



THE CITY OF SAN DIEGO

REPORT TO THE PLANNING COMMISSION

DATE ISSUED: September 1, 2006 REPORT NO. PC-06-220
ATTENTION: Planning Commission
Agenda of September 7, 2006
SUBJECT: 2005-2010 Progress Guide and General Plan Housing Element
REFERENCE: Report No. PC-05-283

SUMMARY

Issues – Should the Planning Commission approve and recommend City Council adoption of the Draft 2005-2010 Housing Element and certification of the Addendum to Environmental Impact Report No. 40-1027

Mayor's Recommendation – Approve the Draft 2005-2010 Housing Element and certify the Addendum to Environmental Impact Report No. 40-1027

Community Planners Committee (CPC) Recommendation – On August 22, 2006, CPC voted 22-4 to oppose the current draft of the Housing Element. The CPC action and discussion are addressed in the Discussion section of this report.

Other Recommendations – Workshops were held on an earlier draft at the Housing Commission and Planning Commission. Both of these reviewing bodies recommended proceeding with finalizing the draft document.

Environmental Impact – Addendum to Environmental Impact Report No. 40-1027 concluded that the Housing Element would not result in significant environmental impacts other than those considered in EIR No. 40-1027.

Fiscal Impact – None with this action.

Housing Affordability Impact – None with this action although many of the programs and policies in the 2005-2010 Housing Element are intended to increase the overall supply of housing and the supply of affordable and special needs housing in the City.

BACKGROUND

The August 29, 2006 draft 2005-2010 General Plan Housing Element and Environmental Project No. 90947 (Addendum to EIR No. 40-1027) are enclosures to this report. Much of the background information that follows was first provided to the Planning Commission in Report PC-05-283 which was prepared for a workshop on the draft Housing Element held on November 17, 2005. This information has been refined and updated. In addition, this report provides an update on changes made to the document since November, 2005 at the request of the California Department of Housing and Community Development (HCD) and the Planning Commission.

For several years San Diego has been facing a severe housing crisis. The City Council has acknowledged this by repeatedly declaring a housing state of emergency. Not only have traditionally challenged segments of the population, including low income people and special needs populations, been having difficulty finding adequate housing, but now many working people are finding it difficult to remain in San Diego due to the high cost of housing. The purpose of the Housing Element is to create a comprehensive plan with specific measurable goals, policies and programs to address the critical housing needs of this City.

The Housing Element is a part of the General Plan. However, it is subject to state laws that differ from those governing the other General Plan elements. The state mandates that the Housing Element be updated every five or six years and all Housing Elements in a given region of the state must be updated on the same schedule. In the San Diego region, the previous two Housing Elements were required to cover 1991-1998 and 1999-2004 and the current one to cover 2005-2010. By contrast, the remainder of the General Plan is a 20-25 year document for which each jurisdiction sets its own schedule. In addition, following City Council adoption, HCD must approve and certify the Housing Element.

The Housing Element is intended to reflect existing conditions as of July 1, 2005. Policies and programs recommended in the document are based on July 1, 2005 conditions and primarily include actions that can be implemented by June 30, 2010. The Housing Element should have been adopted prior to July 1, 2005. However, all of the housing elements for jurisdictions in the San Diego region were delayed because of recent changes to State housing element law and delays in receiving housing need allocations for the region and individual jurisdictions from HCD and the San Diego Association of Governments (SANDAG.) At the present time, only six of the nineteen jurisdictions in San Diego County have adopted and certified 2005-2010 housing elements.

Adoption and certification of the 2005-2010 Housing Element is required for the City to be able to compete for SANDAG and State grants that may be available for housing and smart growth programs.

DISCUSSION

HOUSING ELEMENT CONTENT

There are numerous state regulations specifying what must be included in the Housing Element. The format and content of the draft document reflect these requirements. There are five major

goals that must be covered. Jurisdictions are required to establish policies and quantifiable programs to achieve these five overall goals. The goals are as follows:

- 1) Ensure the provision of sufficient housing for all income groups.
- 2) Maintain the safety and livability of the existing housing stock with an emphasis on preserving the affordable housing stock.
- 3) Minimize government constraints in the development, improvement and maintenance of housing.
- 4) Provide affordable housing opportunities for low-income renters and low-and moderate-income homebuyers.
- 5) Facilitate compliance with all applicable federal, state and local laws and regulations.

HCD sets goals for overall housing production in each region of the state. The regional planning agency divides the goals among jurisdictions. For the 7.5 year period from January 1, 2003 to June 30, 2010, the San Diego region's new housing production goal is 107,301. SANDAG assigned the City of San Diego a goal to produce 45,741 of these units (42.6 percent of the regional goal). This corresponds roughly with San Diego's portion of the total regional population.

State law also mandates that a portion of the overall production goal be allocated to moderate-, low and very low-income households. Moderate-income households are defined as those earning 80-120 percent of area median income, low-income households earn 50-80 percent of area median income and very low -income households earn less than 50 percent of area median-income. SANDAG has assigned the City of San Diego a goal of producing 8,645 moderate-income units, 8,090 low-income units and 10,645 very low-income units during the period from January 1, 2003 to June 30, 2010.

State law does not require that the production goals actually be achieved but rather that adequate land in each jurisdiction be available (zoned and planned for residential development) to meet the goals. There is no requirement that any particular site be developed during the 2005-2010 period, only that an adequate number of housing units could theoretically be developed to meet the goal.

The Housing Element is required to include an Adequate Sites Inventory of sites that have potential to be developed or redeveloped for residential use. This inventory is based on existing zoning in the City and also includes sites on which housing has been completed since January 1, 2003 and sites on which construction is underway or for which applications are in process. A summary of the inventory is provided at the end of the Housing Element (Table 23). The inventory shows that San Diego has land available for approximately 122,000 additional housing units without need for any zoning or plan changes. This is far above the goal of producing 45,741 units by June 30, 2010. Therefore, the City will not be required to rezone land for residential use prior to 2010.

The Adequate Sites Inventory also shows that the City has adequate sites to meet its low-and very low-income goals through June 30, 2010. Only sites currently being developed for affordable units or zoned and designated for residential use at 30 units per acre or greater are considered by the state to be suitable for low-and very low-income housing. The inventory

shows that there are sites available for approximately 56,000 units on lands zoned at 30 units per acre or greater, far exceeding the goal that 16,735 low-and very low-income units be produced by 2010.

Of the potential low-and very low-income units, 5,752 units were completed, under construction or in the review process during the period July 1, 2003-March 2005. Information about these units by community planning area is summarized in Table 24. The remaining 50,220 units are potential units on vacant and currently underutilized infill sites zoned at 30 units per acre or more. A breakout of these units by community is shown on Table 23.

While the City has the adequate sites required for low and very-low income units for the 2005-2010 housing element cycle, actual production of affordable units has been below the RHNA goals during the past decade and is likely to remain below these goals during the next several years, particularly for very-low income units. This is because construction of affordable units in San Diego is financially difficult due to high land and construction costs and the amount of money available to subsidize low and very-low income affordable housing construction is insufficient to build the needed number of units.

HOUSING ISSUES OF PARTICULAR INTEREST

In addition to the overall production goals, and goals for low and very-low income people, the Housing Element has many recommendations for meeting the housing needs of special needs populations including students, the elderly, people with disabilities, military and the homeless.

There are several topics for which goals, policies and programs are provided in this Housing Element that were not addressed in the previous 1999-2004 Housing Element. Other topics are addressed in more detail in this document. Many of these are issues raised by the Affordable Housing Task Force in their report of June, 2003. These include some of the most controversial housing issues that the City has been facing in the past few years such as inclusionary housing, universal design/accessible housing, farm worker housing, density bonus, single room occupancy hotel regulations and condominium conversions. The City is currently in the process of preparing revised regulations or taking other specific actions to address these issues. The Planning Commission has provided input recently on most of these issues which is reflected in the draft Housing Element language.

REDUCED FEDERAL INVOLVEMENT IN AFFORDABLE HOUSING

Some of the quantifiable goals have been reduced from previous housing elements. This is primarily due to the federal government's decreasing role in helping lower income people with housing needs. There have been significant reductions in federal funding for programs such as Section 8 and the HOME program which have been fundamental parts of the City's affordable housing strategy in the past. Also, some types of housing, such as mobile home parks, that provided a source of affordable housing in the past are less feasible to build today in San Diego due to high land costs. Today affordable housing must be built at greater densities than in the past when more undeveloped land was available. Therefore, emphasis has been shifted away from mobile homes as a housing solution in this Housing Element.

HOUSING ELEMENT REVIEW PROCESS

The enclosed August 29, 2006 draft of the 2005-2010 Housing Element incorporates comments and recommendations received from various individuals and groups who have reviewed and commented on earlier drafts of this document. Those who have reviewed the document include the 20 member Housing Element Working Group, the Chamber of Commerce Housing Committee and others with an interest in housing issues. The Housing Element Working Group was a diverse group which included advocates for affordable and special needs housing, community planning group representatives, for profit and non profit housing developers and SANDAG. Special needs advocates in the group included homeless, farm worker, accessibility and Single-Room Occupancy Hotel advocates. Workshops or discussions on earlier drafts of the document were held at the Community Planners Committee (October, 2005 and July, 2006), Housing Commission (February, 2006) and Planning Commission (November, 2006). The California Department of Housing and Community Development (HCD) and the San Diego County Regional Airport Authority have also reviewed the Housing Element.

HCD had few comments on the proposed programs and policies during its preliminary review but requested that additional background information be added. This draft includes information intended to address all the comments received thus far from HCD. This additional information includes a more detailed discussion of the assumptions and methods used to prepare the adequate site inventory and a more detailed discussion of constraints to development. Background information and analysis has been added regarding how citywide zoning regulations, overlay zones, planned development permits, planned district ordinances, processing and permit procedures, and development impact fees affect planned housing development. The discussions of airport land use compatibility plans, reasonable accommodation requests and other issues relating to persons with disabilities and special needs have also been augmented.

Formal certification of the document by HCD, which is required as a condition of the City being eligible for certain SANDAG and State grant programs, will be sought following Council adoption.

State law gives the San Diego County Regional Airport Authority 60 days following their receiving all required information in which to make a determination regarding whether the Housing Element is consistent with the Airport Land Use Compatibility Plan (ALUCP). The draft Housing Element was submitted for their review on May 31, 2006. This item has been placed on their September 7, 2006 Board Agenda with a recommendation that the draft Housing Element be found consistent with the ALUCP with the condition that any future amendments to this document be submitted to the Airport Authority for consistency review.

COMMUNITY PLANNERS COMMITTEE INPUT

Presentations were made on the draft Housing Element to the Community Planners Committee (CPC) in October 2005 and in July 2006. On August 22, 2006 the CPC had a discussion on this document and voted 22-4 to oppose the draft Housing Element. Their motion stated: "The draft Housing Element conflicts with the General Plan's focus on sensitivity of design and balance of interest. The housing and affordability goals of the Housing Element can be accomplished under

the current regulations, emphasizing good design and preserving the quality of life. CPC is specifically opposed to weakening and repealing PDOs, not providing sufficient parking in new development, not applying good design standards, failing to provide necessary public facilities, and limiting community participation in the development process.”

The discussions that preceded and followed the motion indicated that the portions of the document that CPC members found objectionable were Goals 3 (minimizing governmental constraints), Goal 5 (compliance with applicable federal, state and local laws—some of which they believe could be detrimental to community character), and the background sections addressing minimizing constraints to construction of housing.

Some CPC members also objected to the tone of the document which they believe places too much blame for the housing crisis on excessive regulations and community input, and does not place enough emphasis on infrastructure and public facility deficiencies.

A few members of the CPC group expressed the opinion that the City should let the State know that San Diego will not accept the amount of housing allocated to the City by SANDAG and HCD and that the State should be less involved in local housing and land use issues. Another view that was expressed is that San Diego’s population is stabilizing, vacancy rates are increasing and home prices are softening—indicating reduced need for housing construction.

Letters containing recommendations for changes to the draft Housing Element submitted by individual members of the CPC and by other interested parties are attached to this report.

RESPONSE TO CPC COMMENTS

Several changes were made to the draft Housing Element in response to the CPC input in an effort to revise the tone and eliminate wording that the CPC found to be objectionable. These changes include revisions to discussions regarding land development code changes, planned district ordinances, permit and processing procedures, parking procedures and opposition to residential development from the community. These changes helped to clarify the intent of the policies proposed.

The draft Housing Element does not contain any recommendations to reduce or compromise design standards for new development or to allow housing development in areas with inadequate public facilities or infrastructure or where environmental issues preclude development. The goals and policies in the Housing Element have been reworded in a few instances to better reflect consistency with urban design, environmental protection, infrastructure and public facilities recommendations in other elements of the draft General Plan.

The CPC suggestion that measures to reduce constraints on housing production recommended in the draft Housing Element be removed from the document would likely result in the State refusing to certify the Housing Element. State law is very clear in requiring such measures to be included in Housing Elements. For the most part the proposed measures are efforts that are already underway and have long been part of the Planning and Development Services Departments’ work programs. One example is a Development Services Department work

program to review existing PDÖ and, working with communities to identify those that could be converted to citywide zoning and still provide the same level of neighborhood protection. In many instances such a change would be considered as part of a community plan update. Other examples are allowing ministerial review in certain cases where required development standards are clear and reconsideration of parking standards in limited instances if car ownership and other relevant data is available to fully support parking standard modifications.

Where regulations are identified, the draft Housing Element states that no regulations and procedures should be changed without full public disclosure (including noticing and hearings) and an opportunity for all interested parties including community planning groups to present their views and provide input.

The recent reduction in population growth rate in San Diego is in part due to the lack of housing in the City and is not a reason to reduce measures to encourage more housing construction in the City. The most recent data from the National Association of Home Builders is that only 4.6% of San Diegans can afford a median priced home here. This is one of the lowest affordability levels in the United States and a clear indicator that more housing supply and more affordable housing is needed.

PLANNING COMMISSION AND HOUSING COMMISSION INPUT

The discussions held at the Planning Commission and Housing Commission during workshops on the 2005-2010 Housing Element were similar. At both workshops commissioners expressed frustration with the fact that the housing crisis in San Diego continues unabated and that the Housing Element on one hand is not a bolder document and on the other hand contains goals that appear, based on current trends, to be unachievable. Despite this, the consensus at both commissions was that for the City to meet State requirements and to potentially be eligible for certain State and SANDAG grant funds, the Housing Element should be finalized and adopted as quickly as possible.

RESPONSES TO PLANNING COMMISSION INPUT

The following are responses to specific issues and questions from Planning Commissioners during the Planning Commission workshop:

1. Commissioner Chase suggested that the Constraints to Development section was biased towards builders and should be expanded to include lack of infrastructure, high interest rates and low wages.

As noted above, at the request of HCD, the Constraints to Development section of the draft Housing Element has been significantly expanded since the Commission workshop in November, 2005. The intent is for this section to provide a comprehensive and balanced view of potentially significant constraints to development. Infrastructure deficiencies do pose a significant constraint to residential development in many areas. Therefore, as Commissioner Chase suggested, a discussion of infrastructure deficiencies has been added to the Non Governmental Constraints section of the Housing Element (page 185).

Interest rates had been at historically low levels and were not significant constraints to housing development as of July 1, 2005. It is true that wages for a majority of San Diegans are inadequate for them to afford a median priced home in the region. However, many other cities around the country with lower average wages than San Diego are still able to provide housing affordable to a majority of their citizens. Inadequate wages are a complex issue related to the structure of the economy in San Diego and they impact many quality of life issues other than just housing. Therefore, the issue of wages is discussed in the Economic Prosperity Element rather than in the Housing Element.

2. Commissioner Steele suggested adding a recommendation on building housing on city owned and publicly owned land. He also asserted that the discussion of collocation of residential and employment uses conflicted with other elements of the General Plan.

A recommendation has been added encouraging building housing on publicly owned sites that are not needed for public use (pages 24 and 34). The discussion of the collocation proposal as a constraint to residential development has been eliminated from the Housing Element because the collocation policy has been revised and as currently proposed is a balanced policy that should not create a constraint. Mixed use and collocation with residential uses would be encouraged in some industrial areas while being discouraged in other industrial and scientific research areas that are labeled as prime industrial areas.

3. Commissioner Schultz suggested that the Housing Element should recommend requiring on-site inclusionary housing and should address community balance.

The discussion of inclusionary housing in the Housing Element has been revised to indicate that inclusionary housing requirements are the primary tools the City intends to use from 2005-2010 to promote increased community balance (pages 32-33). The Housing Element discussion also recommends that the inclusionary program be reviewed annually and that if the review indicates that the primary goals of the program are not being achieved (provision of affordable housing units throughout the city), consideration should be given to raising the in lieu fee, limiting its use or eliminating the fee option.

The Land Use and Community Planning Element of the General Plan addresses the community balance issue more comprehensively. It is felt that this element, rather than the Housing Element, is the best place to address this issue because community balance involves other uses in addition to housing.

4. Commissioners Schultz and Garcia recommended an action plan or implementation plan be added to the Housing Element.

The Housing Element contains an action or implementation plan. Charts are provided for each of the five major goal areas, listing five year targets, responsible agencies, timing, financing and primary beneficiaries of each recommended policy.

CONCLUSION

While no planning document can by itself solve the City's very serious housing problems, the draft Housing Element is important and should be adopted because it is the City's most comprehensive description of the policies and programs that the City currently has in place and those that the City intends to develop or implement by 2010 to address the need for adequate and affordable housing for all San Diego residents.

Respectfully submitted,

William Levin
Senior Planner
City Planning and Community Investment

William Anderson, FAICP
Director
City Planning and Community Investment

WA/WML

Enclosures: 1. Addendum to Environmental Impact Report N. 40 1027
 2. August 29, 2006 Draft FY 2005-2010 Housing Element
 3. Correspondence from the public including CPC members

Enclosures distributed to Planning Commissioners

Enclosure 1 is available on line at:

<http://www.sandiego.gov/planning/community/pdf/cpc/agendas/attachments/heeiraddendum.pdf>

Enclosure 2 is available on line at: <http://www.sandiego.gov/planning/genplan/index.shtml> .