



Office of Councilmember Georgette Gómez

HOUSING ACTION PLAN



The City of San Diego faces a housing and homelessness crisis that must be addressed. Below, I submit this Housing Action Plan as a roadmap to precisely address the serious lack of affordable housing affecting all of San Diego. I am committed to working with my colleagues on this and other priorities outlined here.

In Solidarity,

A handwritten signature in black ink, appearing to read "Georgette Gómez".

Councilmember Georgette Gómez

Ninth District, City of San Diego



Overview

As San Diego works to address our serious housing and homelessness crisis, I propose this Housing Action Plan to stimulate the development of new housing, preserve existing affordable housing, and improve the overall quality of life in the City.

This **Housing Action Plan** proposes the following seven major initiatives:

- 1. Increase Affordable and Middle Income Housing Stock**
- 2. Preserve Existing Affordable Housing**
- 3. Provide Innovative Housing Solutions for the Homeless**
- 4. Identify Public Lands for Housing Opportunities**
- 5. Create Statewide Floor Area Ratio Incentives in Transit Priority Areas**
- 6. Seek Grant Opportunities for New Housing Development**
- 7. Develop an Affordable Housing Measure for the November 2018 Ballot**

Overall, we need to identify all available opportunities to improve housing affordability in the City. Now is the time to bring all stakeholders together to create a solution. We must have an open conversation about how to deploy our limited resources in order to create transformative change in our housing landscape, driven by our common interest in making San Diego a better place to live, work, and play.

Background

The City has identified several barriers to increasing housing affordability:¹

1. Income and wages are not keeping pace with rising housing costs and the overall cost of living.
2. Federal resources for programs, such as Section 8, do not match the need experienced by San Diegans.
3. Development barriers exist in many communities, including permit processing times, outdated community plans, environmental review, and conflicting community priorities.
4. Low housing vacancy rates contribute to higher rents.
5. High land costs, allowable planned densities, and a lack of vacant land hinders future growth.

As shown in the list above, one of the items contributing to the housing affordability crisis is an inadequate supply of units. The City of San Diego’s building permit numbers have consistently lagged behind housing demand, especially in the “very low”, “low”, and “moderate” income segments as defined by HUD. For example, the table below shows that the City permitted less than 17% of the units needed in the 4-year period of 2010-2013:²

City of San Diego – Units Permitted 2010-2013
Regional Housing Needs Assessment (RHNA)

5th RHNA (4 Years)					
	Very Low	Low	Moderate	Above Moderate	TOTAL
RHNA Allocation	21,977	16,703	15,462	33,954	88,096
Units Permitted ³	1,112	1,171	29	12,402	14,714

Not only is overall supply not meeting demand, but one in four (25%) San Diego households (120,615 households) are extremely “low income” or “very low income”, with incomes ranging from 0-50% of area median income (AMI)³. Current AMI in San Diego is approximately \$79,000 (100% AMI) for a family of four. Countywide, there are less than 45,000 rental units available that are affordable at this income level.⁴

¹ City of San Diego, FY 2015–2019 Consolidated Plan
<https://www.sandiego.gov/sites/default/files/legacy/cdbg/pdf/2014/fy2015conplanfinal.pdf>

² SANDAG, 2003–2013 Regional Housing Progress Report
http://www.sandag.org/uploads/publicationid/publicationid_1928_18891.pdf

³ City of San Diego, FY 2015–2019 Consolidated Plan
<https://www.sandiego.gov/sites/default/files/legacy/cdbg/pdf/2014/fy2015conplanfinal.pdf>

⁴ California Housing Partnership, San Diego County Renters in Crisis: A Call for Action
<http://1p08d91kd0c03rlxhmhtydpr.wpengine.netdna-cdn.com/wp-content/uploads/2017/05/San-Diego-County-2017.pdf>

Affordable Housing Income Categories

Income Category	% Area Median Income (AMI) ¹	Maximum Monthly Rent Required to Prevent Rent-Burden ²	Maximum Annual Income (for a 4-person household)
Extremely Low Income	30%	\$681	<\$27,250
Very Low Income	50%	\$1,136	\$45,450
Low Income	80%	\$1,819	\$72,750
Moderate Income	120%	\$2,379	\$95,150
Middle Income ³	165%	\$3,271	\$130,845

Source: San Diego Housing Commission 2017 Income and Rent Calculations

1 Based on San Diego County median income of \$79,300 for a family of four, adjusted for high housing cost area

2 Gross rent (including utility costs)

3 Rent and income totals at the 165% AMI range do not reflect potential adjustments that could be required by Federal or State Affordable housing programs.

As we struggle to facilitate the development of sufficient housing and address our housing crisis, the City needs to consider a variety of short and long term opportunities to develop new housing units, with a focus on affordable and workforce housing.

WHO IS BEING LEFT OUT OF THE SAN DIEGO COUNTY RENTAL MARKET?		
Average Asking Rent: \$1,689		Hours/week of work needed to afford average asking rent
Job Category	Mean Hourly Wage	
Medical Assistants	\$17.51	74
Preschool Teachers	\$16.92	77
EMTs & Paramedics	\$14.64	89
Retail Salespersons	\$13.34	97
Janitors & Cleaners	\$12.96	100
Waiters & Waitresses	\$12.44	104

SOURCE: CHPC Analysis of 2014 Bureau of Labor statistics and 2015 Real Answers average rent data.

We desperately need low income housing to support our most fragile residents, including children, families, and seniors who are either on the verge of homelessness or already call the streets their home.

We also need more moderate and middle income housing so that our workforce, which includes police officers, fire fighters, lifeguards, nurses, and teachers, do not have to reside outside of City limits to find housing that is within their price range.

On the following pages I will discuss each of my proposed housing initiatives in more detail. Over the coming months, I will develop these initiatives further and will partner with the Mayor, my fellow Councilmembers, the City Attorney, and the Independent Budget Analyst, all of whom will need to be involved in the furtherance of these initiatives.

1. Increase The City’s Affordable and Middle Income Housing Stock

Incentivize Affordable Housing Development

While our City recognizes the growing urgency of our homelessness and housing affordability challenges, currently market-rate and affordable residential development are treated equally when assessing Development Impact Fees (DIF). An Affordable Housing DIF Reduction Program could assist developers by reducing their development cost when building affordable residential housing to protect the most vulnerable. To facilitate the development of affordable housing, the City should:

1. Consider waiving or reducing DIF for rental units affordable for households at or below 65% AMI.
2. Consider waiving or reducing DIF for for-sale units affordable for households at or below 80% AMI.

Promote Companion Units

In the City of San Diego the majority of residential land is dedicated to single-family housing. Many homeowners would like to build an additional unit on their property to help offset mortgage costs or provide housing for relatives. To facilitate the development of these Companion Units, the City should:

1. Consider a 2-year pilot program that places a \$2,000 cap on permitting and DIF that are assessed for new companion units.
2. Declare a 2-year amnesty program to allow existing units to be permitted without penalties, increasing building code compliance and raising property tax revenue.

Develop Micro and Single Room Occupancy Units



Micro units are small studio apartments, typically less than 350 square feet, with full kitchens and bathrooms. Single room occupancy (SRO) units have a minimum floor area of 150 square feet and may also have shared kitchen and/or bathroom facilities.

Although many SROs are former hotels, they are primarily rented as permanent residences.

Both micro and SRO units are an important housing resource for individuals who do not have the financial capacity to qualify for standard rental units. To facilitate the development of these units the City should consider the following:

1. Incentivize the development of new micro unit and SRO projects by identifying opportunities to reduce permitting fees in the upcoming development user fee and impact fee studies.
2. Permit ministerial micro unit and SRO projects in areas designated as Transit Priority Areas.

Revise the City’s Inclusionary Housing Program



Inclusionary housing is a way to encourage developers of market-rate housing to set aside a specified percentage of units for low income residents. These programs allow for a mix of households at different socio-economic levels to live in the same development and have access to the same community services and opportunities. Alternatively, developers can pay an in-lieu fee which is then used to subsidize future affordable housing projects.

The City of San Diego’s current Inclusionary Housing Bulletin, last updated in July 2017, applies to all new residential development (including condominium conversions) of 2 or more units, and requires the payment of an inclusionary affordable housing fee (in-lieu fee). Instead of paying this fee, applicants may elect to set aside at least 10% of the total number of for sale dwelling units in the project for households earning no more than 65% AMI for renters, or 100% AMI for homebuyers⁵. Below is a table listing the required in-lieu fees, by unit size.

⁵ 5% of units are required to be affordable for condominium conversions, or 20% in the North City Future Urbanizing Area, located north of the Carmel Valley community between Interstate 5 and Fairbanks Country Club

City of San Diego Inclusionary Housing Fee Rates

TABLE 1 - Inclusionary Affordable Housing Fee Rates for Residential Projects Deemed Complete On or After July 3, 2017	
Units in Development	Fee Rate
2	\$1.41/sq. ft.
3	\$2.11/sq. ft.
4	\$2.81/sq. ft.
5	\$3.52/sq. ft.
6	\$4.22/sq. ft.
7	\$4.92/sq. ft.
8	\$5.62/sq. ft.
9	\$6.33/sq. ft.
10 or more	\$7.03/sq. ft.

The City’s Housing Element goals call for ensuring the provision of sufficient housing for all income groups and providing affordable housing opportunities that promote socioeconomic equity. However, it is common practice for developers to choose to pay the in-lieu fee rather than include affordable units in a project. I believe that we need to build more affordable units to better implement our Housing Element and for this reason I propose the City consider the following:

1. Prepare an updated Inclusionary Housing Fee Study to determine how to facilitate building a larger percentage of affordable housing onsite, in compliance with all applicable laws. Proposed solutions include:
 - a. If building affordable rental units onsite, require a minimum of 20% of rental units be affordable for households at or below 65% AMI.
 - b. If developers choose to pay an in-lieu fee, require a fee rate equal to the cost of developing 25% of total project units. Fees should be equivalent to the average unit size of the proposed development.
 - c. Require developers seeking zoning changes and/or general plan amendments for housing projects of five units or more to include affordable housing, or pay the in-lieu fee.

2. Preserve Existing Affordable Housing

San Diego’s affordable housing shortage cannot be addressed simply by building new units, we must also ensure that existing affordable homes remain affordable to low income San Diegans. Over 1,300 federally-subsidized affordable homes in the City were lost during the 11-year period of 1995-2016. This is due to HUD Project-Based Section 8 Rental Assistance contracts expiring and property owners deciding not to renew. Another 1,371 are at risk of converting to market rate in the next five years, potentially displacing our most vulnerable residents.⁶ I propose San Diego consider implementing a variety of preservation strategies:

1. Designate a Preservation Coordinator responsible for the following activities:
 - a. Annually conduct an inventory of at-risk apartments and assess their conversion risk.
 - b. Monitor compliance with current State and Federal notice and relocation laws.
 - c. Assess the cost of replacement versus preservation.
 - d. Maintain a list of entities qualified to preserve at-risk apartments.
2. Facilitate sales to qualified developers, or connect owners to financing and subsidy resources available for preservation.
3. Strengthen regulatory protections:
 - a. Explore options to require a 99-year affordability restriction on projects financed with City dollars, potentially through ground leases (current affordability requirement is 55 years).
 - b. Create a local ordinance that requires a 12-month notice to the City, local nonprofits, and tenants’ groups in the case of a triggering event such as opt out, expiration of affordability, or sale.
 - c. Prohibit discrimination against Section 8 voucher holders, making it unlawful for landlords to refuse to accept voucher holders as tenants solely based on their source of income.
 - d. Explore options for increasing relocation assistance for residents displaced by the conversion of an affordable property to market-rate.

⁶ California Housing Partnership, 2017 State At-Risk Report <https://1p08d91kdoco3rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2017/03/2017-State-Risk-Summary-March-2017.pdf>

3. Provide Innovative Housing Solutions for the Homeless

The homeless population in San Diego is growing year by year, with the greatest increases seen in the number of unsheltered individuals living on the street. Cities such as Seattle have developed programs through offering public land and funding to support temporary, allowed encampments for people experiencing homelessness.⁷ Public funding is provided to support services, security, and operations at the camps. The encampments can provide a safer environment than sleeping on the street, improve access to services, and help individuals transition to a permanent place to live.

While designated encampments are not a permanent solution to the crisis of homelessness we are experiencing in San Diego, we need to provide safer, sanctioned alternatives to the illegal encampments that currently exist in our canyons, on the streets, in cars, and other potentially hazardous situations. To that end I propose the City consider the following:

1. Conduct an Interim Housing Solutions Study to identify the range of innovative approaches to rapidly house individuals through the development of interim housing, including best practices from other cities.
 - a. All solutions should be consistent with Housing First principles, and should support helping homeless individuals regain stability until permanent housing can be obtained.
 - b. Interim housing solutions could include the construction of small homes, the conversion of motels to residential housing, the implementation of sanctioned campsites, and/or overnight safe-parking locations.
 - c. The study should evaluate costs associated with each housing solution, as well as any required land development or municipal code modifications.

The following solutions should be considered within the Interim Housing Solutions Study:

- Permit legal encampments as a two-year interim use (third-year option based on successful operation) on public land or privately owned property.
- Identify up to nine City-owned parcels for two-year pilot programs, with an effort made to identify a location in each Council District.
- Permit the construction of “tiny homes”, or detached accessory buildings under 120 square feet.

⁷ City of Seattle, 2017 Permitted Encampment Evaluation <http://homelessness.seattle.gov/city-releases-assessment-of-first-three-permitted-encampments/>

Additionally, the following best practices could be considered:

- Convene a community advisory committee that includes nearby residents to monitor and gauge the success of the program.
- Identify a specified limit on the number of individuals housed at each location.
- Ensure there is on-going funding for case management, services, security and operations.
- Allow for couples, families, households with pets, and other population-specific needs.
- Provide mobile medical services, including vaccinations.

4. Identify Public Lands for Housing Opportunities

We need to face the realities about the City's major public land holdings, and depreciating and underutilized properties. For instance, the Civic Center in Downtown San Diego, which opened in 1965, is in desperate need of redevelopment. IBA Report 09-48, which discussed the contemplated redevelopment of the Civic Center Complex in 2009, noted:



“The future of the Civic Center Complex transcends multiple administrations and has resulted in numerous studies with little action to address known deficiencies with the current facilities.”

The IBA's report further stated Civic Center Complex facilities are at the end of their useful life and that the inaction of previous administrations in regard to deferred maintenance has resulted in health and safety risks to employees and citizens that must be addressed.

Other major underutilized city land holdings include the 233-acre Qualcomm Stadium site, the Sports Arena, and the former Central Library. These sites are not only ripe for redevelopment, but could become catalysts for transit-oriented growth. It is our duty to capitalize on these unique opportunities to transform our communities and relieve our serious housing shortage and affordability issues.

For example, in June of this year, the County Board of Supervisors unanimously voted to identify 11 County-owned parcels be used for affordable housing construction. I propose the City consider the following similar actions:

- Evaluate the potential housing capacity of all suitable City-owned property in the next annual Portfolio Management Plan, including:
 - Qualcomm Stadium
 - Sports Arena
 - Former Central Library
 - Civic Center Plaza
- Review and strengthen Council Policy 700-10, Disposition of City-Owned Real Property, so that the provision of affordable housing, and its public benefit, is a primary consideration when disposing of surplus land.
- Consider protocols for disposing of surplus land that incentivize affordable housing as a way to support the public good.

5. Create Statewide Floor Area Ratio Incentives in Transit Priority Areas

Community plan updates are important tools to ensure our long range plans reflect the community's vision. However, on average the timeline to conduct and approve a community plan is well over three years from the scheduled start date. Due to this lengthy timeline, the City must consider alternative strategies to make development more economically feasible along our major transit corridors.



The City should consider proposing State legislation to include a Floor Area Ratio (FAR) Housing Bonus Program as part of the State of California's Affordable Housing Density Bonus. This will stimulate development of new residential units by providing flexibility for projects and provide housing in a variety of unit sizes.

New Housing Adjacent to Transit

This proposed legislation could provide flexibility to allow for a project that includes affordable housing to choose between the current dwelling units per acre (DU/acre) measurement system, or the FAR-based measurement system.

Due to the declared housing crisis, the proposed new legislation could apply to sites within our designated transit priority areas (TPA), or areas within a ½ mile of a major transit stop. The

OFFICE OF COUNCILMEMBER GEORGETTE GÓMEZ – HOUSING ACTION PLAN

proposed projects would be required to meet the State of California's Affordable Housing Density Bonus regulations and include at least 20% of units affordable at 150% AMI or less. For these projects the proposed legislation would waive existing density maximum requirements.

Details about the proposed Floor Area Ratio Housing Bonus Program include the following:

1. Waives existing community plan density maximums including eliminating dwelling unit per acre density maximum requirements;
2. The proposed project is located in any land use category that:
 - a. Allows residential uses with a minimum planned density of at least 29 dwelling units per acre.
 - b. Is within the transit priority areas (TPA).
 - c. Does not include land designated as low residential density, open space, heavy commercial or industrial.
3. Contains five or more residential units, not including additional units permitted through a density bonus.
4. Allows projects to utilize either the General Plan or Community Plan density or a floor area ratio equivalent measurement system, as follows: Allowable gross residential floor area in square feet = allowable residential density in dwelling units per acre x site area in acres x 1,250.
5. Allows communities to limit the density of resulting housing by specifying minimum average housing size provided in no instance that the average of housing units be greater than 900 gross square feet in size.
6. Any non-residential floor areas permitted in a General Plan or a Community Plan in addition to the housing density would continue to remain available to a development.

6. Seek Grant Opportunities for New Housing Development



The State of California launched its \$2 billion Greenhouse Gas Reduction Fund (GGRF), which includes the Affordable Housing and Sustainable Communities (AHSC) program to support the preservation and creation of affordable housing and transportation infrastructure. In its first year, AHSC funding totaled \$129 million. This year's funding totals \$330 million, and it is anticipated to grow as the GGRF grows to upwards of \$5 billion.

The City of San Diego needs to successfully secure these State “Cap & Trade” funds in order to build more affordable housing units. Additionally, AHSC funding prioritizes projects that enhance community connectivity, which includes pedestrian and bicycle networks and improved access to transit stations.

I propose the City designate a Cross-Department Grant Coordinator who would be responsible for developing an ongoing list of integrated infrastructure projects in close proximity of transit-supportive housing opportunities for qualifying grants. The Grant Coordinator would also be responsible for creating a process by which affordable housing developers and City staff actively work together to identify qualified, shovel-ready housing and transportation improvement projects for grant and tax credit applications.

7. Develop A Housing Measure For the November 2018 Election

Earlier this year the voters of Los Angeles passed a \$1.2 billion measure to support efforts to reduce homelessness by building housing for the homeless throughout Los Angeles County.

We need to work with our stakeholders to develop a similar measure for San Diego. If addressing housing affordability and homelessness is indeed a top priority for our City it must become a priority to prepare a ballot measure proposal. The ballot measure could include funding for the development of new affordable housing units, affordable housing rehabilitation, and permanent supportive housing for the homeless.

