



The City of San Diego

Staff Report

DATE ISSUED: 9/8/2023

TO: City Council

FROM: Planning

SUBJECT: Recommend adoption of the proposed amendments to the Land Development Code, Local Coastal Program, and Resolution R-313282 (Neighborhood Enhancement Fund) to implement Housing Action Package 2.0.

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Council District(s): Citywide

OVERVIEW:

The regulations in the Land Development Code implement the policies in the City's General Plan and community plans. Housing is critical to the City's economic well-being and quality of life for all community members. Therefore, San Diego must have an adequate supply of homes to meet its present and future demands. For decades, the rate of construction of new homes within the City has not kept pace with demand. This is especially true for affordable homes, where production only meets a small fraction of the need. Decades of lack of construction of new homes needed to meet demands has contributed to a housing and homelessness crisis in San Diego and beyond. While the City has adopted community plan updates, focused community plan amendments, and specific plans that have increased housing capacity in the City, housing production continues to be severely lacking. Housing capacity means that more homes could be built, but it is not at a direct predictor of what will be built. More action is needed to ensure that more homes are built to meet the housing needs of the people living in San Diego.

Although action on many fronts is needed to address the City's severe lack of affordable housing, the home incentives in the Land Development Code in the proposed Housing Action Package (HAP) 2.0 will assist in addressing the current housing and homelessness crises. The HAP 2.0 amendments address the need to build homes at all income levels. Without additional home opportunities, the City risks losing its community members to areas outside of San Diego, making it more difficult for businesses to attract and retain high quality employees and creating longer commuting distances. This also further strains the budgets of moderate and low income community members as a more significant portion of their income is used to pay for a home. Longer commutes also contribute to

greenhouse gas emissions, poor air quality, and a lower quality of life. In addition to developing new homes, protections are needed to ensure that new development does not displace existing community members and negatively affect communities and neighborhoods.

HAP 2.0 included a proposal that allowed for more “Missing Middle” homes throughout the City through implementation of Senate Bill 10 (SB 10). The Planning Commission discussed the Missing Middle Homes proposal at its June 1, 2023 and August 3, 2023 hearings and did not recommend the City move forward with the proposal at this time. While the HAP 2.0 proposal described below does not include a Missing Middle Homes / SB 10 proposal, the City Planning Department will continue to work with the public on a revised proposal for consideration in the future.

PROPOSED ACTIONS:

Adoption of the proposed amendments to the Land Development Code, Local Coastal Program, and Resolution R-313282 (Neighborhood Enhancement Fund).

DISCUSSION OF ITEM:

HAP 2.0 is comprised of ten Land Development Code amendment items that are separated into the following three parts:

- **Part 1: Encouraging New Homes** – promotes the development of new homes by implementing recently adopted state law and revising existing regulations and affordable housing programs to encourage new homes on public land and for students.
- **Part 2: Fair Housing for All** – strengthens regulations to further fair housing and promotes the development of new homes for families, including middle-income San Diegans.
- **Part 3: Thriving Neighborhoods** – fortifies regulations, adds new language to reduce displacement caused by new development, and amends existing regulations that govern the continuation of incompatible uses near residential areas in the San Diego Promise Zone.

The draft Land Development Code amendments for each item are posted on the City Planning Department’s Housing Action Package webpage at <https://www.sandiego.gov/housing-action-package>.

Citywide Amendments (10 Items)

Part 1: Encouraging New Homes

1. Assembly Bill 2097 (AB 2097) Implementation

AB 2097 prohibits local agencies from imposing parking minimums from properties within Transit Priority Areas (TPAs). This results in an increase in the number of areas without parking minimums. AB 2097 prohibits a public agency from imposing or enforcing any minimum automobile parking requirement for residential, commercial, or other development projects if the project is located within one-half mile of a major transit stop.

The City of San Diego is largely developed, and a sizeable amount of the City’s land is estimated to be used for parking. Reduction of parking minimums does not restrict the provision of needed parking, but rather limits the oversupply of automobile parking, which can be used for other more productive uses.

AB 2097 is presently in effect and the City is required to implement its requirements. HAP 2.0 implements AB 2097 by amending the City's existing parking regulations to limit the oversupply of parking by removing parking minimums for new residential and commercial developments within TPAs in compliance with the state law requirement.

In limited circumstances, AB 2097 allows the City to impose or enforce minimum parking requirements on a project if the City makes written findings, within 30 days of the receipt of a completed application, that the development would have a substantially negative impact on the City's ability to implement its Regional Housing Needs allocation, the City's ability to meet any special housing needs for the elderly or persons with disabilities, or if the housing development has a substantially negative impact on existing residential or commercial parking within one-half mile of the development. These exemptions are not included as part of this proposal, as the removal of parking minimums in TPAs can assist in limiting the oversupply of parking and in meeting the City's Climate Action Plan goals by increasing walking, rolling, biking, and transit use and reducing vehicle miles traveled. Additionally, City Planning Department staff does not believe the findings required to invoke these exemptions can be substantiated.

2. Junior Accessory Dwelling Unit (JADU) Revisions

The proposed code amendments align the City's current JADU regulations with guidelines recommended by the California Department of Housing and Community Development (HCD) in a letter sent to the City on October 14, 2022 (see attachment).

HAP 2.0 modifies JADU regulations by no longer allowing JADUs to be built inside detached garages and other ADUs in compliance with state law and as set out in the HCD correspondence.

3. Accessible Accessory Dwelling Units (ADU) Home Incentive

The proposed code amendment expands housing opportunities for people with disabilities, mobility limitations, and special needs by providing an incentive for accessible ADU homes. As the City's population ages, the need for more accessible homes to accommodate people with disabilities will continue to rise, and this amendment will assist in meeting the General Plan Housing Element goals.

HAP 2.0 modifies the ADU Home Density Bonus program to incentivize the development of ADUs that meet the accessibility requirements in the California Building Code. The amendment allows one additional accessible ADU home if a residential development includes at least two deed-restricted affordable ADU homes.

4. Housing on Publicly-Owned and Non Profit-Owned Land

The proposed code amendment provides public agencies and qualified non-profit organizations greater flexibility in developing homes on publicly owned land by increasing the building Floor Area Ratio (FAR) bonuses and allowing development of affordable homes on properties zoned as commercial or residential. The first Housing Action Package amended the Land Development Code to allow by-right affordable and middle-income housing development on land owned by qualified non-profit organizations and publicly agencies to increase affordable opportunities for middle income community members like teachers, first responders, and nurses to live near where they work. Providing additional

opportunities for affordable and middle-income homes helps to meet the General Plan Housing Element goals.

HAP 2.0 amends the Land Development Code for qualifying housing developments on publicly owned land and land owned by qualified non-profit organizations, by increasing the FAR bonuses in exchange for providing additional base-unit affordable homes. This amendment allows for greater flexibility in developing affordable homes, as shown in the table below.

Floor Area Ratios by Mobility Zone, Income Level and Percent of Homes that are Affordable

<u>Mobility Zone</u>	<u>Affordable Income Level</u>	<u>Max Floor Area Ratio (FAR) by Percent of Homes that are Affordable</u>		
		25-34% affordable homes	35-49% affordable homes	50-100% affordable homes
1	Very Low, Low and Moderate	No Max FAR	No Max FAR	No Max FAR
2	Very Low, Low	6.0	7.0	8.0
	Moderate	5.0	6.0	7.0
3	Very Low, Low	4.0	5.0	6.0
	Moderate	3.0	4.0	5.0

5. Housing on Underutilized Commercial Sites

The proposed amendment incentivizes the production of mixed-used development with homes on commercial sites to support the implementation of community plan updates. As part of past and recent community plan updates, the City has allowed for higher density residential uses on sites designated for commercial and mixed-use development. These sites are served by existing or planned higher frequency transit services and within Sustainable Development Areas. The development of these sites will help to meet General Plan Housing Element goals.

HAP 2.0 amends the Land Development Code to provide a 0.5 FAR bonus for residential or mixed-use development on sites in the Sustainable Development Area with a base commercial zone that allows for residential or mixed-use, but currently has a non-residential use. This FAR bonus may be used in addition to affordable housing density bonus programs including Complete Communities: Housing Solutions and would apply to the entire site of a proposed development.

6. Student Housing

Providing additional opportunities for affordable student homes near college and university campuses within Sustainable Development Areas supports the City's General Plan Housing Element and Climate Action Plan goals. The City is home to multiple community colleges and major universities; however, the supply of on-campus homes has yet to meet the demand for student housing, given the shortage of affordable off-campus rental housing options. The shortage of on-campus housing creates a need for more affordable off-campus housing, especially for low income students.

While the City's existing affordable home density bonus program encourages the development of affordable homes for students, it is limited to a fixed 35 percent affordable density bonus. The City also has development regulations that only allow student housing in higher density multifamily zones near a college or university campus which can limit the locations where student housing can be constructed. The affordable density bonus and development regulations require an agreement with a college or university, which has served as a barrier to producing off-campus student housing.

HAP 2.0 amends the affordable home density bonus program to allow for a density bonus range based on the percentage of homes deed restricted for low income students consistent with the City's multifamily affordable home density bonus program. It also removes the requirement for student housing to provide an operating agreement with a college or university.

The amendment also allows student housing development in any zone that allows for multifamily housing within a Sustainable Development Area or within 1-mile of a college or university campus. It also increases bicycle parking requirements while limiting the oversupply of automobile parking by removing automobile parking minimums (but still allowing for the appropriate provision of automobile parking). Any development under these regulations would only be allowed in areas where multifamily homes are allowed by the current zoning.

Part 2: Fair Housing for All

7. Single Room Occupancy (SRO) Home Incentive

The proposed amendment incentivizes the construction of new SRO housing to support production of homes, particularly at the very low-income level. SRO housing provides a low-cost home option for community members, especially seniors and people with disabilities, to assist with meeting the City's Housing Element goals. Generally, existing SRO homes are within older buildings, and very few new SRO homes have been constructed in the last 30 years. This housing type often provides homes and shelter for those most vulnerable to becoming homeless and can either be a hotel guest room or a small self-contained room with shared living facilities.

HAP 2.0 amends the Affordable Housing in All Communities program which encourages more affordable housing construction throughout the City by allowing affordable homes built through the City's density bonus program and 100 percent affordable housing developments to be built in High Resource communities with a ministerial process to include SROs as a qualifying project. Amending this program will allow for ministerial approval for SRO homes in areas near transit where affordable housing is either unavailable or very limited.

8. Complete Communities: Housing Solutions (CCHS) Amendments

CCHS is a City housing incentive program that provides a building FAR bonus to developments that provide affordable homes and neighborhood amenities.

A. CCHS Development Regulations

The proposed amendments remove or provide waivers of development requirements that discourage the use of the CCHS and/or discourage the development of new homes for families. Current regulations like current fence requirements or private exterior open space requirements can discourage the development of new homes under the CCHS programs.

HAP 2.0 adjusts the development regulations that disincentivize family homes and/or the use of the CCHS program. New projects may receive a waiver of the private exterior open space requirement for development if at least 10 percent of all homes have three or more bedrooms.

B. CCHS Development Impact Fees (DIF)

The proposed amendment provides a new DIF waiver for homes with three or more bedrooms to incentivize the construction of new homes for larger households, including families with children and intergenerational families. This new DIF waiver would replace the current DIF waiver for smaller homes under 500 square feet. DIF waivers for small homes prevent the City from collecting fees from a common type of development that the market already more easily delivers to help fund future facility and infrastructure improvements. Additionally, since CCHS was adopted in 2021, the City Council has adopted Citywide DIFs that are scaled based on home size, with smaller homes generally subject to payment of lower fees than larger homes. Therefore, the DIF waiver for units under 500 square feet has become obsolete, since smaller homes no longer must pay the same DIF rate of larger homes.

Since the Land Use and Housing Committee hearing, and based on the Committee's direction, this item has been revised to allow for the current DIF waiver for homes under 500 square feet to continue to apply to development projects submitted prior to January 1, 2025 to allow for adequate time to submit development applications before the waiver is fully replaced. The DIF waiver for homes with three or more bedrooms would take effect when the HAP 2.0 ordinance takes effect.

C. 100 Percent Moderate Income Option

The proposed amendments provide an alternative pathway to providing deed-restricted affordable homes under the CCHS program. The current regulations provide three options for providing affordable homes:

- Setting aside at least a total of 40 percent of pre-density homes (15 percent for very low income, 10 percent for low income, and 15 percent for moderate income), or
- Setting aside at least 40 percent of pre-density base homes for very low income residents, or
- Setting aside 100 percent of the total homes in the development for low income residents.

All levels of affordability are important to address the City's housing needs. In 2021, of the total homes permitted, less than 0.5 percent were deed restricted at levels affordable for moderate-income households (approximately 9 percent were deed restricted at levels affordable to very low income and low income households). By amending the CCHS program to promote moderate income homes, the City can

incentivize the development of more homes for moderate income families, who often compete with low income and very low income families for naturally affordable occurring homes.

HAP 2.0 creates a 100 percent base unit moderate income option for the CCHS program. The new moderate income option requires that at least 100 percent of base homes be deed-restricted as affordable for moderate income households. Additionally, at least half of all required rental homes must be rented at a cost that does not exceed 30 percent of 80 percent of Area Median Income, and the remainder must be rented at a cost that does not exceed 30 percent of 120 percent of Area Median Income.

D. Incentivizing Family Housing

The proposed amendment incentivizes developing family housing by providing an FAR bonus. Recent developments in the City have tended to skew toward smaller single bedroom homes, which makes finding “starter homes” and homes for families with children and intergenerational families more difficult and competitive. By incentivizing the development of homes with two or more bedrooms, CCHS better addresses the needs of families looking for homes closer to jobs, transit, and amenities. Additional development incentives for homes with two or more bedrooms can encourage the development of these needed housing product types for larger families.

HAP 2.0 provides up to a 1.5 FAR bonus to a development that creates homes for larger families. To qualify for the bonus, at least 10 percent of the total homes must have at least two bedrooms, and an additional 10 percent of the total homes must have at least three bedrooms. Additionally, each home is required to be under one lease agreement per home. The proposed FAR bonus is in addition to other programs.

E. Off-Site Affordable Option

The proposed amendments provide the option to develop CCHS required affordable homes off-site. Allowing for off-site development of affordable housing can provide greater flexibility for the development of affordable homes and overall total homes, therefore making it easier to develop more homes for all income levels.

HAP 2.0 allows for affordable off-site homes under CCHS with the following additional requirements:

- *Locational:*
 - Within a Sustainable Development Area, and
 - Within an area identified as a Moderate, High or Highest Resource Opportunity Area as determined by the California Tax Allocation Committee at the time of application is deemed complete, and
- *Neighborhood Enhancement Fund:*
 - Required for both the market-rate and affordable sites, with the fee applied to the receiver site capped at the size of the subject development site.
- *Deed Restriction:*

- Required to record a deed restriction prior to the first building permit that documents the number of affordable units to be provided, and
- Assigns foreclosure rights of the development to the San Diego Housing Commission.

Part 3: Thriving Communities

9. Anti-Displacement Measures

The proposed amendments promote the preservation of affordable homes and protect people from displacement caused by new market rate development. As part of past and recent community plan updates, the City has planned for the development of higher density residential development on sites designated in community plans for commercial and mixed-uses. These sites are served by existing or planned higher frequency transit services within Sustainable Development Areas. The City continues to look for ways to increase opportunities for additional housing in areas served by high frequency transit to address housing shortages and reduce greenhouse gas emissions with community plan updates and code amendments. However, the displacement of low income community members, especially in communities of concern can be a harmful unintended consequence. This proposal creates new regulations about priority rental preference for affordable units, rental unit withdrawal from the market, and condo conversions. HAP 2.0 will complement the recently adopted Residential Tenant Protection Regulations that strengthen noticing requirements and relocation assistance for tenants.

HAP 2.0 amends existing regulations and introduce new measures aimed at reducing displacement by development, as follows:

A. Dwelling Unit Protections

- Removes the citywide expiration date of January 1, 2025, and makes the dwelling unit protection regulations permanent.
- Removes the exemption for housing unit replacement for commercial and all mixed-use projects.
- Clarifies that Dwelling Unit Protections only applies to previously renter-occupied units.

B. Coastal Overlay Zone Affordable Housing Replacement

- Expands protections and requires replacement of affordable dwelling units with very low income units,
- Expands application to premises with two or more structures containing a total of five or more units.
- Eliminates the three-mile allowance for replacing affordable units and disallows the replacement of affordable units in low resource or high segregation and poverty resource California Tax Credit Allocation Committee Opportunity Areas. Off-site replacement affordable units in high or highest resource California Tax Credit Allocation Committee Opportunity Areas need to be relocated in an area that is also a high or highest resource California Tax Credit Allocation Committee Opportunity Areas.

- Clarifies that affordable housing replacement requirements do not apply to previously owner-occupied units.

C. Priority Rental Preference for Affordable Units

HAP 2.0 also gives existing residents in Low Resource or High Segregation and Poverty Resource California Tax Credit Allocation Committee Opportunity Areas, according to the most recent California State Treasurer TCAC/HCD Opportunity Area Maps, priority preference to rent new deed-restricted affordable units.

The development of a new program to ensure priority preference is made available to community members in these areas will require collaboration with stakeholders, funding, and other actions to ensure it is effective in addressing displacement. Therefore, the priority preference requirements will not be implemented until a program can be developed and approved as part of a future action of the Housing Authority and/or City Council to ensure successful implementation.

D. Condo Conversion Regulations

HAP 2.0 implements state law to allow tenants of rental units proposed for conversion into a condominium a 90-day period to buy the condominium before the seller accepts other offers.

10. Discontinued Incompatible Uses

This proposal creates an incentive to encourage the production of homes on properties within a zone that allows for homes and mixed-use development within the San Diego Promise Zone (SDPZ) as currently designated and ceases the continuation of incompatible previously conforming uses after a 15-year period.

Through both community plan updates and code amendments, the City has continued to increase opportunities for additional homes in areas served by high frequency transit to address housing shortages while, simultaneously, reducing greenhouse gas emissions. The City continues to utilize recent and ongoing community plan updates to plan for higher density residential development on sites designated for residential, commercial, and mixed-use near transit. These sites are served by either existing or planned for high frequency transit within Sustainable Development Areas.

Certain previously conforming uses, such as wrecking and dismantling motor vehicles, storage and material scrap yards, as well as specific types of recycling facilities, are in areas that have been rezoned through community plan updates to allow for homes and mixed-use development. These uses can negatively affect community members and reduce the quality of life in the neighborhoods in which they are located, resulting in serious environmental injustice.

Many of these incompatible previously conforming uses are found within the federally designated SDPZ. The SDPZ is an area recognized by the federal government to contain the City's most disadvantaged and underserved communities. The SDPZ includes portions of Downtown, Barrio Logan, Southeastern San Diego, and the Encanto neighborhoods. The goals of the SDPZ designation include increasing economic activity, increasing access to affordable housing, and promoting access to healthy communities.

Although community plan updates and rezones have increased housing opportunities, existing previously conforming use regulations allow incompatible uses to continue in perpetuity and, in some cases, even enable them to expand. Recognizing that legacy business owners will require enough time to change uses, the proposed amendments provide a 15-year period to transition their premises to an allowed and conforming use.

The City Planning Department retained Keyser Marsten Associates (KMA) to prepare an economic analysis to determine whether 15 years is a sufficient period to transition incompatible previously conforming land uses to allowable uses. KMA conducted an analysis of land sales and rents for parcels meeting the characteristics of those that may be affected by the ordinance. The analysis accounted for recent increases in density, density bonus options, and home development opportunities that allow dwelling units above the density in the base zone for residential uses. According to the analysis, the multifamily value of some parcels already exceeds the industrial values and beginning at year 11 from the date of the study, the multifamily values of all parcels will exceed their industrial values and will be most valuable by year 15. The analysis concluded that 15 years is an adequate period to transition from an incompatible previously conforming use to an allowable use and that this transition is economically viable.

To reduce land use incompatibilities that result in environmental injustices that expose residential uses to the effects of incompatible uses, while simultaneously increasing the availability of land for residential development, HAP 2.0 amends the following sections in the Land Development Code.

A. Affordable Housing Regulations: FAR Incentive

HAP 2.0 provides FAR incentives to sites zoned for housing within the SDPZ with a incompatible previously conforming use if the existing use is redeveloped into a residential conforming use. The FAR incentives provide a 0.5 FAR bonus to development that converts an incompatible, previously conforming use into homes that are consistent with the current zone on the property. The incentive can be increased to a 1.5 FAR bonus if the development includes at least 50 percent deed-restricted affordable homes. The incentive must be used within 15 years after a property is determined to be an incompatible previously conforming use.

B. Discontinuation of Incompatible Uses

HAP 2.0 amends the Land Development Code to no longer allow the continuation of an incompatible discontinued previously conforming use in the SDPZ if the use is ended for more than 30 days for any reason other than building maintenance, repair, or safety. The purpose of the amendment is to encourage incompatible previously conforming uses to phase out, and where the use has been discontinued, no longer allow it to resume.

C. No Longer Permitted

HAP 2.0 amends the Land Development Code to no longer allow incompatible previously conforming uses in the SDPZ (as currently designated) after a 15-year period from the effective date of the ordinance.

The Land Use & Housing City Council Committee requested an additional analysis related to previously conforming, incompatible uses as part of its motion, specifically related to the economic and environmental effect of considering additional uses as potentially incompatible with residential uses at distances up to 1,000 feet from residential uses, and including additional sensitive receptors such as schools, daycares, parks, and medical facilities. The City Planning Department will work with interested community members and stakeholders, as well as the City Council, to further explore opportunities to address environmental injustices resulting from incompatible land uses through the upcoming Environmental Justice Element efforts.

11. Amendments to Neighborhood Enhancement In Lieu Fee Resolution (R-313282)

In order to implement policies introduced by recent Land Development Code updates and HAP 2.0, the resolution for the Neighborhood Enhancement In Lieu fee needs to be updated.

HAP 2.0 amends City Council Resolution R-313282 to implement changes adopted in the 2022 Land Development Code update. Specifically, the amendments will replace the definition of a Transit Priority Area with a Sustainable Development Area to allow these funds to be expended in Sustainable Development Areas. Additionally, amendments provide additional clarifications regarding the distribution of funds. Revisions to Resolution R-313282 are included as an attachment to this report.

City of San Diego Strategic Plan:

This item is related to the Strategic Plan's Priority Areas:

- Create Homes For All of Us by increasing housing incentives and streamlining regulatory reforms and encouraging housing that is affordable to everyone in all communities;
- Champion Sustainability by introducing new regulations to ensure sustainable communities for all and further climate equity in previously underserved communities;
- Foster Regional Prosperity by promoting affordable housing in high resource neighborhoods to allow residents to access well-paying jobs and economic opportunities in every community.

Fiscal Considerations:

Costs associated with implementation of this ordinance would be covered by project applicants.

Charter Section 225 Disclosure of Business Interests:

N/A

Environmental Review:

The Environmental Policy Section of the City Planning Department has reviewed HAP 2.0 and conducted a consistency evaluation pursuant to CEQA Guidelines Section 15162. The consistency evaluation is described in a memo attached to this report. Implementation of this project's actions would not result in new or more severe significant direct, indirect, or cumulative impacts over and above those disclosed in the following certified and adopted environmental documents:

1. Final Environmental Impact Report (EIR) for the Land Development Code (DEP No. 96-033/SCH No. 1996081056) certified by the San Diego City Council on November 18, 1997 (Resolution R-289458);

2. Final Program EIR (PEIR) for the General Plan (Project No. 104495/SCH No. 2006091032) certified by the San Diego City Council on March 14, 2008 (Resolution R-303472);
3. Addendum to the General Plan PEIR for the General Plan Housing Element Update 2021-2029 (Project No. 104495/SCH No. 2006091032) adopted by the San Diego City Council on June 18, 2020 (Resolution R-313099);
4. Final PEIR for Complete Communities: Housing Solutions and Mobility Choices (SCH No. 2019060003) certified by the San Diego City Council on November 17, 2020 (Resolution R-313279);
5. Final PEIR for the Climate Action Plan (Project No. 416603/SCH No. 2015021053) certified by the San Diego City Council on January 4, 2016 (Resolution R-310175); and
6. Addendum to the Climate Action Plan PEIR for the City of San Diego Climate Action Plan Update (Project No. 416603/SCH No. 2015021053) adopted by the San Diego City Council on August 10, 2022 (Resolution R-314298).

The adoption of the proposed amendments revising the City's ADU Home Density Bonus program to incentivize the development of ADUs that meet the American's with Disabilities Act (ADA) accessibility requirements is statutorily exempt from CEQA pursuant to CEQA Guidelines Section 15282(h) which exempts the adoption of an ordinance regarding second units in a single-family or multifamily residential zone by a city or county to implement the provisions of Sections 65852.1 and 65852.2 of the Government Code as set forth in Section 21080.17 of the Public Resources Code.

Climate Action Plan Implementation:

The proposed amendment aligns with Strategy 3 – Mobility and Land Use Measure 3.5 Climate-Focused Land Use. The proposal will maximize new development in areas located with safe, convenient and enjoyable access to transit by allowing new housing developments in Sustainable Development Areas. It will also align by proposing new incentives to develop mixed use developments on underutilized commercial lots near transit.

Equal Opportunity Contracting Information (if applicable):

N/A

Previous Council and/or Committee Actions:

On September 21, 2023 the Land Use and Housing City Council Committee voted (4-0-0) to recommend approval of the proposed HAP 2.0 as proposed by staff, with the following proposed amendment:

The development impact fees for dwelling units that do not exceed 500 square feet in the proposed Municipal Code Section 143.1010(f) will take effect on January 1, 2025. However, the fee rates for units containing at least three bedrooms will take effect at the otherwise applicable earlier effective date.

The Land Use and Housing City Council Committee as part of their motion also requested that City staff conduct a study to determine the environmental and economic effect of the following:

- a. A comparison of the effect of proposed distance requirements for previously conforming and incompatible uses in revisions to Municipal Code Section 127.0112(a) to the distance requirements of 300, 500, and 1000 feet, as proposed by Environmental Health Coalition.
- b. A comparison of the effect of the proposed list of previously conforming and incompatible uses near sensitive receptors in revisions to Municipal Code Section

127.0112(a) to additional uses as listed, as proposed by Environmental Health Coalition: Warehouses; Distribution facilities; Heavy/light Manufacturing; Welding; Commercial/Personal Vehicle Repair and Maintenance; Recycling facilities (medium to small); Agricultural processing; Building supplies and equipment.

- c. A comparison of the proposed sensitive receptors to an expanded list that includes schools, daycares, parks and medical facilities, as proposed by Environmental Health Coalition.

Planning Commission:

The City Planning Department provided a Workshop with the Planning Commission on April 6, 2023. On June 1, 2023, the Planning Commission voted (7-0-0) to continue the hearing for Housing Action Package 2.0 until August 3, 2023. The Planning Commissioners specifically requested additional analysis on the proposed requirements for the Missing Middle Homes regulations (SB 10 implementation).

On August 3, 2023, the Planning Commission voted (6-0-0) to recommend approval of the HAP 2.0 proposed amendments to the Land Development Code, Local Coastal Program, and Resolution R-313282 (Neighborhood Enhancement Fund) except for the Missing Middle Homes regulations. The Planning Commission recommended the City Planning Department bring the Missing Middle Homes regulations (SB 10 implementation) back to the Planning Commission at a later date.

Key Stakeholders and Community Outreach Efforts:

The City Planning Department has provided a summary of the proposals on the Housing Action Package website, <https://www.sandiego.gov/planning/work/housing-action-package>. Two virtual public workshops and two in-person public workshops were held with community members to discuss and obtain feedback about the policy concepts and issues associated with the proposed regulations:

Virtual Workshops:

February 21, 2023: to review policy proposals relating to *Encouraging New Homes*

February 23, 2023: to review policy proposals relating to and *Furthering Fair Housing*

In-Person Workshops:

March 2, 2023: at the Mission Valley Branch Library to review policy proposals for the *Missing Middle regulations*.

March 13, 2023: at the Valencia Park - Malcolm X Branch Library to review policy proposals for *Anti-displacement and Discontinued Harmful Uses regulations*.

Community Planners Committee

On April 28, 2023, the Community Planners Committee (CPC) voted (19-1-5) to recommend that SB 10 not be implemented in San Diego at the current time. CPC also voted (15-4-7) to recommend amending Missing Middle Homes/SB 10 regulations to increase affordability requirement to 30 percent, with 15 percent being set aside for very low and low income households and 15 percent for moderate income households. The motion also recommended amending the Missing Middle/SB 10 regulations to direct Development Impact Fees generated under SB 10 to areas where projects are built.

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Casey Smith

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