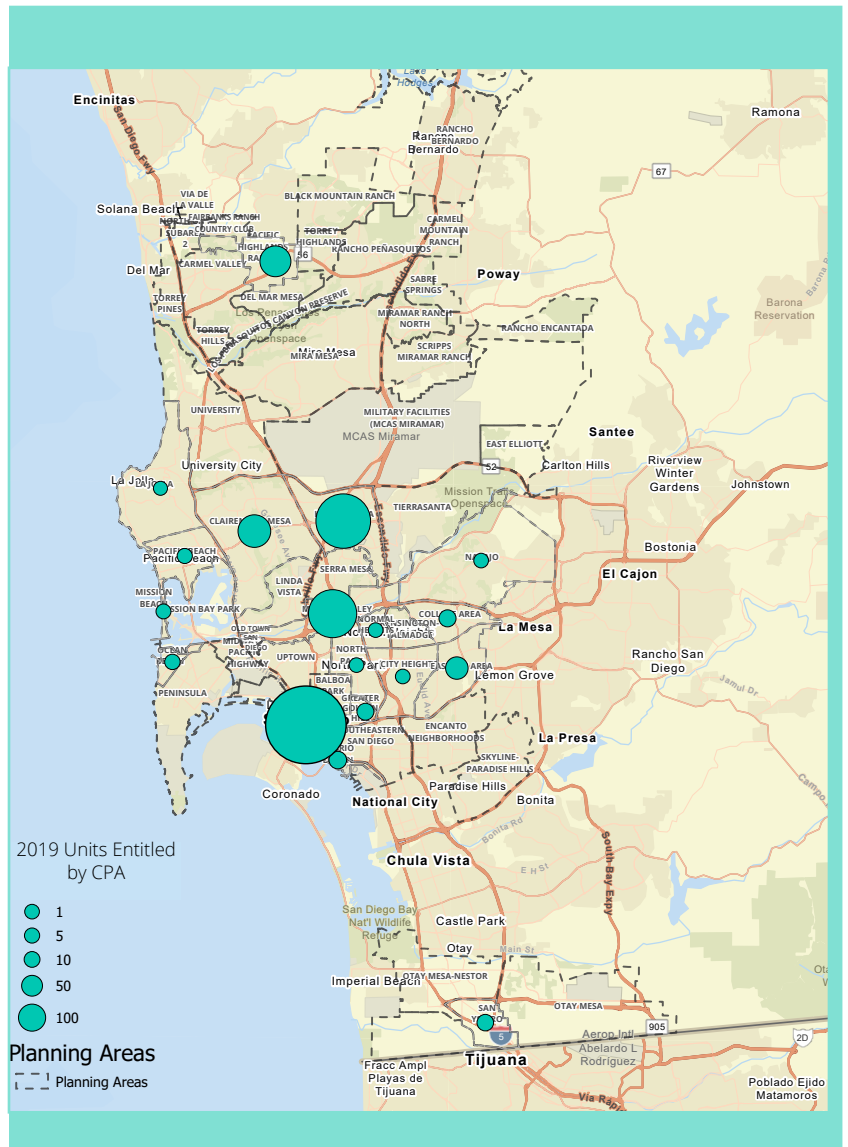
Prior to obtaining building permits, certain development projects are required to obtain land entitlements through a discretionary process, per the Municipal Code. The approval for land entitlements may be obtained several years in advance of the approval of building permits and unit construction. Entitlement activity can be an indicator—but not a guarantee—of pending or future production of housing.

In 2019, housing development entitlements declined compared to previous years. The map below shows the number of units that received an entitlement in 2019 by Community Plan Area.



Vive Lux in Kearny Mesa received its entitlements and Building Permit in 2019. Upon completion, this development will have 442 new housing units, of which 23 will be dedicated as affordable to moderate-income households and 22 will be dedicated as affordable to low-income households.

The top image shows the development under construction in 2020 and the bottom image shows a rendering of the development.

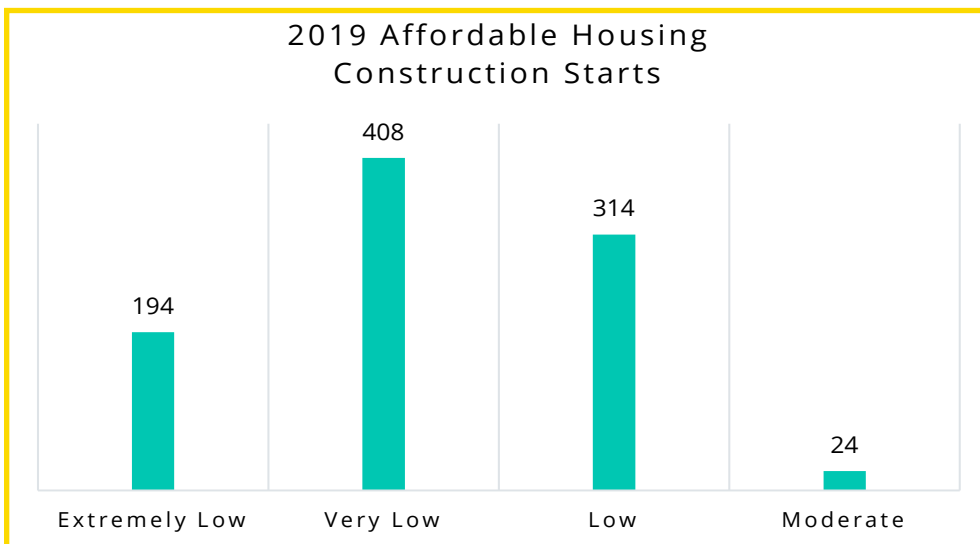


Affordable Housing

Production

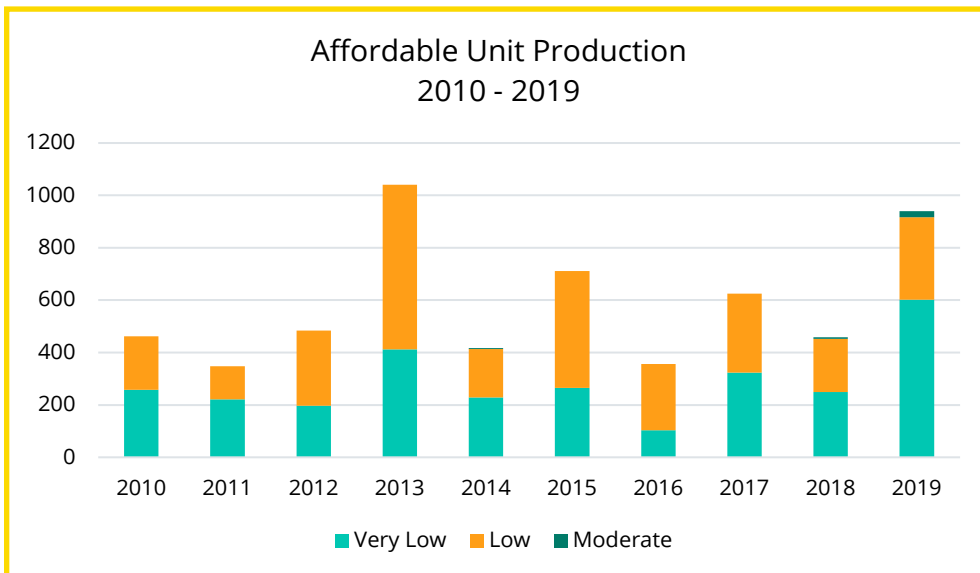
In 2019, 940 affordable units with long-term rent restrictions (covenant-restricted) were constructed in the very low, low, and moderate income categories.

Affordable housing production is calculated based on those units that have entered into an agreement with the San Diego Housing Commission and have been issued a Building Permit from the City. Units counted are shovel-ready or already under construction. Projects are not included in this analysis if they have not received their Building Permit from the City during 2019, even if they have already entered into an agreement with the San Diego Housing Commission. This analysis therefore only includes projects that are far enough along in the development process that it is reasonably certain that they will be completed. This analysis is relatively conservative, as it considers multiple stages of the development process.



940

Affordable units were permitted in 2019.

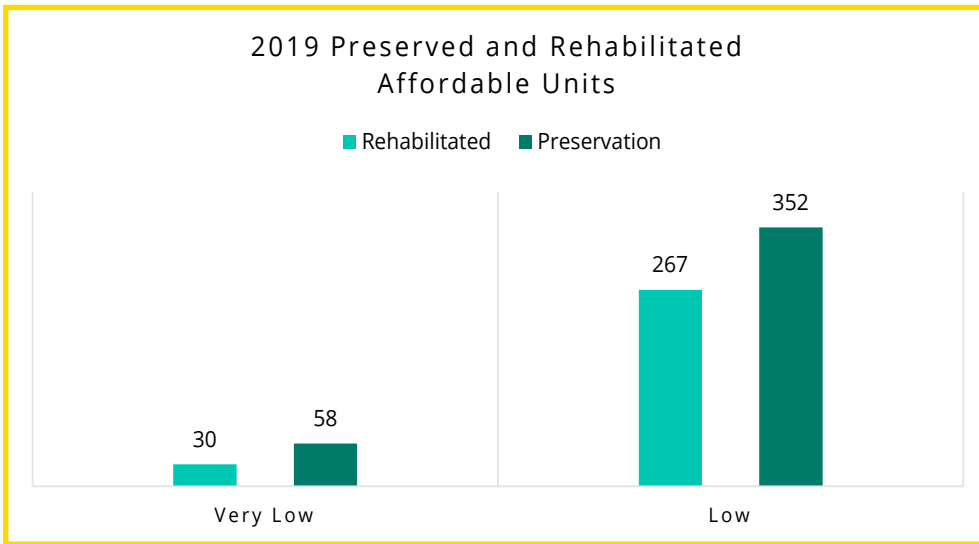


This chart includes new affordable housing units produced by year for the 2010 - 2019 period.

Preservation and Rehabilitation

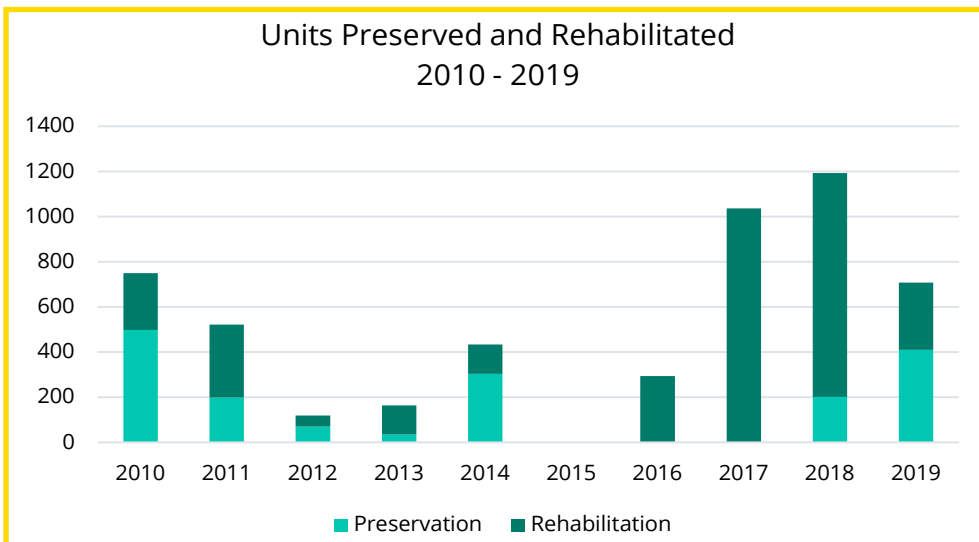
In addition to the construction of new housing units as a way to address housing affordability, the San Diego Housing Commission (SDHC) works to maintain affordable housing options through the rehabilitation and preservation of existing affordable housing units. The SDHC preserved or rehabilitated 707 at-risk affordable housing units in 2019 by renewing the expiring covenant on 410 units and rehabilitating 297 units nearing the end of their useful life.

The 2019 preservation and rehabilitation can be seen in the chart below, broken down by income category. The preservation and rehabilitation took place in City Heights, Eastern Area, Encanto, and College Area communities. The second chart shows units preserved and rehabilitated over the years.



707

Affordable Units were rehabilitated and preserved in 2019.



This chart includes 2010 - 2019 deed-restricted affordable units that were either preserved or rehabilitated.

Community Overview

For the purpose of this report, housing production is measured by the total units associated with building permits issued within the calendar year. In 2019, building permits were issued for 5,221 units. Many of these projects have broken ground and are planned for completion within the next few years.

There were 1,146 units entitled through a discretionary process across 16 community planning areas in 2019. While many of the discretionary permits are for a single large project, after Downtown the communities with the largest number of discretionary permits are La Jolla, Pacific Beach, and Ocean Beach; this is due to the need for a Coastal Development Permit in these communities. Entitlements were issued for housing development in 18 communities.

Although entitlements have declined, total building permit applications are relatively steady at 10,108 applications in 2019 compared to 11,391 in 2018. Further, early analysis of the first quarter of 2020, show that approximately 1,680 units have completed construction. This may be indicative of a trend showing that more projects are being processed ministerially, although do to varying construction times and other factors that impact the time associated with housing development, it is too early to confirm.

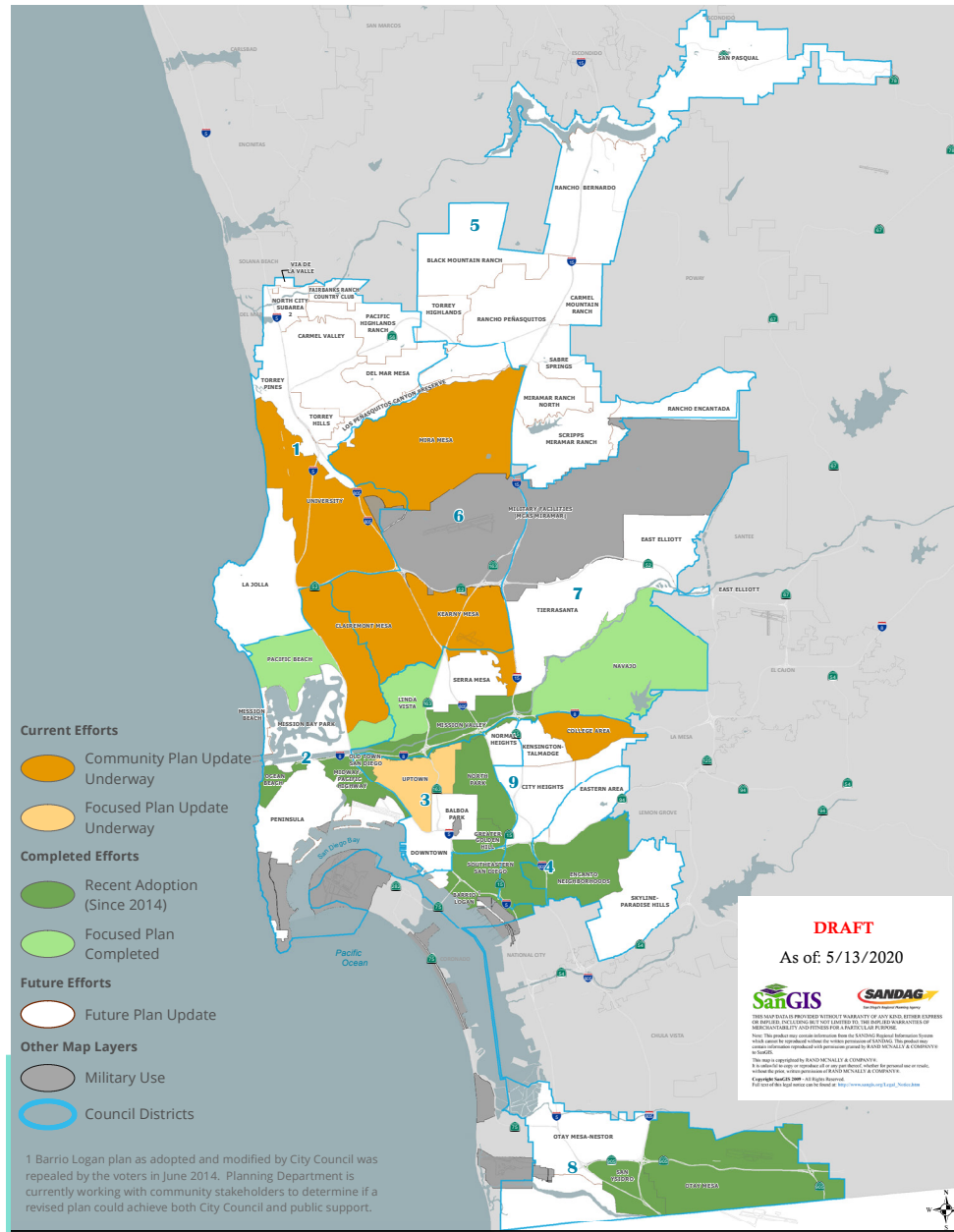
The following tables list the top 10 community planning areas for housing production, based on building permits issued and new affordable units permitted that ententered into an agreement with SDHC. Development in a community is largely dependent on market forces, but community plan updates can spur development in a specific community. Community plans are often updated to streamline development processes and facilitate more development in the appropriate places, such as near transit. Changes to zoning and the creation of citywide incentive programs can accelerate development across all community planning areas.

2019 Units Permitted		2019 Affordable Units Permitted		2010-2019 Affordable Units Permitted	
Downtown	910	Downtown	495	Downtown	1,922
Mission Valley	493	Uptown	163	Pacific Highlands Ranch	380
Kearny Mesa	442	San Ysidro	139	Mission Valley	357
Uptown	433	Otay Mesa Nestor	82	Black Mountain Ranch	345
Carmel Mountain	349	Kearny Mesa	45	Navajo	291
Navajo	345	North Park	5	North Park	259
Scripps Miramar Ranch	318	Serra Mesa	5	Encanto	235
Pacific Highlands Ranch	246	Golden Hill	2	Mira Mesa	230
San Ysidro	175	Linda Vista	1	Uptown	211
North Park	157	City Heights	1	San Ysidro	175

Community Planning

In addition to incentivizing the production of housing units, another important step is increasing capacity for new housing units through comprehensive updates to community plans throughout the city. Through Community Plan Updates adopted since 2014, the City has created new housing capacity for over 74,000 additional units. Community Plan Updates adopted since the 2008 update to the City's General Plan have focused on identifying opportunities for transit-oriented residential and mixed-use development in accordance with the General Plan's City of Villages Strategy and the City's Climate Action Plan. Further, one of the priorities for recent Community Plan Updates has been to increase opportunities for by right permit processing.

In 2019 the updated Mission Valley Community Plan was adopted and two focused plan amendments were adopted in the Clairemont, Linda Vista, and Pacific Beach plan areas. In addition, the Planning Department is currently working on updates to the College Area, Clairemont, Kearny Mesa, Mira Mesa, and University Community Plans. The map below shows the Community Plan Update progress made since 2014.



74,000

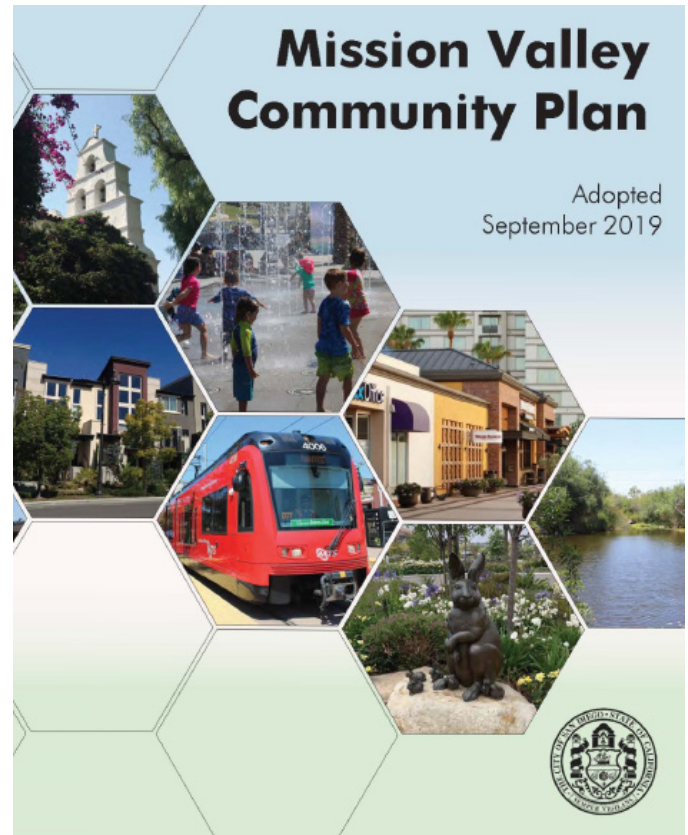
Recently adopted Community Plans have created new housing capacity for over 74,000 units.

Spotlight on Mission Valley

In 2015, the City of San Diego, in coordination with local community members, began updating the Mission Valley Community Plan, which serves as a blueprint for the future development of the community. After completing extensive research on existing conditions; gathering input from the Mission Valley Community Plan Update Subcommittee, community members, and stakeholders, on topics such as land use, mobility, and parks; and analyzing future conditions, the updated Mission Valley Community Plan was adopted unanimously by the City Council on Sept. 10, 2019.

The updated community plan aims to capitalize on this centrally located and transit-rich community through the integration of a mix of uses that offers housing, employment, and recreational opportunities. New road connections, bridges across the river, dedicated bus lanes, and bicycle lanes will enhance multi-modal connectivity throughout Mission Valley and provide a sense of community for new and existing residents. One tool used for implementing the community's vision, are six newly adopted Mixed-Use Zones. The Mixed-Use Zones will provide flexibility in development while activating the pedestrian environment.

Through implementation of the policies in the Mission Valley Community Plan, Mission Valley will continue to evolve into a truly vibrant community in San Diego that contributes to the city's great quality of life.



Housing Production In Mission Valley

In 2019, the Mission Valley community had the second highest number of units permitted for construction of any other community in the same year. Permits in Mission Valley make up nearly 10-percent of all units permitted in 2019. With the newly adopted plan, development interest in this community will likely continue.

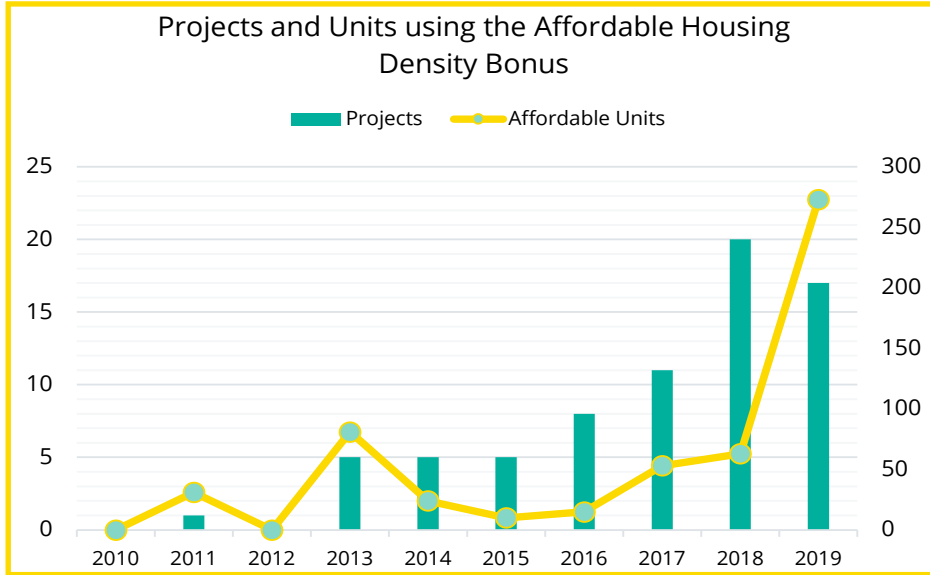
493

Units Permitted for Construction in 2019



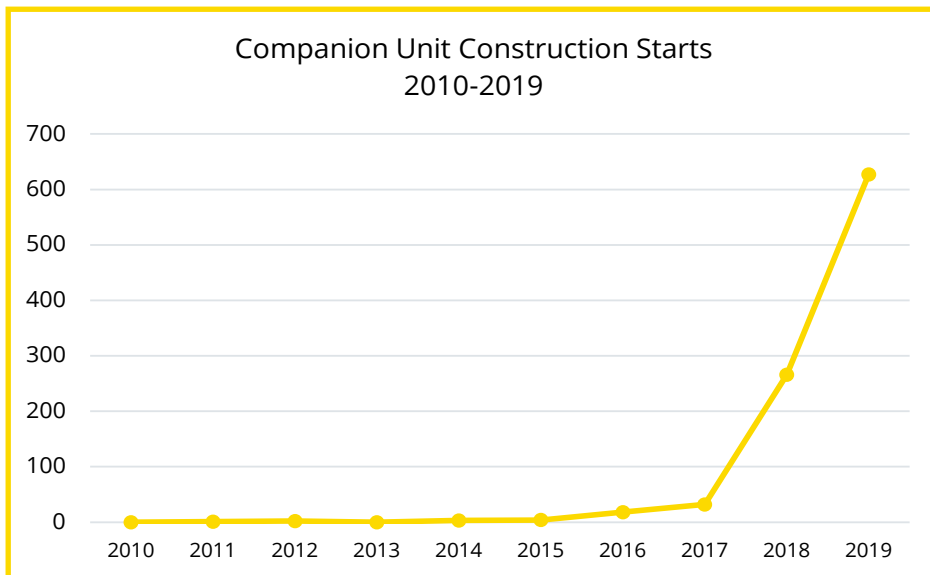
Program-Specific Updates

The City began publishing updates on ongoing programs in the 2018 inaugural Housing Inventory Annual Report. Below are updates on how much housing has been produced in 2019 through key Housing SD incentive programs. Housing SD is a set of policies and initiatives released by Mayor Faulconer to increase affordable housing and overall housing supply for San Diegans. Some key programs that have seen success through recent program updates are shown below.



273

Affordable units were produced using the Density Bonus Program in 2019.



627

Companion Units were permitted in 2019.

Affordable, Infill, & Sustainable Expedite Program

The Affordable, Infill, & Sustainable Expedite Program reduces the discretionary review process for eligible development projects. In 2018, 15 permits totaling 127 units were premitted using this program.

29 Building Permits issued in 2019

97 Units permitted in 2019

Spotlight on Permanent Supportive Housing

In response to AB 2162 and in an effort to streamline the construction of housing affordable to those experiencing homelessness, the City amended the Municipal Code to allow by-right development of residential and mixed-use projects that include Permanent Supportive Housing (PSH) units. Streamlined by-right processing will help to reduce costs and time associated with the permitting process.

The 2019 Permanent Supportive Housing (PSH) regulations address compliance with AB 2162 and exceed the requirements of the bill by allowing a mix of affordable and market-rate units in a single development; excluding square footage requirements for support services to increase development flexibility; and waiving of Development Impact Fees, a feature not found in AB 2162.



In 2017, the San Diego Housing Commission purchased two neighboring hotel properties to be used as housing affordable to those earning at or below 80 percent of the Area Median Income. The hotels have since been rehabilitated and now offer 139 rental units and on-site services for those at-risk of or formerly experiencing homelessness. These new units are located in the Bankers Hill neighborhood of the Uptown community, in close proximity to Downtown and Balboa Park.



The Veterans Housing and Homelessness Prevention Apartments at 14th St. and Commercial Ave. (14C VHHP) and the 14th & Commercial Apartments projects are currently under construction and cover multiple contiguous parcels Downtown. Once completed, they will consist of 403 units affordable to those earning 80 percent or less of the Area Median Income, 230 of which will be Permanent Supportive Housing units.

Permanent Supportive Housing (PSH)

The Municipal Code was amended in 2019 to define the terms Permanent Supportive Housing, implement the requirements of AB 2162, and allow Permanent Supportive Housing as a use by-right in any zone that permits multifamily housing.

626

New PSH Units in 2019

Recent Progress

Development of a Premises with a Utilized Development Permit

In 2019 the Municipal Code was amended to facilitate the construction of new development on a property with a utilized development permit without the need to amend the existing permit, provided that the proposed development meets specified requirements.

In collaboration with non-profit groups City staff identified this amendment as a way to repurpose underutilized parking lots for housing development. Similar to the one shown in the image below.



Housing Development Process Improvements

In 2019, the Municipal Code was amended to specify that multi-family residential development that involves grading to accommodate underground parking does not require a discretionary permit for the grading.

Homelessness Facilities

In 2019, the Municipal Code was amended to permit the development of homelessness facilities within the Coastal Overlay Zone.

City-Owned Land for Housing

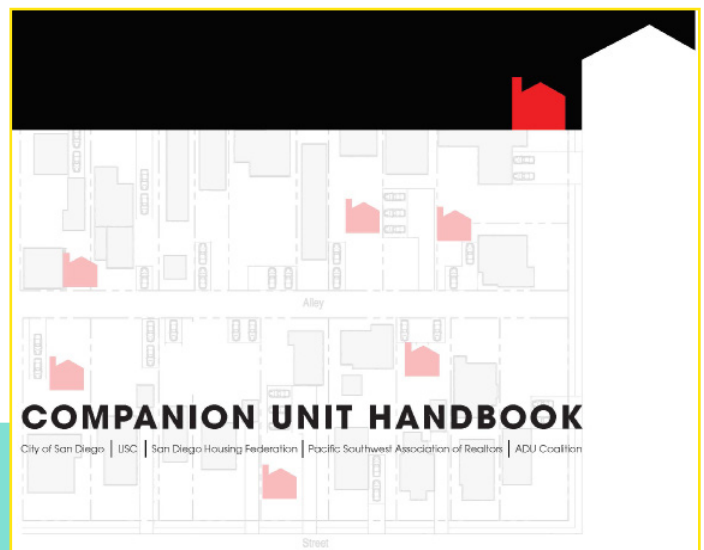
The City regularly evaluates properties owned by the City and its public utilities to determine if surplus land exists and should be used for other City purposes or sold. In 2019, staff in the Mayor's office, the Real Estate Assets Department, the Planning Department, and the Development Services Department worked to identify City-owned land that could be suitable for development with Permanent Supportive Housing (PSH) and/or used for homelessness services. In 2020, the City of San Diego issued a request for proposals (RFP) to construct as many as 160 units of permanent supportive housing (PSH) for individuals experiencing homelessness.

Continuing Care Retirement Communities

In 2019, the Municipal Code was amended to allow Continuing Care Retirement Communities in zones that allow multi-family housing. Further, this use is not subject to the density limitations of the zone.

Companion Units

In 2019, the City released a Companion Unit Handbook to guide homeowners seeking to construct a Companion Unit on their property. Additionally, the City is allowing the use of permit-ready, no-cost building plans from the County of San Diego and the City of Encinitas.



Upcoming Initiatives

Complete Communities: Housing Solutions

Housing Solutions includes incentives aimed at ensuring that all citizens have access to a variety of housing options across all income levels. The program also supports communities of concern with additional funding to create neighborhood amenities, such as pocket parks and plazas.



Complete Communities: Mobility Choices

Mobility Choices aims to connect every San Diegan with safe and convenient mobility options that can reliably connect them to jobs, shopping, services, neighborhood parks, open spaces and other amenities.



Complete Communities: Play Everywhere

Play Everywhere serves as a long-term roadmap for planning for investment to create more recreational opportunities that are enjoyable and easily accessible by everyone.



Complete Communities: Infrastructure Now

Consolidating funding to build infrastructure, Infrastructure Now will expedite more projects across the City and deliver public facilities and essential services sooner to those who live in disadvantaged neighborhoods.



Legislative Housing Package

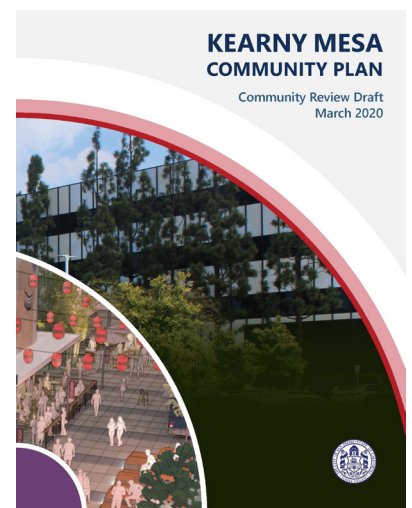
In 2020, amendments to the Municipal Code are underway to ensure consistency with new housing-related State legislation.

Community Plan Updates

In 2020, five community plan updates are underway for the College Area, Clairemont, Kearny Mesa, Mira Mesa, and University Community Plans. Additionally the Plan Hillcrest Focused Plan Amendment is in progress.

Kearny Mesa Community Plan Update

Anticipated to be adopted in 2020, the Kearny Mesa Community Plan Update will add capacity for approximately 20,000 new dwelling units.

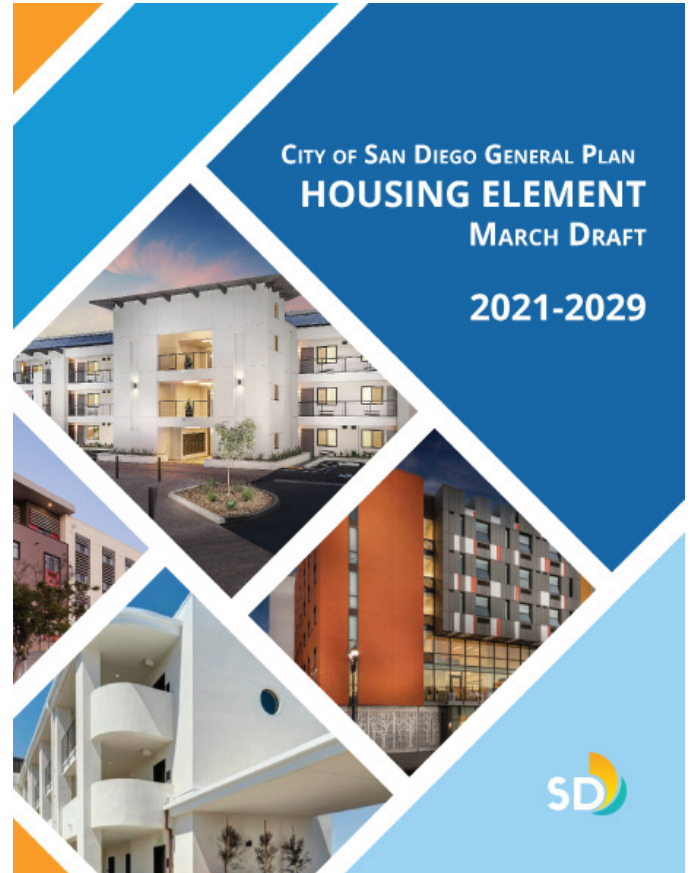


6th Cycle Update to the General Plan Housing Element

The Housing Element is a strategic vision and policy guide designed to help address the comprehensive housing needs of the City.

The plan was developed through an extensive public outreach process where feedback was sought from a wide range of stakeholders through community meetings, an online survey, public workshops, community events, and focus-group meetings. The Housing Element is the City's housing plan for the 2021-2029 planning period and provides policies to address the City's housing needs. It is one of ten elements of the City's General Plan.

This plan guides future housing-related planning decisions through implementation steps designed to meet the identified goals, objectives, and policies. Consistent with the City's General Plan and its City of Villages Strategy, the Housing Element aims to increase housing opportunities while enhancing the transportation and land use connection through an improved jobs-housing balance, and creating more compact and walkable communities.



Regional Housing Needs Allocation (RHNA)

The City of San Diego's share of the RHNA target for the 2021-2029 Housing Element period is 108,036 housing units. To meet this target, approximately 13,500 units will need to be produced annually. With a current average of approximately 4,100 units produced in a year, annual housing production will need to triple to meet this RHNA target.

108,036

Housing Unit Need





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Special thanks to:

The City of San Diego Development Services Department

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On the cover:

The Dylan Point Loma in the Peninsula Area includes 180 total units, 15 of which are affordable to households with incomes below 50 percent of the AMI.