

**CITY COUNCIL OF THE CITY OF SAN DIEGO
SUPPLEMENTAL DOCKET NUMBER 3
FOR THE REGULAR MEETING OF
TUESDAY, OCTOBER 21, 2014, AT 2:00 PM
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS – 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101**

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Pursuant to California Senate Bill 343 (Section 54957.5(b) of the Brown Act), late-arriving documents related to City Council meeting agenda items which are distributed to the legislative body prior to and during the Council meeting are available for public review in the Office of the City Clerk on the second floor of the City Administration Building, 202 C Street, San Diego, CA 92101. This relates to those documents received after the agenda is publicly noticed and during the 72 hours prior to the start of the meeting. Please note: Approximately one hour prior to the start of the Council Meeting, the documents will be available just outside Council Chambers in the lobby of the 12th floor of the City Administration Building in a binder labeled “SB 343.” Late-arriving materials received during the City Council meeting are available for review by making a verbal request of City Clerk staff located in Council Chambers.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTIONS:

ITEM-S500: Proposed Housing Impact Fee Ordinance Amendments. (Citywide.)

ITEM DESCRIPTION:

Introduce Amendments to the Housing Impact Fee Ordinance (San Diego Municipal Code Section 98.0601, et. seq.) to create additional affordable housing.

SAN DIEGO HOUSING COMMISSION'S RECOMMENDATION:

Introduce the following ordinance:

(O-2015-50)

Introduction of an Ordinance amending Chapter 9, Article 8, Division 6, of the San Diego Municipal Code by amending Sections 98.0601, 98.0608, and Appendix A and deleting Section 98.0619, all relating to Housing Impact Fees on Nonresidential Development in the City of San Diego. This ordinance amends the San Diego Municipal Code by making changes to Chapter 9, Article 8, and Division 6. Specifically, this ordinance increases Housing Impact Fees as they relate to projects in the office, retail, and hotel categories of development, exempts research and development projects from that increase, exempts manufacturing, warehouse, and non-profit hospital projects from any requirement to pay Housing Impact Fees, and eliminates provisions relating to annual adjustment of those fees, in addition to making other minor amendments.

SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

Approving this action will begin the process to increase the total Affordable Housing Fund revenue approved in the Housing Commission's Fiscal Year 2015 Budget. Funds generated from the Housing Impact Fee are deposited into the City's Affordable Housing Fund and will be used as specified in the Affordable Housing Fund Annual Plan.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- The City Internal Auditor's Office presented its performance audit report to the Land Use and Housing Committee on September 2, 2009, and to the Housing Authority of the City of San Diego on October 20, 2009.
- On March 30, 2011, an item was presented at the Land Use and Housing Committee meeting.
- On July 11, 2011, the City Council declined to update the Housing Impact Fee ordinance on a 4-4 vote, referring the matter to the Housing Commission's Affordable Housing Best Practices Task Force, with instructions to return the matter to the City Council.
- On December 10, 2013, the City Council adopted an update to the Housing Impact Fee Ordinance, raising the fee to 1.5 percent of total development costs.
- On March 4, 2014, the City Council rescinded its previous approval of updates to the Housing Impact Fee Ordinance and directed the Housing Commission to continue the dialogue with the Jobs Coalition about affordable housing options and report back to the Smart Growth and Land Use Committee in three months with an update and proposed actions to take.

- On July 17, 2014, Smart Growth and Land Use Committee considered the Report from San Diego Housing Commission and Jobs Coalition regarding Proposed Workforce Housing Plan (Housing Impact Fee Municipal Code Amendments and Related Matters) and voted to have the item return to the Smart Growth and Land Use Committee on September 24, 2014, for further consideration. The Smart Growth and Land Use Committee also requested that the Mayor's Office and the Office of the Independent Budget Analyst (IBA) provide additional information at the September 24, 2014, meeting.

- On September 24, 2014, the Smart Growth and Land Use Committee considered the item and the Mayor's and IBA's reports and forwarded the item, including the consideration of the Memorandum of Understanding (MOU) between the Housing Commission and the Jobs Coalition, to the full City Council without a committee recommendation. The Smart Growth and Land Use Committee voted 2-2. The City's Municipal Code allows the Chair of a City Council committee to forward items to the full City Council without a recommendation when a tie vote occurs.

ACTION: Motion by Councilmember Sherman, second by Councilmember Zapf, to move the Proposed Workforce Housing Plan including the Memorandum of Understanding to full Council with recommendation.

VOTE: 2-2; Zapf-yea, Sherman-yea, Lightner-nay, Cole-nay.

On October 6, 2014, the Housing Commission and the Jobs Coalition presented their joint MOU to the City Council. The City Council requested that the Housing Commission bring forward an action reflecting a compromise proposal presented by Councilmember Myrtle Cole regarding the Housing Impact Fee Ordinance and requested that the City Attorney's Office draft amendments to the Municipal Code to be presented to the City Council no later than October 21, 2014.

Davis/Graham

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