

CITY OF SAN DIEGO

2022 Annual Report on Homes

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Introduction

Cities across California are in a serious housing crisis, and San Diego is no exception. The City of San Diego (City) is one of the most expensive cities in America in which to live. People of all income levels, particularly people with lower incomes, seniors living on fixed incomes, and families in need of homes that can serve their needs, are experiencing increasing difficulty finding homes. For the past few years, the City has directly confronted the need for more home options through the implementation of numerous strategies, programs, and incentives aimed at increasing the production of more homes. While these programs have allowed for more homes to be built, more programs and incentives are needed to continue to address the housing crisis.

To address the issue, in 2021 Mayor Todd Gloria announced the Homes for All of Us initiative. Housing policy is not just about meeting a target or unit number. It is about providing homes that people can afford. These home opportunities provide shelter to those currently experiencing homelessness, provide homes for our neighbors, friends, parents, and children, and provide homes for the workers that attract businesses and sustain the fabric of our everyday lives in San Diego that we value so much. We are fortunate to live in a diverse City and where our housing needs are diverse, as well. Providing a mix of not just housing units, but a mix of homes that meet the varying needs of our people is essential. This may include small microunit homes for entry-level professionals, homes with accessible features for



people with disabilities, and homes with sufficient bedrooms for families with children and intergenerational families. These homes must be available in all communities throughout our City so that people can choose the community that best meets their needs. To track progress on the permitting and production of homes, the City has prepared annual reports that show progress made toward meeting its regional housing goals, while also showcasing the initiatives and programs in place to incentivize new homes in years to come. While the 2022 Annual Report on Homes builds upon past reports, it stands alone in that it represents the first year of an 8-year planning cycle as part of the City's updated 6th Cycle Housing Element. The City's recently certified Housing Element identifies places throughout the City that offer opportunities for new homes to meet the City's share of housing needs. This report tracks the City's process in approving new home development and how our programs and policies assist in providing more options for people to live in the City. The Housing Element also provides goals, objectives, policies, and programs to meet San Diego's housing needs.

Homes in all Communities

Through a process called the Regional Housing Needs Assessment (RHNA), the State informs each region of its housing needs and requires the Regional Council of Governments to assign each city and county its share of those homes needed over the next 8 years. In 2020, the San Diego Association of Governments (SANDAG), determined that the City needed 108,036 new homes by 2029. The allocation is divided into each City's need for homes for very low, low, moderate, and above moderate income people.

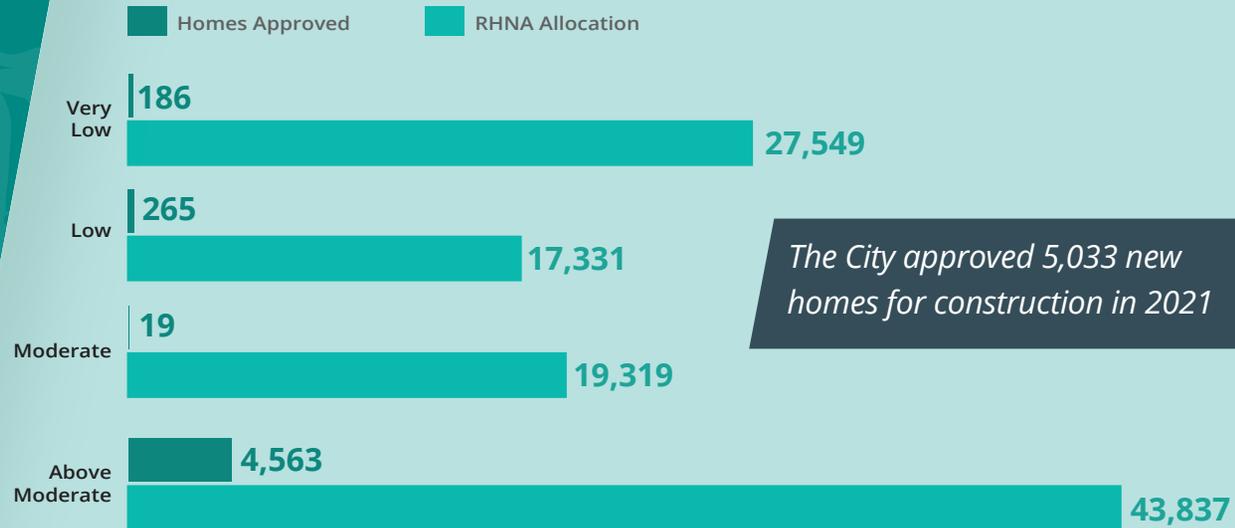
2021 marks the beginning of a new RHNA cycle, and this report establishes a new baseline to identify future production trends and provides a pathway for measuring program progress year over year. New homes approved for construction in 2021, measured through the issuance of building permits, yielded 5,033 new homes citywide. This represents nearly 5% of the production target. The City also received housing development applications for 4,590 additional homes—a precursor to housing production. Notably, accessory dwelling units (ADUs) made up 871 of the new homes in 2021—a historic high for ADUs in the City. While the City's ADU Bonus Program incentivizes the development of very low, low, and moderate income ADUs, these were not counted in meeting the City's RHNA goals because their deed restriction only lasted for 15 years.

New homes approved for construction is measured through the number of building permits issued.

Homes Permitted By Income Level



Progress Toward RHNA Goals by Income Level



Accessory Dwelling Unit Homes Permitted



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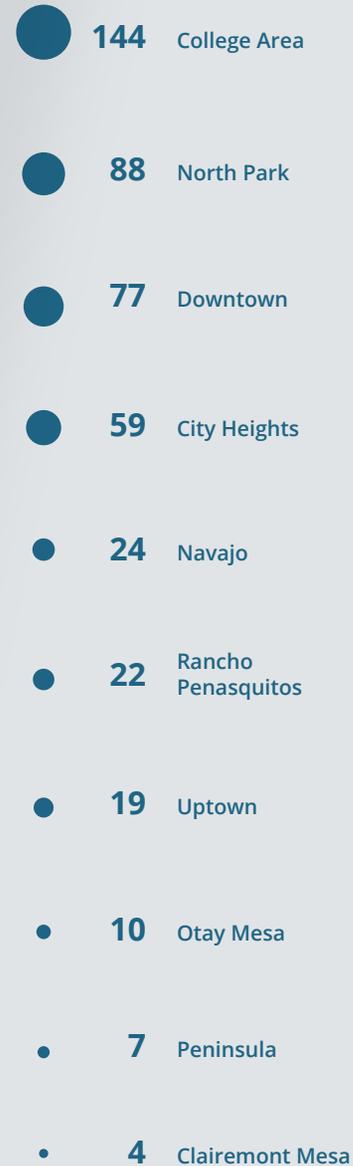
Homes by Community Planning Area

As memorialized in the 2021 Housing Element, the City is committed to the provision of new homes in all communities. To further fair housing and equity, people in San Diego should have the ability to live in a community that meets their needs, including communities with access to transit and jobs. Through community plan updates, amendments to the Land Development Code, and the Homes for All of Us Initiative, the City continued its work to increase home opportunities across the City. This report includes the geographic location of permitted new homes, demonstrating which Community Planning Areas see the greatest home permit activity. The communities of Mira Mesa, North Park, and Navajo all saw significant housing permit activity for both construction starts and housing development applications. The North Park, Navajo, College Area, Downtown, and City Heights communities saw the largest share of new affordable homes in 2021.

ADU construction starts provide people with new opportunities for homes throughout the City. Clairemont Mesa saw 109 ADUs approved in 2021, the largest number in the City. College Area, Eastern Area, City Heights, North Park, and Southeastern San Diego each saw more than 50 ADU construction starts.

2021 Highest New Home Permits by Community

Affordable Homes Permitted



Homes Permitted



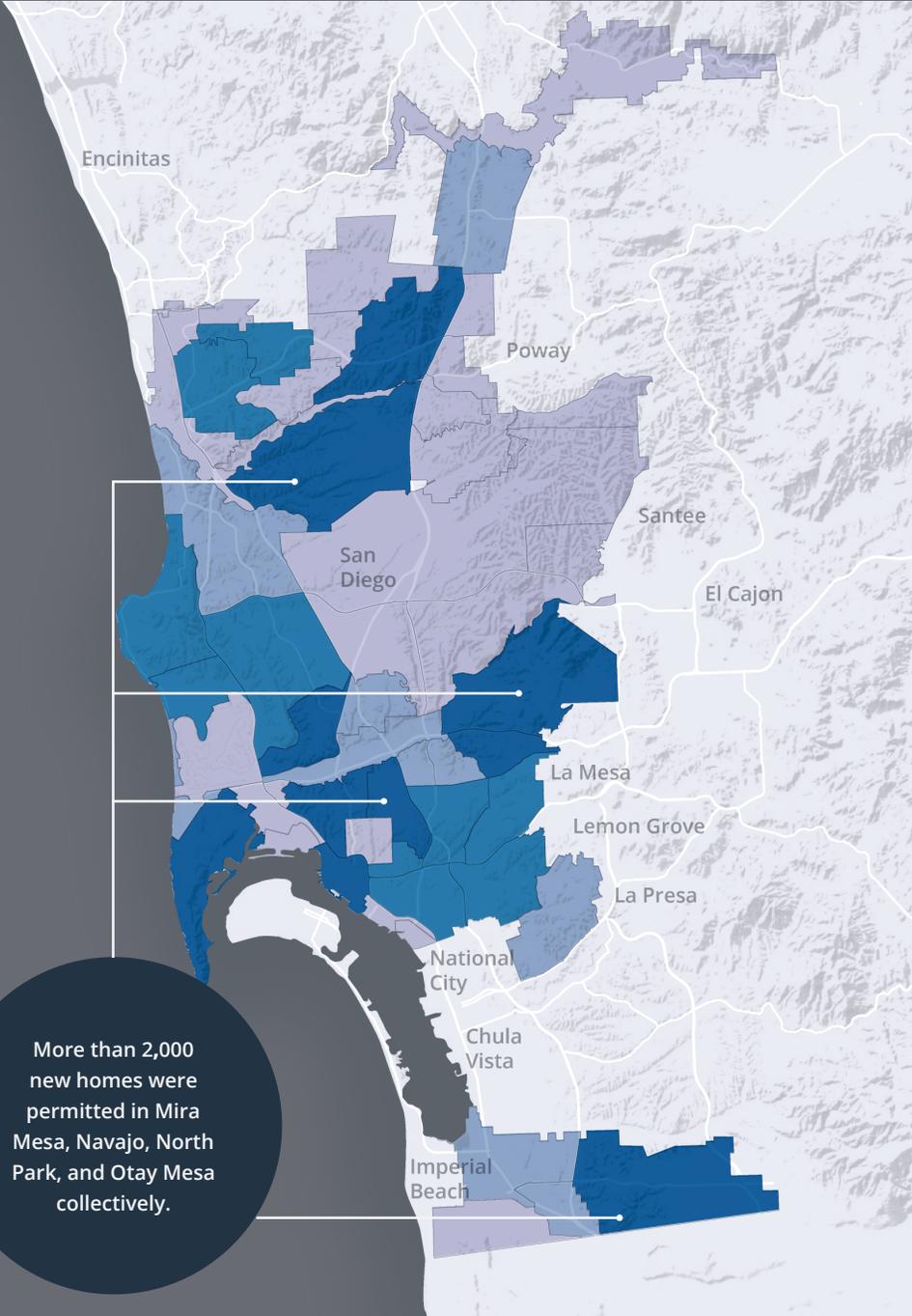


2021 Homes Permitted

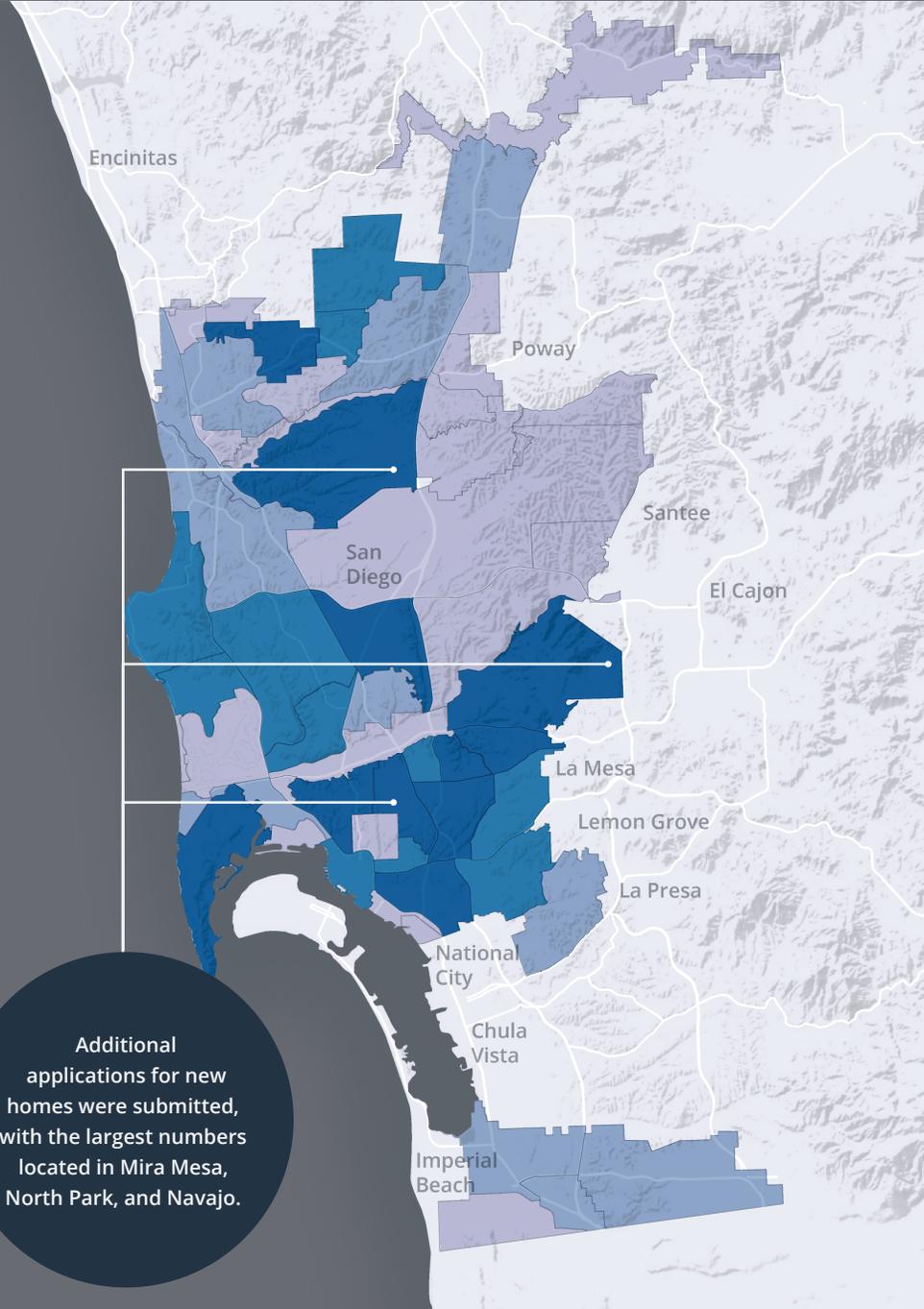
New homes based on Building Permit issuance

2021 Development Applications for Homes Received

New homes based on Building Permit Applications



More than 2,000 new homes were permitted in Mira Mesa, Navajo, North Park, and Otay Mesa collectively.



Additional applications for new homes were submitted, with the largest numbers located in Mira Mesa, North Park, and Navajo.

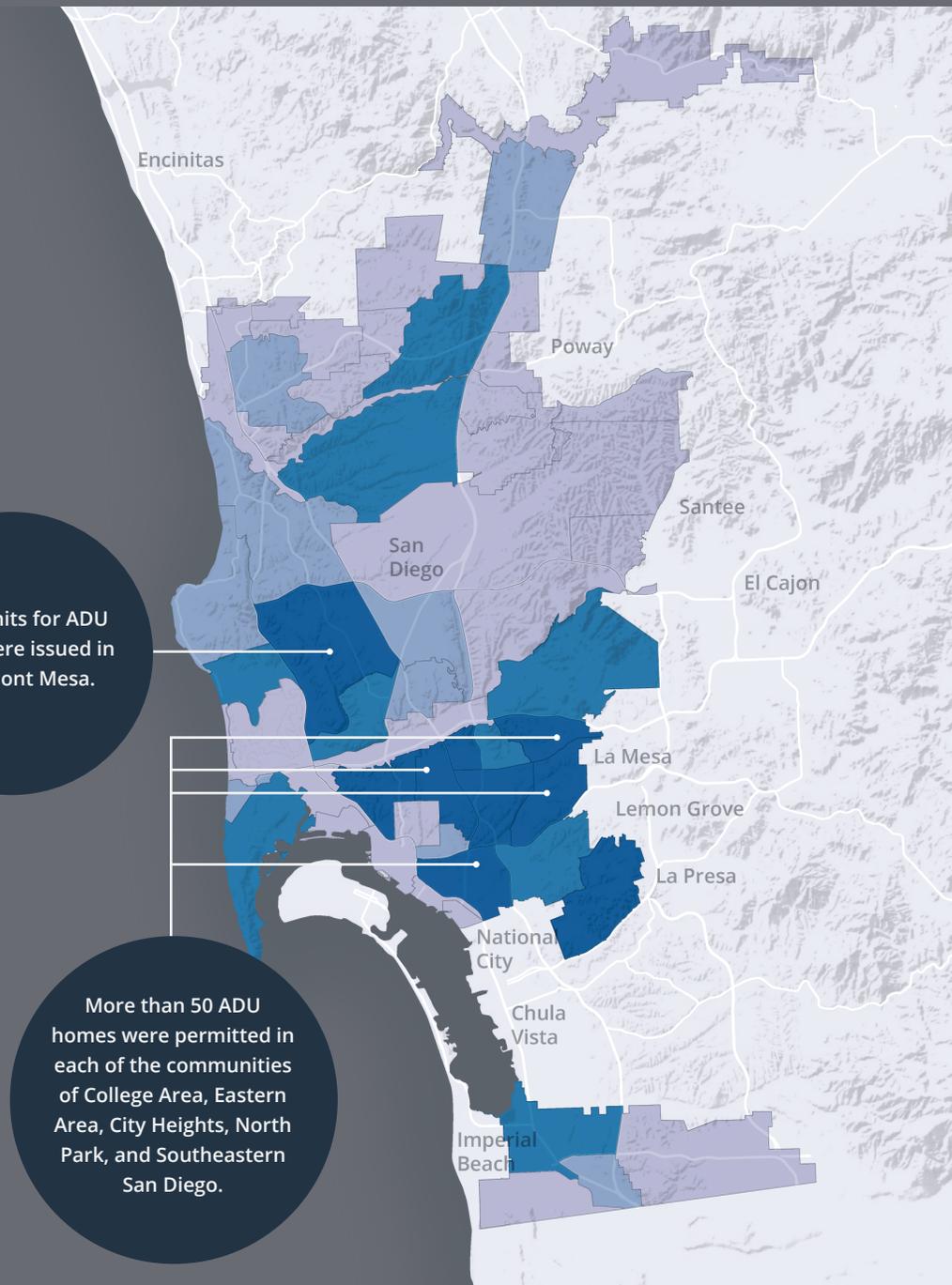
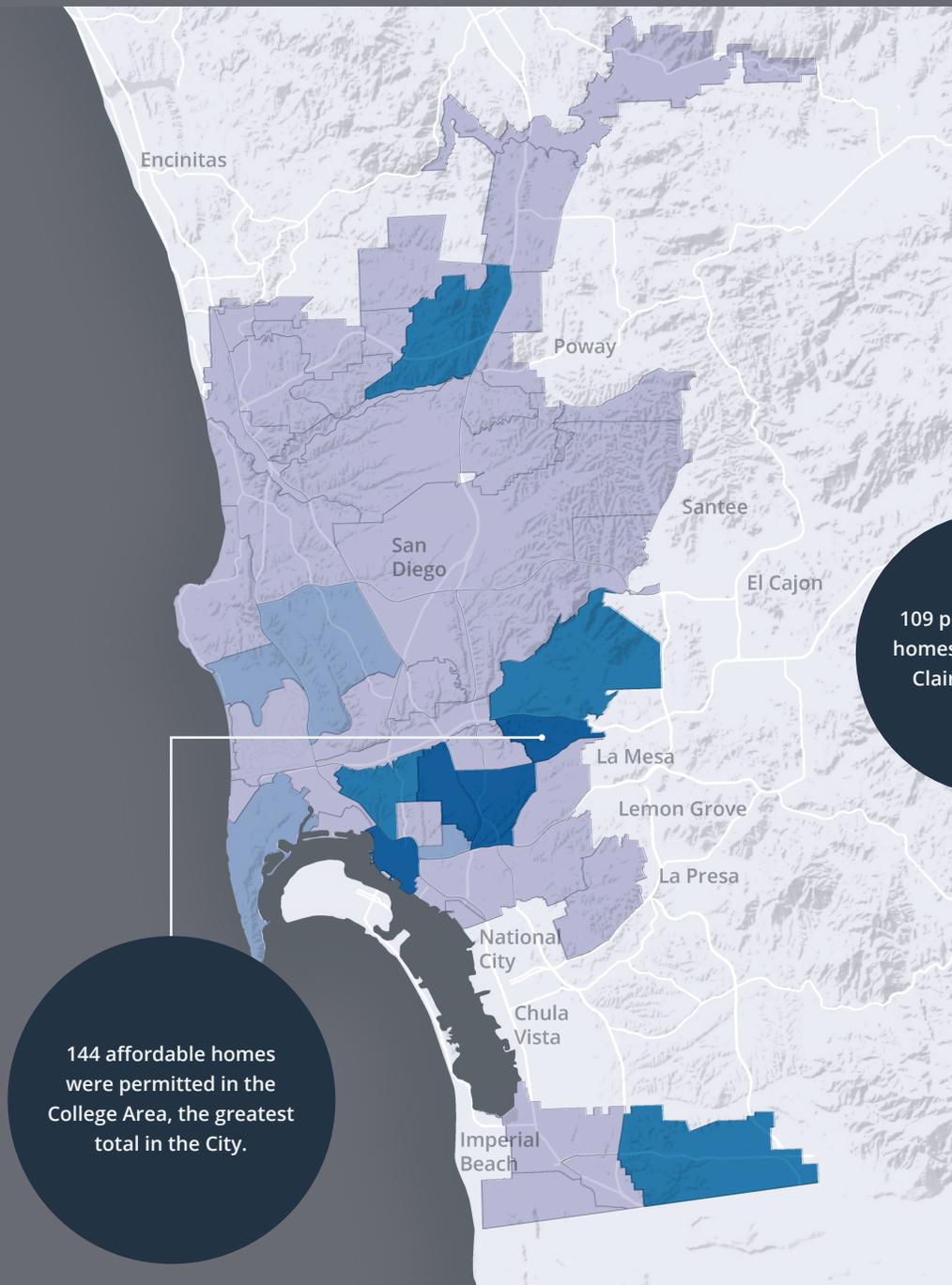


2021 Affordable Homes Permitted

New affordable homes based on Building Permit issuance

2021 Accessory Dwelling Unit Homes Permitted

New ADUs based on Building Permit issuance



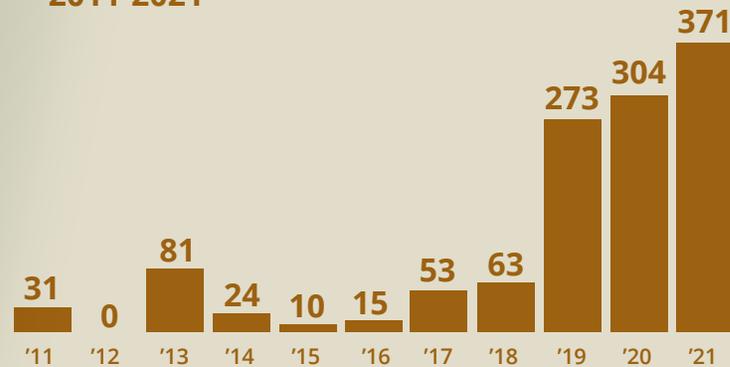
Housing Programs

Acknowledging the need for more homes that people can afford, the City has taken bold action to reduce the cost to build homes, increase the production of new homes in all communities, and make the home permit approval process more efficient and predictable. Through a series of innovative housing programs, such as the Affordable Home Density Bonus Program, Affordable Home Expedite Program, and the new ADU Home Density Bonus Program, the City anticipates to continue to see new home opportunities for people of all incomes and in all communities. As San Diego continues to evolve through new state legislation, new partnerships, and new funding opportunities, housing programs will adapt to respond to the changing needs of the people in our City. The City continually develops, revises, and implements new housing-related programs and regulations to further incentivize and facilitate the building of new homes for people at all income levels. The Affordable Home Density Bonus Program promotes building additional units in exchange for providing affordable housing. The Affordable Home Density Bonus Program saw an increase in affordable homes approved for construction in 2021, resulting in 371 affordable homes out of 1,620 total new homes. Separately, the Expedite Program, which offers expedited permitting for by right developments that include affordable housing, saw an increase in usage with 1,056 homes using the program in 2021 v. 708 homes in 2020.

Affordable Home Density Bonus Program 2021



Affordable Home Density Bonus Program 2011-2021



Home Expedite Program



Affordable Homes are homes that have been deed restricted for specific income levels.

Housing Programs

In 2021, 871 total ADU homes were permitted, including 20 ADUs through the ADU Density Bonus Program, 7 ADU homes of which were restricted for moderate income households for a period of 15 years. Permanent Supportive Housing (PSH) provides long-term affordable homes and supportive services to people experiencing homelessness or at risk of becoming homeless. In 2021, 223 new PSH homes were permitted, representing an 60 percent increase from the 139 PSH homes permitted in 2020.

Complete Communities: Housing Solutions was adopted in 2020, although has yet to go into effect in the City's Coastal Zone." Intended to increase affordable home opportunities near transit, in its first year, the program has resulted in 154 new homes permitted, 16 of which are affordable homes.

ADU Home Density Bonus Program



223 New Permanent Supportive Homes Permitted

Complete Communities: Housing Solutions Homes Permitted



Looking Forward

The 2022 Annual Report on Homes shows that the City's housing programs have resulted in the provision of more new homes for people in all communities in San Diego. This progress is incremental and lays the foundation for the additional work needed to ensure that everyone has the opportunity for a conveniently located home that meets their needs. What this Annual Report on Homes shows us is how many homes were built and where they were built, but it does not show us what these homes will look like or who specifically will call them home now. The City will continue to build on this progress with a renewed focus not just on the total number of homes, but on creating more homes that are tailored to the needs of the people that call our City home. This means tracking the size of the homes and the number of bedrooms in new homes. By doing so, we can refine our housing policies to ensure that we are focused on what matters most - homes where people live, raise their families, and make lifetime memories. The City will continue to move housing policies forward that achieve this -for everyone-- regardless of age, income, family size, or neighborhood.



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