



**OFFICE OF COUNCILMEMBER CHRISTOPHER WARD
THIRD COUNCIL DISTRICT**

M E M O R A N D U M

DATE: January 3, 2019

TO: Councilmember Vivian Moreno, Chair, Committee on Land Use & Housing

FROM: Councilmember Christopher Ward, Vice Chair, Committee on Land Use & Housing

SUBJECT: Land Use & Housing Committee Priorities for 2019

Safe, stable homes are critical to the constituents we serve, the sustained growth of our economy, and the opportunities for our next generation. In the past two years, our City Council has taken critical steps to make progress on the dual crises of homelessness and insufficient affordable and workforce housing. However, we are not keeping up with population demands and the failure to meet this need has jeopardized both individual dreams and our City's future.

We must ensure that our land use and housing policies are drawing on the best practices and innovative solutions from other cities to finally implement a deliberate and holistic plan to house our homeless, ensure consistent development of affordable housing is proportional to our overall housing stock, and further prioritize the types of most-needed units – like Permanent Supportive Housing – that the market is least likely to provide on its own. The City of San Diego is uniquely positioned to utilize its own land, and its financial and political strength, to lead these desperately needed changes.

In response to your request for priorities for the Land Use and Housing Committee (LU&H), I offer the following suggestions as the Committee develops its work plan:

Explore New Opportunities to Incentivize Affordable Housing Development

- San Diego has made progress in encouraging and incentivizing dense, transit-oriented development of new housing. However, the inclusion of affordable units in these developments has been inconsistent and deeply insufficient to meet the City's workforce demands. Especially as we continue to focus on dense housing developments with access to walking, biking, and transit opportunities, we must ensure that an appropriate number of affordable units are included. Therefore, the

committee should present a draft ordinance and associated actions to update the City's Inclusionary Affordable Housing regulations.

- Pursuant to the passage of AB 1505, the City Council in July 2018 directed the San Diego Housing Commission to work with Council District 9 and the City Attorney's office to present an update of the City's Inclusionary Affordable Housing Ordinance to this committee in 2018.
 - This update must maximize the construction of new onsite affordable housing units with new development projects. I recommend that new projects require 20% of the total pre-bonus units to be affordable at a sliding scale of affordability levels.
 - This update should also contribute to the generation and maintenance of high quality jobs.
- Waive or reduce Development Impact Fees (DIFs) for rental units that meet certain criteria
 - A targeted waiver or reduction of DIFs can help incentivize the construction of affordable units throughout San Diego. A waiver can also help leverage state funding sources to produce more affordable housing as waived fee amounts count as a local contribution towards state-allocated low-income tax credit funds.

Strengthen Regulatory Protections to Preserve Existing Affordable Housing

Just as critical as developing new affordable housing is preserving the existing affordable stock, much of which is reaching the end of their original covenants. This Council has seen the disruptions – both financial and personal – that comes from failing to act in advance to protect and preserve this stock.

- Present a local ordinance to require advance notice to the City and certain stakeholders of the expiration of affordability or sale of affordable housing development.
- Explore options to extend affordability restrictions beyond the current 55 years.
- Provide solutions for increasing relocation assistance for residents displaced by the conversion of an affordable property to market rate.

Prioritize and Incentivize the Construction of Housing for Individuals Facing Homelessness

Our ongoing homelessness crisis requires a specific set of responses and solutions targeted to the particular needs of this population, and to the individual challenges faced by homeless San Diegans. The council must continue to lead on developing and implementing these solutions, building on the work of the Select Committee on Homelessness to provide a comprehensive response that makes the most of our homelessness dollars.

- Take advantage of regulations outlined in AB 2162 to bring forward a package of policy reforms to further incentivize the production of Permanent Supportive Housing.
 - AB 2162 mandates the allowance of PSH by right in multi-family zones and streamlines development approvals to incentivize the production of PSH.
 - Pursuant to passage of AB 2162, the Select Committee on Homelessness in October 2018 directed the Mayor's office, City Attorney, and appropriate

department staff to bring forward a package of regulatory reforms and reduced fees to further incentivize the construction of PSH.

- The City Council adopted Resolution R-2019-79 in October 2018, committing to support the construction of a minimum 140 PSH units in each Council District. This benchmark would provide sufficient Permanent Supportive Housing for all unsheltered households in the City.
- The AB 2162 regulatory reform package should expedite the production of PSH in each Council District and take advantage of publicly owned land to increase the construction of PSH throughout the City.

Provide Solutions to Improve Housing Stability and Prevent Homelessness

- Prioritize the development and preservation of Single Room Occupancy (SRO) units
 - SROs provide an important resource to house individuals with low incomes.
 - The City has experienced a significant loss of SROs in the last eight years.
 - SDHC is conducting a development user fee study that would change the impact fee required from developers for the conversion or elimination of SROs.
 - Work in partnership with SDHC to present findings of the development user fee study and establish/ expand funding dedicated to preserving SRO units.
- Strengthen the City's Just Cause Eviction policy
 - Encouraging housing stability is critical to preventing homelessness and ensuring attainable housing for all San Diegans. San Diego's Just Cause Eviction policy should be reviewed to ensure tenants are not being unnecessarily priced out or otherwise driven out of their homes.
- Develop an ordinance to stabilize rent prices for San Diego tenants
 - Average rent in San Diego has increased over five percent each year since 2013 forcing constituents to move out of their apartments and in some cases, out onto the street.
 - The Committee should explore rent stabilization ordinances in other California cities such as Los Angeles and provide an initial information item outlining the challenges and benefits of such an ordinance
 - Work with the City Attorney's Office and SDHC to bring forward a rent stabilization ordinance for the City of San Diego. This effort should be distinct from previous rent control policy objectives and permissible under current state law.

Dedicate Public Land for Permanent Supportive and Affordable Housing Development

- Finalize the update to Council Policy 700-10 in order to ensure that the public benefit related to the provision of affordable housing is a primary consideration when disposing of surplus property.
- Establish a City-sponsored Community Land Trust
 - The City's Real Estates Assets Department in 2018 identified 22 sites suitable for housing development. The City should explore the creation of a Community Land Trust (CLT) in partnership with the San Diego Housing Commission (SDHC) to preserve the long-term availability of public land for affordable housing, expand the City's affordable housing stock, and plan for future purchase or inclusion of additional properties in the CLT.

- Explore partnerships with government agencies such as SDHC, SANDAG, San Diego Unified School District (SDUSD), and the County of San Diego to advocate for ground leases of public property to affordable and moderate-income housing developers and opportunities to work together to develop publicly owned land for affordable housing.

Acquire Nuisance Properties to Convert to Affordable Housing

- Identify long-standing nuisance properties, such as run-down motels or dilapidated or abandoned residential buildings to convert into sites for affordable housing.
 - Cities across the country have abated nuisance properties by converting them into affordable housing when property owners do not correct the damaging conditions.
 - This work can be done in partnership with the Public Safety and Livable Neighborhoods Committee, the City Attorney's Office, and the San Diego Housing Commission.
 - The repurposing of these sites presents opportunities to increase affordable housing and restore the quality of life in neighborhoods.

Identify Gaps in Affordable Housing Production (Based on the Regional Housing Needs Assessment) and Identify Funding Needs to Close Gap

- Provide an update to the Housing Inventory Annual Report to track progress on housing supply and production in line with the City's Regional Housing Needs Assessment (RHNA) allocation.
 - Bring forward an update on the implementation of recommendations outlined in the Housing Commission's report *Addressing the Housing Affordability Crisis in San Diego*.
 - Set an annual goal for affordable housing production in line with the City's Regional Housing Needs Assessment (RHNA) allocation.
 - Determine funding necessary to successfully meet the City's housing needs and form the basis of a ballot measure that would be placed before voters in 2020.

Review Zoning Restrictions for Marijuana Outlets and Analyze Potential for Expanding Outlets in Urban Areas

- San Diego's City Council in 2017 introduced amendments to the Land Development Code to include regulations that allow the presence of marijuana outlets throughout the City according to certain requirements.
- Requirements that prohibit outlets in areas with specific land uses have proven to unnecessarily stifle the number of outlets allowed in urban areas sufficient to meet our local population demand. These should be revisited with the potential to revise requirements and allow for expansion of these outlets in San Diego neighborhoods.

cc:

Honorable Mayor Kevin Faulconer
 Honorable City Attorney Mara Elliott
 Andrea Tevlin, Independent Budget Analyst
 Liz Maland, City Clerk
 Kevin Smith, Land Use and Housing Committee Consultant