



**Increasing Access to Affordable Housing Work Group
San Diego Housing Commission
1122 Broadway, San Diego, CA 92101
June 14, 2018, 1–3 p.m.
Meeting Notes**

In Attendance: Harder + Co, City of San Diego Promise Zone (SDPZ), AmeriCorps VISTA, San Diego Housing Commission (SDHC), Civic San Diego, San Diego City Council, Metropolitan Area Advisory Committee on Anti-Poverty (MAAC), Union Bank, Wells Fargo, Legal Aid Society of San Diego, City Life Church, GRID Alternatives, San Diego Housing Federation, San Diego Grantmakers, and Regional Task Force on the Homeless (RTFH).

Welcome and Introductions

Co-chairs Daisy Crompton and Jeff Zinner opened the meeting.

Review of May 2018 Working Group Meeting

Partners reviewed information on state and local accessory dwelling unit (ADU) regulation changes, fee waivers, a proposed ADU design toolkit, an ADU pilot project at the SDHC, and the condition of the housing stock in the SDPZ. Partners then decided to focus on the creation of ADUs as its near-term implementing activity.

Main goal(s) of the day

- Review recent discussions of ADUs
- Develop a framework for an SDPZ ADU Pilot Program

Potential projects/solutions:

Initial Discussion:

After learning about ADU pilot programs throughout the country, partners discussed many different structures and components of a prospective SDPZ ADU pilot program.

Proposed pilot program structures and components:

- Employ so-called ADU “ambassadors” or “concierges” to educate homeowners on ADUs and guide them through the permitting and construction processes.
- Similarly, make available to homeowners a pool of vetted designers, contractors, engineers, and architects to guide them through the permitting and construction processes.
- Streamline services and technical assistance so that homeowners are not deterred by the ADU construction process.

- Implement deed restrictions and/or affordable covenants to ensure housing affordability and increase the affordable housing stock.
- Incorporate or highlight other aspects of economic development relevant to the SDPZ, including workforce development, sustainability, and increased income for homeowners.
- Pilot a city-wide, deed-restricted ADU program in the SDPZ.
- Potential financing:
 - Meet purposefully with banks, and not just their Community Reinvestment Act (CRA) branch, to develop a financial product that works for homeowners of the SDPZ.
 - Package ADU construction loans or grants with first mortgages for homebuyers.
 - Make available non-traditional financial products, like Habitat for Humanity's no-interest loans.
 - Inform older homeowners about taking out a reverse mortgage and then using the proceeds to construct an ADU to provide additional income during retirement.
 - Offer funding to address deferred maintenance on homeowners' properties.
 - Garner funds from banks by offering them sponsorship opportunities.
 - Consider how SDHC's inclusionary and trust funds can be employed to spur ADU construction.
 - Consider using CDBG and HOME funds.
 - Develop a gap funding financial product.

Identified community needs:

- Articulation of the benefits of ADUs
- Access to non-predatory financial products
- Access to affordable housing
- Education for homeowners on the programs and resources to which they are entitled
- Prevention of gentrification
- Workforce and economic development
- Financial education and pre-loan classes and/or coaching

Data and information needed:

Initial Discussion:

The work group agreed that the first step in developing an ADU pilot program is to collect and evaluate relevant data on homeowners and their properties.

Sources:

- City of San Diego
 - Census data was the foundation on which the City applied for the SDPZ designation. Much of the data is tracked year-to-year and is readily available.

- The City also has open source software that can be used to analyze zoning and code violations.
- Habitat for Humanity
 - Habitat for Humanity surveyed the physical condition of 2,000 houses in the SDPZ. That data has not been evaluated.
 - The working group will help Habitat evaluate and share that data.
- San Diego Housing Commission
 - The SDHC is implementing an ADU pilot program for SDHC-owned single-family units in San Ysidro.
 - A production report that includes the potential ADU capacity throughout the city is on sdhc.org and will be shared with the working group.
- Community surveys
 - Many partners volunteered to conduct community surveys to understand the needs and desires of homeowners as they pertain to ADUs.
 - The qualitative data will be used to inform the design of a SDPZ ADU pilot program.
- GRID Alternatives offered to make available its data on single-family homes eligible to receive free solar panels.

Other questions and considerations:

Initial Discussion:

Partners brought up many questions and considerations that did not directly relate to the program aspects, community needs, or data required for an ADU pilot program.

- Low- and moderate-income (LMI) communities have historically been shut out of the traditional lending markets. An ADU financial product tailored toward the SDPZ can be a way for LMI homeowners to enter the credit and lending markets.
- An ADU pilot program must be careful not to commit reverse redlining where predatory financial products flood LMI communities.
- There are several different types of ADUs, and each comes with its own administrative and financial constraints. An SDPZ ADU pilot program must be cognizant of these differences.
- Creating an ADU on some properties is either not feasible or not the best use of land. In these instances, other options, like subdividing the lot, should be considered.
- Deed restrictions and affordable covenants depend on the type of funding being utilized to create the affordable unit.
- Partners were concerned about certain funding sources because they could add to the costs of ADU creation when the City of San Diego has done so much to make it more affordable.
- The infrastructure of a property can make it cost-prohibitive to create an ADU (i.e. inaccessible water and sewage lines).
- Getting the ADU costs as low as possible may not be the best course of action because that often means low quality.

Updates

Design toolkit:

- The San Diego Housing Federation is working with LISC, Councilmember Scott Sherman's office, and the Pacific Southwest Association of Realtors to develop a design toolkit that provides homeowners with standardized ADU plans.
- The group is studying the topography and character of the housing stock to develop standardized plans that best reflect the various neighborhoods of San Diego.
- Development of the design toolkit is in the beginning stages. An update on the progress will be provided soon.

Next Steps and Closing

Partners will collect, provide, and evaluate data and information relevant to developing an SDPZ ADU pilot program.

Next Meeting Date:

San Diego Housing Commission

1122 Broadway, San Diego, CA 92101

July 12, 2018, 1–3 p.m.