

# Housing Action Package 2.0

Planning Commission

August 3, 2023

Item #2

Continued from June 1, 2023

# Housing Action Package 2.0

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## Planning Commission

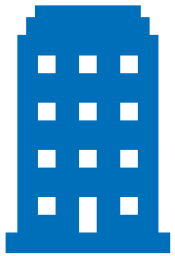
Workshop - May 2023

Hearing – June 1, 2023

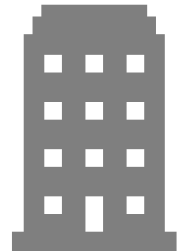
**Continued to August 3, 2023**

# What is the Housing Action Package 2.0?

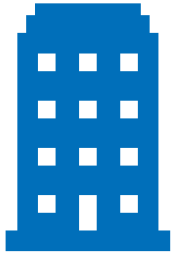
## Amendments to the Land Development Code



- Build upon the first Housing Action Package
- Allow / incentivize diverse range of home products & affordable homes
- Affirmatively further fair housing

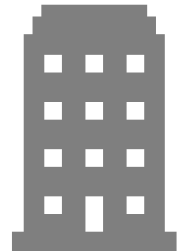


# Why are Land Development Code amendments needed?



## Adequate supply of homes to meet present and future demands that:

- Makes it easier to build more homes at all income levels and for all people
- Does not displace residents
- Implements goals and policies in:
  - General Plan – Housing Element
  - Community Plans
  - Climate Action Plan



# 2021-2029 Regional Housing Needs Assessment

Income Type (% of AMI*)	6 <sup>th</sup> Cycle RHNA Allocation
Very Low (<40%)	27,549
Low (40% to 80%)	17,331
Moderate (80% to 120%)	19,319
Above Moderate (>120%)	43,837
<b>Total</b>	<b>108,036</b>



\*2022 San Diego Area Median Income: \$106,900

<https://www.sdhc.org/wp-content/uploads/2022/AMIIncomeRentChart-2022.pdf>

# Housing Capacity

- **Community Plan Updates – Additional Capacity:**

- 2008 - 2020: capacity for 91,000 new homes
- 2021 - 2022: capacity for 24,000 new homes

Added Capacity = 115,000

Production = 63,865

# Housing Capacity

## General Plan – Housing Element

- In 2021, the Housing Element identified sites with the potential for: 174,000 new homes

Capacity ≠ Production

# Housing Production

## **RHNA 5<sup>th</sup> Cycle (2010-2020): 88,000 Homes Allocated**

- 44,000 homes permitted over 10 years
- 50% of City's total allocation

## **RHNA 6<sup>th</sup> Cycle (2021-2029): 108,000 Homes Allocated**

- 10,000 homes permitted in 2021 and 2022 for 6<sup>th</sup> Cycle
- 9% of City's total allocation
- 98,000 homes needed over the next 6 years



# Housing Production

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Low Housing Supply =  
High Cost Housing

# Housing Production

- Factors Affecting Production
  - Cost of Materials
  - Cost of Land
  - Financing
  - Availability of Funding Sources
  - Availability of Labor
  - Willingness to Develop

Capacity ≠  
Production

- Increased capacity is needed to open opportunities for more home production.

# Housing Production

- Increased production is needed to meet housing needs with regulations that:
  - Streamline Approval Process
  - Incentivize Different Types of Homes
  - Remove Barriers
  - Increase Capacity
  - Address Fair Housing

# Housing Action Package 2.0 Items

1. **Implementation of AB 2097** (Remove Barriers)
2. **Revisions To Junior Accessory Dwelling Units** (Incentivize Different Types of Homes)
3. **Accessible ADUs** (Incentivize Different Types of Homes)
4. **Floor Area Ratio Bonus to Develop Homes On Publicly-owned Land** (Increase Capacity)
5. **Incentives To Develop Underutilized Commercial Land** (Remove Barriers/Increase Capacity)
6. **Student Housing Density Bonus Amendments** (Incentivize Different Types of Homes)
7. **Building Permit Extensions** (Remove Barriers)

# Housing Action Package 2.0 Items

- 8. SRO Incentives** (Incentivize Different Types of Homes)
- 9. Anti-displacement Measures** (Address Fair Housing)
- 10. Complete Communities: Housing Solutions Amendments**  
(Incentivize Different Types of Homes/Increase Capacity)
- 11. Discontinued Harmful Uses** (Address Fair Housing)
- 12. Amendments To Neighborhood Enhancement Fund Fee**
- 13. Missing Middle Housing Regulations** (Streamline Approval Process/Increase Capacity/Address Fair Housing)

# HAP 2.0 Items - Amended

## 7. Building Permit Extensions

- May be removed
- Building permit extensions was heard by City Council August 1, 2023

## 10. Anti-displacement Measures

- Revised condominium conversion code language to match existing state law

# Planning Commission – June 1

## **Planning Commission asked City Planning Department to explore Missing Middle Housing Regulation options that:**

- Apply closer to existing transit stops and transit corridors
- Apply alternative development regulations
- Expand opportunity to further fair housing
- Provide option that does not utilize Senate Bill 10

# Memo to the Planning Commission

## **Missing Middle Housing Regulation options that:**

- Included Shorter Distances from Transit
- Included Existing Transit or Existing and Planned Transit
- Analyzed Fair Housing
- Provided Potential Regulatory Amendments



# What is “Missing Middle” housing?



- Townhomes
- Rowhomes
- Triplex, 4-Plexs
- Small-Scale Multifamily

# Why Missing Middle?

## What is the need?

- Increases in rent and home prices
- Caused by a severe shortage and limited options
- Has created demand for more attainable home opportunities





# Why Missing Middle?

Provides more home opportunities **for all San Diegans**

## Greater variety of home types

- Allows a home type that was once common

## Inefficient Land Use

- 80% of City is zoned for single-homes



# Why Missing Middle?

Provides smaller homes that use existing infrastructure

## Uses Existing Infrastructure

- In areas with existing infrastructure and amenities
- Increase use of transit, pedestrian and bike infrastructure
- Concentrates missing middle homes in areas that allow for efficient delivery of additional infrastructure





# Why Missing Middle?

- ✓ Provides more homes in more neighborhoods

## Lower Perceived Density

- Once common in neighborhoods
- Allows missing middle homes at a single home scale and context
- Two to three stories (35')



# Why Missing Middle?

- ✓ Provides more homes near high frequency transit service

## Climate Friendly

- Closer to transit, job locations, and amenities
- Reducing greenhouse gas emissions and air pollution
- Smaller carbon footprint



# Why Missing Middle?

- ✓ Provides more homes that are lower in cost and more attainable

## Home Ownership Price

- Single-Home:
  - \$1,022,000
  - \$6,500 per month (estimate)
- Multi-Home:
  - \$640,000
  - \$4,440 per month (estimate)

## Median Monthly Rental

- Single-Home: \$4,900
- Multi-home: \$2,823

## Median Household Income

- 4-Person Household: \$106,500
- 30% of Median Household Income (Per Month): \$2,660



# Why Missing Middle?

- ✓ Provides more homes where people of all backgrounds and income levels can afford to live

## Remove Barriers

- Majority single home type
  - Single Home Zoning
- Housing and social disparities among communities
- Addresses equity and inclusivity
  - Opportunities to reverse redlining





# Why Missing Middle?

## **Provides more homes:**

- ✓ opportunities **for all San Diegans**
- ✓ in more neighborhoods
- ✓ near high frequency transit service
- ✓ that are lower in cost and more attainable
- ✓ where people of all backgrounds and income levels can afford to live
- ✓ in areas that have existing infrastructure and amenities

# Missing Middle Housing Regulations

## **Applies in:**

- Sustainable Development Areas
- Areas that could not accommodate more than 10 homes
- Areas zoned to allow for only single or multi-home developments

## **Would not apply in:**

- Existing Historic Districts
- Environmentally Sensitive Lands
- Property with existing deed-restricted affordable housing

# Missing Middle Housing Regulations

## **Parcels in Single Family Zones**

- 1 Home Per 1,000 Sq Ft of Lot Size
- Allows 1 ADU, 1 JADU
- Example: 5,000 Sq Ft lot could have 5 homes with 1 ADU and 1 JADU

## **Parcels in Multi Family Zones:**

- Allowed up to 10 Homes
- Allows 2 ADUs, 2 JADUs

# Missing Middle Housing Regulations

## **Projects with 5 or more Homes are required to include:**

### Affordable Homes

- 1 Deed-Restricted Affordable Home in Moderate to Lowest Resource Areas
- 2 Deed-Restricted Affordable Home in High or Highest Resource Areas

### Bedrooms

- 1 Three-Bedroom Home
- 1 Two-Bedroom Home

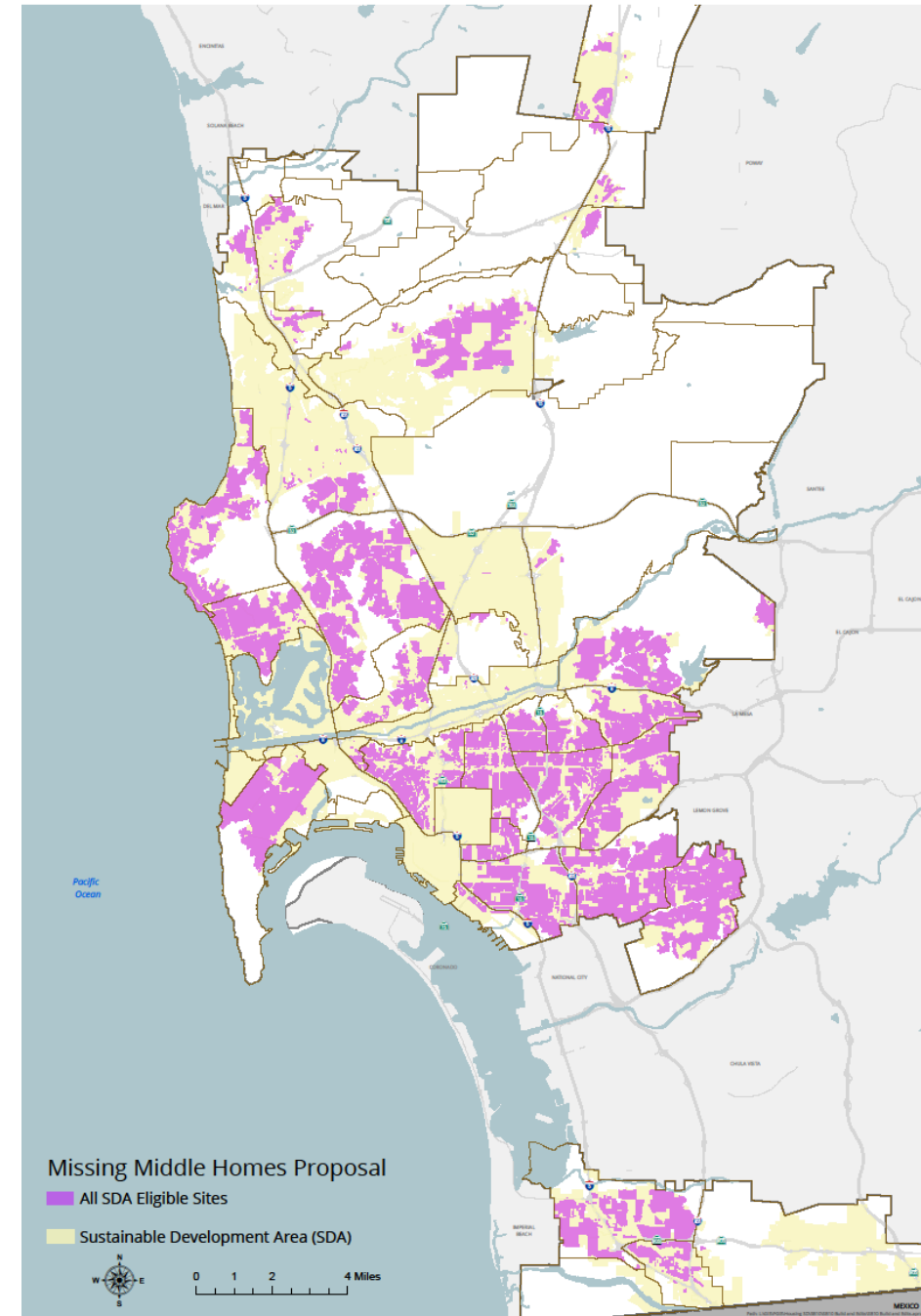
# Missing Middle Housing Regulations

## Proposed Missing Middle Housing Regulations addresses:

- General Plan Housing Element
  - Furthers Housing Production
  - Furthers Fair Housing
  - Provides Different Home Types
  - Addresses Affordability
- Climate Action Plan
  - Reduces Vehicle Miles Traveled
  - Reduces Greenhouse Gas Emissions

# Missing Middle Housing Regulations

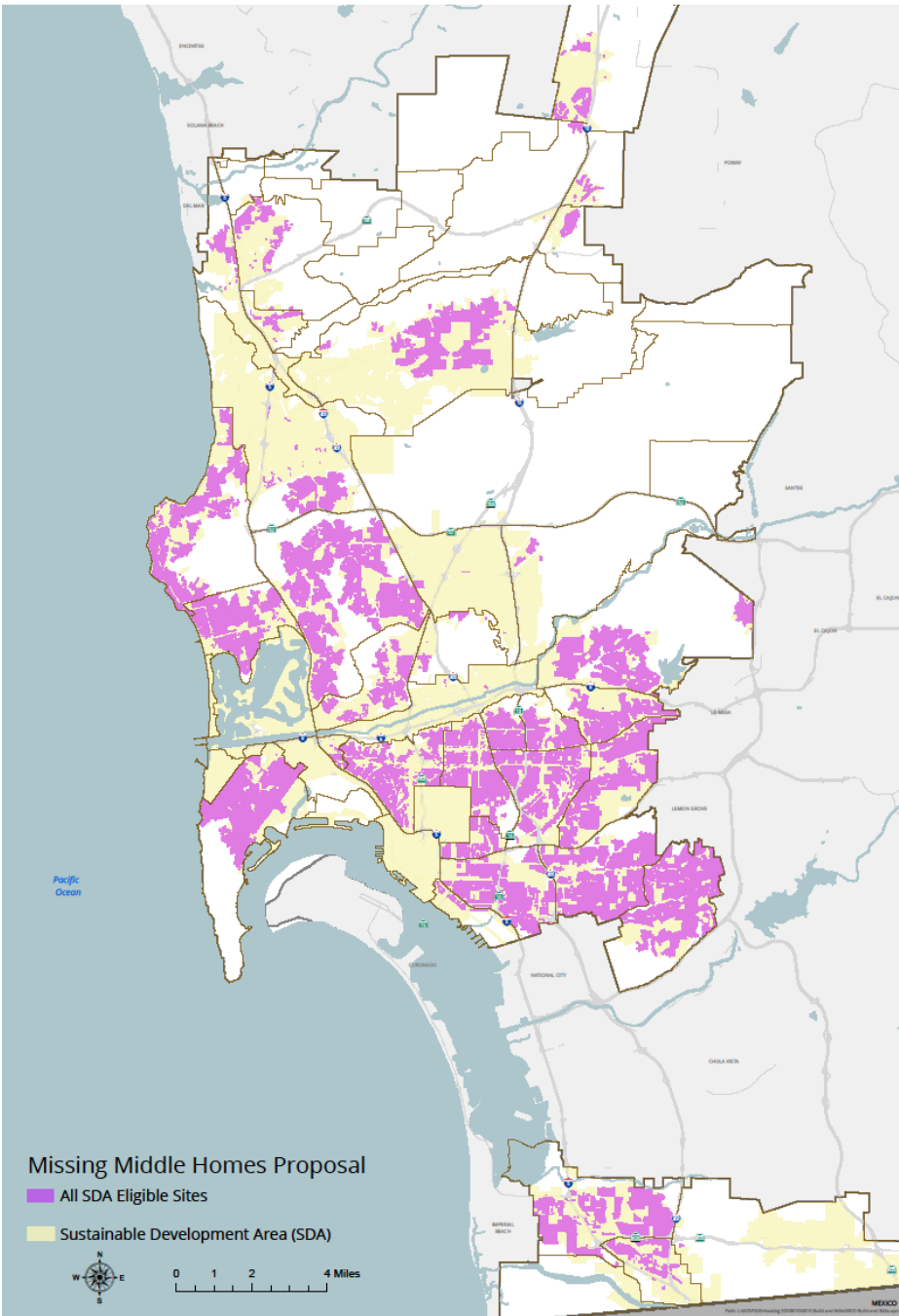
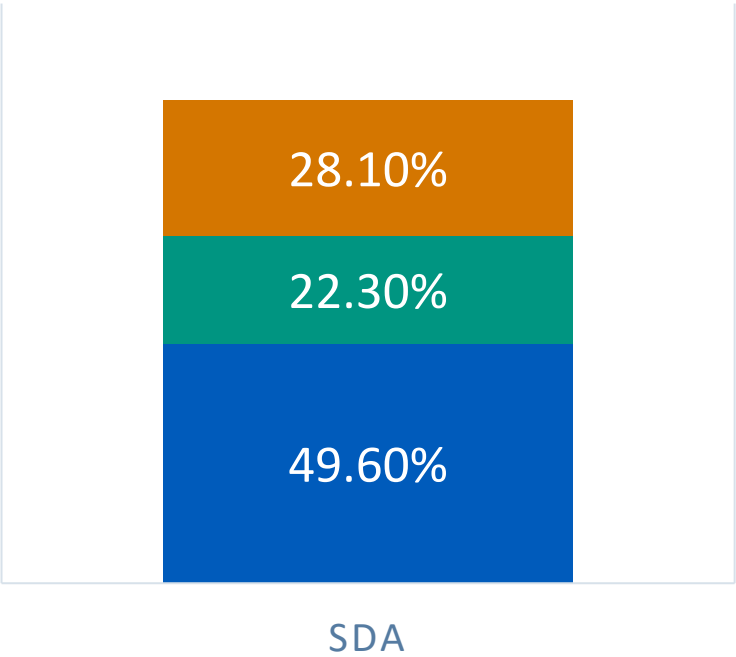
- **129,679 Total Parcels**
- 3/4 Mile or 1 Mile from Existing and Planned Bus Stops with High Frequency Service with Two or More Routes
- 3/4 Mile or 1 Mile from Existing and Planned Rail and Bus Rapid Transit



# Missing Middle Housing Regulations

## Fair Housing Analysis

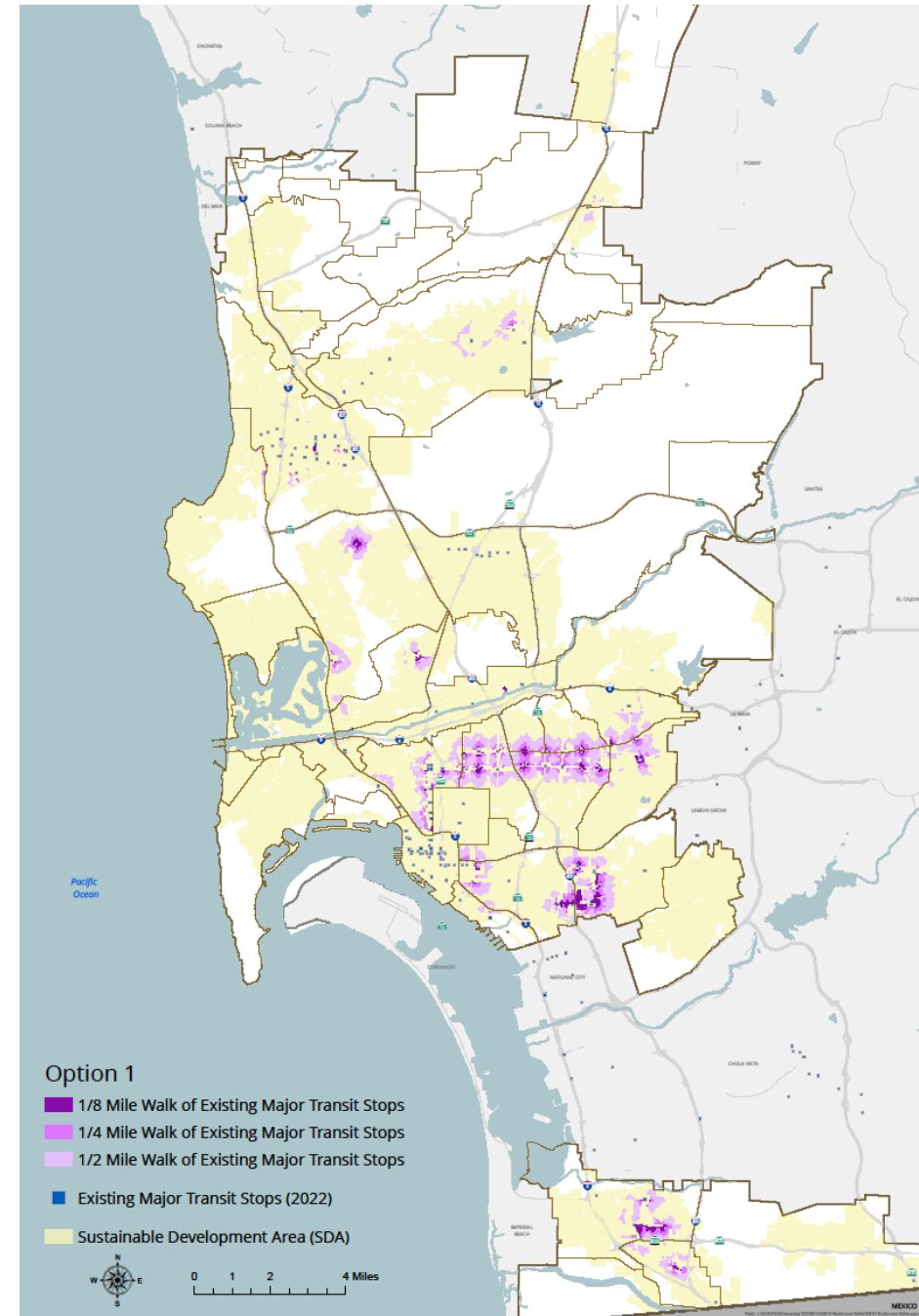
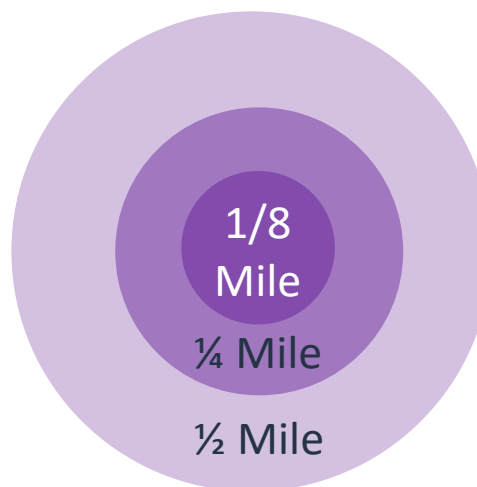
- Low or High Segregation and Poverty
- Moderate Resource Area
- High or Highest Resource Area



# Option 1

## Existing Major Transit Stops

- **22,110 Total Parcels**
- Existing bus stops with high frequency service with two or more routes
- Existing Rail Stations

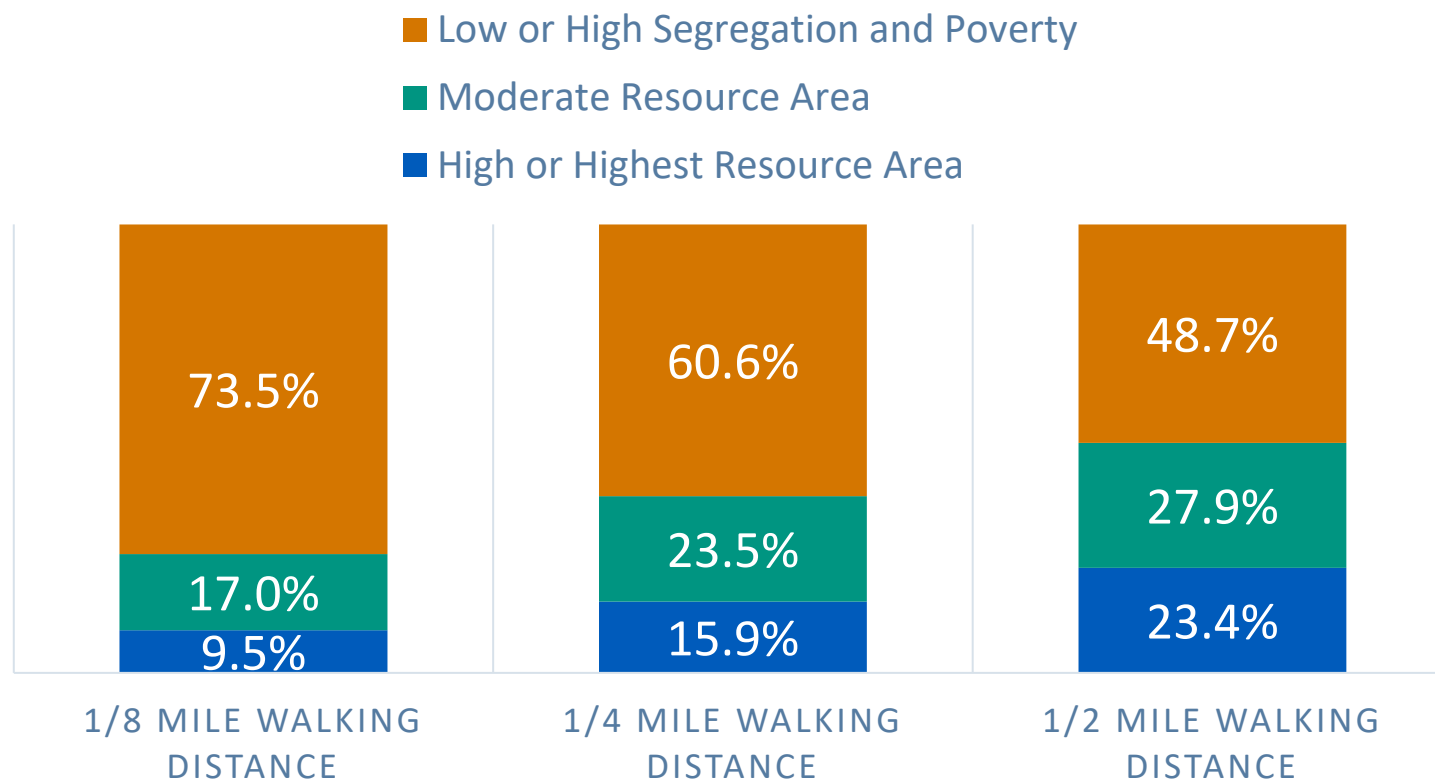




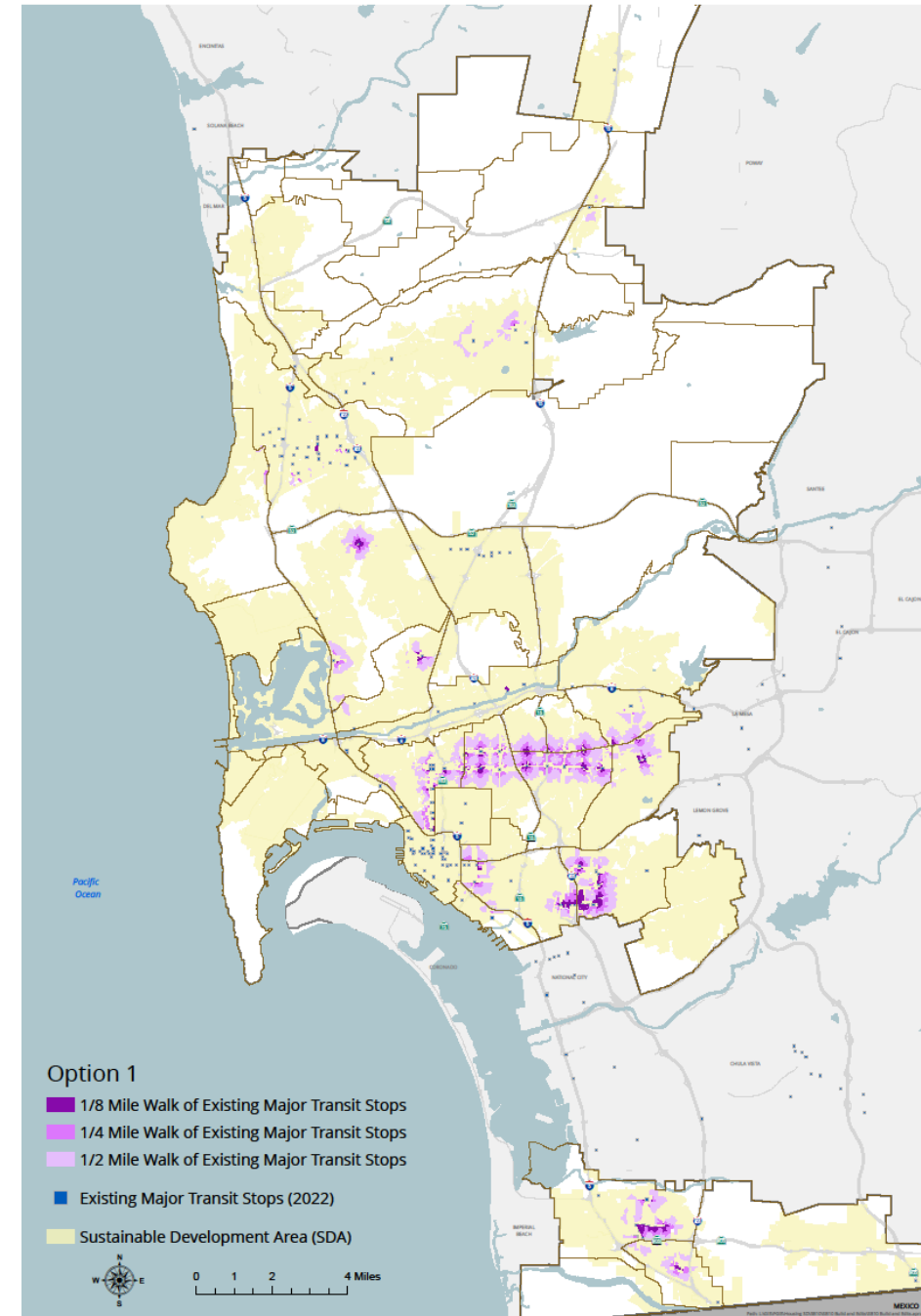
# Option 1

## Existing Major Transit Stops

## Fair Housing Analysis



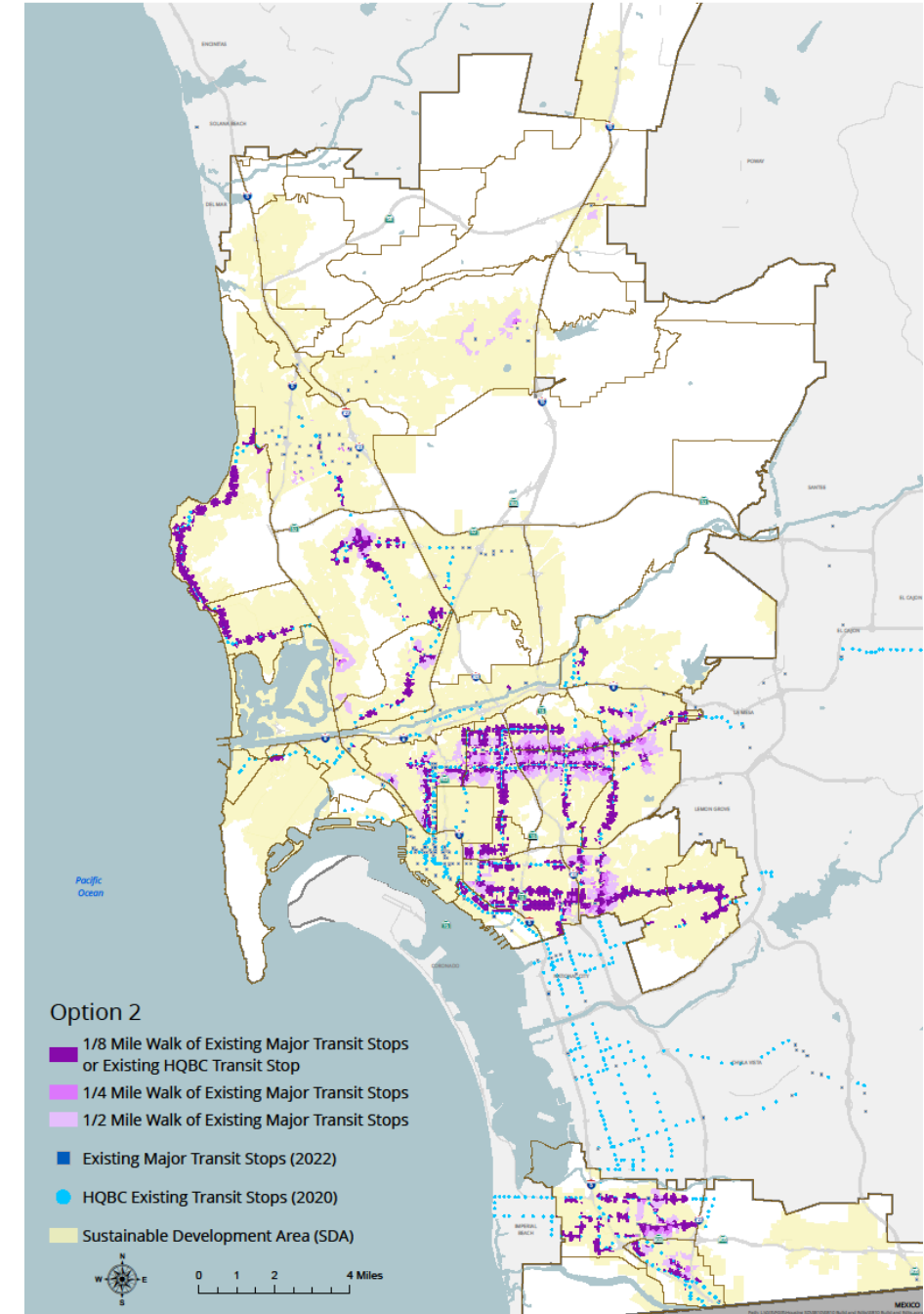
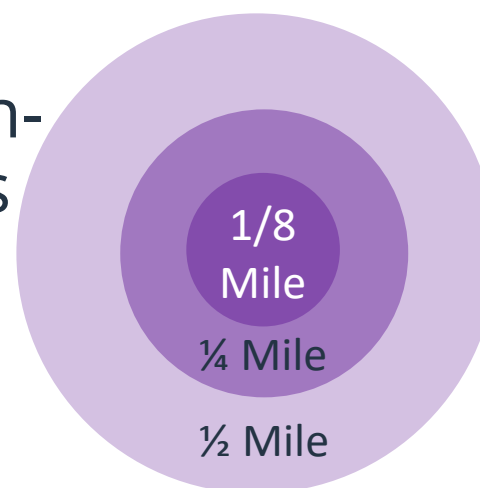
\*California Tax Credit Allocation Committee Opportunity Areas



# Option 2

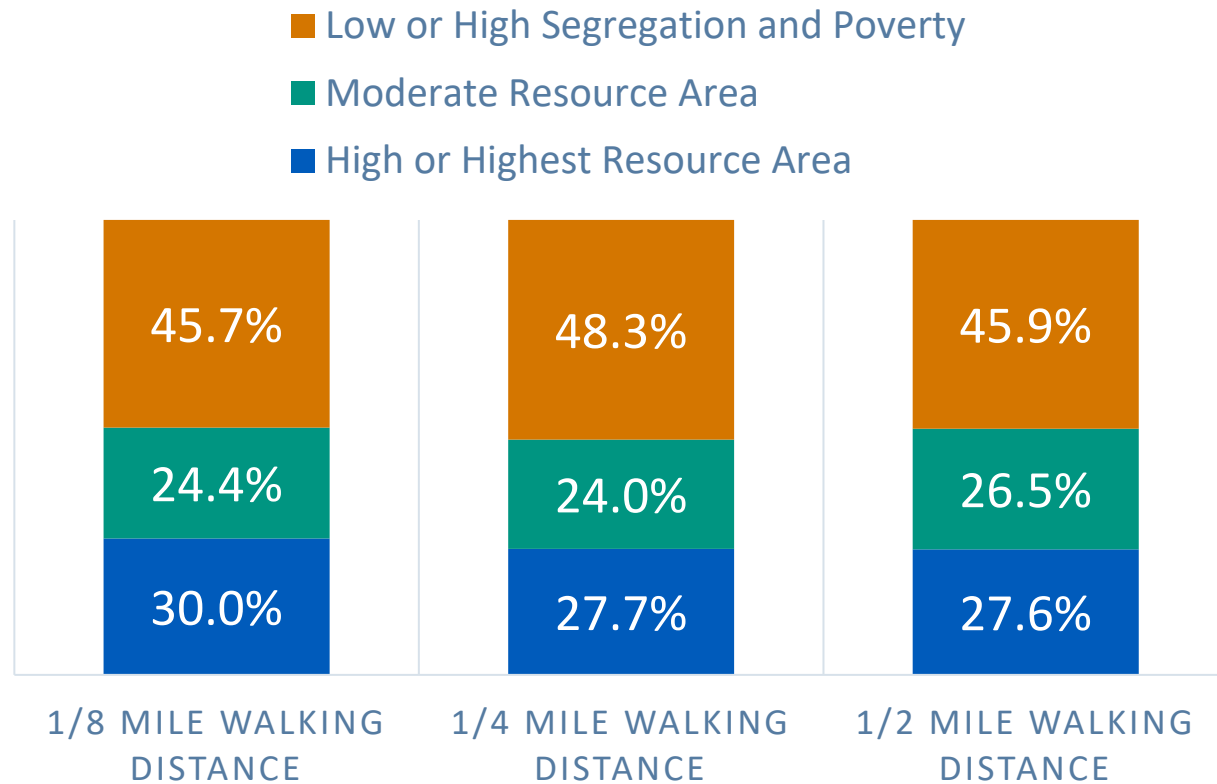
## Existing Major Transit Stops and High-Quality Bus Corridor Stops

- **32,062 Total Parcels**
- Existing bus stops with high frequency service with two or more routes
- Existing Rail Stations
- 1/8 Mile from Existing High-Quality Bus Corridor Stops

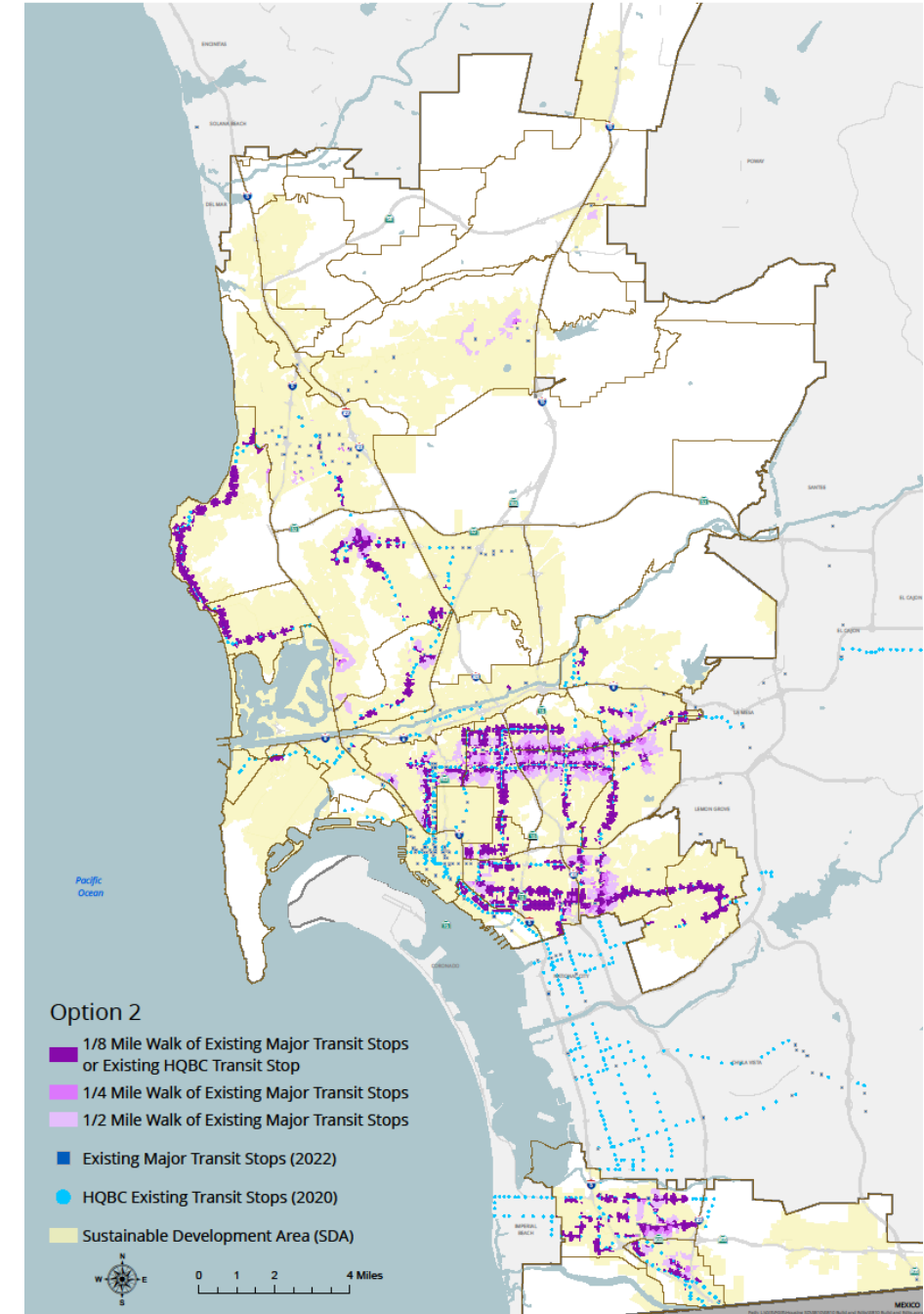


# Option 2

## Existing Major Transit Stops and High-Quality Bus Corridor Stops Fair Housing Analysis



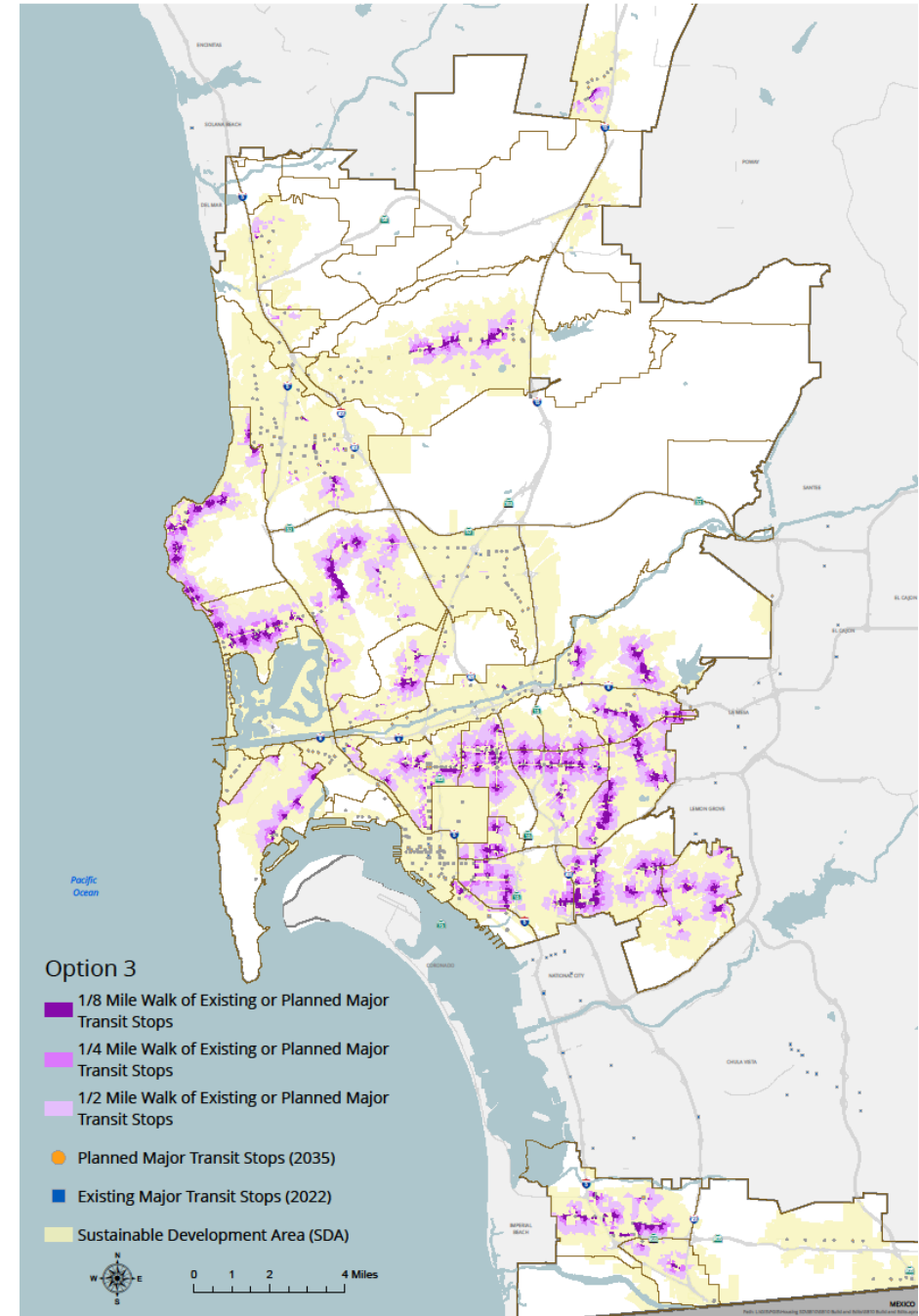
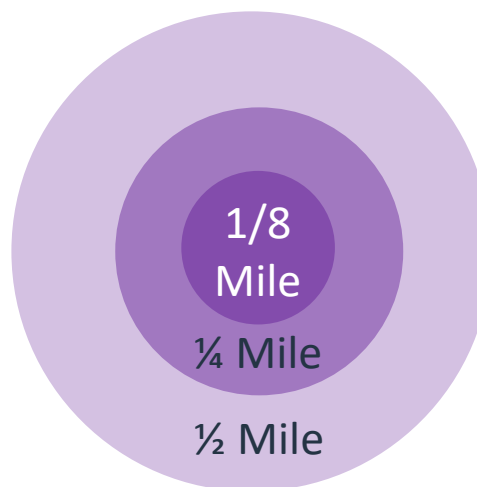
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## Option 3

### Existing and Planned Major Transit Stops

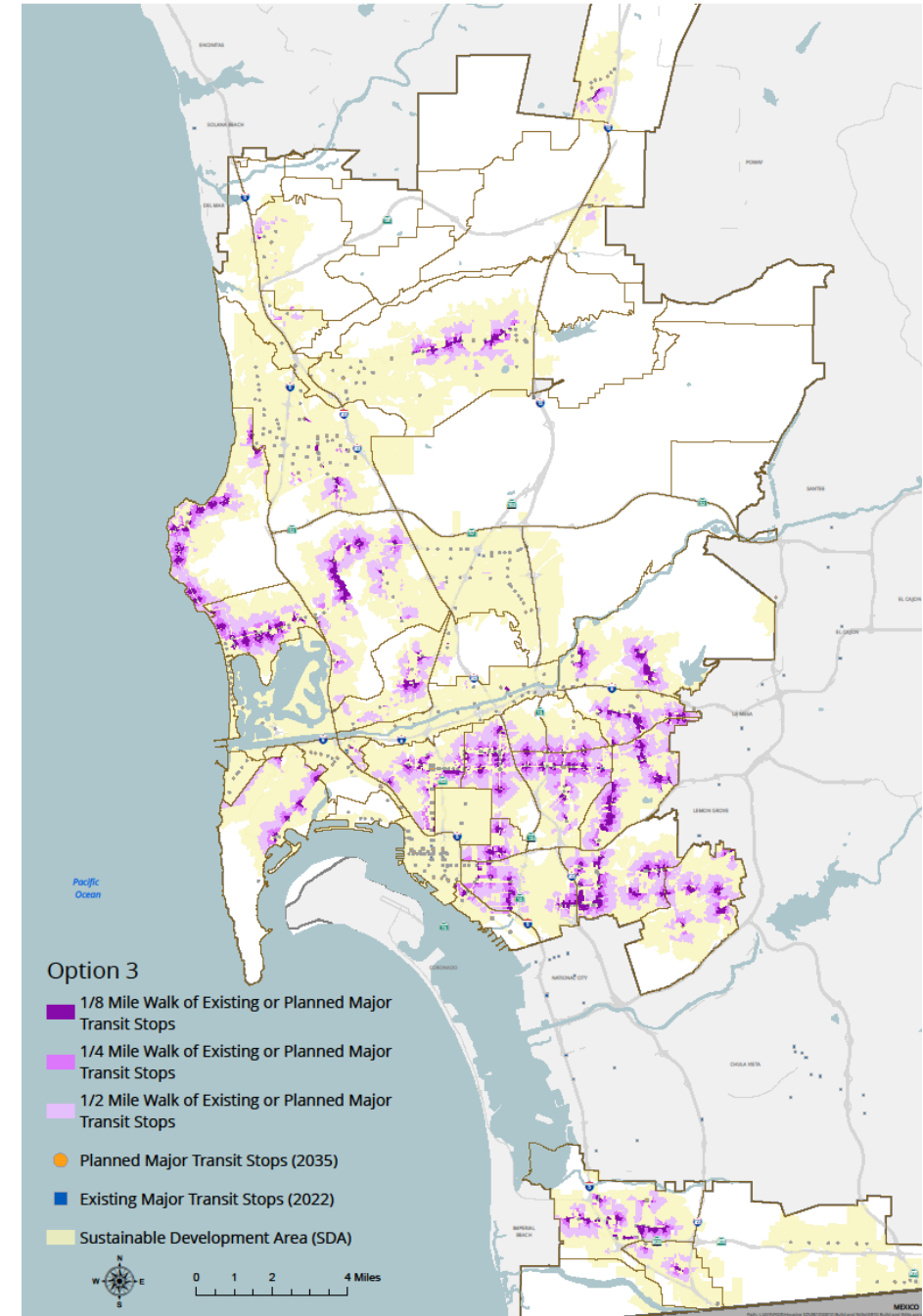
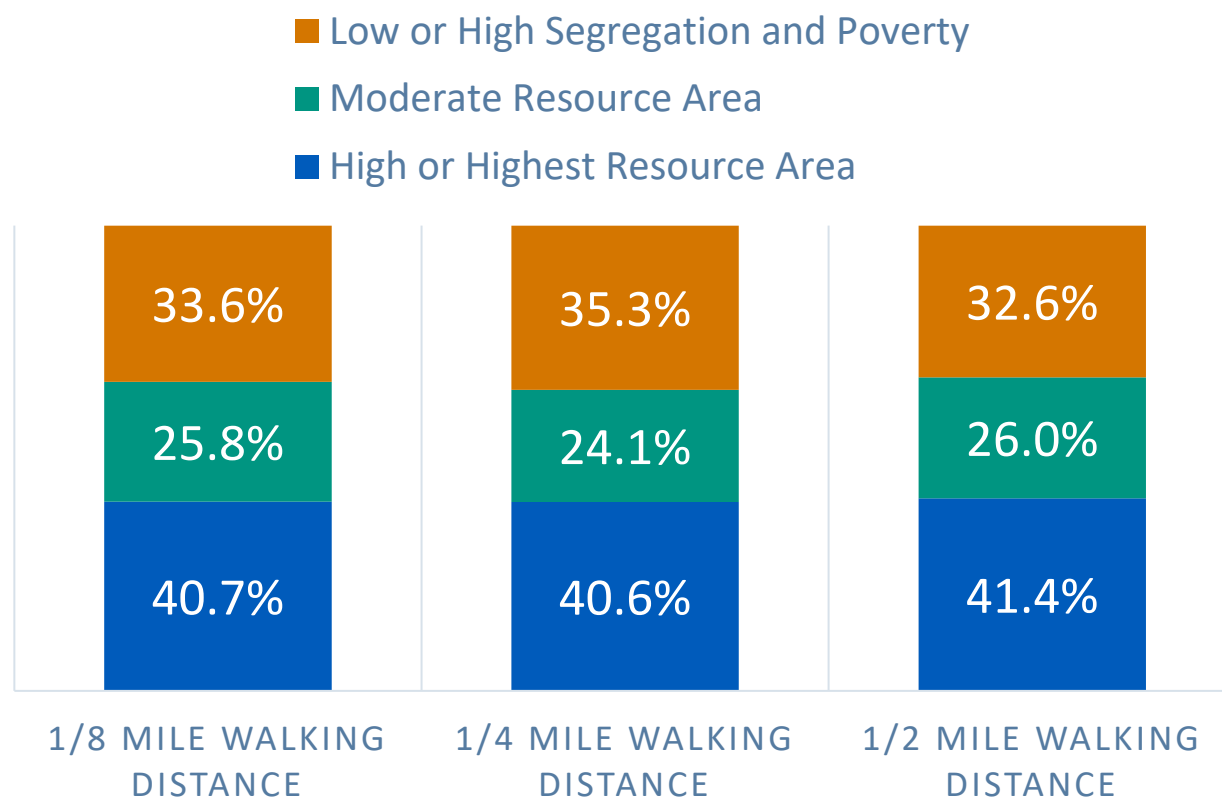
- **67,529 Total Parcels**
- Existing and Planned Bus Stops with High Frequency Service with Two or More Routes
- Existing and Planned Rail and Bus Rapid Transit



# Option 3

## Existing and Planned Major Transit Stops

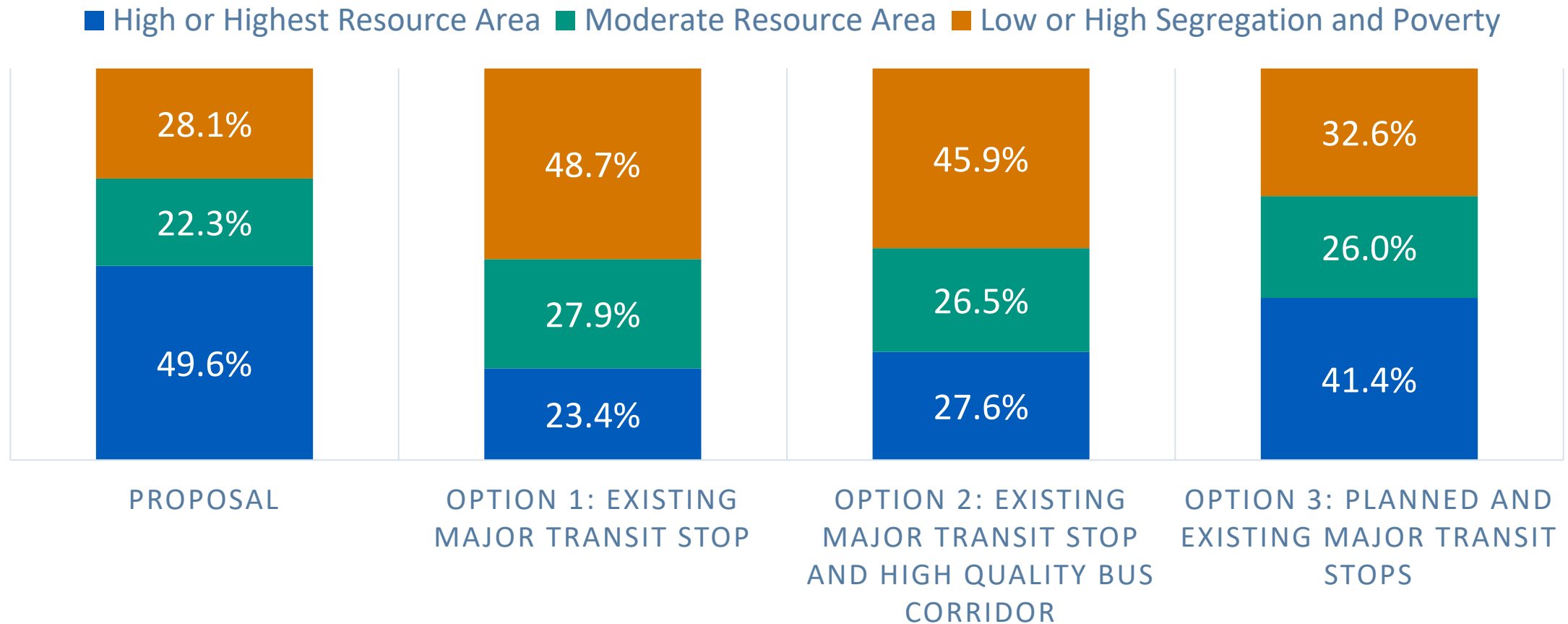
### Fair Housing Analysis



# Options: Total Parcels

Option	Distance	Percent of City Residential Parcels	Cumulative Subtotal
<b>Proposal</b>	<b>Within SDA</b>	<b>48.9%</b>	<b>129,679</b>
<b>Option 1: Existing Major Transit Stop</b>	<b>1/8 Mile</b>	0.5%	1,279
	<b>1/4 Mile</b>	2.3%	6,033
	<b>1/2 Mile</b>	<b>8.3%</b>	<b>22,110</b>
<b>Option 2: Existing High Quality Bus Route (1/8 mile) AND Existing Major Transit Stop</b>	<b>1/8 Mile</b>	6.2%	16,352
	<b>1/4 Mile</b>	7.3%	19,252
	<b>1/2 Mile</b>	<b>12.1%</b>	<b>32,062</b>
<b>Option 3: Planned For Major Transit Stops (2035)</b>	<b>1/8 Mile</b>	2.6%	6,872
	<b>1/4 Mile</b>	9.2%	24,415
	<b>1/2 Mile</b>	<b>25.4%</b>	<b>67,529</b>

# Options: Fair Housing by Resource Areas





# Additional Considerations

## Additional Regulatory Options

Distance to Major Transit Stop	Maximum Homes Allowed	Maximum Height Allowed	Floor Area Ratio	Minimum Home Size Allowed
1/8 Mile	10	40 ft	2.8	Not Applicable
1/4 Mile	8	35 ft	2.0	800 Sq Ft
1/2 Mile	6	30 ft	1.8	1,200 Sq Ft



# Additional Considerations

- SB 10 Provides Streamlined Process for Increasing Housing Capacity and Meeting RHNA Goals
- Rezones or Development Regulations Without SB 10 Implementation Requires Environmental Review
- Requires More Time to Provide Additional Opportunities for New Homes During a Time of Severe Undersupply of Affordable Housing

# Community Planners Committee

- Recommend that SB 10 not be implemented at the current time.
- Recommend to:
  - Increase SB 10 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.
  - Amend SB 10 to direct Development Impact Fees generated under SB 10 to areas where projects are built.

# Next Steps

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- **Land Use & Housing Committee** – September 2023
- **City Council** – October 2023

# Staff Recommendation

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Recommend to the City Council approval of the proposed Housing Action Package 2.0.

# Housing Action Package 2.0