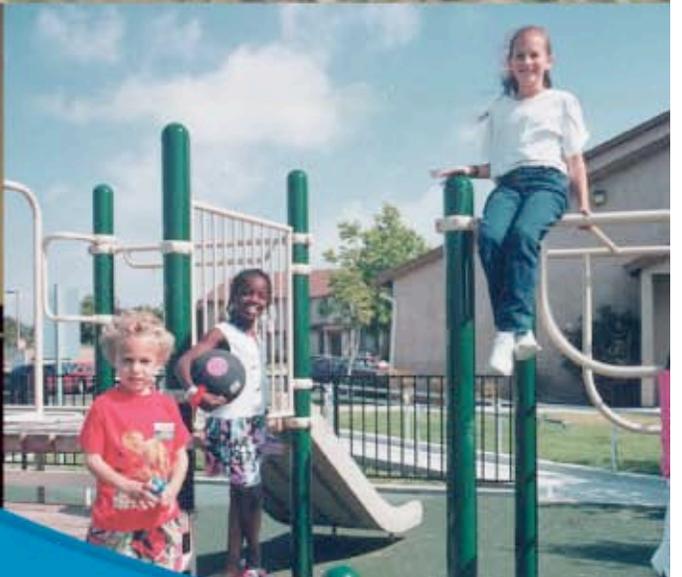
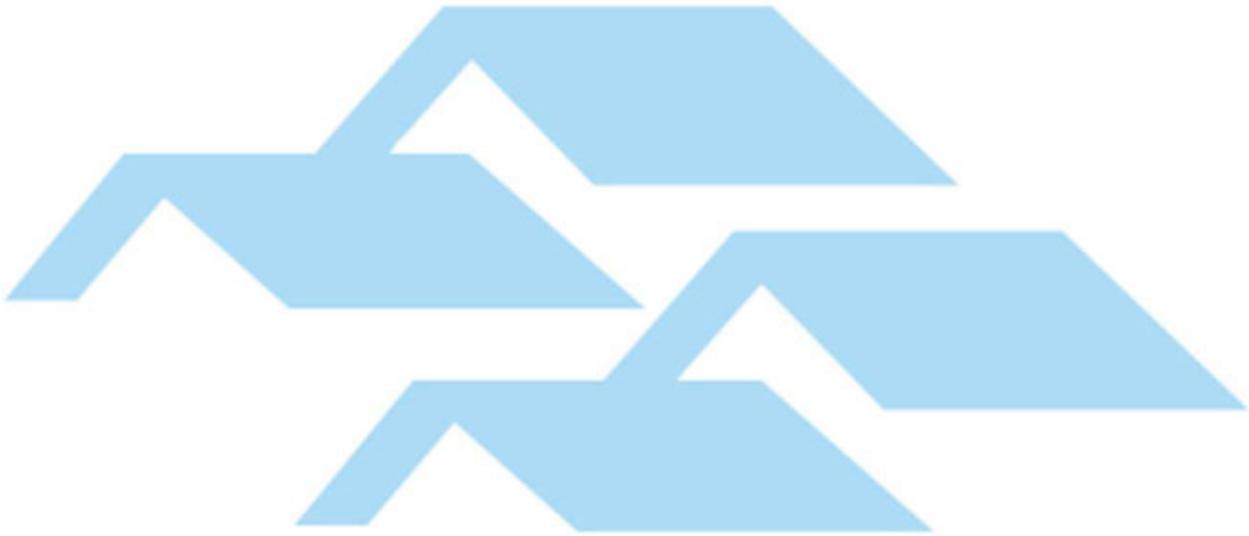


City of San Diego General Plan Housing Element FY 2005 - 2010 DRAFT



City of San Diego General Plan



Element

FY 2005-2010 DRAFT

OCTOBER 13, 2006



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Resolution Number R- _____



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*San Diego's Affordable
Housing Crisis*



SAN DIEGO'S AFFORDABLE HOUSING CRISIS

In response to an increasingly severe lack of affordable housing in San Diego, in August of 2002, the Mayor and City Council took two significant steps: (1) adopted a resolution (Resolution No. R-296982) declaring a state of emergency in San Diego due to the severe shortage of affordable housing in the City, and (2) created an Affordable Housing Task Force to develop solutions to the problems identified in the resolution which included the inability of most San Diegans to afford housing in the City and particular impacts on single-mothers, children, youths, seniors and the disabled. The Task Force had 20 members representing a wide range of interests. In June 2003, the Task Force published a comprehensive report recommending a wide range of measures to address the shortage of housing affordable and accessible to lower income and special needs populations. Some of these measures, including an inclusionary housing requirement and an expedite program for processing affordable housing projects, have been adopted and implemented. Other recommendations, including proposals to provide revenue to fund affordable housing and the infrastructure needed to support housing, have not yet been adequately addressed. The City Council has continued to pass resolutions every month extending their declaration of a housing emergency in the City.

Despite the many efforts to address the housing needs of San Diego residents outlined in previous City of San Diego (City) Housing Elements and the efforts of the Affordable Housing Task Force, the overall housing situation in the City has markedly worsened during the five years that have passed since the 1999-2004 Housing Element was adopted.

In preparation for updating the Housing Element, City staff convened a Housing Element Working Group. The group requested that the 2005-2010 Housing Element begin with an introduction that clearly states the urgency of the lack of affordable housing in San Diego. The following description captures the intent of a majority of that group.

In the past, the lack of affordable housing was primarily a problem for low- and very low-income residents and for people with special needs. Today a large majority of San Diegans cannot afford to purchase the median price home in this City or region (\$608,300 in May 2005, according to California Association of Realtors) and a large number of working people cannot afford any housing in the region—rental, or for sale. The gap between what very-low, low- and moderate-income people can afford to pay for housing and the cost to obtain that housing grew rapidly from 2000-2005. People have responded to this situation in several ways including young people continuing to live with their parents rather than moving out on their own, extended families living in one dwelling, unrelated people moving in with roommates, moving further from jobs and relocating away from the City and region. Increased homelessness, longer commute times, increased congestion, energy (gasoline) use and pollution are unwelcome results of the lack of affordable housing in San Diego.



This situation evolved gradually and it will take a concerted multi-year effort to begin to resolve the problem. The housing shortage is similar in most other coastal California counties. The underlying problems are limited land supply available for housing, infrastructure deficiencies and community opposition or resistance to increased density on the land that is available. Competing priorities, such as the need to protect environmentally sensitive land and to reduce development in the vicinity of airports, have further limited the land available for housing in recent years. The City of San Diego and the region no longer have enough land to allow traditional single-family housing to be the dominant form of housing. Gradually, more and more of the housing that is built is in multifamily units at varying densities but not nearly enough has been built to satisfy demand. The single-family units being built are increasingly only for the top end of the market.

As the supply of available undeveloped land has dwindled, strategies for providing affordable units have had to change. Only a decade or two ago, detached mobile homes and garden-style apartments with surface parking were viewed as key elements of an affordable housing strategy. Current land prices make it difficult to produce affordable units in low density projects while the expense of constructing concrete and steel buildings with underground or structured parking limits affordability in high-rise construction. Currently, most affordable housing is being provided in three- to four-story wood construction buildings with recessed or surface parking.

The increased difficulty of building new affordable units in San Diego has been occurring at a time when federal programs to assist low-income residents with housing needs has been steadily decreasing. Section 8 Rental Assistance and other federal programs are gradually being reduced or phased out. Money to allow acquisition and rehabilitation of existing housing for low- and moderate-income residents has also been decreasing. It has become much more difficult for the Housing Commission to find and acquire units to be rehabilitated because of the rapid run up in prices and the competition for older rental units, with developers interested in upgrading them into higher priced rental units or converting them to condominiums.

From 2005-2010 there has been a very rapid increase in the number of rental units converted to condominiums and applications for condominium maps to allow more conversions. This trend has had the positive effect of increasing the supply of relatively affordable for-sale housing (relative to the price of new housing and older single-family housing units—still not affordable for many San Diego residents). At the same time, the condominium conversions have had the negative effect of reducing the rental housing supply.

Another trend during recent years has been a growing need and demand for increased housing options for elderly and disabled people. This will continue to be growing need as the “baby boom” population (born 1945-1965) reaches retirement age.

One encouraging trend in recent years has been a dramatic increase in the pace of housing development in the downtown area. A total of 6,344 units have been completed downtown from 2001-2005 and another 4,623 units were under construction in 2005. Downtown’s population is anticipated to rise from 27,000 currently to 80,000 in the next 15-20 years.



Similar, though less dramatic increases in housing are underway in other inner-city redevelopment areas. A variety of efforts to ensure that a significant portion of the new housing being built in redevelopment areas are affordable to low- and moderate-income people are outlined in this Housing Element.

The City of San Diego has adequate land zoned and designated for housing to meet its Regional Housing Needs Assessment (RHNA) housing supply goals for the five years of this housing cycle. However, eventually it will be necessary to rezone and redesignate more land to allow higher-density housing. It is anticipated that this process will take place beginning in 2007 as individual community plans are updated. New housing must be well designed and permitted only in appropriate locations consistent with the City of Villages concept. Gaining community acceptance of the higher-density housing that will need to be built will be a most challenging task. A variety of tools and methods to achieve this goal will be necessary, some of which are described in this Housing Element.



Executive Summary



EXECUTIVE SUMMARY

A. PURPOSE OF HOUSING ELEMENT

The Housing Element is one of seven elements of the General Plan mandated by the State of California Government Code. The law states that a Housing Element shall be updated at five-year intervals and shall “consist of standards and plans for the improvement of housing and for the provision of adequate sites for housing,” and shall “make adequate provision for the housing needs of all segments of the community.” More specifically, the Housing Element is intended to identify and analyze the City’s housing needs, establish reasonable goals, objectives and policies based on those needs, and set forth a comprehensive five-year program of actions to achieve, as fully as possible, the identified goals and objectives.

Implementation of the Housing Element will be primarily the responsibility of the San Diego Housing Commission, the City Planning and Community Investment (abbreviated subsequently in this document as Planning) and the Development Services Departments. However, other City departments and agencies will also be involved including the redevelopment corporations, Engineering and Capital Facilities, Real Estate Assets and Water Utilities. In addition, various state and federal agencies will be asked to supply funding assistance. On the private sector side, developers, lending institutions and individual property owners will be prime participants. Also, the not-for-profit sector will have a vital role in providing affordable housing.

This Housing Element recognizes that it is not possible to meet San Diego’s total housing needs within the five-year timeframe of this element. With respect to this point, Section 65583(b) of the California Government Code states, in part:

“It is recognized that the total housing needs . . . may exceed available resources and the community’s ability to satisfy the need . . . Under these circumstances, the quantified objectives need not be identical to the identified existing housing needs, but should establish the maximum number of housing units that can be constructed, rehabilitated and conserved over a five-year time frame.”

B. RELATIONSHIP OF HOUSING ELEMENT TO OTHER ELEMENTS OF GENERAL PLAN

State law requires each element of the General Plan to be internally consistent with other elements of the General Plan. While some policies and proposals in Housing Element will be modified during every five-year update, it will remain consistent with General Plan goals and the City of Village strategies. In October 2002, the City adopted a new element of the General Plan called the Strategic Framework. This new element



provides principles and guidelines for guiding San Diego's anticipated growth through 2020. The Strategic Framework Element lays out a vision for the next 20 years in San Diego and addresses critical issues relating to infrastructure adequacy and funding, appropriate density levels and the relationship between economic growth and population growth. The land use policy recommended in the Strategic Framework Plan is a concept known as "The City of Villages." This concept calls for the City's higher density pedestrian-oriented residential and commercial areas to be located in proximity to transit nodes. Some "villages" already exist in the City and others will be designated in the future during community plan updates.

This Housing Element update is intended to be consistent with and help implement the goals of the Strategic Framework Element and the City of Villages concept. Concurrent with this update of the Housing Element, the City is revising the Strategic Framework Element and distributing its policies into other General Plan Elements. The General Plan creates a new Land Use and Community Planning Element (Land Use Element) to standardize land use categories, incorporate density and intensity ranges for each land use category and identify commercial sites that can incorporate housing in mixed use developments and adds a new Economic Prosperity Element that addresses potential to reuse some commercial land for housing or mixed use incorporating residential use.

To assure consistency of the Housing Element with other elements of the General Plan, the City commits to two actions: (1) evaluate each proposed community plan and General Plan amendment for impacts on the Housing Element, and (2) prepare an annual report summarizing progress made toward achieving Housing Element goals and summarizing cumulative impacts of community and General Plan amendments adopted during the year on the Housing Element.

C. PLAN ORGANIZATION AND CONTENT

This Housing Element includes objectives, policies and programs for each of the following five major goals:

1. Provision of an Adequate Site Inventory and New Construction
2. Maintenance and Conservation (including preservation of existing low-income housing and rehabilitation)
3. Reduction of Governmental Constraints
4. Affordable Housing Opportunities
5. Administrative (including fair share and community balance, use of redevelopment set-aside funds, reduction of housing discrimination and energy conservation).

Following the lists of policies and programs for each of the major goals there is an implementation chart that lists the policy, five-year target, responsible agencies, timing, financing and primary beneficiary of each recommended policy.



Qualitative and quantitative goals and objectives which the City has identified based on the level of resources anticipated to be available to achieve each of the goals are provided. The quantified objectives cumulatively add up to the “Maximum Feasible Units for New Construction, Rehabilitation and Conservation” which the City believes can be accomplished during this five-year Housing Element cycle. Section E of this Introduction and Executive Summary provides more information on the “Maximum Feasible Units.”

Following the detailed description of the five goals, additional background information and technical appendices are provided. The Background Information section includes information on the demographic characteristics of the population, the overall existing and projected housing needs among all economic segments of the City’s population, including subpopulations, such as seniors, people with disabilities, the military, students, farm workers, the homeless, etc., and existing governmental and nongovernmental constraints to development. A detailed analysis of how well the City performed in achieving the goals of the previous (1999-2004) Housing Element is provided in **Table 33**.

A lack of affordable housing opportunities often results in renter and homeowner households “overpaying” for housing (spending more than 30 percent of their income on housing costs.). In 2000, the City of San Diego had approximately 181,572 very low- and low-income households (earning 0-80 percent of Area Median Income [AMI]).¹ This was an increase from 160,500 low-income households in 1993. Approximately 71 percent of these households are renter households and the remainder are homeowner households. The following is a breakdown of the 65 percent of very low-income and low-income renter and homeowner households who were overpaying for housing in 2000.

- 27,705 *low-income (51-80 percent AMI) homeowner* households. Of these, approximately 52 percent paid more than 30 percent of their income on housing costs and 24 percent paid more than 50 percent.
- 81,113 *very low-income (0-50 percent AMI) renter* households. Of these, approximately 78 percent paid more than 30 percent of their income toward housing costs and 64 percent spent more than 50 percent of their income toward housing costs.
- 47,383 *low-income (51-80 percent AMI) renter* households. Of these, 46 percent paid more than 30 percent of their income on housing costs and eight percent spent more than 50 percent.
- 25,371 *very low-income (0-50 percent AMI) homeowner* households. Of these, approximately 72 percent paid more than 30 percent of their income on housing costs and 59 percent paid more than 50 percent.

1. U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Data Book, 2000 is the source for San Diego median income data.



D. REGIONAL SHARE GOAL

State law requires regional councils of government throughout the state to determine “regional share goals” for each local jurisdiction within their region. These goals are the projected share of regional housing needs for all income groups for the next five-year Housing Element cycle. The regional share goals are based on “market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, the loss of low-income units eligible to convert to market-rate status and the housing needs of farm workers⁵.” State law also states that the distribution of regional share goals shall seek to reduce the concentration of low-income households in cities and counties which already have disproportionately high proportions of low-income households.

San Diego’s regional share goal for the 7.5-year period, January 1, 2003-June 30, 2010, has been determined by SANDAG to be 45,741. This goal is further broken down by income group as follows:

	PERCENTAGE AMI	SHARE
Very Low-Income ¹	0-50% of AMI	10,645
Low-Income	51-80% of AMI	8,090
Moderate-Income	81-120% of AMI	8,645
Above Moderate-Income	121% + of AMI	18,362

The regional share goal does not mean that San Diego must provide these numbers of housing units affordable in each income category. Instead, San Diego must have sufficient vacant and potentially redevelopable land zoned for residential use in various density categories to potentially meet the goals in each income group. The state Department of Housing and Community Development generally utilizes a threshold of 30 units per acre as the minimum density needed to potentially provide housing units for low- and very low-income households in urban areas. Fortunately, for the FY 2005-2010 period, San Diego does have sufficient land available that is designated for 30 units per acre or higher.

In spring 2005, a comprehensive adequate sites inventory was undertaken in accordance with state law. The inventory results, which are summarized by community planning area on Table 29 indicate that as of January 1, 2003, there was an overall inventory of land planned and zoned for residential use to accommodate approximately 122,000 units in San Diego. Of these, 5,752 are restricted units affordable to low-, and very low-income people that have been completed since January 1, 2003 or are under construction or in the review process. Approximately 50,000 are on land zoned and planned at an intensity that could support low-, and very low-income units (30 dwelling units per acre or more). The remaining units in the inventory are on land zoned less than 30 dwelling units per acre.

5. Section 65584 of the California Government Code.

1. The very low-income regional share goal includes extremely low-income (defined by state law as 0-30% of AMI) and very low-income (defined as 31-50% of AMI).



In recent years San Diego has permitted an average of approximately 6,000-7,000 new residential units per year while losing a few hundred units per year due to demolitions. Between January 1, 2003 and July 1, 2005, the overall housing stock increased by approximately 14,000 to 16,000 units. Approximately 2,500 to 3,000 low- and very low-income units were produced from 2003 through early 2005. San Diego’s portion of the 7.5-year regional share goal that remained unbuilt (and not under construction) as of July 1, 2005, is approximately 30,000 units, including approximately 9,000 very low-income units, 7,000 low-income units, 8,000 moderate-income units and 6,000 above moderate-income units. Units produced since 2000 have been primarily above moderate-income units reflecting high land and construction costs. The low- and very low-income units that have been built used a variety of subsidies. Very few moderate-income units have been built during this period because subsidies are very limited for this income group and costs do not permit them to be built without subsidies.

E. MAXIMUM FEASIBLE UNITS FOR NEW CONSTRUCTION, REHABILITATION AND PRESERVATION

State Housing Element law requires an identification of the maximum number of housing units which can feasibly be constructed, rehabilitated and preserved during the Housing Element cycle. The table below provides these estimates, in summary form, for the City. The estimates are based on the quantified objectives and program targets proposed in the body of the element.

The estimates are also based on a comprehensive assessment of current economic and market conditions and resources anticipated to be available through the conclusion of this Housing Element cycle.

**TABLE 1
MAXIMUM FEASIBLE UNITS FOR NEW CONSTRUCTION, REHABILITATION AND PRESERVATION BY INCOME LEVEL**

INCOME GROUP	NEW CONSTRUCTION	REHABILITATION	PRESERVATION
Extremely low-income	0	550	0
Very low-income	2,065	1,110	0
Low-income	1,915	450	500
Subtotal	3,980	2,110	500
Moderate-income	8,869	200	0
Above moderate-income	19,057	0	0
Subtotal	27,926	200	0
Total	31,906	2,310	500



For New Construction, figures for the extremely low-, very low- and low-income categories are based on an assessment of government resources anticipated to be available. For the moderate and above moderate-income categories, the numbers in the new construction column of the table reflect actual regional share figures for those income groups. It is assumed that most of those households will be served by the private sector. While the table reflects an anticipated 27,926 units in the moderate and above moderate categories, the actual number produced will, in part, be a function of economic conditions. Recently, the private sector has produced few moderate-income units and only very limited government subsidy programs are available to help moderate-income households with their housing needs.

The City acknowledges that the total of 3,980 new units for the low- and very low-income groups is substantially below its regional share goal of 18,735 units for these same groups. However, a realistic appraisal of resources anticipated to be available, based on current and anticipated funding allocations and economic conditions yields this estimate of units. In its adopted Consolidated Plan, the City has set forth a policy of emphasizing acquisition, rehabilitation and rent subsidies as the most cost effective way of meeting the housing needs of low- and very low-income households. This policy reflects the fact that, in many instances, new construction is not the most cost-effective method of providing affordable housing, given land costs and housing prices in San Diego. The City will continue to work in partnership with the private and nonprofit sectors to help generate affordable housing opportunities for low- and very low-income households through these activities and others during the current Housing Element cycle. In addition, there will be an ongoing effort to identify new funding sources to augment and replace those that are no longer available. The 2,310 units proposed for rehabilitation are based on the number of units which could potentially be rehabilitated with available and projected program resources over the five-year Housing Element period. The estimate of units potentially targeted to the low-, very low-, and extremely low-income groups are based on: (1) the affordability restrictions built into the HOME Investment Partnerships (HOME) Program which is the source of funding for the rental rehabilitation program, (2) for the Housing Commission's zero interest deferred loans for owner-occupied rehabilitation and mobile home grants, eligibility is limited to owners whose income is 50 percent or less of AMI and average income of participants in both these programs is 30 percent of AMI. Therefore, for these programs, it is assumed that half of the participants will be extremely low-income and half will be very low-income, and (3) projected use of redevelopment set-aside funds, based on a projection of approximately \$25 million in set-aside funds generated during this Housing Element cycle and an average subsidy of approximately \$25,000 per unit.

The 500 units proposed for preservation in the low- and very low-income categories combined are based on achievement of the objective of preservation of ten percent of the units at risk of converting to market-rate status during the first five-year period of the ten-year at-risk analysis.



F. IMPEDIMENTS TO HOUSING AFFORDABILITY

This Housing Element update identifies a number of impediments to housing affordability. They include:

- Land costs
- Infrastructure deficiencies in older urbanized communities
- Permit processing and development review procedures
- Construction defect litigation
- Community opposition to higher-density and affordable housing developments

During the previous Housing Element cycle, progress was made toward addressing some of these impediments with a net effect of reducing housing development costs in all income categories. This progress includes:

- Implementation of Process 2000 and Project Management procedures and a Project Tracking System to streamline project processing
- Establishment of a Technical Advisory Committee to advise the City Council on policies and regulations that impact the development process allowing more condominium construction
- Reduction of water and sewer fees, with a further reduction for affordable housing developments
- Establishment of Affordable Housing Expedite Program
- Adoption of the Land Development Code, which includes several provisions that facilitate housing affordability

It is anticipated that the General Plan update process will address other remaining impediments to housing affordability. These include:

- Infrastructure deficiencies in older urbanized communities
- Fees
- Identification of potential additional development opportunities for residential and mixed-use development
- Continued dialogue with the public and developers to strive for high-quality affordable and higher-density housing



Public Participation Process



PUBLIC PARTICIPATION PROCESS

The public participation process for the 2005-2010 Housing Element began in 2002 when the San Diego City Council declared a “Housing State of Emergency” and formed an Affordable Housing Task Force. This diverse 20-person task force, which included stakeholders and representatives with a wide range of views and interests, spent several months developing a comprehensive set of strategies to address the City’s housing crisis. Their report was presented to the City management and City Council in June 2003. The report suggested regulations, incentives and financing strategies to address the affordable housing crisis.

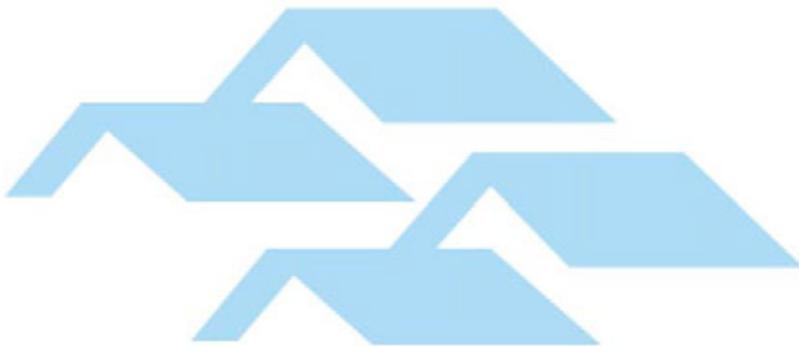
There was extensive public participation from 2002-2004 when the recommendations of the Task Force were considered by the Planning Commission and the City Council. Many of the recommendations of this Task Force form the basis for policies and programs in the Housing Element. Some Task Force recommendations were adopted by the City Council and others have not yet been acted upon but are included in the Housing Element.

In 2004, a Housing Element Working Group was formed for the specific purpose of obtaining public input in the process of preparing the 2005-2010 Housing Element. This balanced group of stakeholders included affordable housing advocates, building and real estate industry representatives, non-profit builders and representatives for special needs groups including disabled people, homeless and farm workers. The group met periodically in 2004 to review early drafts and provide input on the document. In addition, some members submitted extensive written comments. The comments were taken seriously and a number of changes and additions were made in response to them.

Workshops and hearings were scheduled at the Community Planners Committee (composed of members of each of the community planning groups), Housing Commission, Planning Commission, Land Use and Housing Committee of the City Council, and the full City Council. The public and stakeholders had an opportunity to provide additional input on the Housing Element at each of these public meetings.

Section I

Policies, Programs and Implementation Charts



Goal 1

Ensure the provision of sufficient housing for all income groups to accommodate San Diego's anticipated share of regional growth over the next Housing Element cycle, FY 2005 - FY 2010



GOAL 1

ENSURE THE PROVISION OF SUFFICIENT HOUSING FOR ALL INCOME GROUPS TO ACCOMMODATE SAN DIEGO'S ANTICIPATED SHARE OF REGIONAL GROWTH OVER THE NEXT HOUSING ELEMENT CYCLE, FY 2005 - FY 2010.

QUANTIFIED OBJECTIVE: Provision of an Adequate Site Inventory

Maintain an inventory of both vacant and redevelopable land which is distributed throughout the City in such a way that the City can achieve its 7.5 year regional share goal of 45,741 units, as allocated by SANDAG in the Regional Housing Needs Statement during the period January 1, 2003-June 30, 2005. The inventory shall not fall below the number of sites required to accommodate 75,000 single-family and multifamily housing units even by the end of this period.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

No change from the previous Housing Element, except for the changed regional share goal and slightly reduced anticipated inventory at the end of the planning period. An adequate site inventory was done during the first half of 2005 which shows that as of January 1, 2003, the City had a sufficient site inventory to accommodate approximately 122,000 additional housing units, thus easily exceeding the quantified objective. The inventory is summarized on Table 29.

POLICIES

1. The City shall monitor residential development for its impact upon remaining development capacity and ability to provide public facilities and services and to ameliorate deficiencies in such facilities and services in a timely manner.
2. Through community plan updates, plan amendments, action plans and other community-oriented planning documents, the City shall continue to identify areas appropriate for both single-family and multifamily development, as well as already developed areas where existing development patterns should either be maintained or altered.
3. Through the community plan update process, the City shall designate land for a variety of residential densities sufficient to meet its housing needs for a variety of household sizes, with higher densities being focused in the vicinity of major employment centers and best transit service.
4. The City will ensure efficient use of remaining land available for residential development and redevelopment by requiring that new development meet the density minimums, as well as maximums, of applicable zone and plan designations.



5. The City shall encourage residential use for publicly-owned sites not needed for public use. Land designated for public uses such as parks, schools, libraries, fire or police stations that is determined not to be needed for public use will be considered for redesignation to residential or mixed use designations that include housing.
6. The City will work to develop a comprehensive strategy for addressing the critical need for more work force housing in San Diego. This strategy will be specifically aimed at moderate to middle income workers who earn too much to qualify for existing subsidized housing programs but too little to purchase a home in San Diego.

PROGRAMS

1. Development Monitoring System

As part of the City's development review process, a project tracking system has been created which enables the City to track the status of any development permit at any point in the permit process and, as a by-product, also enables the City to adjust its community capacity estimates to take into account new units coming on line and vacant land removed from the site inventory. This system should continue to be expanded and refined.

2. Identification of Locations for Urban Villages and Mixed-Use Developments

Since the basic land use pattern in most parts of San Diego has now been established and little vacant land remains in the City, there will be reduced need for comprehensive updates to community plans and more attention to finer scale redevelopment. Future modifications to community plans will be focused on creating more pedestrian and transit-oriented mixed-use environments in specific locations. It is expected that over the five years of this Housing Element cycle a number of locations will be identified for mixed-use development throughout the City. The larger ones will be designated as urban villages. These are the areas where opportunities for new housing construction will be concentrated in the future. In some instances it will be necessary to adjust densities and land uses in and near the villages and other locations designated for mixed-use development. Any land use and density changes would require an update or amendment to community plans and California Environmental Quality Act (CEQA) review. The urban village policies will be described in more detail in the Land Use Element.

3. Enforcing Adopted Density Ranges in Community Plans

An informal policy has been adopted by the Planning and is included in the Land Use Element of the draft General Plan to require applicants for discretionary development approvals to build within the density ranges specified in applicable community plans and not to allow densities below the density range minimum unless site specific topographic or other constraints preclude this. In addition, policies adopted by the Planning and Development Services Departments and the Housing Commission require a Housing Impact Statement to be included in all reports to the Planning Commission, Housing Commission and City Council, that explains how a proposed project compares to the density ranges in applicable plans and zones.



**IMPLEMENTATION CHART
PROVISION OF AN ADEQUATE SITE INVENTORY**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Development Monitoring	Monitor residential development for remaining development capacity and ability to provide facilities and services in a timely manner	Ongoing monitoring program	Development Services and Planning	Ongoing	General Fund and Fees	General Public and Project Applicants
Urban Villages and Mixed-Use Developments	Identify locations appropriate for Urban Villages and mixed-use developments incorporating housing as well as employment and retail uses	Establish five urban villages including 3,000 housing units.	Planning	By 2010	Mix of private and redevelopment funds, state and federal grants	General Public
Enforcing Community Plan Density Ranges	Require new residential development to be within the density ranges designated in community plans.	Ongoing enforcement policy and program	Planning	Ongoing	General Fund	General Public



QUANTIFIED OBJECTIVE: New Construction

Provide at least 935 additional units for moderate-income households, 1,915 additional units for low-income households and approximately 2,065 additional units of housing for very low-income households during the plan period July 1, 2005- June 30, 2010. This objective does not include new units constructed with the assistance of Low- and Moderate-Income Redevelopment Set-Aside Funds. A separate objective under Goal 5 covers these units.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

As in the previous Housing Element, policies and programs which call for new construction have been grouped under a New Construction objective. Due to extremely high land costs in San Diego, which have escalated dramatically since the previous Housing Element, it is increasingly difficult to provide new units for low- and very low-income residents without large per-unit subsidies. Despite the challenges, due to increased resources in redevelopment areas, low and very low construction goals are slightly increased from the previous Housing Element. However, in most instances in San Diego, it is more cost-efficient to acquire and rehabilitate units for low-income households than it is to build new units for this income group.

POLICIES

General

1. The City shall continue to utilize federal and state subsidies to the fullest in order to meet the needs of low-income residents.
2. The City shall promote publicly and privately sponsored programs aimed at the development of affordable housing for low-income households. Such housing should offer a range of bedroom composition proportionate to the household sizes of low-income households.
3. The City shall utilize its regulatory powers (e.g., land use, fees, etc.) to promote affordable and accessible housing.
4. The City shall ensure that the development of low-income housing meets applicable standards of health, safety and decency.
5. The City shall emphasize the provision of affordable housing in proximity to emerging low-income job opportunities in the high cost areas of San Diego.
6. The City shall support research efforts of the state and other agencies to identify and adopt new construction methods and technologies to facilitate affordable housing.
7. The City shall support research efforts of the lending industry and state and federal government agencies to identify and adopt innovative financing methods to facilitate affordable housing.



8. The Housing Commission shall maintain an informational resource of housing developments in the City which have units reserved for low-income households.
9. The City shall encourage new construction of Single Room Occupancy hotels (SROs) in helping to meet the housing needs of the elderly, students and low-income individuals.
10. In order to achieve a broader dispersal of SRO hotels, the City shall promote their development within transit-oriented developments citywide in commercially zoned districts. This policy is intended to assist in implementing the City's community balance objectives by facilitating a dispersal of affordable housing.
11. The City shall facilitate a new class of housing called a Living Unit, which offers additional amenities beyond a traditional SRO, to provide low-cost housing units smaller than a studio in multifamily and mixed-use residential zones.
12. The City shall encourage, through the community plan update process, increased use of zones that promote townhouse and row house development that can accommodate housing that is more efficient and less costly than traditional single-family detached housing.
13. The City, working through its lobbyists, shall seek legislative changes to make state and federal affordable housing programs more responsive to needs of low-income households.
14. The City shall foster affordable development and community balance by continuing to implement an inclusionary housing program aimed at increasing the supply of rental and for-sale units available to low- and moderate-income residents.
15. The City shall encourage use of available Housing Density Bonus Programs.

Elderly and People with Disabilities

16. The City shall focus its resources for elderly housing at the low-income end of the elderly population.
17. The City shall encourage housing for the elderly and people with disabilities near public transportation, shopping, medical and other essential support services and facilities.
18. The City shall support the integration of persons with disabilities into the private housing market as much as possible.
19. The City shall augment state requirements that multifamily dwellings contain accessible and adaptable features by adopting an ordinance aimed at increasing visitability to single-family dwellings and duplexes.
20. The City shall maintain an Affordable Housing Resources Guide that includes a list of projects that serve people with disabilities.



Military Housing

21. The City shall cooperate with the military and the private sector to identify opportunities for additional military family housing throughout the City such that the occupants may have the opportunity to become an integral part of those communities.
22. The City shall cooperate with the military through the community plan update process to ensure that potential future military housing sites are readily accessible to public services and facilities.

Student Housing

23. The City shall seek to facilitate post-secondary students being able to live as close as possible to the schools they attend or to transit lines accessible to college campuses.
24. Local universities shall provide as much student housing as possible. The universities should consider the use of incentives to encourage maximum use of university housing.
25. The City shall promote SROs designed as dormitories as a resource in providing housing off-campus for those students who cannot or do not want to be housed on campus.

Mobile Home Parks and Manufactured Housing

26. Development of new mobile home parks in San Diego is no longer recommended or likely due to high land prices and the greater efficiency of providing affordable housing at higher multifamily densities.
27. The City shall encourage the use of manufactured housing as a tool to provide less expensive units in infill situations (replacement units or units on vacant lots) in established single-family neighborhoods as a means of providing housing more affordable to moderate and above moderate-income households. There is an estimated 20 percent construction cost savings compared to conventional stick-built housing. Such housing shall be compatible in design with nearby market-rate housing. This policy is intended to provide more affordable housing while not compromising community design standards.

Housing for Farm Workers and the Rural Homeless

28. The City shall monitor the number of farm worker employees in San Diego and the need for additional housing for farm workers.
29. The City shall seek to provide additional housing units for farm workers with mobile home units on City-owned land.

Housing for the Homeless

30. The City will comply with “Comprehensive Homeless Policy” Number 000-51 which became effective July 12, 1995, and provides guidelines for the City’s response to the homeless problem.



31. The City supports the concept of providing a continuum of housing for the homeless ranging from short-term beds to affordable low-cost permanent housing.
32. The City actively supports providers of homeless services in establishing additional short-term beds. These beds may be provided through a variety of emergency shelter and safe-haven options including temporary shelters associated with the provision of services during periods of extreme weather conditions.
33. The City shall actively support providers of homeless services in establishing additional winter seasonal shelter and entry-level beds.
34. The City shall encourage interagency efforts to provide services and housing to specialized subgroups with disabilities. This support focuses on provision of permanent, supported housing space and services.
35. The City shall encourage the dispersal of potential shelter sites throughout the community where the need is warranted.
36. The City shall encourage the development of resources to help “at-risk” families and individuals with temporary assistance to avoid evictions leading to the need for more short- and long-term bed requirements.
37. The City shall encourage priority for short- and long-term beds to be given to families including women and children.
38. The City shall encourage affordable housing opportunities are given to those individuals and family groups that have successfully completed case managed recovery and traditional programs.
39. The City shall ensure that all homeless facilities comply with all applicable standards with respect to accessibility for disabled persons.
40. The City shall support projects in which individual and collaborative efforts to fund and develop existing and innovative solutions which address the need for transitional and permanent housing for individuals and families moving through the continuum.
41. Preference will be given to projects which demonstrate definitive links to appropriate and progressive support services that move individuals and families through the continuum of care to self sufficiency.
42. The City shall cooperate with other jurisdictions and coalitions in conducting regional, goal-oriented planning and coordination that will identify gaps in service, and seek methods to improve the responsiveness of existing homeless service systems.
43. The City shall promote interagency communications, collaborations and partnerships to achieve an efficient and cost-effective delivery of services to the homeless and those at risk of becoming homeless.



44. The City Council shall encourage other government jurisdictions to meet their statutory obligations with regard to addressing human service needs of populations who are homeless or at risk of homelessness.
45. The City shall develop a method to ensure an equitable distribution of housing options and co-located support service facilities based on need, throughout the City to improve accessibility. Site selection will be focused on the needs of the neighborhood and the requirements for accessibility stated in the Comprehensive Homeless Policy.
46. The City shall work with neighborhoods, businesses, community organizations, private sector partnerships and service providers to facilitate the site selection and approval process for homeless facilities.
47. The City shall develop Site Selection Guidelines and Program Design Criteria in accordance with “Fair Housing Practices” and the “Americans with Disabilities Act” to mitigate potential impacts of homelessness on the community while ensuring access to, and the continuity of the City of San Diego’s Continuum of Care.
48. The City shall permit homeless facilities through a conditional use permit process pursuant to a Residential Care Facility ordinance. Pursuant to state law, the City’s Residential Care Facility Ordinance allows transitional housing and emergency shelters to be sited in residential areas of the City by right, i.e., without a conditional use permit, if there are six or fewer beds. Larger facilities may be sited by right if they comply with the underlying zoning and do not offer any services on-site to the residents. Other residential buildings may be sited by right if they comply with the underlying zoning and do not meet the definition of residential care facilities.
49. The City Council shall review its Comprehensive Homeless Policy on a periodic basis and make modifications as necessary.

Workforce Housing

50. The City shall encourage school districts and other employers to set up programs to provide housing for employees that might not be able to otherwise afford living in San Diego.
51. The City shall identify City-owned properties and work with other public entities such as school districts and the state to identify other publicly-owned land that has potential to be used for affordable housing.

Townhouse and Small Lot Development

52. The City will encourage, increased use of the recently adopted RT and RX zones to encourage small lot, townhouse and row house development that make more efficient use of land and allow lower per unit housing costs than traditional detached single-family housing.



PROGRAMS

1. Density Bonus

The City is in the process of revising its Density Bonus regulations to conform with revised state law. In addition, the City is considering adoption of a local ten percent ministerial density bonus (On-Site Building Bonus) for projects that build required inclusionary units on site rather than paying an in-lieu fee. Based on recent trends and projects now in process, utilizing existing and anticipated Density Bonus regulations, it is anticipated that approximately 375 affordable housing units will be added through FY 2010. Of these, approximately 125 will be affordable to moderate-income homebuyers, 125 units will be affordable to low-income renters and approximately 125 units will be affordable to very low-income renters.

The Density Bonus Program has not been economically attractive to many developers in recent years but the recent changes in state law may increase interest. It is too early to accurately gauge interest in the revised state density bonus programs.

2. Tax Credits and Tax-Exempt Bonds

The Housing Commission will promote the use of federal and state tax credits and multifamily mortgage revenue bonds to assist in the development of housing for low-income households. Based on past trends and assuming that San Diego will obtain the necessary bond and tax credit allocation from the state, the City projects that at least 300 units affordable to very low-income households will be built.

3. Coastal Zone Program

State law provides that conversion or demolition of existing residential units occupied by low- and moderate-income households within the Coastal Zone shall only be authorized if provision has been made for the replacement of those units. The City Council Policy to implement the state law requires that such replacement units be affordable to the occupant for a minimum of five years. Pursuant to these requirements, it is anticipated that approximately 30 units of replacement housing will be provided which would be affordable to low-income households and ten units will be provided that will be affordable to moderate-income households. This estimate is based on in-lieu fees currently available for investment.

4. Single Room Occupancy Hotel Units and Living Units

The City shall continue to support development of new Single Room Occupancy (SRO) hotels by providing incentives that simplify the permitting process, expanding the zones where these units are allowed, and offering financial incentives such as water/sewer impact fee discounts and reduced parking requirements for rent restricted units. It is anticipated that financial assistance will be available to assist in developing units affordable to low- and very low-income individuals.

In 2000, the City established a new class of housing called Living Units which are allowed in downtown residential and mixed-use areas. These units are smaller than most



studio apartments but have more amenities than traditional SRO hotel rooms. Since 1999, approximately 600 SRO units and Living Units have been completed or are under construction. Between 1985 and 1999, approximately 2,400 new SRO units were developed and another 400 units were rehabilitated. Most of these new units are concentrated in the downtown area. A target of constructing 400 additional new SRO and Living Units by 2010 has been established.

The Land Development Code update included creation of a new mixed-use zone for use in areas near major transit nodes where SROs can be located. In order to maximize retention of existing SROs, achieve a broader dispersal of SROs beyond downtown and to help implement community balance objectives, the City is preparing comprehensive revisions to the SRO ordinance. A variety of incentives are currently being examined for inclusion in the new regulations to encourage the construction of new SROs and Living Units.

5. Townhouse and Small Lot Zones

The City shall encourage, through the community plan update and amendment processes, increased use of the recently adopted RT and RX zones. Future community plan updates will include an analysis of where such zones could be used to foster more efficient and less costly forms of development.

6. Sections 202 and 811

The Section 202 and 811 programs allow non-profit corporations to apply for direct loans from the Housing and Urban Development Department (HUD) to finance the construction or acquisition and rehabilitation of housing for the very low-income elderly or hindered/disabled. Rents are restricted to 30 percent of gross income. The City anticipates that approximately 50 units will be constructed through these programs during this Housing Element cycle.

7. Military Housing

The military proposes to develop approximately 1,600 new housing units for military families by the end of FY 2010. These will be located at Miramar MCAS, immediately north of the Tierrasanta Community. Planning for this project is ongoing with construction expected in 2008-2010. Replacement of existing military housing units with new units at Cabrillo Heights in Serra Mesa and Gateway in Point Loma is underway but will not result in a net increase in units.

It is anticipated that most military family housing will continue to be provided by the private sector, with financial incentives from the military. Military housing is available to enlisted personnel with a rank of E-1 and above. Families of enlisted personnel pay no rent for military housing; rather, they receive the housing in lieu of their military housing allowance. Based on current occupancies by rank, it is projected that approximately 40



percent of the units would be affordable to very low-income households and 60 percent would be affordable to low-income households.

8. Student Housing

Current plans on the part of local universities call for adding approximately 5,000 new beds by the end of FY 2010 to serve students. This number includes approximately 2,500 beds projected by the University of California at San Diego, approximately 1,600 off-campus beds planned by San Diego State University through their College Area Redevelopment Plan, 500 beds at the University of San Diego and 400 beds at Alliant International University to replace beds lost when the San Diego Unified School District took a portion of their campus by eminent domain. Pt. Loma Nazarene University is built out and plans no more student housing.

9. Mobile Home Parks and Manufactured Housing

Mobile home parks have in the past provided affordable housing units both for rent and for sale. In San Diego, mobile home parks are regulated through the Mobile Home Park Overlay Zone. High land costs and lack of vacant land now make it infeasible to construct new mobile home parks in San Diego and pressure to convert existing mobile home parks to more intensive uses has increased in recent years. Remaining residential land can house more people and provide more affordable units if developed with multifamily housing. However, it may be possible for existing mobile home parks to be reorganized as nonprofit community land trusts or limited equity cooperatives to enable mobile home park residents to purchase their own spaces, thereby converting to tenant ownership. Such efforts could enable resident acquisition of a minimum of 200 mobile home park spaces, many of which would be affordable to low- and moderate-income households.

Manufactured housing also has limited benefit in a high land cost urban environment like San Diego. The primary cost and efficiency advantages of manufactured housing versus on-site construction are for single-family units which are increasingly difficult to provide at a price affordable to moderate and even middle-income residents. However, manufactured units can offer up to a 20 percent construction savings over conventional stick-built units and are, therefore, encouraged for replacement and infill units in established single-family neighborhoods.

10. Farm Worker Housing

Intensive agriculture (primarily on leased lands) currently exists in several communities in the extreme northern and southern portions of the City. These include Otay Mesa, Tijuana River Valley, San Pasqual Valley and Pacific Highlands Ranch. The San Pasqual Valley Plan calls for retaining agriculture as a long term use in the San Pasqual Valley. Elsewhere, community plans call for agriculture to be phased out and replaced with urban uses and restored natural open space. This conversion will occur over the next five to ten years.



Thirty-six units of City-owned farm worker housing occupied by an estimated 123 farm workers (including family members) is being provided in San Pasqual Valley. However, a significant number of farm workers are unhoused migrants living in canyons in the northern part of the City. These migrants include day laborers as well as farm workers.

Some do farm work during part of the year and day labor at other times. Approximately 200 unhoused farm workers lived in San Diego in 2004 with the number rising to more than 500 during the peak growing season. This number has decreased from an estimated 1,000 in previous years as farming is gradually being phased out in most areas of San Diego.

The City is seeking funding from the state's Joe Serna Jr. Farm Worker Housing Grant Program to provide up to 20 mobile home housing units for 50+ farm workers on one or more additional City-owned sites in the north city area. Provision of these units is expected to be needed for the next five to ten years or until leased fields are gradually replaced by development. If necessary, the units can be relocated to other City property as needed.

The City will continue to annually monitor the number and location of permanent and seasonal farm worker employees in San Diego and their housing needs. If the annual surveys show that additional farm worker housing is needed, the City will seek to provide additional mobile homes on City-owned land. The City will also work with leaseholders in San Pasqual Valley to determine whether additional farm worker housing units are needed in that area.

The City has incorporated provisions of the State Employee Housing Act into its zoning code. These provisions specify that employee housing for six or fewer employees shall be processed as a single-family use and that employee housing for 12 or fewer employees shall be processed as an agricultural use.

11. Housing for the Homeless

The City's program for housing for the homeless has three components: short-term shelter facilities, long-term shelter facilities and permanent supportive housing. Short-term shelter facilities are subcategorized into three types: seasonal spaces (available only during the winter months); vouchers (to pay for homeless persons to stay in commercial hotels/motels); and ongoing 24-hour shelters (available year round).

As noted on **Tables 2**, in fiscal years 2003 and 2004, service providers and the City provided 36,000 shelter bed-nights. It is anticipated, based on current funding levels, that 40,500 bed-nights will be provided annually through the next five-year Housing Element cycle.

Vouchers can serve an important role with respect to providing shelter for those homeless individuals and especially families who cannot be accommodated in a shelter for various reasons such as short-term illness, family size or other special circumstances. The City



joined the county of San Diego and other local jurisdictions in a regional voucher program. It is expected that this model will be used in future years in serving families and others who cannot be accommodated at existing or temporary shelter sites.

Based on consultations with area providers, three goals have been set and are shown in **Table 3**. There has been a decrease in the emphasis on short-term emergency facilities which offer minimal services. Instead, there is an increasing emphasis on programs offering comprehensive, coordinated services for a longer term. This emphasis has occurred at both the local level and federal level with respect to policy. The emphasis on longer-term beds is predicated on the belief that homeless shelter guests receiving supportive services will achieve greater self-sufficiency and have a higher potential for successful transition to independent living. HUD’s funding priorities have reflected this emphasis.

However, because of the emphasis on longer-term beds, as **Table 3** shows, the number of short-term beds has decreased significantly. The need for short-term beds is expected to increase dramatically in the next few years with the full implementation of the “Welfare to Work” program. Local homeless providers also anticipate that HUD’s priorities may shift more toward the short-term end of the spectrum in the near future. Consequently, the City’s quantified objective reflects this greater emphasis on short-term beds.

**TABLE 2
SEASONAL WEATHER SHELTER BEDS**

SERVICE	2003 ACTUAL PER RTFH*	2010 GOAL	NET CHANGE
Seasonal	36,000 bed-nights	40,500 bed-nights	4,500 bed-nights

* Regional Task Force on the Homeless

Seasonal Shelter: A program providing shelter and support services during a limited portion of late fall and winter months.

Source: City of San Diego, Office of the Homeless Coordinator

**TABLE 3
PERMANENT BED CAPACITY**

SERVICE	2004 ACTUAL PER RTFH*	2010 GOAL	NET CHANGE 2004 - 2010
Short-term Beds**	125	325	200
Long-term Beds***	1,740	2,040	300
Special Needs Beds****	502	1,202	700
Total	2,367	3,567	1,200

* Regional Task Force on the Homeless

** Short-term Beds: Basic, temporary overnight sleeping accommodations with minimal screening and support services

*** Long-term Beds: Temporary housing and support services to return people to independent living as soon as possible and generally not longer than 24 months

**** Special Needs Beds: Temporary housing for persons with disabilities including individuals who require special needs due to mental and physical disabilities

Source: City of San Diego, Office of the Homeless Coordinator



The City and the not-for-profit homeless provider community have had a long-term relationship in providing shelter/housing for the homeless. It is the provider of homeless services that the City consulted with in developing realistic and achievable goals to meet the unmet need of sheltering the homeless. The targets presented on **Tables 2 and 3** are based on past experience, projected resources, and changing funding policies with respect to HUD's funding priorities among short- and long-term beds. The targets are aggressive in that they represent an increase in the number of beds to be provided to reduce the gap in unmet need. But they are also achievable if the City and the provider community work in concert with the business and faith communities to seek a fair share of federal funding for San Diego and to continue to encourage private and corporate giving.

The City's development of a comprehensive homeless plan has occurred concurrently with several other systemic planning efforts. The City's plan shares strategy with other efforts such as the federally mandated Consolidated Plan of HUD, and the Regional Task Force on the Homeless. Parallel planning efforts should maximize the impact of resources on the homeless problem.

Figures 1 and 2 depict areas where the City allows emergency shelters and transitional housing to be located. **Figure 1** shows the location of industrial and commercial zones that permit emergency shelters while **Figure 2** shows the location of single and multi-family residential zones and commercial zones that allow transitional housing. These maps indicate that there are numerous sites dispersed widely throughout all geographic areas of the City which allow these uses. Transitional housing facilities for six or fewer people are allowed through a ministerial process and for seven or more people are allowed through a discretionary conditional use permit process.

In 1998, the City amended its processing and development regulations for emergency shelters and transitional housing to facilitate more expeditious processing and remove regulatory impediments. The following changes were made at that time:

- a) The permit approval process for emergency shelter and transitional housing conditional use permit applications was modified to allow them to proceed directly to the City Council with no appeals from a lower decision-making hearing body. Additionally, the City removed the requirement for a recommendation from the Planning Commission in order to further expedite the process.
- b) The requirement for a one-quarter mile separation between emergency shelters or transitional housing and other similar facilities was removed.
- c) The City has published a list of potential sites for emergency shelters and transitional housing which is available to the public in the office of the City Clerk. This list will be periodically updated.

In response to the need for short-term emergency beds, the City in FY 2004 had a dispersed 24-hour seasonal shelter program which served approximately 1,275 people with 400 beds and was targeted to specific homeless populations. One site was



specifically for homeless single men and women; another was for homeless veterans; and a third site was designated for homeless women with children. This model is to be used again throughout the next five-year period. Efforts are underway to increase available beds to 450.

HUD's Continuum of Care Homeless Assistance Program encourages the addressing of homeless needs in a comprehensive and coordinated manner. Consequently, the City has coordinated the annual planning process for identifying gaps in service pursuant to the Continuum of Care concept. This coordination has resulted in a well-integrated, seamless provision of services to the homeless, as outlined in the City's Supportive Housing Program. Each provider has a role to play and expertise and resources to bring to bear.

The Continuum of Care Program has resulted in approximately \$15 million per year in federal, state and local funds being dispersed to local providers and the City for homeless services. The program has become the principal funding vehicle for transitional housing and case management assistance and has resulted in extensive collaboration among the provider community in order to maximize service delivery.

12. Study of Space and Parking Standards for Emergency Shelters

The Planning and Development Services Departments will reexamine the space standards and parking requirements currently required for emergency shelters to ensure that they are reasonable and specifically relate to the needs of emergency shelters.

13. Support for Regional Task Force on the Homeless

In conjunction with the county of San Diego and other local jurisdictions in the region, the City provides funding for the Regional Task Force on the Homeless. The RTFH serves as a central repository of information on homeless needs and assistance, and promotes a coordinated approach to planning for homeless services throughout the region. Working through the RTFH, the City will work to identify gaps in services and promote interagency collaborations and partnerships to achieve the most efficient and cost-effective delivery of services. The City will also encourage other local jurisdictions that have homeless people or people at risk of being homeless to address their specific human service needs.

14. Listing of Affordable Housing Units

The Housing Commission publishes and maintains a comprehensive listing of housing developments in the City which have units reserved for low-income households.

15. Support for Research and Legislation for Affordable Housing

Through the efforts of its lobbyists, the City will support research by the state and other agencies to identify and adopt new construction methods and technologies to provide affordable housing, and research by the lending industry to adopt innovative financing methods to facilitate affordable housing. Additionally, the City shall seek legislative



changes at the state and federal levels to make affordable housing programs more responsive to the needs of low-income households.

16. Pursuit of State and Federal Funding for Affordable Housing

Through the efforts of its lobbyists, the City will monitor the status of all existing and potential state and federal funding resources for affordable housing and apply for all competitive state and federal housing monies which would contribute toward meeting San Diego's affordable housing goals.

17. Inclusionary Housing Programs

The City has two inclusionary housing programs. Since 1992, a requirement has been in effect in portions of the North City that are now designated for urban uses. These areas were, until the 1990s, designated as "future urbanizing" areas. In these areas 20 percent of residential units constructed must be affordable to families earning no more than 65 percent of AMI. Projects with more than ten units must build these affordable units on site or near the site of the market-rate units. Smaller projects may pay an in-lieu fee. This inclusionary program is expected to result in 500 for-sale units and 1,025 rental units for very low-, low- and moderate-income families by 2010.

In 2003, San Diego adopted a citywide inclusionary housing program that is applicable in all portions of the City not included in the North City program discussed above. Developers are required to provide at least ten percent of the total dwelling units affordable to rental households earning no more than 65 percent of AMI or homebuyers earning no more than 100 percent of AMI. Developers may pay an in-lieu fee rather than build units. The in-lieu fees will be used to build new affordable housing units, to acquire and rehabilitate multifamily units or for first time homebuyer assistance. Housing that will be priced at a level affordable to households earning less than 150 percent of AMI is exempt from these requirements. It is estimated that this program will provide up to 1,000 affordable housing units by 2010. Each year the City reexamines this program and will continue to do so. Revisions to the program such as increasing the in-lieu fee or limiting use of the in-lieu fee will be reassessed each year to assure that the intent of the program is being met (to create affordable housing units and, to increase community balance).

The in-lieu fee was initially set at a low level because the inclusionary requirement was phased in gradually. By July 2005, the fee was \$2.50 per square foot. In 2006 and thereafter the fee will be set each year using a formula intended to set the fee at a level corresponding more closely to the cost of constructing an affordable unit on site.

Inclusionary rental units are required to remain affordable for a period of 55 years. Inclusionary for-sale units are restricted in a manner that allows the City to recapture, at the time of resale, the initial subsidy provided to make the unit affordable to families who earn 100 percent or less of the AMI. There is also a 15-year sliding scale equity sharing provision. If the initial buyer resides in the unit for one year they would receive only 15 percent of the equity, with the City receiving the remaining 85 percent. The proportion of



equity going to the buyer increases gradually for 15 years, at which time the owner would be eligible to receive 100 percent of the equity.

Incentives are offered to offset the cost to developers of providing inclusionary housing. These include expedited permit processing, reduced sewer and water connection fees, multifamily bond financing for certain projects and density bonus. In addition, the City is considering an on-site density bonus for all projects that meet the inclusionary requirement on site.

18. Low-Interest Loans

The Housing Commission will provide low-interest loans for the development of affordable rental housing targeted to extremely low-, very low- and low-income households including families, seniors and persons with special needs. Assuming that San Diego will continue to receive HOME and Housing Trust Fund revenues, approximately 750 affordable units will be created by 2010.

19. Accessibility

The City has a goal that 70 percent of newly constructed housing units have features intended to increase accessibility for people with disabilities and their ability to visit homes other than their own (visitability). All units in multifamily projects with four or more units are required by state law to meet accessibility standards. In addition, the City is currently working with the disabled community and the building industry to establish a new ordinance addressing visitability and accessibility in new single-family and duplex dwellings. This ordinance would augment state regulations that mandate accessibility features including fully accessible common facilities in new multifamily housing.

20. City-Owned Land for Housing

The City will continue an ongoing effort to identify City-owned parcels that have potential to be used for affordable workforce housing. The City Council will be periodically informed of available properties and their suitability and feasibility for housing. A goal of creating affordable housing on a minimum of two City-owned sites during the 2005-2010 housing cycle has been established.

21. Employer-Assisted Housing

The City will explore methods to partner with and assist area employers who are interested in providing affordable housing for their employees. An area of particular focus will be employer-developed housing opportunities.

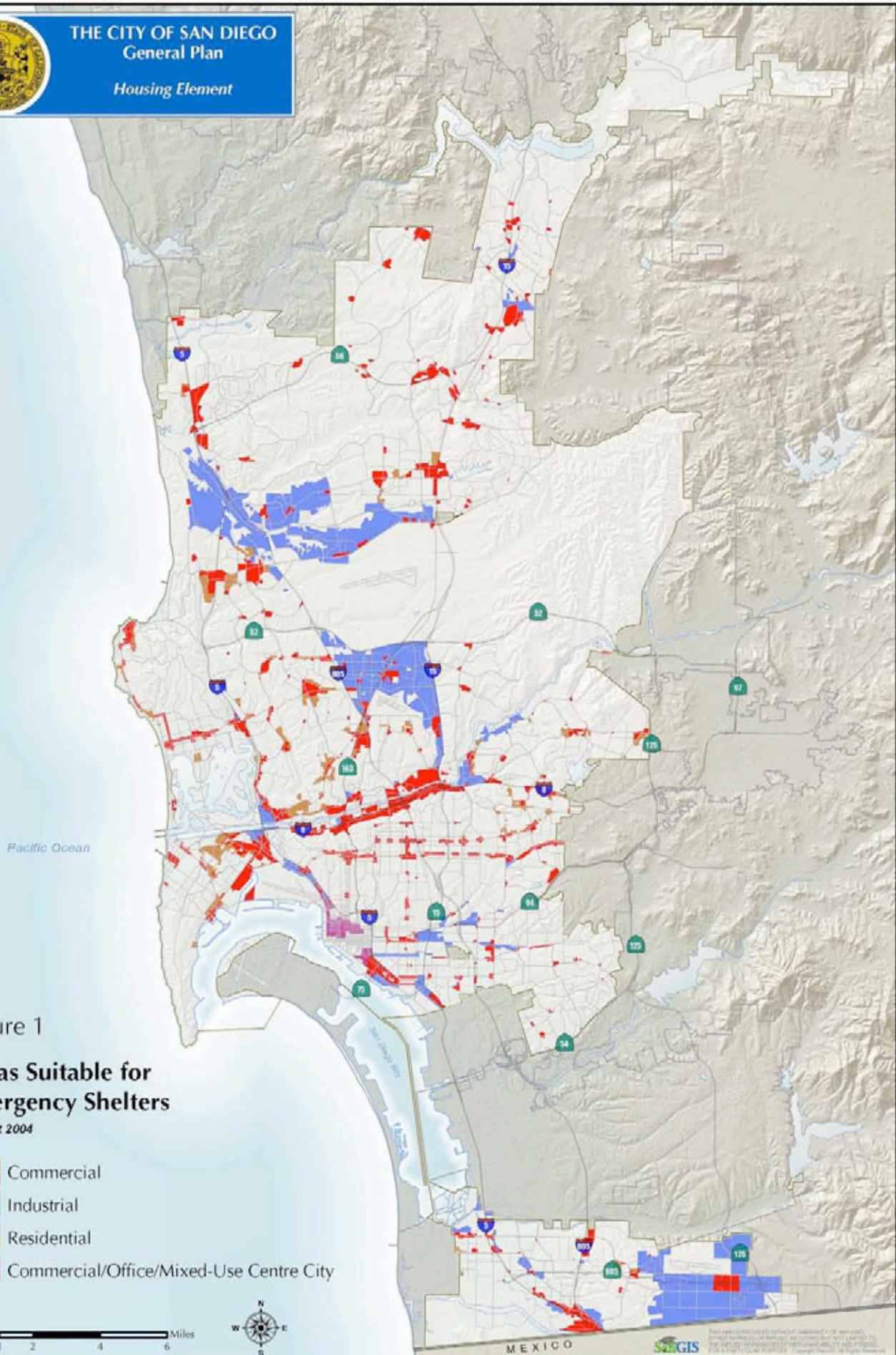


Figure 1
**Areas Suitable for
Emergency Shelters**
August 2004

- Commercial
- Industrial
- Residential
- Commercial/Office/Mixed-Use Centre City





Pacific Ocean

Figure 2
**Areas Suitable for
Transitional Housing**
August 2004

-  Commercial
-  Residential
-  Commercial/Office/Mixed-Use Centre City

0 1 2 4 6 Miles



MEXICO



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IMPLEMENTATION CHART

NEW CONSTRUCTION

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Density Bonus	Promote publicly and privately sponsored programs aimed at the development of affordable housing for low-income households	Units 375	Housing Commission Private Developers Development Services	75/year	Conventional	Low-, very low- and moderate-income households
Tax Credits and Bonds	See Above Policy	Units 500	Housing Commission Not-for-Profit Corps. Private Developers	100/year	Tax Credits Tax-Exempt Bonds	Low- and very low-income households
Low-Interest Loans	See Above Policy	Units 750	Housing Commission	150/year	HOME funds Local and State Housing Trust funds	
Coastal Zone Program	Continue to utilize federal and state subsidies to the fullest to meet the needs of low-income residents	Units 30	Private Developers	6/year	Conventional	Low-income households
SROs	Simplify the construction project approval process for SROs and Living Units	Units 400	Redevelopment Agency Housing Commission Planning Commission	80/year	Redevelopment Agency Housing Commission Tax Credits Tax-Exempt Bonds Conventional	Low-income persons Elderly Low-income Students Military Personnel
	Expand permitted zones for new class of housing called a “living unit” which offers more amenities than an SRO, to provide affordable, entry-level housing in mixed-use and multifamily residential zones citywide					
	Provide incentives to builders such as discounts on water/sewer impact fees and reduced parking requirements for projects that provide affordable, rent-restricted units					



**IMPLEMENTATION CHART
NEW CONSTRUCTION (CONTINUED)**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
RT and RX zones	Encourage increased use of these townhouse and small lot zones to promote more efficient use of land and lower cost housing during community plan updates	Application in 3 locations	Planning and Development Services Dept.	Application in 1 location per year beginning in 2007		First time homebuyers, moderate and middle-income homeowners
Section 202 Section 811	Focus resources for elderly housing at the lower end of the income spectrum. Support integration of persons with disabilities into private housing market to extent possible	Units 50	Not-for Profit Corps. Housing Commission	10/year average	HUD	Low-income elderly and disabled
Inclusionary Housing	The City shall promote provision of affordable housing throughout all areas of the City and near all major employment centers	Units 2,525	Housing Commission Private Developers Development Services	505/year	mix	Very low-, low- and moderate-income households
	The City shall annually review the results of the inclusionary program to adjust the in-lieu fee requirement and consider restricting the in-lieu option if necessary to assure construction of affordable units			Annual review		
Military	The City shall cooperate with the military and the private sector to identify opportunities for additional military family housing throughout the City such that the occupants have the opportunity to become an integral part of communities	Units 1,600	Military Private Sector	FY 2005-2010	Military Private Sector	Military families
	The City shall cooperate with the military through the community plan update process to ensure future sites are readily accessible to public services and facilities					



**IMPLEMENTATION CHART
NEW CONSTRUCTION (CONTINUED)**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Student Housing	Local universities shall provide or partner with others to provide as much student housing as possible on and adjacent to campuses. The universities should consider the use of incentives to encourage maximum use of university housing	Beds 5,000	UCSD Pt. Loma Naz. SDSU USD Alliant International State Private	FY 2005-2010	UCSD Pt. Loma Naz. SDSU USD Alliant International State Private	Students
	The City shall promote SROs designed as dormitories as a resource in providing housing off-campus for those students who cannot or do not want to be housed on campus					
Manufactured Housing	The City shall encourage the use of manufactured housing as one means of providing housing affordable to moderate-income households on single-family infill sites. Such housing shall be comparable in design with nearby market-rate housing	200 units	Private Sector	Ongoing	Average of 40 units per year	Moderate and middle-income families
Farm Worker Housing	The City shall seek to provide 20 additional mobile home units on City-owned land	20 additional mobile home units for permanent and seasonal farm workers and day laborers	Farmers and Growers Housing Commission Real Estate Assets Dept. Community and Economic Development Division	10 units by 2007 20 units by 2010	Conventional SB/HOME Housing Trust Fund SERNA funds HCD funding	Farm workers Day laborers
	The City will annually monitor the number of farm workers and their housing needs and seek to adjust the amount of housing units provided accordingly	Annual surveys	Real Estate Assets Dept. Housing Commission	Ongoing		Farm workers Day laborers



**IMPLEMENTATION CHART
NEW CONSTRUCTION (CONTINUED)**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Farm Worker Housing (cont.)	The City will work with leaseholders in the San Pasqual Valley to determine whether additional farm worker housing is needed and if so where it should be located		Real Estate Assets Dept. Housing Commission	By 2008		Farm workers
Housing for the Homeless	Supports the concept of providing a continuum of housing for the homeless ranging from short-term beds to affordable low-cost permanent housing. Support providers of homeless services in establishing additional short-term beds. These beds may be provided through a variety of emergency shelter and safe haven options including temporary shelters associated with the provision of services during periods of extreme weather conditions	Full spectrum of services Increase of 200 short-term beds	Homeless Providers City Homeless Coordinator	By 2010	McKinney Super NOFA HOME ESG Housing Trust Fund CDBG Regional Hotel/Motel Vouchers	Spectrum of homeless throughout the City
	Give primary emphasis to the provision of homeless facilities in the development of service enhanced longer-term beds	Increase of 300 permanent supportive housing units	Homeless Providers	By 2010	Same as above	Homeless single adults, families, youth, special needs
	Retain support for winter seasonal shelter and entry-level beds	Annual bed-night capacity of 40,500 bed-nights	Homeless Providers Housing Commission	Ongoing	McKinney Housing Commission Regional Hotel/Motel Vouchers Port District	Priority for single women, with children, elderly disabled
	Provide permanent supportive housing opportunities for special needs populations including those with mental illness, disabilities and substance abuse problems	Increase of 200 units	Homeless Providers Housing Commission	By 2010	SAMSA/HHSA HUD redevelopment bond funds tax credits SDHA funds Section 8	Individuals with mental illness, disabilities and substance abuse problems



**IMPLEMENTATION CHART
NEW CONSTRUCTION (CONTINUED)**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Housing for the Homeless (cont.)	The City shall continue to regulate emergency shelters and transitional housing through a conditional use permit process. In accordance with the 4 th District Court of Appeals decision in the case “Hoffmaster v. City of San Diego,” the City shall continue to implement measures it has adopted to accelerate the Permit approval process for these facilities and not apply a separation requirement. Additionally, in accordance with the Court’s decision, the City shall publish a listing of potential sites for emergency shelter and transitional housing and maintain on file at the City Clerk’s office	Report to Planning Commission & City Council	Planning City Homeless Coordinator	Ongoing	General Fund	Homeless Providers
	Encourage interagency efforts to provide services and housing to specialized homeless groups such as the mentally ill and chronically disabled. Support will focus on permanent supported housing space	Increase of 204 Special Needs Beds	City/County w/ private nonprofits	FY 2010	HOPWA Sect. 8 set McKinney HOME Housing Trust Fund CDBG Redevelopment Set-Aside	Youths, families, disabled and other special needs populations
Regional Task Force on Homeless	The City will cooperate with other jurisdictions and coalitions in conducting regional goal-oriented planning and coordination that will identify gaps in service and seek methods to improve the responsiveness of existing homeless service systems	Annual funding	City of San Diego RTFH	Ongoing	General Fund	Spectrum of homeless throughout region



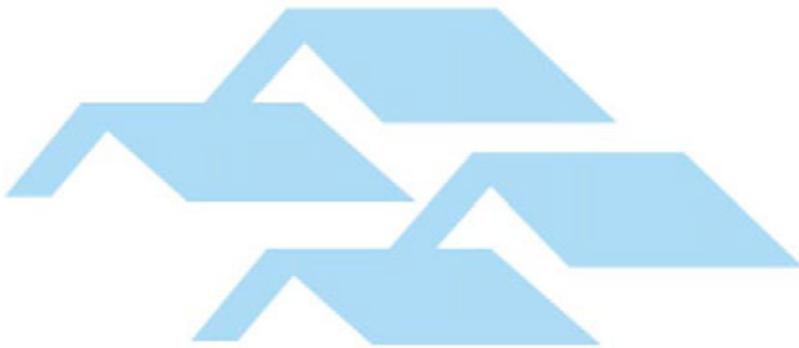
**IMPLEMENTATION CHART
NEW CONSTRUCTION (CONTINUED)**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Regional Task Force on Homeless (cont.)	The City will promote interagency communications, collaborations and partnerships to achieve an efficient and cost-effective delivery of services to the homeless and those at risk of becoming homeless The City Council expects other government jurisdictions to meet their statutory obligations with regard to addressing human service needs of populations who are homeless or at risk of homelessness					
Listing of Affordable Housing Units	The Housing Commission shall maintain a comprehensive listing of housing developments in the City which have units reserved for low-income households	Quarterly listing	Housing Commission	Updated quarterly	Housing Commission Funds	Very low-, low- and moderate-income households
Support for Research Legislation for Affordable Housing	Through its lobbyists, the Dept. of Intergovernmental Relations and the Housing Commission, the City will support research by the state and other agencies to identify and adopt new construction methods and technologies to provide affordable housing, and research by the lending industry to adopt innovative financing methods to facilitate affordable housing	Ongoing	Legislative Svcs. Housing Commission Planning	Ongoing	General Fund Housing Commission	Very low- and low-income households
Pursuit of state and federal funding	Additionally, the City shall seek legislative changes at the state and federal levels to make affordable housing programs more responsive to the needs of low-income households					



**IMPLEMENTATION CHART
NEW CONSTRUCTION (CONTINUED)**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Encourage new construction to incorporate Universal Design features	The City anticipates that a majority of new residential units will incorporate universal design features including fully accessible common facilities in multifamily dwellings	70% of newly constructed units will incorporate universal design features	Planning Development Services	Ongoing	Private sector	Disabled, handicapped and elderly citizens
Encourage visitability in single-family and duplex homes	Prepare an ordinance to address visitability in new single-family and duplex dwellings	Adoption of ordinance	Development Services Planning	2006	General Fund Development Services Enterprise Fund	Disabled, handicapped and elderly citizens
Identify City-owned property suitable for affordable housing	Determine the suitability and feasibility of utilizing City-owned properties for affordable housing	Create housing on two or more City-owned sites by 2010	Planning Real Estate Assets Dept. Housing Commission	Ongoing	Undetermined	Low- and moderate-income citizens
Encourage employer-assisted and employer-developed housing opportunities	Partner with area employers to develop employer-assisted housing programs and employer-developed housing opportunities	Employer-assisted housing projects by 2010	Housing Commission	Ongoing	Employer financed	Employees that participate in employer-assisted housing.



Goal 2

Maintain at a High Level and Upgrade, where Necessary, the Quality, Safety and Livability of San Diego's Housing Stock, with Emphasis on Preservation of San Diego's Affordable Housing Stock



GOAL 2

MAINTAIN AT A HIGH LEVEL AND UPGRADE, WHERE NECESSARY, THE QUALITY, SAFETY AND LIVABILITY OF SAN DIEGO'S HOUSING STOCK, WITH EMPHASIS ON PRESERVATION OF SAN DIEGO'S AFFORDABLE HOUSING STOCK

QUANTIFIED OBJECTIVE: Maintenance and Preservation

Develop and maintain programs that identify substandard housing and provide a wide spectrum of options to correct housing code violations.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

This Housing Element retains the same maintenance and preservation objective from the previous element.

POLICIES

1. The City shall encourage the maintenance and repair of existing renter- and owner-occupied housing to prevent deterioration by promoting educational and training programs on basic housing maintenance procedures and techniques.
2. The City shall promote the replacement of substandard housing units which cannot feasibly be rehabilitated.
3. The City shall support neighborhood cleanup programs.
4. The City shall coordinate code enforcement efforts with housing rehabilitation programs.
5. The City shall implement inspection programs for unique housing types such as farm worker housing and mobile homes to assure compliance with minimum health and safety standards.

PROGRAMS

1. Housing Code Enforcement

The City shall continue to support and, where possible, expand its code enforcement activities. Such activities shall emphasize amelioration of defects which threaten the basic health and safety of the occupants and community.



2. Farm Worker Housing Inspection Program

The Real Estate Assets Department and Neighborhood Code Compliance Department shall jointly undertake an annual inspection program of the 36 City-owned farm worker houses in San Pasqual Valley to ensure that they meet minimum health and safety standards. Such inspection program costs shall be recoverable. Buildings which are beyond economical repair or a hazard to the public health, safety and welfare shall be repaired or replaced. If additional City-owned farm worker housing is provided, as intended, the inspection program will be expanded to cover the new units.

3. Mobile Home Inspection Program

Continue to implement a five-year inspection program in which all mobile home parks will be inspected for compliance with minimum health and safety standards. Approximately 1,300 mobile home park spaces shall be inspected annually.

4. Housing Maintenance Educational and Training Programs

Self-help training workshops and classes are offered by a variety of organizations and institutions including the San Diego Apartment Association, San Diego Board of Realtors, community colleges and other entities. The City will encourage new and existing property owners to participate in the programs through a variety of outreach efforts. The Housing Commission has a Universal Design Awareness program to provide all affordable housing developers with guidelines for incorporating universal design features. Attendance is mandatory for developers seeking rental housing financial assistance. The intent is to increase use of universal design features in affordable housing projects.

5. Code Enforcement/Rehabilitation Coordination

The Neighborhood Code Compliance Department shall refer owners of multifamily housing with multiple code violations to the Housing Commission for possible amelioration with the assistance of Housing Commission rehabilitation programs. The Neighborhood Code Compliance Department will also refer owners of multifamily housing with multiple violations in designated redevelopment areas to the appropriate redevelopment entity for possible correction with the assistance of redevelopment funds.

6. Neighborhood Cleanup Programs

The Housing and Code Enforcement Division of the Development Services Department will cooperate with neighborhood and trade associations in neighborhood cleanup campaigns. Such campaigns will be coordinated with systematic code enforcement and rehabilitation programs.



**IMPLEMENTATION CHART
MAINTENANCE AND PRESERVATION**

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Housing Code Enforcement	The City shall continue to implement a housing code enforcement program on a complaint basis. Such a program shall emphasize amelioration of defects which threaten the basic health and safety of the occupants and community The City shall promote the replacement of substandard housing units which cannot feasibly be rehabilitated The City shall coordinate code enforcement efforts with housing rehabilitation programs	Inspect approx. 25,000 units	Neighborhood Code Compliance Division	5,000 units annually	General Fund	Occupants of older, multifamily rental housing
Farm Workers Housing Inspection Program	The City shall implement inspection programs for unique housing types such as farm worker housing, mobile homes, and SROs to assure compliance with minimum health and safety standards	Inspect all City-owned units annually	Neighborhood Code Compliance Division	Inspect all City-owned units annually	Enterprise Fund	Permanent employees of farms and growers and their families
Mobile Home Inspection Program	Same as Above Policy	Inspect all mobile home spaces every 5 years	Neighborhood Code Compliance Division	Inspect 1,300 mobile homes	Mobile Home Inspection Fee	Occupants of mobile home parks
Housing Maintenance Education Training Program	The City shall encourage the maintenance and repair of existing renter and owner-occupied housing to prevent deterioration by promoting educational and training programs on basic housing maintenance procedures and techniques	At least 2 programs annually	SD Apt. Assoc. SD Board of Realtors Community Colleges	At least 2 programs annually	Private	Owners of rental and owner-occupied housing
Universal Design Awareness Program	The City shall require affordable housing developers seeking financial assistance to attend programs which describe guidelines for incorporating universal design components in projects	Mandatory attendance by all applicants for financial assistance for affordable housing projects	Housing Commission	Ongoing	Housing Commission	Very low- and low-income people



IMPLEMENTATION CHART
MAINTENANCE AND PRESERVATION (CONTINUED)

PROGRAM	POLICY	5-YEAR TARGET	RESPONSIBLE AGENCY	TIMING	FINANCING	PRIMARY BENEFICIARY
Code Enforcement/ Rehabilitation Coordination	The City shall coordinate code enforcement efforts with housing rehabilitation program	Ongoing	Neighborhood Code Compliance Division Housing Commission	Ongoing	General Fund	Owners of rental and owner-occupied housing
Neighborhood Cleanup Program	The City shall support neighborhood cleanup programs	50 neighborhood cleanup programs	Environmental Services	10 per year	General Fund	Residents of older neighborhoods



QUANTIFIED OBJECTIVE: Preservation of Existing Low-Income Housing

HOUSING ELEMENT REQUIREMENTS

Section 65583 of the California Government Code requires local governments to include in their Housing Elements an analysis and programs for the preservation of assisted housing developments.

The purpose of the analysis is to identify actions that the jurisdiction can take to preserve “at-risk” units, to adequately plan for preventing or minimizing tenant displacement and to preserve the local affordable housing stock.

The analysis is required to cover a ten-year period but for ease of planning, the state Department of Housing and Community Development recommends dividing the period into two five-year groups, coinciding with the planning periods of the Housing Element. The analysis should include five essential components:

1. Inventory of existing multifamily rental units “at-risk” of losing use restrictions, termination of subsidy contract, or mortgage prepayment (including units assisted by federal, state and local sources of financing or subsidy);
2. An analysis estimating the total replacement cost of producing new rental housing comparable in size and rent levels to the units that could convert, and the estimated cost of preserving the existing assisted units;
3. Identification of all resources available for preservation activities:
 - a. Public and private nonprofit corporations capable of acquiring and managing existing multifamily housing developments;
 - b. Federal, state and local financing and subsidy programs available to preserve “at-risk” units.
4. Establishment of a preservation objective, which is a quantified objective for the number of “at-risk” units to be preserved during the first seven-year planning period; and
5. Local programs for preservation activities.

TIME FRAME OF PRESERVATION AMENDMENT

For this Housing Element, the Preservation of Assisted Housing analysis will encompass all housing projects “at-risk” during a ten-year period from July 2005 to June 2015. The first five-year subset will cover the period from July 2005 to June 2010, referred to herein as Group 1. The next five-year subset will cover the period from July 2010 to June 2015, referred to herein as Group 2.



OVERVIEW - PRESERVATION OF “AT-RISK” ASSISTED HOUSING PROJECTS

Beginning in the 1960s, the federal government provided various incentives to private developers including low-interest loans and rent subsidies administered by the Department of Housing and Urban Development (HUD) and Farmers Home Administration (FHA). Owners who secured these subsidies entered into contracts with HUD agreeing to build or operate multifamily rental housing developments that reserved the units for low-income households as long as the projects participated in the federal programs.

Many of the programs gave owners the option of prepaying their mortgages or opting out of their project-based Section 8 rental assistance contracts. When an owner elects to exercise this option, the project’s subsidy and the accompanying use restrictions are terminated. At this point units may be converted to market-rate units and tenants may become displaced without any assurance of securing permanently affordable housing elsewhere. Additionally, the inventory of low-income housing declines as units are taken out of the affordable housing stock and converted to market-rate rents.

The potential loss of affordable units is compounded when considering “at-risk” low-income units produced by state and local programs, such as Low-Income Housing Tax Credit Program, state Density Bonus, state-issued bonds, Multifamily Revenue Bonds, and Low- and Moderate-Income Set Aside Funds provided through redevelopment agencies. Like their federal counterparts, these programs have regulatory agreements or other use restrictions for terms of limited duration.

Inventory and Cost Analysis of “At-Risk” Affordable Units

Table 4 contains an inventory and comparative analysis of the costs involved in replacing units at risk of conversion from affordable housing to market rents during both the Group 1, FY 2006 through FY 2010, and Group 2, FY 2010 through FY 2015 analysis periods. The analysis calculates the cost to replace, through new construction or acquisition and rehab, the same “at-risk” units in comparable size and rent levels. Housing Commission staff used most current development, acquisition and rehabilitation costs in the analysis.

The purpose of this analysis is to compare the cost of options available to the jurisdiction when faced with a potential conversion problem, and to determine the level of local subsidies required to assist in preservation efforts. The cost analysis will enable the City to use a “bottom line” approach as programs are developed and available resources targeted to preserve units at risk of conversion.



TABLE 4
INVENTORY AND COST ANALYSIS OF “AT-RISK” AFFORDABLE UNITS
SORTED BY EXPIRATION DATE OF MORTGAGE AFFORDABILITY RESTRICTIONS (PRE-PAY), OR SECTION 8 CONTRACTS RENEWALS (OPT-OUT)

PROJECT		FED/STATE/LOCAL	EXPIRATION DATES		UNITS	CONTRACT UNITS - BEDROOMS					
NAME	ADDRESS	PROGRAMS	PRE-PAY	OPT-OUT ²	TOTAL	ASSISTED	0	1	2	3	4
Group 1 Projects: July 1, 2005 - June 30, 2010*											
Euclid Avenue Apts ²	4115 Euclid Avenue	236(j)(l)	8/1/1990	5/31/1999	12	12	0	3	5	4	0
Westminster Manor ²	1730 Third Avenue	236(j)(l)/202 (Elderly)	2/1/1992	6/30/1999	155	121	35	62	0	0	0
Grace Tower ²	3955 Park Blvd	202 (Elderly)	6/30/1998	6/30/1999	169	20	5	15	0	0	0
Trinity Manor ²	3940 Park Blvd	202 (Elderly)	1/1/2000	12/9/1999	100	100	0	99	1	0	0
Cathedral Arms ²	3911 Park Blvd	236(j)(l)/202 (Elderly)	8/1/1992	5/31/2000	206	82	79	3	0	0	0
Wesley Terrace ²	5343 Monroe Avenue	236(j)(l)/202 (Elderly)	7/1/1993	5/31/2000	160	160	41	42	0	0	0
Cathedral Plaza ²	1551 Third Avenue	236(j)(l)	3/1/1996	5/31/2000	222	172	54	30	0	0	0
Luther Tower ²	1455 Second Avenue	202 (Elderly)		5/31/2000	198	32	22	10	0	0	0
Green Manor ²	4041 Ibis Avenue	202 (Elderly)		5/31/2000	152	124	84	40	0	0	0
Bay Vista Methodist Hgts ²	4888 Logan Avenue	223©/221(d)(3)	1/1/1991	5/31/2000	268	268	0	0	100	168	0
Lakeshore Villa	6888 Golfcrest Drive	221(d)(4) Mkt. Rate	11/1/1998	6/4/2000	126	124	0	124	0	0	0
Imperial Villa Apts	620 67th Street	236(j)(l)	6/1/1995	6/30/2000	38	37	0	12	18	7	0
Sorrento Tower ²	2875 Cowley Way	236(j)(l)/202 Eld. Hsg.	2/1/1997	6/30/2000	198	165	130	35	0	0	0
Peñasquitos Village	10955 Carmel Mt Road	221(d)(3) BMIR	5/1/1990	7/31/2000	332	213	0	62	151	0	0
Delta Arms ²	4245 Delta Street	236(j)(l)	12/1/1992	7/31/2000	22	21	0	6	10	5	0
Pres. John Adams III	3829 Marlborough Avenue	236(j)(l)	8/1/1992	9/30/2000	19	19	0	19	0	0	0
San Diego Square ²	1055 9th Avenue	202 (Elderly)	2/1/2001	10/26/2000	156	154	0	154	0	0	0
Horton House ²	333 G Street	221(d)(3) Mkt. Rate	8/1/2001	4/26/2001	150	150	49	101	0	0	0
Lions Community Manor ²	310 Market Street	202 (Elderly)	4/1/2002	9/30/2001	129	129	0	129	0	0	0
Cerro Pueblo	2835 Clairmont Drive	221(d)(4) Mkt. Rate	6/1/2003	11/10/2001	46	46	0	46	0	0	0
Villa Merced ²	1148 Beyer Way	202 (Elderly)	8/1/2002	1/14/2002	100	100	0	100	0	0	0
Big Sister Residency ²	3360 4th Avenue	811 Disabled		7/31/2002	15	15	0	15	0	0	0
Guadalupe Plaza ²	4142 42nd Street	202 (Elderly)	9/1/2003	11/30/2002	126	126	0	126	0	0	0
Mariners Cove Apts ²	4392 W. Point Loma Blvd.	221(d)(4) Mkt. Rate	8/1/1995	3/22/2004	500	100	0	24	68	8	0
University Canyon Apts ⁴	2098 Via Las Cumbres	221(d)(4) Mkt. Rate, MF Bonds	2/1/2005	7/5/2004	120	120	0	30	82	8	0
Redwood Villas ²	3060 53rd Street	HOME		6/30/2008	90	74	0	60	14	0	0
Meadowbrook Apts I ²	7844 Paradise Valley Road	224(f)221BMIR		5/31/1999	208	151			104	47	0
Meadowbrook Apts II ²	7844 Paradise Valley Road	236(j)(l)		5/31/1999	240	215			142	73	0
San Diego Leisure Life Village ²	10955 Carmel Mountain Road	221(d)(3)BMIR		10/1/2006	248	134		48	86		
	4566-72 Oregon Street	MOD Rehab			6	6	0	6	0	0	0



TABLE 4
INVENTORY AND COST ANALYSIS OF “AT-RISK” AFFORDABLE UNITS (CONTINUED)
SORTED BY EXPIRATION DATE OF MORTGAGE AFFORDABILITY RESTRICTIONS (PRE-PAY), OR SECTION 8 CONTRACTS RENEWALS (OPT-OUT)

PROJECT		FED/STATE/LOCAL	EXPIRATION DATES		UNITS		CONTRACT UNITS - BEDROOMS				
NAME	ADDRESS	PROGRAMS	PRE-PAY	OPT-OUT ²	TOTAL	ASSISTED	0	1	2	3	4
	3709-15 T Street	MOD Rehab			5	5	0	0	5	0	0
	4122-26 C Street	MOD Rehab			6	6	0	2	4	0	0
	3606-90 Del Sol Boulevard	MOD Rehab			87	87	0	3	11	62	11
	4206-16 Keeler Avenue	MOD Rehab			5	5	0	5	0	0	0
	6202-08 Brooklyn Avenue	MOD Rehab				8		1	7		
	4773-89 Lantana Drive	MOD Rehab				8		2	6		
	4970-72 Holly Drive	MOD Rehab				2				1	1
	344-348 S. Willie James Jones	MOD Rehab				20			8	13	
	5266-74 Naranja Street	MOD Rehab				5		1	3	1	
	331-333 S. 49 th Street	MOD Rehab				2				1	1
	3038 Broadway	MOD Rehab				5		1	2	2	
Paseo Point	10024 Paseo Montril	Multifamily Bonds	7/1/2005	12/1/2022	250	50	0	37	13	0	0
Nobel Court	3707 Nobel Drive	Multifamily Bonds	7/1/2005	12/1/2022	685	137	0	110	27	0	0
La Cima	7503 Charmant Drive	Multifamily Bonds	7/1/2005	12/1/2022	514	103	0	75	28	0	0
Hillside Gardens Apts	5802 University Avenue	Multifamily Bonds	8/8/2005	4/1/2025	380	144	0	19	125	0	0
Mirada at La Jolla Colony Apts	7568 Charmant Drive	Multifamily Bonds	11/3/2006	4/1/2026	444	89	0	82	7	0	0
Lusk Mira Mesa Apts	11102 Caminito Alvarez	Multifamily Bonds	10/1/2009	3/1/2032	752	153	151	16	26	109	0
Las Flores Apts	7039 Charmant Drive	Multifamily Bonds	10/1/2009	3/1/2032	312	63	0	44	19	0	0
Maya Apts ⁴	10101 Maya Linda Road	Multifamily Bonds	6/15/2010	8/1/2025	132	41	0	12	26	3	0
Density Bonus	Scattered	Density Bonus Program			4043	545	0	69	383	81	11
Group 1 Total:					12,576	5,117	650	1,915	1,588	869	64



TABLE 4
INVENTORY AND COST ANALYSIS OF “AT-RISK” AFFORDABLE UNITS (CONTINUED)
SORTED BY EXPIRATION DATE OF MORTGAGE AFFORDABILITY RESTRICTIONS (PRE-PAY), OR SECTION 8 CONTRACTS RENEWALS (OPT-OUT)

NAME	PROJECT ADDRESS	FED/STATE/LOCAL PROGRAMS	EXPIRATION DATES		TOTAL UNITS	CONTRACT UNITS - BEDROOMS					
			PRE-PAY	OPT-OUT ²		ASSISTED	0	1	2	3	4
Group 2 Projects: July 1, 2010 - June 30, 2015											
Bridgeport Properties ¹	Scattered Sites	Multifamily Bonds	10/1/2013	7/20/2028	421	421	146	157	106	12	0
President John Adams Manor Apts ¹	5471 Bayview Heights Place	Multifamily Bonds	10/1/2013	10/1/2033	300	300	0	44	208	48	0
Creekside Villa Apts. ³	4685 Nogal Street	Multifamily Bonds	6/24/2014	6/15/2019	144	43	0	0	29	0	14
Archstone (La Jolla Pointe Apts)	7396 Avenida Navidad	Multifamily Bonds	8/1/2014	8/1/2014	328	66	0	21	45	0	0
Density Bonus	Scattered Sites	Density Bonus Program			290	47	1	5	27	9	2
Group 2 Total:					1,483	877	147	227	415	69	16
Total Group 1 and 2:					14,059	5,994	797	2,142	2,003	938	80

COST ANALYSIS

	Costs	Units		Contract Units - Bedrooms			
		Assisted	0	1	2	3	4
Total New Construction Costs for Group ¹ :	\$933,021,000	5,117	70,200,000	321,720,000	336,656,000	188,573,000	15,872,000
Total Acquisition and Rehab Costs for Group ¹ :	\$463,610,000	5,117	41,600,000	166,605,000	149,272,000	98,197,000	7,936,000
Total New Construction Costs for Group ² :	\$160,933,000	877	15,876,000	38,136,000	87,980,000	14,973,000	3,968,000



Total Acquisition and Rehab Costs for Group ² :	\$77,948,000	877	9,408,000	19,749,000	39,010,000	7,797,000	1,984,000
Total New Construction Costs for Groups 1 and 2:	\$1,093,954,000	5,994	86,076,000	359,856,000	424,636,000	203,546,000	19,840,000
Total Acquisition and Rehab Costs for Groups 1 and 2:	\$541,558,000	5,994	51,008,000	186,354,000	188,282,000	105,994,000	9,920,000

Footnotes:

1. Projects owned by Non-Profit Organizations, and although eligible for conversion, are generally regarded as being at low risk for conversion to market-rate housing.
2. Contains projects which are being renewed year to year from original expiration date of Section 8 contract.
3. Limited Partnership with a Nonprofit General Partner.
4. Project owned by Public Agency.



A total of 5,117 affordable units are eligible to convert to market-rate rents during the FY 2006 through FY 2010 reporting period. Most of these units are at risk due to options available to current owners to prepay existing federal mortgages. Estimates indicate that it would cost the City over \$933 million to replace those units through new construction and over \$436 million to replace those units through acquisition and rehabilitation. Estimated acquisition costs factored in possible rehab cost to bring units up to health and safety standards or to remove asbestos and lead-based paint hazards. It should be noted that 2,166 units are in projects owned by nonprofits, and although eligible for conversion, those projects are generally regarded as being at low-risk for conversion to market-rate housing. The City will monitor those nonprofit projects, but anticipate that any preservation opportunities will come from for-profit-owned projects.

A total of 877 affordable units are eligible to convert to market-rate rents during the FY 2010 through FY 2015 reporting period. Most of these units are at risk due to the expiration of Multifamily Bond financing. Estimates indicate that it would cost the locality over \$160 million to replace those units through new construction and nearly \$80 million to replace those units through acquisition and rehabilitation.

The City is at risk of losing a total of 5,994 affordable units from its affordable housing stock, from FY 2006 through FY 2015, due to the prepayment of subsidized mortgages and the expiration of affordability restrictions. Most of these units are at risk due to options available to current owners to prepay existing federal mortgages, or the expiration of multifamily bonds. Estimates indicate that it would cost the locality over \$1 billion to replace those units through new construction and over \$541 million to replace those units through acquisition and rehabilitation. Owners of multifamily bond projects may agree to amend existing bond documents to extend the terms of affordability, at no cost to the jurisdiction.

Localities can anticipate limited federal and state assistance in preserving the affordability of these units. Therefore, the need for local assistance is much greater in this instance. Faced with greater preservation costs, replacement of lost units through acquisition and rehabilitation appears to be the most cost effective option.

The cost analysis makes clear the need for access to all available financial resources in order to prevent the loss of “at-risk” units. Moreover, the analysis also makes clear the need to work with organizational resources to achieve preservation targets. Reliance on local or even state or federal financing programs alone is not sufficient to assure preservation, given the extensiveness of the conversion problem.

There has been such a variety of financing and subsidy programs used to build affordable housing in the past, that existing state and federal financing or incentive preservation programs do not address the possible conversion of many nonfederal financed housing projects, such as density bonus units. Finally, long-term preservation is not guaranteed without enlisting the active support and participation of tenants and local nonprofit agencies willing to acquire and maintain “at-risk” units as permanently affordable housing.



FINANCING PROGRAMS

Federal

There are two types of federal programs that allow the termination of low-income use restrictions: low-interest, FHA-insured loans; and Section 8 rental assistance. Often, projects received assistance from both types of programs. In such cases, the earliest termination date in either program is the earliest a project may lose its use restrictions.

Programs that fall under the first category of low-interest, Federal Housing Administration (FHA) insured loans include the Section 221(d)(3) Below Market Interest Rate (BMIR), Section 236 and Section 202 Programs. Between 1961 and 1983, the Section 221(d)(3) and Section 236 programs provided for-profit and nonprofit owners with loans at typical interest rates of one percent or three percent and provided at least 90 percent of development cost. The first two programs were typically financed by private lenders with HUD “writing down” the interest and providing mortgage insurance. The third program was a direct government loan. Mortgages were for terms of 40 years; however, these programs allowed loan repayment in year 20 and termination of the regulatory restrictions on both rents and occupancy.

In addition to very favorable financing terms, owners received tax benefits that provided an attractive return on their ten percent equity contribution. They also received a restricted annual cash flow of up to six percent of original equity, and received management and partnership fees.

All Section 202 and some Section 236 and Section 221(d) (3) (BMIR) projects that are held in nonprofit ownership or received certain other additional HUD subsidies, are locked into their affordability for the full mortgage term, but may have use restrictions terminated after that date.

Federal Section 8 rental assistance programs fall under the second general category of programs allowing termination of use restrictions. These programs include New Construction, Substantial Rehabilitation and Moderate Rehabilitation Programs, as well as existing federally assisted projects onto which Section 8 was added under the Loan Management Set-Aside and Property Disposition Programs.

Under these Section 8 contracts, subsidies are tied directly to the project and cannot be used by tenants if they move elsewhere. HUD provides the project owner with the difference between a tenant’s rent contribution, generally limited to 30 percent of household income, and the contract rent established by HUD. Many of the contracts allowed owners to opt out after seven-year intervals. If this option was exercised, tenants residing in the project would lose their rental assistance and in all likelihood, be faced with a greater rent burden or be forced to seek housing elsewhere.

In 1996, Congress created an “enhanced voucher” to protect tenants from rent increases in properties that left HUD’s programs. Enhanced vouchers may provide a greater subsidy and give tenants a right to remain in their unit after conversion to market rent.



When long-term rental assistance contracts expire, HUD may renew them. Currently, HUD generally renews expiring long-term contracts on an annual basis but may renew for up to five years. According to HUD, about 90-95 percent of the property owners renew their contracts, thereby continuing to provide affordable housing.

State and Local

Nearly 6,000 affordable housing units that have been developed in San Diego using federal, state and local programs, have expiring rent restrictions over the ten-year period (FY 2006-FY 2015). These units generally carry affordability restrictions for periods of between ten and 30 years. Many of these units are nearing the end their affordability terms, and are considered “at-risk” of converting to market-rate rents.

City of San Diego

Most of these units have been developed by private nonprofit or for-profit sponsors who have utilized subsidies or financing provided by the public sector at the local, state and/or federal levels.

Affected units include those acquired, constructed, or rehabilitated through issuance of Multifamily Bonds, the Section 8 Moderate Rehabilitation Program, or gap financing provided by the San Diego Housing Commission. Also included in this inventory are over 500 Density Bonus restricted units which have affordability expiration dates that expire after July 1, 2005.

RESOURCES FOR PRESERVATION

Organizational Capacity

There are approximately 20 public entities and private nonprofit corporations that have established legal and managerial capacity to acquire and manage federally subsidized housing developments:

- Bridge Housing Corporation
- Catholic Charities
- Chicano Federation of San Diego County
- City Heights CDC
- Community Housing Works
- Greater Golden Hills Community Development Corporation
- Housing Development Partners of San Diego
- MAAC Project
- Orange Housing Development Corporation
- San Diego Housing Authority
- San Diego Housing Commission
- San Diego Interfaith Housing Foundation
- San Diego Youth and Community Services Inc.
- Southern California Housing



St. Vincent DePaul Village
The Salvation Army
Townspeople Inc.
Vietnam Veterans
Wakeland Housing and Development Corp.
YWCA of San Diego County

The San Diego Housing Commission could work with any one of these entities to preserve “at-risk” housing developments. The San Diego Housing Commission is the affordable housing agency for the City of San Diego and provides Section 8 certificates and vouchers for eligible households; rehabilitation of low-income owner-occupied and rental units, and financing development and management of affordable multifamily rental projects including public housing. Other entities seeking to build capacity to provide and preserve affordable housing could potentially be involved in future preservation efforts.

FINANCING SOURCES

Mortgage Revenue Bonds

Since 1982, the City of San Diego has been issuing mortgage revenue bonds for the development of multifamily rental housing. During this period, 53 projects have been funded, creating a total of 12,858 rental units, of which 5,626 are new low-income units. Part of the City’s preservation strategy has been to refinance such projects with mortgage revenue bond proceeds (bond refunding) at the end of the affordability period in exchange for extended (and strengthened) affordability controls. Mortgage revenue bonds can also be a resource for acquiring and preserving “at-risk” units that were not originally financed with bond proceeds

As bond issuance or refunding is an elective activity to which the owner must agree, it is difficult to project how much financing and bond authority the City would need to preserve these “at-risk” developments.

Older Multifamily Bond projects had shorter affordability periods and allowed the removal of affordability restrictions if the bonds were repaid prior to maturity. Currently, Multifamily Bond projects are typically affordable for 30 years or longer if required by the Regulatory Agreement and do not have the same prepayment options.

State Bond Financing (upon availability)

The availability of financing at the state level, typically funded through voter-approved general obligation bond issuances, will be considered a source for local preservation activities. If the housing programs are similar to those assisted by past ballot measures, then funding will probably be available for preservation activities, pending voter approval.

Historically, such bond proceeds are administered by the state of California Department of Housing and Community Development and have been used to fund primarily new construction and rehabilitation housing projects.



The California Housing Finance Agency's (CalHFA) offers a Preservation Acquisition Program that provides low-cost acquisition financing. The fund is comprised of monies authorized by Proposition 46 ("Bond Funds") and funds from CalHFA. Eligible projects include Section 8 assisted, BMIR 221(d)(3), Section 236, Section 202, Section 515 and IRS Section 42 housing. The acquisition funds are to be repaid from permanent financing sources. Projects that are unable to secure permanent financing after acquisition may request that Bond Fund monies be converted to long-term residual receipt financing. Approximately \$42.75 million is available.

Community Development Block Grant Funds (CDBG)

In recent years, San Diego received an annual allocation of approximately \$18 million in CDBG Funds. Barring any substantial change in HUD appropriations, a similar amount of funding is expected over the next five years, during the Group 1 analysis period. Total CDBG funding during this period would be approximately \$90 million.

Approximately 12 percent of CDBG funds are typically allocated to fund affordable housing services such as single-family housing rehabilitation. It is expected that the funding priorities will remain consistent; hence, the same percentage of funds should be available for housing activities. Due to the limited nature of CDBG resources, it is unlikely that a significant amount of funds would be used for preservation activities; however, the City could decide to dedicate a greater percentage of CDBG funds for housing activities during any given year.

Low- and Moderate-Income Housing Fund

California Redevelopment Law requires localities to set aside 20 percent of their tax increment dollars derived from redevelopment project areas to improve the supply of housing for very low-, low- and moderate-income households and to replace housing units lost through redevelopment activities. The 20 percent set-aside is targeted to increase, improve and preserve the supply of affordable housing through new construction.

At the end of FY 2004, the City, through its Redevelopment Agency in concert with the Housing Commission, had funded the construction, or assisted in funding the construction, of 11,182 very low-, low- and moderate-income restricted units, of which 1,040 or 9.3 percent were very low-restricted units.

Total Local Sources

The City will consider the use of those local funds listed below to support the preservation or replacement of "at-risk" units.



TABLE 5
POTENTIAL SOURCES OF FUNDS TO PRESERVE OR REPLACE “AT-RISK” FUNDS

Potential Sources	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
CDBG	\$18M	\$18M	\$18M	\$18M	\$18M
HOME	7M	7M	7M	7M	7M
Housing Trust Fund	2M	2M	2M	2M	2M
Housing Commission	1M	1M	1M	1M	1M
Redevelopment Set Aside	3M	3M	3M	3M	3M
Total	\$31M	\$31M	\$31M	\$31M	\$31M
Grand Total	\$155M				

Table 5 indicates that the City has at its discretion approximately \$31 million annually. A significant portion of this money is currently used to support ongoing community development activities, and to support the wide range of activities which comprise this City’s multifaceted affordable housing strategy. Even if the City were to commit all available resources to preserve “at-risk” units, there are not sufficient funds to do so.

Allocation of all funds from these sources to support preservation activities would deprive other affordable housing and community development activities of sufficient support to guarantee their continuation or the successful implementation of new activities in these areas. Therefore, while the City will consider the use of these funds for preservation of “at-risk” units, it is highly unlikely that all such funds will be used for this purpose.

FEDERAL INCENTIVES

In the City of San Diego, there are approximately 2,600 federally mortgaged housing units which are eligible for conversion to market-rate rentals between now and the end of FY 2015. All of these units have been developed by private nonprofit or for-profit sponsors without additional subsidies or financing provided by the public sector at the local or state levels.

A few years ago, FHA proposed a plan for restructuring HUD’s multifamily portfolio, after recognizing that Section 8 rental subsidies for multifamily rental assistance projects had escalated significantly, and by Fiscal Year 2002, could reach a cost of \$6 billion. The plan called for restructuring the multifamily portfolio so that market-rate rents could support a property’s debt. This plan would end over-subsidization of properties, promote resident responsibility and choice in housing, and bring marketplace competition and incentive.

The 1998 Appropriations Act set forth the legislation “Multifamily Assisted Housing Reform and Affordability Act (MAHRA) of 1997” that enables the Department to move forward with a permanent Mark-to-Market (M2M) Program. MAHRA findings and purposes:



- Recognizes the growing need for funds for Section 8 assistance contract renewals and the danger of FHA multifamily defaults if renewal funding is not available.
- States that the economic, physical, and management problems of the insured, assisted stock would best be addressed with reforms which:
 - reduce the cost of federal rental assistance by reducing project debt service and operating costs;
 - address the physical and financial needs of a project and the failure of project owners and managers to comply with program rules; and transfer administrative and other responsibilities of the Secretary to capable state, local and other entities.

HUD has designated the California Housing Finance Agency (CHFA) as the Participating Administrative Entity (PAE) to implement the Mark-to-Market program in California. Under the M2M program, a project owner wishing to renew Section 8 project-based subsidies must submit a Restructuring Plan. The Plan must justify the owner's and PAE's preference for continuing project-based assistance as opposed to providing tenant-based assistance. It must detail how the contract rents will be set and provide the cost required, and plans for the completion of needed rehabilitation. It must state how the FHA insured mortgage is to be restructured, describe whatever affordability restrictions exist on the property, and provide proof that competent management exists. A plan must be submitted for each property to be restructured, but owners of multiple properties may submit one plan for all.

The City of San Diego has a number of federally insured multifamily housing projects which have rents that are at or above 100 percent of FMR and eligible for HUD's M2M program. The Housing Commission is expected to work with the CHFA in the restructuring of those projects.

Section 8 – Federal Rental Assistance

Nationally over 900,000 FHA-insured housing units in 11,000 properties were financed with HUD mortgages. Between 2003 and 2013, over 2,300 properties (236,000 units) have mortgages that will mature. Of these, over 135,000 are project-based units that receive Section 8 federal rental assistance.

Without Section 8 rental assistance, a percentage of HUD-assisted and insured projects may default, jeopardizing tenants, owners, and affordable housing stock and creating substantial losses in the FHA insurance fund.

To forestall this crisis, Congress and the Administration have offered one-year extensions of these expiring Section 8 contracts. The Section 8 renewal authority is the first step to addressing this affordable housing dilemma. Congress has approved new legislative authority for project-based subsidies expiring in fiscal year 1999. HUD is moving ahead under current law to ensure timely funding of the one-year extension of Section 8 contracts as they expire.

At the request of an owner, HUD shall renew the Expiring Section 8 Contracts as project-based assistance for a period of not more than one year, at rent levels that are less than or



equal to comparable rents. Project owners with rents greater than the market may request to participate in the Mark to Market Program authorized by MAHRA. These contracts are renewed at existing rent levels temporarily while the mortgage is being restructured.

PRESERVATION OBJECTIVE

HUD will take the following steps to protect the low- and very low-income resident families:

- Provide Section 8 certificates or vouchers to eligible unassisted low- and very low-income families residing in the project subject to availability of funds.
- Allow residents to continue living in Section 8 project based assisted units under an existing Housing Assistance Payments (HAP) Contract until the contract expires.
- Provide residents with a Section 8 certificate or voucher when the HAP contract expires, subject to the availability of funds.

The 1997 Appropriation Act also provided Section 8 assistance to prevent displacement, and expand the scope of eligibility to include all low-income families, and moderate-income families who are elderly or disabled or families who are residing in a low-vacancy area (three percent or less vacancies). All recipients must reside in the housing on the date of prepayment. The San Diego HUD Office will work with the property owners and the San Diego Housing Commission to ensure that the above steps for protecting the residents are implemented.

If current owners do not wish to retain these units as affordable, the City may provide assistance to private nonprofit entities interested in purchasing and managing these developments as affordable housing.

If no interested and capable private nonprofit entity is available to assume control of these “at-risk” units, the City, can, through its Housing Authority or nonprofit corporation, pursue ownership and management of those units for which retention as affordable dwellings are considered important in meeting the housing needs of low-income San Diegans. The City will utilize this flexible approach to retain as many units as financially feasible in its affordable housing stock.

Given the level of local and federal financing anticipated to be available during the period from July 2005-June 2010, the preservation objective during this period is 600 units or approximately ten percent of the total number of assisted units eligible to convert to market-rate rents.

PROGRAMS

The City of San Diego will continue or undertake the following programs and activities during the five-year period of the Housing Element. The San Diego Housing Commission will implement these efforts, except where another division or agency of the City of San Diego is identified. Funding sources to support the implementation of these efforts is



specified where appropriate. The efforts listed below represent a varied strategy to mitigate potential loss of “at-risk” units due to conversion to market-rate units. These local efforts utilize existing City and local resources. They include efforts to secure additional resources from the public and private sector should they become available.

1. Preservation of At-Risk Units

- a. Administer an Acquisition and Rehabilitation Program to assist for-profit and nonprofit developers in acquiring and rehabilitating housing units that preserve affordability in rental projects that are at-risk of converting to market rents. Based on projected funding sources and levels, it is anticipated that approximately 600 units can be assisted.
- b. Monitor owners of “at-risk” projects on an ongoing basis, in coordination with other public and private entities to determine their interest in selling, prepaying, terminating or continuing participation in a subsidy program.
- c. Maintain an updated inventory of “at-risk” projects through the use of existing databases (e.g., HUD, state of California Department of Housing and Community Development and California Tax Credit Allocation Committee).
- d. Take all necessary steps to ensure that a project remains in or is transferred to an organization capable of maintaining affordability restrictions for the life of the project.
- e. Coordinate with HUD to monitor projects approved to convert to ensure that any required assistance (or assistance that the owner has agreed to provide) to displaced tenants is carried out in a timely manner. Projects will be monitored to see if they are subject to other state or local requirements regarding the provision of assistance to displaced tenants.
- f. Monitor local investment in projects that have been acquired by nonprofit or for-profit entities to ensure that properties are well managed and well maintained and are being operated in accordance with the City’s property rehabilitation standards.
- g. Work with owners, tenants and nonprofit organizations to assist in the nonprofit acquisition of “at-risk” projects to ensure long-term affordability of the development.
- h. Monitor and participate in federal, state or local initiatives that address affordable housing preservation (e.g., support state or national legislation that addresses “at-risk” projects, support full funding of programs that provide resources for preservation activities).
- i. Use available financial resources to restructure federally assisted preservation projects, where feasible, in order to preserve and/or extend affordability.
- j. Pursue funding sources at the federal, state or local levels that may become available for the preservation of “at-risk” projects.



- k. Continue to assist owners or purchasers of existing Mortgage Revenue Bond (MRB) projects to refund their bonds in exchange for augmented and/or extended affordability controls.
- l. Work with HUD to obtain Section 8 certificates or vouchers for displaced tenants of non-federal “at-risk” projects.
- m. Monitor the demolition of existing dwelling units and explore replacement provisions for the loss of affordable housing units.

2. Single Room Occupancy (SRO) Hotel Regulations

SRO Relocation and Displacement Ordinances - Strengthen SRO relocation and displacement ordinances through appropriate amendments to ensure the continued preservation and expansion of SROs as a viable housing resource.



**IMPLEMENTATION CHART
PRESERVATION OF LOW-INCOME HOUSING**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Acquisition/ Rehabilitation Preservation Program	Acquire and rehabilitate housing units that preserve affordability in rental projects that are “at-risk” of converting to market-rate rents	600	Housing Commission	100 per year through FY 2010	Federal, State & Local Housing Funds	Low-income Families & Individuals
Amend SRO relocation and displacement ordinances to ensure continued preservation and expansion of SROs		City Council adoption and Coastal Commission certification	Housing Commission Planning	By FY 2006.	General Fund	Existing SRO Tenants
Monitor the demolition of existing dwelling units and explore replacement provisions for the loss of affordable housing units	Replacement provisions currently apply to certain SRO units and affordable units in the Coastal Zone. In addition, the City will monitor affordable units lost due to redevelopment activities, school construction and other causes. Efforts will be made to mitigate these losses where feasible	Monitor demolitions on ongoing basis. Research replacement provision alternatives	Planning Development Services Housing Commission	Ongoing	General Fund	Existing Low- and Very Low-Income Tenants



QUANTIFIED OBJECTIVE: Housing Rehabilitation

Rehabilitate at least 2,100 housing units during the five-year plan period. Of these, at least 1,200 housing units would be affordable to extremely low-income households, 600 housing units would be affordable to very low-income households and 300 housing units would be affordable to low-income households at 65 percent of AMI, the standard established under the HOME program. This objective does not include units rehabilitated with the assistance of Low- and Moderate-Income Redevelopment Set-Aside Funds. A separate objective covers these units.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

For the new Housing Element, the rehabilitation objective has been reduced by 800 units from the previous element. However, the proportion of units rehabilitated for extremely low- and very low-income households has risen from 66 percent in the previous element to 85 percent in the new element.

POLICIES

1. The City shall provide funding support to assist in the rehabilitation of both renter- and owner-occupied housing.
2. To the extent practically possible, City-sponsored rehabilitation programs shall be coordinated with code enforcement and preservation programs described previously targeted to designated neighborhoods in order to maximize impact as an integral part of comprehensive neighborhood revitalization and reinvestment programs. However, in some instances, it may be appropriate for City rehabilitation funds to be broadly targeted to all neighborhoods eligible under federal and state regulations.
3. The City shall seek to leverage its funds for rehabilitation with other non-local public and private sources.
4. The City shall consider a policy which establishes one standard for the extent to which units funded with local funds need to be repaired. This policy need not apply to City funds which support such activities as paint-up/fix-up or clean-up or other such programs which fund essentially cosmetic repairs.
5. To the extent practical, the use of Housing Commission and Redevelopment Agency Set-Aside funds for rehabilitation shall be used in a coordinated manner in order to maximize impact.
6. To the extent legally and practically possible, public sector rehabilitation funds shall generally be utilized first to correct health and safety code violations with non-code related improvements given lower priority.
7. The City shall promote the availability of programs to make housing units occupied by people with disabilities accessible.



8. The City shall continue to support the maintenance and rehabilitation of the 36 City-owned farm worker housing units in San Pasqual Valley.

PROGRAMS

1. Homeowner Rehabilitation

The City shall continue to support and, where possible, expand a code enforcement program. Such a program shall emphasize Homeowners Rehabilitation Program which consists of three components:

- a. The Housing Commission shall administer a homeowner rehabilitation program which offers low-interest loans to low-income homeowners for repairs and improvements. These loans would be available for one to four unit buildings, where at least one unit is owner occupied. Approximately 25 units owned and occupied by low-income households will be rehabilitated over the five-year period.
- b. The Housing Commission shall administer a zero-interest deferred loan program for very low-income homeowners to make repairs and improvements to single-family homes. These zero-interest deferred loans will range up to \$10,000 with an additional \$5,000 available for lead paint remediation. Repayment of the loan is required upon the reselling or refinancing of the home. Approximately 500 single-family units will be rehabilitated over the five-year period. Since the average income of loan recipients is 30 percent of AMI, it is assumed that 250 households will be extremely low-income and 250 households will be very low-income.
- c. The Housing Commission shall also administer the HOMEWORKS purchase/rehabilitation loan program for first-time homebuyers. The Housing Commission will provide a second equity loan that will cover 25 percent after rehabilitation value at no interest. The Housing Commission and homeowner will proportionately share any equity upon resale prior to 15 years. This program will aid in rehabilitating ten homes occupied by low-income homeowners over the five-year period.

2. Rental Housing Rehabilitation Program

The Housing Commission shall administer a rental rehabilitation program up to \$15,000 per unit which offers low- or no-interest loans to owners of rental property where the units are occupied by low-income households after rehabilitation. Rehabilitation of for-profit units through HOME funding is limited to buildings within the Livable Neighborhoods or Enterprise Zone areas. The rent restrictions shall remain effective for ten years. Twenty percent of these units will be available to very low-income persons while 80 percent will be affordable at the 65 percent level of AMI. Approximately 200 rental units will be rehabilitated over the five-year period through these programs. In addition, rental properties in targeted areas shall be eligible for grants to remediate lead paint.



3. Mobile Home Grants

The Housing Commission shall administer a mobile home grant program which makes one-time only grants up to \$3,500 available to very low-income mobile home owners for reparation purposes. Designated distressed parks can obtain up to a \$5,000 grant. Approximately 500 mobile homes will be rehabilitated through grants over the five-year period. Since the average income of grant recipients is 30 percent of AMI, it is assumed that 250 households will be extremely low-income and 250 households will be very low-income.

4. Acquisition and Rehabilitation

The Housing Commission shall administer a program to assist for-profit and not-for-profit developers in acquiring and rehabilitating housing units with a portion of these units to be affordable to low-income households. Based on projected funding sources and levels, it is anticipated that approximately 550 units will be assisted. Of these units, 50 units will be affordable to extremely low-income households, 450 units will be affordable to very low-income households, and 50 units will be affordable to low-income households.

5. Modifications for the Disabled

The state of California's Exterior Accessibility Grant for renters provides a two-year program to make exterior accessibility improvements to 100 rental units occupied by low-income tenants with disabilities.

6. Farm Worker Housing

The City of San Diego owns 36 housing units in San Pasqual Valley. All but five units are leased out to farmers and growers as part of larger leasehold agreements in which City-owned land is leased out for agricultural purposes to farmers and growers. The units are occupied by full-time agricultural employees and their families who are of very low-income. The lessees are responsible for maintenance of the units. However, the City, through the Water Utilities Department, provides funds for rehabilitation where needed. Most of the units are in good condition. Recently, three units were demolished and replaced with three new units.



**IMPLEMENTATION CHART
HOUSING REHABILITATION**

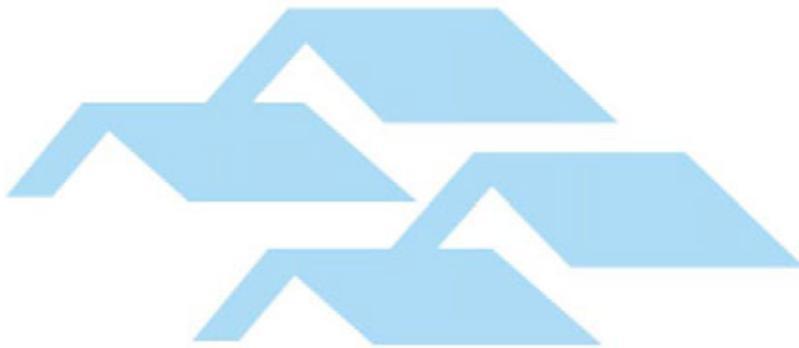
Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Homeowner Rehabilitation	<p>Provide funding support to assist in the rehabilitation of owner-occupied housing</p> <p>Coordinate rehab programs with code enforcement efforts and combine both a targeted and citywide effort neighborhood</p> <p>The City shall seek to leverage its funds for rehabilitation with other non-local public and private sources</p> <p>The City shall consider a policy which establishes one standard for the extent to which units funded with local funds need to be repaired</p> <p>To the extent practical, the use of Housing Commission and Redevelopment Agency Set-Aside funds for rehabilitation shall be used in a coordinated manner in order to maximize impact</p>	Units: 535	Housing Commission	107/year	HOME CDBG Housing Trust Fund	Low- and moderate-income homeowners
Rental Housing Rehabilitation	Provide funding support to assist in the rehabilitation of renter-occupied housing	Units: 200	Housing Commission	40/year	HOME	Very low- and low-income renters
Mobile Home Grants	Provide funding support for the rehabilitation of mobile home owners	500	Housing Commission	100/year		Very low- and low-income mobile home owners
Acquisition/ Rehabilitation	Provide funding support to acquire and rehabilitate housing units with a portion of these to be affordable to low-income households	550	Housing Commission	110/year		Very low- and low-income households
Physical Modifications for the Disabled	The City shall promote the availability of programs to make housing units occupied by people with disabilities accessible	Units: 100	Housing Commission	50/year for two years	State-Cal HOME EAGR (Exterior Accessibility Grant for Renters)	Disabled



IMPLEMENTATION CHART
HOUSING REHABILITATION (CONTINUED)

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Physical Modifications for the Disabled (cont.)	To the extent legally and practically possible, public sector rehabilitation funds shall generally be utilized first to correct health and safety code violations with non-code related improvements given lower priority					
Farm Worker Housing	The City shall continue to support the maintenance and rehabilitation of the 36 City-owned farm worker housing units in the San Pasqual Valley	Maintain and rehabilitate 36 units as necessary	Real Est. Assets Neighborhood Code Compliance	Ongoing Water Utilities Dept.	leaseholders	Farm Worker Housing

City of San Diego General Plan Housing Element FY1999-2004 Volume I



Goal 3

Minimize governmental constraints in the development, improvement and maintenance of housing without compromising the quality of governmental review or the adequacy of consumer protection



GOAL 3

MINIMIZE GOVERNMENTAL CONSTRAINTS IN THE DEVELOPMENT, IMPROVEMENT AND MAINTENANCE OF HOUSING WITHOUT COMPROMISING THE QUALITY OF GOVERNMENTAL REVIEW OR THE ADEQUACY OF CONSUMER PROTECTION

QUANTIFIED OBJECTIVE: Reduction of Governmental Constraints

Project Management procedures, including the Project Tracking System, shall be entirely operational during the 2005-2010 Housing Element cycle.

To take no more than ten working days to process 90 percent of ministerial permit applications for single-family units through the initial correction stage and to take no more than 26 working days to process 90 percent of ministerial permit applications for multiple-family units. Such processing shall include the time from initial application to issuance of a correction notice.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

The previous Housing Element included an objective to make the Process 2000 system 80 percent operational by January 2000. This program, now renamed “Project Management” became fully operational by 2004.

The objective in the previous Housing Element on processing of ministerial permits has been slightly modified and an objective has been added that all the components of Project Management including the new Project Tracking System shall remain operational during the next five years.

POLICIES

1. The Planning and Development Services Department shall propose zoning and permit processing changes to further reduce housing costs and average permit processing times, while maintaining or improving the quality of design and development
2. The City shall consider appropriate organizational changes to enable development permits to be processed more expeditiously in a coordinated manner.
3. The Development Services Department shall annually monitor average processing times for discretionary development permits.
4. The Development Services Department shall continue to look for ways to substantially reduce permit processing times and create more certainty for permit applicants.



5. The Development Services Department shall equitably and reasonably apply and interpret regulations for building and housing permits to protect public health and safety, implement community and General Plan goals, and strive for achieving the best and most economical approaches to providing affordable housing
6. The City shall continue to implement provisions of state law which exempt certain affordable housing projects from CEQA if specified criteria are met.
7. The City shall continue to seek public input through the community planning process to pursue mutually beneficial ways to implement citywide affordable housing objectives, policies and programs, as well as community-specific goals.

PROGRAMS

1. Project Management

The City has redesigned its permit processing system to consolidate and streamline review functions speed project review and reduce confusion experienced by applicants. Key aspects of the Project Management system are as follows:

- a. Coordinated Project Management system—An assigned project manager serves as a single point of contact for an applicant and coordinates processing for all permits related to that applicant's project.
- b. Comprehensive automated Project Tracking System (PTS)—This system improves information management and enhances communication and coordination among participants in the development review process. The PTS replaced a variety of manual and single departmental systems and is designed to track and manage projects across all disciplines through the entire developmental review and permitting process.
- c. Comprehensive Geographic Information System (GIS)—This system makes all mapped information needed to process applications available to reviewers on desktop computers.

2. Project Tracking System

The Development Services computerized PTS has been fully operational since May 2003. The PTS is used to organize customer flow, display project geographic mapping information and support development review, project management, fee invoicing and payment, permitting and inspection activities. Customer self-access to PTS information features are being added including telephone and computer access. Project managers and supervisors have instant access to a full range of information about specific projects. Periodic reports are prepared to measure performance such as time needed for particular review activities, number of resubmittals required prior to project approval and completion rates for individual project reviewers and managers. Quarterly reports and monthly data on permits and valuation are produced.



3. Affordable/Infill Housing and Sustainable Buildings Expedite Program

This program, adopted by Council on May 20, 2003, reduces processing times by approximately 50 percent for projects that meet established criteria as affordable/infill projects or sustainable projects.

4. Accessible Housing Expedite Procedure

Consideration shall be given to establishing an expedite procedure or program for projects that incorporate accessibility features that go above and beyond those that are currently required by the adopted building code. Specific criteria will need to be established for accessible projects that would be eligible for expedited processing.

5. Land Development Code Changes for Housing Affordability

The Planning and Development Services Departments will study the feasibility of the following changes to the Land Development Code. These changes have been identified by the development community and housing advocates as measures which could facilitate housing production and affordability. Any amendments to the Land Development Code would follow an inclusive procedure for noticed public discussion involving community planning groups and technical advisory groups followed by Planning Commission and City Council hearings.

- a. Study the feasibility of modifying discretionary review unit thresholds in planned district ordinances, to allow “by-right” development of the residential density provided by the underlying zone. Assure that development regulations in the planned district ordinance are complied with.
- b. Use on-street parking to count toward overall parking standards where appropriate conditions exist, such as through site plans that create a fine-grained residential street pattern. On-street parking can currently be counted through the discretionary review process under specified conditions. This change would define prescribed circumstances, taking into account localized conditions, under which on-street parking could be counted toward parking standards through the ministerial review process.
- c. Implement innovative and up-to-date parking regulations that address the vehicular parking needs generated by development. Adjust parking standards for affordable housing based on census data and studies that document the car ownership rates of seniors and lower income families. Parking regulations should also reflect documentation of reduced parking demand due to mix of uses and availability of high quality transit services, and conformance with City of Villages land use concepts described in the Land Use Element.
- d. Modify setback requirements and allowable floor area ratio in small lot and townhouse zones in order to facilitate the zones’ application. The small lot and townhouse zones are new zones created in the Land Development Code. Initial applicants requesting to use these zones have indicated that these zones might be utilized more if minor adjustments were made to the setback and allowable FAR provisions.



- e. Work with community planning groups and the general public to develop detailed community plan recommendations for mixed-use development, then translate those recommendations into clearly understood zoning regulations that could be implemented in part through a ministerial zoning process.
- f. Expand the use of citywide multifamily zones in Planned District Ordinance areas, incorporating modifications where necessary to fit unique circumstances. The City has a Pilot Village program intended to provide prototypes for village developments throughout the City. Use of citywide multifamily zones is being attempted initially in two pilot villages. Several planned district ordinances require a discretionary permit for multifamily development. As individual planned districts are updated, the citywide multiple unit zones should be incorporated into them where community plan recommendations could be implemented with citywide zones. Strive for the application of regulations that permit ministerial processing of multiple unit developments, with appropriate design standards built in. A long-range goal is to achieve design and development standards through the application of tailored packages of citywide zones and regulations, thus eliminating the need for some Planned District Ordinances because tailored regulations would better implement community plans.
- g. Allow Planned Development Permits in all Planned District Ordinances in order to enhance certainty with respect to regulatory requirements. Several planned district ordinances do not allow deviations without variance findings. This change would create greater flexibility in planned districts through the use of a Planned Development Permit. Through use of the affordable housing expedite program, Planned Development Permits are allowed in all planned districts, enabling deviations.

6. Companion Unit Ordinance

In accordance with state law, in 2003 the City amended its regulations to authorize companion units through a ministerial process under certain conditions. The conditions include conformance with minimum lot size, setback, parking and landscaping standards.

The current regulations allow for proposed companion units that do not meet the requirements for ministerial approval to apply for a Process 4 Planned Development Permit.

7. Re-examination of Public Facility Standards

In 2002, the City comprehensively updated the City's Street Design Manual which specifies standards for streets and sidewalks. The new manual adjusts the standards to implement transit and pedestrian-oriented development principles and seeks a greater balance between efficient traffic flow and an attractive and safe pedestrian environment.

In addition, the City is currently updating the Public Facilities, Services and Safety Element and Recreation Element of the General Plan. Particular attention will be given to establishing realistic and flexible standards that can provide equivalent service levels within all communities of San Diego. This approach recognizes that it is frequently



infeasible for existing communities to meet all the current facility standards in the same way they are met in developing communities. Joint use and timely provision of school facilities and park and recreation facilities will be emphasized.

8. Impact Fee Re-Evaluation

A re-evaluation of impact fees is linked to the reexamination of public facility standards. The City recently hired a consultant to review the current impact fee system for financing public improvements. While it is unlikely that the impact fee methodology will be abolished, possible changes in the basis for setting the fees will be studied in order to reduce the cost burden on multifamily housing in particular. The feasibility of varying fees by unit size to reduce costs for smaller more affordable units will be examined. Additional funding sources and the fiscal relationship of state and local funding sources will also be explored.

9. Master Environmental Impact Reports

Utilize Master EIRs as authorized under CEQA for Redevelopment and Specific Plans with appropriate mitigation measures clearly spelled out in the EIR. The expanded use of Master EIRs could enable environmental reviews on individual projects pursuant to the Redevelopment or Specific Plan to be completed more expeditiously.

10. Exemptions of Affordable Housing from Environmental Review

The Development Services Department shall implement the provisions of Section 21080.14 of the Public Resource Code which exempts affordable housing projects of 100 units or less from CEQA if certain criteria are met.

11. Community Planning Group Training Program

The City shall incorporate in its annual training program for members of community planning groups more emphasis on the need for affordable housing and its relationship to economic growth and other planning objectives and their roles in review process. The training should also offer examples of well-designed higher density development, highlighting project features that contribute to the community.



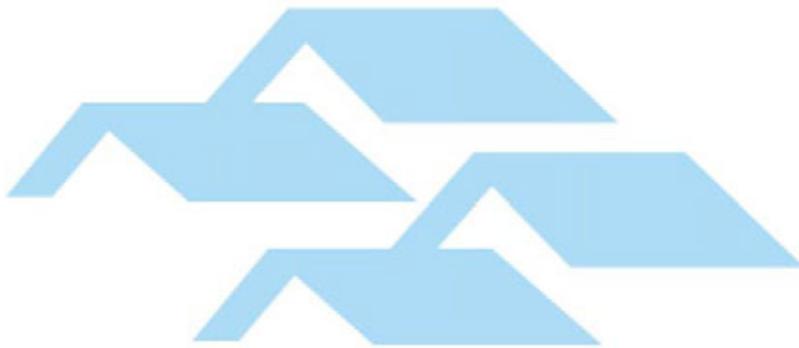
**IMPLEMENTATION CHART
REDUCTION OF GOVERNMENT CONSTRAINTS**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Project Management	The City shall implement measures necessary to enable development permits to be processed expeditiously in a coordinated manner	100% citywide implementation throughout this Housing Element cycle	Development Services	Ongoing	Development Services Enterprise Fund	Permit applicants including developers of Affordable Housing
	Average processing times for discretionary development permits shall be monitored annually					
	The Development Services Dept. shall implement a discretionary permit processing system to promote coordinated review among affected City dept's, reduce processing times and create more certainty for applicants					
	The importance of flexibility shall be stressed by depts. in the application and the interpretation of regulations to determine the best and most economical approaches to providing affordable housing while not compromising life, safety and the purpose and intent of the City's design regulations					
Development Permit Tracking System Development	The Development Services Dept. shall annually monitor its average processing times for discretionary development permits	Implement throughout this Housing Element cycle	Development Services	DST system completed implementation Ongoing	Development Services Enterprise Fund	Permit Applicants
Affordable/ In-fill Housing and Sustainable Building Expedite Program	Provide reduced processing times for projects meeting criteria to be considered Affordable/Infill projects or sustainable buildings	Reduce processing time by 50%	Development Services	Ongoing	Development Services Enterprise Fund	Permit Applicants
Accessible Expedite Procedure	Consider expediting projects that provide accessibility features that go above and beyond current building code requirements	Reduce processing time by 50%	Development Services Dept	By 2007	Development Services Dept Enterprise Fund	People with disabilities



IMPLEMENTATION CHART
REDUCTION OF GOVERNMENT CONSTRAINTS (continued)

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Land Development Code Changes for Housing Affordability	The Planning and Development Services Depts. shall continue to study and implement zoning and permit processing changes to further reduce housing costs and average permitting times	Implement changes by 2010	Planning Development Services	By July 2010	Development Services Enterprise Fund	Permit Applicants
Companion Unit Ordinance	Authorize companion units through ministerial process under certain conditions in accordance with state law	Streamlined and efficient processing	Planning.	Ongoing	Development Services Enterprise Fund	Elderly, students, low-and moderate-income residents
Re-examination of Public Facility Standards	The City shall re-examine its public facility standards to determine if they can be modified to facilitate more affordable housing and equivalent service levels	Update General Plan to include flexible public facility standards	Planning.	By FY 2010	Facilities Financing Fund	Developers, low-and moderate-income households
Impact Fee Re-evaluation	The City shall study the feasibility of implementing a fee structure more favorable to multifamily and smaller more affordable units	Methodology complete, implementation of revised fee system	Planning	By FY 2010	General Fund	Developers of affordable housing
Exemptions of Affordable Housing from Environmental Review	The City shall implement provisions of state law that exempt certain affordable housing projects from CEQA if specified criteria are met	Ongoing	Development Services	Ongoing	General Fund	Developers of affordable housing
Community Planning Group Training Program	The City shall educate participants in the community planning process on how to implement community and affordable housing objectives.	Five training programs	Planning.	One training program annually	General Fund	Members of Community Planning Groups



Goal 4

Provide Affordable Housing Opportunities, Both for Low-Income Renters and Low- to Moderate-Income Homebuyers



GOAL 4

PROVIDE AFFORDABLE HOUSING OPPORTUNITIES, BOTH FOR LOW-INCOME RENTERS AND LOW- TO MODERATE-INCOME HOMEBUYERS

QUANTIFIED OBJECTIVE: Affordability for Low-Income Renters

Provide assistance in the form of rental subsidies to at least 800 additional low-income households, of whom at least 90 percent should be very low-income.

QUANTIFIED OBJECTIVE: Affordable Homeownership Opportunities

Provide homebuyer education, counseling and workshops to 500 low- or moderate-income households. Provide financial assistance to approximately 400 low- and 250 moderate-income families. Offer homeownership opportunities through land use incentive programs such as inclusionary housing and density bonus to an estimated 150 low- and moderate-income households.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

This Housing Element retains the dual objectives expressed in the previous element of focusing on rental assistance and on first-time homebuyer opportunities and assistance. However, the quantified objectives have been changed to reflect the resources anticipated to be available. Resources from the federal government have decreased significantly during the past few years.

For this Housing Element, the quantified objective pertaining to rental assistance remains at 800. This includes rental assistance from Section 8 certificates and vouchers, HOME tenant based rental assistance, Shelter Plus Care and HOPWA.

The quantified objectives for homeownership include an objective for education, counseling, and workshops, as well as financial assistance for low- or moderate-income first-time homebuyers. The objectives have been revised to include homeownership opportunities provided through land use incentive programs in addition to education and financial assistance.

The objective for homebuyer education has been reduced from 12,000 households assisted to 500 households assisted. The objective for financial assistance to first-time homebuyers has been reduced from 1,800 households to 650. This objective is subdivided by income to reflect 400 low-income and 250 moderate-income homebuyers. The price of housing in San Diego has increased rapidly during the past five years to a point that homeownership is no



longer obtainable for most low- to moderate-income families. The average amount of financial assistance needed to help with the purchase of a home for people in these income groups has increased from \$25,000 or \$30,000 five years ago to \$100,000 to \$150,000 in 2004. The available housing stock that meets maximum program guidelines is minimal and limited primarily to condominium conversion projects.

POLICIES

1. The City shall aggressively pursue all federal, state and local resources available to provide financial assistance, education, and related services to low-income renters and first-time homebuyers.
2. The City shall promote alternative forms of housing which offer opportunities for economies of scale and shared facilities and services. Such housing can be particularly appealing to single parents and families where both parents have full-time jobs. Both single parents and two-income parents are becoming increasingly dominant household types.
3. The City shall recognize the benefits of encouraging physically and financially able elderly persons to “age in place.” (Remain in the homes they currently live in rather than relocating to senior housing.)
4. The City shall recognize the benefits of emphasizing affordable housing for people with disabilities and special needs.
5. The City shall consider the impact on housing affordability of all proposed regulatory changes, fee changes and policy changes, and shall consider means of mitigating adverse impacts which are identified.
6. To the extent feasible, the City shall preserve the affordability of existing mobile home parks for low-income owners of mobile homes.
7. The City shall provide support to not-for-profit development corporations for development of affordable housing. Such support shall include technical training and assistance to develop capacity for housing development and financial assistance for housing development directly.
8. The City shall support not-for-profit mechanisms in providing both homeownership and rental housing opportunities for low-income households.
9. The City shall encourage lenders to meet their Community Reinvestment Act obligations through participation in public and not-for-profit affordable housing projects and programs to encourage home ownership opportunities for low- and moderate-income families.



10. To the extent consistent with yield and security considerations, the City shall encourage public agencies to deposit public funds in lending institutions which make a higher than average proportion of their loans to mortgage-deficient residential areas.
11. The City shall promote non-traditional development projects to the lending community. Examples of such projects may include mixed-use or mixed-income developments, housing with reduced parking requirements, higher-density developments, live-work housing and transit-oriented developments and developments with enhanced accessibility beyond that which is required.
12. The City shall consider alternative strategies for leveraging public dollars allocated for affordable housing to generate maximum external revenues in order to make expand the Housing Trust Fund and other public affordable housing resources.
13. The City shall enforce all federal, state and local ordinances or regulations pertaining to land use incentives which promote affordable housing opportunities for low- and moderate-income homebuyers, such as inclusionary housing and density bonus.
14. The City shall seek a balance between allowing condominium conversions, which increase relatively affordable home buying opportunities and protecting the low-income renters who could be displaced by condominium conversions.

PROGRAMS

1. Section 8 Housing Choice Voucher Program

The Section 8 program has faced a nationwide funding deficit that impacted its ability to serve families at past levels. Due to FY 2004 federal cuts, it is anticipated that HUD will propose new program guidelines and regulatory relief to offset funding shortfalls. No formula has yet been established to determine the funding allocations. The City of San Diego has 12,043 vouchers allocated. The regulations of this program target the funds to assist extremely low-income families. Seventy-five percent of program participants must be extremely low-income, earning 30 percent or less of AMI.

2. Supportive Housing Program

Each year the City facilitates the participation of homeless service provider applications to HUD for the City's share of the Supportive Housing Program grants. The agencies receive eight to nine million dollars annually. This program is funded by the HUD and is designed to promote the development of supportive housing and supportive services to assist homeless persons, including people with disabilities and other special needs, in the transition to independent living. Supportive housing includes transitional beds, individual housing units and community living environments. Supportive services include case management, therapy, childcare, education and job training. As of FY 1998, the program was funding 350 beds and was serving approximately 850 people annually, due to turnover. Annual funding levels from HUD are unpredictable, however for this Housing



Element, it is assumed that funding levels will permit the provision of approximately 300-400 beds annually.

3. Housing Opportunities for People with AIDS (HOPWA)

This program is funded by HUD. The HOPWA provides homeless and non-homeless persons with assistance through rental assistance, group home living, provides permanent housing opportunities through acquisition/rehabilitation of housing units, and supportive services. Based on current and anticipated levels of funding from HUD, the County of San Diego anticipates that approximately 80 households will receive rental assistance during FY 2005 and 80 households will receive rental assistance during subsequent years until FY 2010. The county also anticipates that approximately 365 households will be assisted through group home living during FY 2005 and in subsequent years through 2010. Projections also indicate that approximately 84 households per year will be assisted in obtaining permanent housing units during this Housing Element cycle.

4. Shelter Plus Care (SPC)

This program is funded by the federal government (HUD) and provides disabled homeless persons with supportive housing. The Housing Commission receives funding for rental assistance and contracts with nonprofit agencies to provide the housing for homeless disabled individuals and families. The agencies provide specific services to their clients to help individuals and families to maintain their housing and to live independently. Based on current and anticipated funding levels, this program will provide approximately 150 households with rental assistance annually.

5. Existing Public Housing

The Housing Commission will maintain occupancy of the 1,782 public housing and other units which the Housing Commission owns and manages. These units are guaranteed affordable since no more than 30 percent of household income can be spent for rent plus utilities. These units will be occupied primarily by very low-income households.

6. First-Time Homebuyers Education, Counseling, Training and Workshops

These services will be offered by Community Housing Works, a nonprofit consumer credit counselor. The target group will be existing tenants of rental properties that are being converted to condominiums. It is estimated that up to 15,000 rental units will be converted to condominiums over the next five years. All the tenants will be invited to attend a homebuyer education workshop. However, it is estimated that only ten percent of the households or 500 families will attend a workshop during this Housing Element cycle. The City of San Diego has approximately ten HUD approved nonprofit housing counseling agencies. These agencies provide homebuyer classes that educate people regarding budgeting, credit, mortgage loans, home maintenance and other steps in the homeownership process. It is estimated that over 3,750 families will benefit from the services provided by these agencies over the next five years.



7. Financial Assistance to First-Time Homebuyers

Assistance to first-time homebuyers will be provided through a variety of local, state and federal resources including the Housing Trust Fund, Proposition 46 CalHome funds, local Housing Commission funds, Mortgage Credit Certificates, redevelopment funds, HOME funds and conventional loans. These resources will be utilized to assist approximately 400 low-income and 250 moderate-income first-time homebuyers in purchasing homes. The assistance includes deferred second mortgages, down payment/closing cost assistance grants, tax credits and conventional loans.

8. Relocation/Eviction Assistance

A program offered by the county of San Diego Department of Social Services provides financial assistance to welfare recipients when eviction from rental housing for nonpayment of rent is imminent. The program provides coverage for moving expenses up to a maximum of \$300. The program is available only to SSI/SSP recipients whose available liquid assets do not exceed \$300.

9. Shared Housing for the Elderly

The Housing Commission will continue to provide financial support for an agency to provide shared housing for the elderly. The agency will match elderly residents with low-income persons to share a housing unit in order to reduce living expenses for one or both and to facilitate assistance to the elderly resident to “age in place.” The goal is to provide approximately 350 matches during the next five years.

10. Housing Affordability Impact Statements

The Planning and Development Services Departments, and the Housing Commission provide an Affordable Housing Impact Statement in planning reports which address policies, regulations, fees, or development projects which involve a plan amendment or rezoning. This statement is intended to convey to decision-makers the effect of a proposal on achieving or maintaining affordable housing. These statements will continue to be provided in planning reports as a means of promoting awareness of impacts of public actions on affordable housing objectives.

11. Mobile Home Relocation Policy

The City of San Diego’s Municipal Code requires relocation of mobile home park residents being displaced due to the discontinuance of a mobile home park or mobile home space. The San Diego Housing Commission will work with the City of San Diego to ensure that the tenant relocation provisions of San Diego Municipal Code Chapter 14, Article 3, Division 6 are met.



12. Mobile Home Mediation/Communication Program

A mobile home mediation and communication program is funded by the Housing Commission to provide mediation services to mobile home and mobile home park owners. The Housing Commission hires an agency to provide conflict resolution and mediation services and to facilitate a Mobile Home Community Issues Committee (MHCIC). This Committee which meets quarterly discusses issues of interest to the mobile home park community and hears issues which cannot be resolved through mediation, or where one or both parties choose not to use mediation.

13. Community Reinvestment Act

The Housing Commission shall work in concert with the county of San Diego to continue to fund the City-County Reinvestment Task Force. The Reinvestment Task Force is responsible for: (1) monitoring banking practices in the San Diego region, and (2) developing strategies for reinvestment in partnership with public, community and private lending institutions. The Reinvestment Task Force has completed a comprehensive credit need assessment to assess the impacts of numerous bank mergers and closures in the San Diego region during the 1990s. Based on the credit assessment, the Task Force has established as a goal the creation of more than \$100 million in new funds, primarily for new community reinvestment efforts. Nearly all of these monies would be private sector investment and loans for low-income communities and organizations involved in addressing these concerns. Approximately 40 percent of the \$100 million in new reinvestment would be targeted for affordable housing development.

14. Housing Trust Fund

The Housing Commission shall maximize leverage of public dollars to maximize the generation of private dollars. A leveraging ratio of 2:1 for public dollars is required in accordance with the San Diego Municipal Code.

The Housing Commission will pursue funding for expansion of the Housing Trust Fund. Currently, the primary source of funding is a linkage fee levied on nonresidential development. The fee varies from \$0.27 - \$1.06 per square foot, depending on the type of nonresidential development involved. This level represents a 50 percent reduction, from the original level in 1991. Pursuant to direction from the City Council, the Housing Commission shall ask the Council to restore the original level of this fee or identify alternative sources of revenue to compensate for the reduction. Annual revenues generated have varied from \$1.4 million to about \$5.9 million, depending on economic conditions.



15. Shared Risk Loan Pool

The City-County Reinvestment Task Force shall encourage banks and Savings and Loan institutions to utilize existing loan pools operated through the California Community Reinvestment Corporation (CCRC) and the Savings Association Mortgage Company (SAMCO) to provide loans for affordable housing and nontraditional development projects. Possible examples of such projects could include mixed-use or mixed-income developments, projects with reduced parking requirements, higher-density developments, housing for people with disabilities and other special needs which lenders may perceive as having a higher risk than more traditional types of developments.

16. Condominium Conversion Policy

In response to a large number of requests to convert apartments to condominiums during the period beginning in 2002, the City Council has recently enacted a series of measures designed to ensure that substandard units are not converted and that renters are protected to the extent possible. The most regulations were most recently revised in early 2006 after the beginning of this 2005-2010 Housing Element cycle and are, therefore, included as 2006 actions in the implementation chart that follows this discussion. The adopted requirements include a relocation payment for all displaced tenants equivalent to three months rent that can be used to cover moving and relocation costs, for a down payment to purchase the unit undergoing conversion, or for other purposes. Other requirements are that rental properties seeking a condominium map to allow conversion of units to condominiums must meet “good neighbor” standards addressing parking, landscaping and structural, electrical and mechanical components. A building conditions report which identifies aspects of the buildings and grounds that need to be upgraded to achieve “good neighbor” standards is also required.



**IMPLEMENTATION CHART
HOUSING AFFORDABILITY**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Rental Assistance	Take maximum advantage of all federal state and local resources available to provide financial assistance, counseling and related services to low-income renters and first-time homebuyers					
	Section 8 Certificates/Vouchers	Households: 500	Housing Commission	100/year	HUD	Very low-income households
	HOPWA	Households: 400	SD County	80/year	HUD	Homeless, people with AIDS
	Shelter+Care	Units: 200	Housing Commission	40/year	HUD	
Existing Public Housing	Same As Above Policy	Maintain occupancy of 1,782 units	Housing Commission	Ongoing	HUD	Very low-income households
Financial & Counseling Assistance to First-time Homebuyers	Same As Above Policy	Homebuyer education for 500 households	Community Housing Works	100/year	Private	Low- and moderate-income households
		Financial assistance to at least 650 households	Housing Commission	130/year	HOME, Hsg Trust Fd HUD, Mortgage Loans	Low- and moderate-income households
Relocation/ Eviction Assistance	Same As Above Policy	Assistance to at least 125 households	SD County	25/year	State HUD	Low- and very low-income rental households
Supportive Housing	The City shall recognize the benefits of emphasizing affordable housing for people with disabilities and special needs	300-400 beds/year	Housing Commission Community & Economic Dev.	Ongoing	HUD State & local	People with disabilities and special needs



IMPLEMENTATION CHART
HOUSING AFFORDABILITY (continued)

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Shared Housing for the Elderly	Recognize the benefits of encouraging physically and financially able elderly to “age in place”	Matches: 350	Elder Help	70/year	Housing Commission	Low- and very low-income Elderly
Housing Affordability Impact Statement	Consider the impact on housing affordability of all regulatory and fee changes, policies and development projects, and ways of mitigating adverse impact	Impact Statement in City Staff Reports as required	Planning	Ongoing	General Fund	Low- and moderate-income households
Mobile Home Relocation Policy	The City will require that the tenant relocation provisions of SD Muni. Code Chapter 14, Article 3, Division 6 be met	As needed	Housing Commission	Ongoing	Housing Commission	Mobile home park residents
Mobile Home Mediation/Communication Ordinance	Same As Above Policy	As Needed	Housing Commission	Ongoing	Housing Commission	Mobile home owners Mobile home park owner
Assistance to Not-For-Profit Development Corporations	Provide technical and financial assistance to not-for-profit corporations to assist them in providing both homeownership and rental housing opportunities for low- and very low-income households	1000 new or rehabbed units	Housing Commission, LISC Calif.Hsng Partnership SD Community Foundation	200 per year	Housing Trust Fund CDBG State Funds Charitable Contributions	Low- and very low- income households
Community Reinvestment Act	The City shall encourage lenders to meet their Community Reinvestment Act obligations through participation in public and not-for-profit affordable housing projects and programs to encourage homeownership	Annual monitoring of lending institutions in CRA obligations	City-County Reinvestment Task Force Housing Commission	Annual Report	Housing Commission General Fund	Low- and very low-income households



IMPLEMENTATION CHART
HOUSING AFFORDABILITY (continued)

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Community Reinvestment Act (cont.)	To the extent consistent with yield and security considerations, the City shall encourage public agencies to deposit public funds in lending institutions which make a higher than average proportion of their loans to mortgage-deficient residential areas					
Housing Trust Fund	The City shall consider alternative strategies for leveraging public dollars allocated for affordable housing to generate maximum external revenues in order to make expand the HTF and other public affordable housing resources	Identify additional funding sources	Housing Commission City of SD Council	Ongoing	Secondary Mortgage Markets Loan Pools	Low- and very low-income households
Shared Risk Loan Pool	The City shall promote non-traditional development projects to the lending community	Units: 250	SAMCO CCRC Lending Institutions	50/year	Conventional Pooled Funds	Low- and very low-income households
Condominium Conversion Relocation Policy	Tenants who are displaced due to conversion of rental units to condominiums will receive the equivalent of three months rent as a relocation payment	Target is to assist all rental tenants displaced by condominium conversions	Housing Commission	Adoption in 2006 with ongoing implementation	Condominium conversion applicants	Tenants displaced by condominium conversions
Condominium Conversion Good Neighbor Policy	Units undergoing conversion from rentals to condominiums shall meet good neighbor standards prior to conversion	Target is for all units undergoing conversion to meet good neighbor standards	Development Services Dept.	Adoption in 2006 with ongoing implementation	Condominium conversion applicants	Buyers of units being converted to condominiums. Residents of neighborhoods where converted buildings are located



Goal 5

Facilitate Compliance With All Applicable Federal, State and Local Laws and Regulations; Promote Achievement of Balanced Community Goals; Promote Conservation of Nonrenewable Energy Resources; and Promote Consistency With the Remainder of the General Plan and Other Major Citywide Planning Efforts



GOAL 5

FACILITATE COMPLIANCE WITH ALL APPLICABLE FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS; PROMOTE ACHIEVEMENT OF BALANCED COMMUNITY GOALS; PROMOTE CONSERVATION OF NONRENEWABLE ENERGY RESOURCES; AND PROMOTE CONSISTENCY WITH THE REMAINDER OF THE GENERAL PLAN AND OTHER MAJOR CITYWIDE PLANNING EFFORTS

QUANTIFIED OBJECTIVE: Affordable Housing Goals and Community Balance

A minimum of ten percent of all new units built in communities throughout the City should be affordable to low- and very low-income residents or for moderate-income homebuyers. A minimum of 20 percent of all units built in those portions of the North City, where a 20 percent inclusionary housing requirement has been adopted, should be affordable to low- and very low-income residents or for moderate-income homebuyers.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

In previous Housing Elements, the City established fair share goals for a variety of affordable housing programs by community planning area. This strategy did not prove to be successful because there was no available means of ensuring distribution and it was deleted during the FY 1999-2004 Housing Element cycle. In 2002, the City of San Diego decided to implement a citywide inclusionary housing policy. This policy requires that all housing developers construct affordable housing on the site of market-rate housing, in the same community planning area as the market-rate housing, or pay an in-lieu fee to be used to construct housing or provide other types of housing assistance as close as possible to the location of the market-rate housing. The City determined that this inclusionary housing policy is the best available method of assuring that affordable housing opportunities are distributed as widely as possible throughout the City. In certain newly developing portions of the North City, formerly designated as Future Urbanizing Areas, a more ambitious 20 percent inclusionary requirement has been adopted. The North City is the area of San Diego with the greatest imbalance between jobs and affordable housing so a more ambitious goal is appropriate for that area.



COMMUNITY BALANCE

The term “community balance” typically refers to the distribution of the population with respect to income level and race and ethnicity. The intent of community balance is to achieve a diversity of population with respect to income, race and ethnicity throughout the City and to avoid over concentrations of any one population group in any particular community. As used in the Housing Element, the term “community balance” refers primarily to diversity with respect to income. San Diego has adopted Council Policy 600-19 to promote balanced communities but it dates to 1972 and has not been updated.

Although difficult to achieve because of disparities in housing costs throughout the City, community balance is a worthy goal. Achievement of better community balance with respect to income has potential implications for reduction of trips and traffic congestion and improvement of air quality if there is an opportunity for all income groups to live in proximity to employment.

In accordance with the City’s Balanced Communities Policy, housing assistance will be provided throughout the City. Homeownership activities, preservation of “at-risk” affordable housing, rehabilitation of owner-occupied housing and rental housing, and mixed-income rental housing acquisition and development will occur in all areas exhibiting need (subject to program guidelines).

The City will pursue development or acquisition of affordable multifamily rental housing (units are income and rent restricted) in areas with a low to moderate concentration of low-income households (0-60.9 percent of the population are low-income) as a priority. Development in those areas with a concentration of 61 percent or more low-income households will be supported under limited circumstances such as strong community support, elimination of blight, creation (new construction) of new affordable housing in redevelopment areas, or as part of the developer’s inclusionary housing requirement.

AFFORDABLE HOUSING GOALS

Table 6 summarizes the extent to which various methods of increasing the supply of affordable housing were used during the 1999-2004 Housing Element cycle in the Urbanized, Planned Urbanizing and Future Urbanizing portions of the City. It should be noted that these three categories of community were established in the 1970s and are now outdated. Areas formerly designated as Future Urbanizing Area are now being developed while the areas designated as Planned Urbanizing are now largely developed. Most redevelopment is occurring in the areas designated as urbanized. These categories will be revised and updated in the General Plan Land Use Element, which is currently being prepared. **Table 6** indicates that rental subsidies and rehabilitation were the tools that assisted the most people during the past several years.



Table 6 indicates that nearly 550 new units were constructed in the former Future Urbanizing Area during the period from July 1, 1998-December 31, 2004. An additional 119 units will be completed during the first half of calendar year 2005 and approximately 600 more units are projected to be completed during the FY 2005-2010 Housing Element cycle.

**TABLE 6
USE OF AFFORDABLE HOUSING TOOLS BY PHASED DEVELOPMENT AREA
JULY 1, 1998 – DECEMBER 31, 2004**

	Phased Development Area	Units	Percent of City Total
New Construction	Urbanized	1,325	65%
	Planned Urbanizing	178	9%
	Future Urbanizing	544	26%
	Total	2,047	100%
Homebuyer Assistance	Urbanized	622	70%
	Planned Urbanizing	207	23%
	Future Urbanizing	62	7%
	Total	891	100%
Acquisition/Rehabilitation	Urbanized	2,867	83%
	Planned Urbanizing	595	17%
	Future Urbanizing	0	0
	Total	3,462	100%
Owner-Occupied Rehabilitation	Urbanized	1,765	95%
	Planned Urbanized	93	5%
	Future Urbanized	0	0
	Total	1,858	100%
Rental Subsidies	Urbanized	3,584	84%
	Planned Urbanizing	602	14%
	Future Urbanizing	89	2%
	Total	4,275	100%



Table 7 shows the affordable housing tools that are likely to be utilized in each community planning area, based on historical patterns. The tools listed on **Table 7** are first-time homebuyer assistance, owner-occupied rehabilitation and rental subsidies. Specific numbers are not indicated; instead an “X” is placed next to those communities where these tools are likely to be used. In general, these tools will be utilized primarily in the older urbanized communities of San Diego.

Table 7 also identifies the communities where new construction of affordable units is likely to occur over the next five years. The potential number of affordable units is a projection, based on currently known projects. It is estimated that 3,668 new affordable units will be constructed in the City of San Diego over the next five years.

**TABLE 7
AFFORDABLE HOUSING TOOLS LIKELY TO BE USED AND AFFORDABLE UNITS
ANTICIPATED TO BE CONSTRUCTED IN SPECIFIC COMMUNITIES**

COMMUNITY	FIRST-TIME HOMEBUYER ASSISTANCE*	REHABILITATION*	RENTAL SUBSIDIES*	NEW CONSTRUCTION
Barrio Logan	X	X	X	
Black Mountain Ranch				204
Carmel Mountain Ranch	X			
Carmel Valley	X			
Centre City	X	X	X	230
City Heights	X	X	X	496
Clairemont Mesa	X	X	X	
College Area	X	X	X	450
Del Mar Mesa				
East Elliott				
Eastern	X	X	X	
Encanto	X	X	X	216
Fairbanks Ranch				
Greater Golden Hill	X	X	X	53
Greater North Park	X	X	X	267
Kearny Mesa	X	X	X	
Kensington-Talmadge	X		X	
La Jolla				
Linda Vista	X	X	X	18
Midway	X	X	X	73
Mira Mesa	X	X	X	
Miramar MCAS				1,600
Miramar Ranch North	X			
Mission Beach				



**TABLE 7
AFFORDABLE HOUSING TOOLS LIKELY TO BE USED AND AFFORDABLE UNITS ANTICIPATED
TO BE CONSTRUCTED IN SPECIFIC COMMUNITIES (CONTINUED)**

COMMUNITY	FIRST-TIME HOMEBUYER ASSISTANCE*	REHABILITATION*	RENTAL SUBSIDIES*	NEW CONSTRUCTION
Mission Valley	X			
Navajo	X		X	
Normal Heights	X	X	X	
Ocean Beach			X	
Old San Diego		X	X	
Otay Mesa	X	X		
Otay Mesa-Nestor	X	X	X	50
Pacific Beach	X		X	16
Pacific Highlands Ranch				168
Peninsula			X	
Rancho Bernardo	X		X	
Rancho Encantada				106
Rancho Penasquitos	X		X	
Sabre Springs	X			
San Pasqual				
San Ysidro	X	X	X	62
Scripps Miramar Ranch	X			105
Serra Mesa	X	X	X	
Skyline-Paradise Hills	X	X	X	
Southeastern Neighborhood	X	X	X	515
Tierrasanta				
Tijuana River Valley	X	X	X	
Torrey Highlands				123
Torrey Pines				
University	X		X	
Uptown	X		X	38
Via de la Valle				
Total				5,268

* Tools utilized for existing units

Note: The total of 5,268 on Table 7 includes 3,668 affordable units anticipated from programs administered by the Housing Commission and 1,600 units anticipated to be constructed within five years on the Miramar Marine Corps Station



POLICIES

1. The City shall seek attainment of community balance with respect to utilization of affordable housing resources. Available tools include new construction, acquisition, first-time homebuyer assistance, rehabilitation, maintenance, and rental subsidies. Different tools will be emphasized in different communities, depending on their needs and the objectives and policies specified in the applicable community plan.
2. An inclusionary housing requirement shall be in effect throughout the City to help ensure that affordable housing opportunities are spread throughout the City.
3. Each community plan, action plan, or other similar community-oriented planning document shall include a section addressing affordable housing which addresses the community's affordable housing needs and identifies appropriate policies and programs to achieve the goal, based on the Housing Element and any future policies identified in the Strategic Framework Element. Community plan updates shall also include a projection of future employment opportunities anticipated for low-income persons and its relationship to affordable housing needs.
4. The City's highest housing priority shall be to provide housing for very low- and low-income families and special needs populations. A secondary priority is to provide housing opportunities for moderate-income households including first-time home buying opportunities.
5. The City shall seek to locate higher-density housing principally along transit corridors, near employment opportunities and in proximity to village areas identified elsewhere in community plans.
6. The City shall provide incentives for mixed-use development which include housing, retail and office uses at transit nodes and other high intensity locations as appropriate.
7. The City shall update and strengthen Council Policy 600-19 (Balanced Communities) by incorporating the above referenced policies in order to move closer toward the achievement of economically and racially balanced communities throughout the City.
8. The City shall encourage location of affordable housing opportunities throughout all sections of the City by encouraging mixed-income developments through a variety of programs and by encouraging the dispersal of rental subsidies.
9. The City shall provide a range of regulatory tools to adequately implement the goals of adopted community plans.



PROGRAMS

1. Inclusionary Housing Program

The City of San Diego has established a citywide inclusionary housing program. The program requires that new housing developments in most parts of the City must provide ten percent of the units at a rent affordable to residents earning 65 percent or less of AMI or at a price affordable to owners earning 100 percent or less of AMI. There is an option to pay an in-lieu fee rather than building the affordable units on-site. The City uses the in-lieu fees to provide affordable housing opportunities. Housing priced at a level affordable to families earning under 150 percent of AMI is exempt from this requirement. In some newly developing parts of the North City where large-scale development is occurring, 20 percent of new units must be affordable and no in-lieu fee option is available.

2. On-Site Building Bonus

The City and Housing Commission will recommend adoption of a ten percent ministerial density bonus, to be called an On-Site Building Bonus, that would be granted to developers who agree to build their required inclusionary housing units on-site rather than paying an in-lieu fee. This would be an important incentive to encourage construction of affordable units in the near future.

3. Implementation of Community Plan Density Ranges

The City will utilize the discretionary review process to ensure that the density of proposed housing corresponds with the density ranges in adopted community plans to produce expected housing yields. Higher-density housing should be located primarily along transit corridors, in and near villages identified in community plans, and near employment opportunities.

4. Balanced Communities Policy

Council Policy 600-19 was adopted by the City Council in 1972 to express the Council's policy on providing housing for low- and moderate-income households on a decentralized basis without discrimination throughout the City. This policy will be updated to reflect the policies and programs on community balance in this Housing Element and to affirm the City's commitment to Balanced Communities. Alternatively, the policy may simply be incorporated into this Housing Element by a future amendment.

5. Transit Oriented Development (TOD) Program

This program is intended to devise policies and proposals to achieve an urban form which reduces dependence on the automobile and promotes a more transit- and pedestrian-oriented environment. It is anticipated that the program will propose specific actions to promote a more efficient land use and transportation pattern.



A primary objective of the TOD Program is to promote developments with concentrations of moderate and higher-density housing in conjunction with public parks and plazas, office and commercial facilities in mixed-use developments located at strategic points on the existing and planned transit system. Transit-oriented developments will facilitate achievement of community affordable housing goals by facilitating higher-density development in concert with supporting infrastructure and amenities.

A primary means of implementing transit-oriented development will be the City of Villages strategy through the General Plan. The TOD guidelines are being incorporated in the City's General Plan and will be applied to village locations identified in individual community plans. Villages are envisioned as focused centers where housing in employment, commercial and civic/educational uses can coexist and be connected to create a cohesive whole. Transit will be integral to implementing the village concept.

QUANTIFIED OBJECTIVE: Use of Redevelopment Agency Low- and Moderate-Income Set-Aside Fund

Provide housing assistance to at least 3,000 very low-, low- and moderate-income households during the next five years. Such assistance can be in the form of new or rehabilitated housing units and can also include provision of additional transitional shelter facilities.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

It is anticipated that the Redevelopment Agency Set-Aside Fund will generate approximately \$13 million annually or approximately \$65 million over the full five-year Housing Element cycle. Approximately \$50 million of these monies will be generated by Centre City redevelopment activity. The remaining \$15 million will be generated by the Southeastern Economic Development Corporation and the ten redevelopment project areas that City of San Diego staff administers.

Based on these anticipated set-aside funds, it is projected that approximately 3,000 new or rehabilitated units for very low-, low- or moderate-income households can be provided during the 2005-2010 Housing Element cycle. This represents an increase of 1,900 units from the previous Housing Element for redevelopment activity. The objective is that of the 3,000 units, 40 percent or 1,200 units will be for very low-income households, 30 percent or 900 units will be for low-income households and 30 percent or 900 units will be for moderate-income households.



**IMPLEMENTATION CHART
AFFORDABLE HOUSING GOALS AND COMMUNITY BALANCE**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Inclusionary Housing	Require that 10 or 20% of units be affordable to low- and/or moderate-income residents or payment of an in-lieu fee	10% of housing stock built between 2005-2010 should be affordable to low- and/ or moderate-income residents	Housing Comm. Planning Development Services	Ongoing	Housing Comm.	Low- and middle-income households
On-Site Building bonus	Provide a 10% ministerial bonus to projects that build required inclusionary units on-site rather than paying the in-lieu fee	1,000 units	Housing Comm. Planning Development Services	Adoption in FY 06	Private	Low- and middle-income households
Implementation of Community Plan Density Ranges	Ensure that new developments adhere to housing density ranges in community plans	All discretionary reviews	Planning Development Services	Ongoing	General Fund	Community at large Low- and moderate-income residents
Transit Oriented Development Program	Locate higher-density housing principally along transit corridors, near villages and in proximity to employment opportunities	Address in General Plan Land Use Element and in Community plans updated from 2005-2010	Planning.	General Plan Land Use Element adoption in FY 2006	General Fund	Community at large Low- and moderate-income residents
Update Council Policy 600-19	Update and strengthen Balanced Communities Policy to incorporate other community balance policies and programs in Housing Element in order to move closer toward economically and racially balanced communities throughout the City	Amended policy Propose amended policy	Housing Comm. Planning.	By FY 2007	Housing Comm. General Fund	Low-income Households



QUANTIFIED OBJECTIVE: Use of Redevelopment Agency Low- and Moderate-Income Set-Aside Fund

Provide housing assistance to at least 3,000 very low-, low- and moderate-income households during the next five years. Such assistance can be in the form of new or rehabilitated housing units and can also include provision of additional transitional shelter facilities.

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Based on these anticipated set-aside funds, it is projected that approximately 3,000 new or rehabilitated units for very low-, low- or moderate-income households can be provided during the 2005-2010 Housing Element cycle. This represents an increase of 1,900 units from the previous Housing Element for redevelopment activity. The objective is that of the 3,000 units, 40 percent or 1,200 units will be for very low-income households, 30 percent or 900 units will be for low-income households and 30 percent or 900 units will be for moderate-income households.

POLICIES

1. The Redevelopment Agency shall coordinate its plans and programs for the provision and preservation of affordable housing with those of other governmental and not-for-profit agencies involved in the provision of housing.
2. Each redevelopment project area contains a unique set of housing needs and redevelopment law provides for a broad range of allowable housing activities. The Redevelopment Agency shall evaluate the needs for very low-, low- and moderate-income housing within a redevelopment project area and shall program housing activities to meet the needs of the project area. The Agency's goal shall be to create balanced neighborhoods and to create new low-income housing and retain and improve existing low-income housing within a redevelopment project area. Set-aside funds may be used outside of a redevelopment project area when the housing will be of benefit to the project area.

While set-aside funds will primarily be utilized to assist low- and very low-income households, the Redevelopment Agency anticipates that it will also be necessary to subsidize housing affordable to median-income households in order to achieve a balance of incomes in redevelopment areas which currently have a high number of low-income households.



3. The Redevelopment Agency shall ensure that set-aside funds are spent in a timely manner and in accordance with California Redevelopment Law.
4. In order to increase the impact of housing set-aside funds, the Redevelopment Agency shall seek to leverage these funds to the maximum extent possible, with other private, local, state and federal dollars available for such purposes. Furthermore, administrative expenditures should be a reasonable proportion of total amounts budgeted for housing projects and programs to ensure the maximum flow of funds to affordable housing projects.
5. The Redevelopment Agency should ensure the preservation of affordable units by requiring agency assisted or constructed units to remain affordable to low-income households for a specific period of time. At a minimum, newly constructed or substantially rehabilitated rental units should remain affordable for fifty-five (55) years and for-sale units should remain affordable for forty-five (45) years.
6. The Redevelopment Agency shall report the activities funded by the set-aside fund and the status of unexpended monies within the fund in the agency annual report which is filed no later than six months after the end of the fiscal year.
7. The Redevelopment Agency shall continue to pursue a comprehensive strategy for use of redevelopment set-aside funds in conjunction with the Housing Commission to develop housing for very low-, low- and moderate-income families citywide including both inside and outside the boundaries of redevelopment project areas.

PROGRAMS

1. Rental Rehabilitation

Redevelopment set-aside funds will be utilized to assist in the rehabilitation of multifamily rental housing. Based on projected set-aside funds, projects already in the pipeline and trends, approximately 175 rental units will be rehabilitated. Of these, approximately 70 units will be affordable to very low-income households, 55 will be affordable to low-income households and 50 will be affordable to moderate-income households.

2. Rental New Construction

Redevelopment set-aside funds will be utilized to subsidize the construction of rental units for low- and very low-income households. Approximately 1,950 new rental units are projected, of which approximately 800 units will be for very low-income renters, 600 units will be for low-income renters and 550 units will be for moderate-income renters.



3. Owner-Occupied Housing Rehabilitation

Redevelopment set-aside funds will be utilized to subsidize the rehabilitation of housing owned and occupied by very low-, low- and moderate-income households.

Approximately 250 owner-occupied units will be rehabilitated. Of these, it is projected that approximately 50 units will be owned by very low-income owners, 150 will be owned by low-income owners and 50 will be owned by moderate-income owners.

4. For-Sale Units

Redevelopment set-aside funds will be utilized to subsidize the construction of new for-sale units for moderate-income households and first-time homebuyers. Approximately 250 moderate-income units may be assisted through this program.

5. Special Purpose Housing

Redevelopment set-aside funds will also be used to subsidize the construction or purchase and rehabilitation of transitional or supportive housing for low-income persons who need a stable environment or special purpose housing. Special purpose populations are those in immediate risk of becoming homeless or in need of special services and those with physical and/or mental health disabilities, chronic health problems or difficulties encountered during substance abuse recovery. Approximately 375 transitional units may be added through this funding source. Of these 280 units will be for very low-income households and 95 units will be for low-income households. These units would be part of the additional transitional housing units proposed under the New Construction Quantified Objective.

6. Affordable Housing Outside of Redevelopment Project Areas

Where a benefit to a redevelopment project area can be demonstrated, redevelopment set-aside funds will be utilized to assist in the construction of new housing outside the boundaries of formally defined project area boundaries.



**IMPLEMENTATION CHART
USE OF REDEVELOPMENT AGENCY LOW- AND MODERATE-INCOME SET-ASIDE FUND**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Rental Rehabilitation	The Redevelopment Agency shall coordinate its plans and programs for the provisions and preservation of affordable housing with those of other governmental and not-for-profit agencies involved in the provision of affordable housing	Units: 175	Redevelopment Agency	Approx. 36 per year	Conventional Hsg. Comm. Redevelopment Agency	70 very low-income, 55 low-income, 50 moderate-income
Rental New Construction	The Redevelopment Agency shall assist in financing the construction of new rental units affordable to very low-, low- and moderate-income households emphasis on housing for working families	Units: 1,950	Redevelopment Agency	Approx. 400 per year	Conventional Tax Credits/Tax-Ex. Bonds Redevelopment Agency	800 very low-income, 600 low-income, 550 moderate-income
	Redevelopment set-aside funds will be used to improve existing housing owned by very low- and low-income households to revitalize depressed neighborhoods					
Owner-occupied Housing Rehabilitation		Units: 250	Redevelopment Agency	Approx. 40 per year	Set-Aside Funds	50 very low-income, 150 low-income, 50 moderate-income
For-Sale Units	The Redevelopment Agency shall assist in financing the construction of new condominiums, townhomes and single-family homes with purchase prices affordable to moderate-income households	Units: 250	Redevelopment Agency	Approx. 50 per year	Conventional Redevelopment Agency	250 moderate-income
Special Purpose Housing	The Redevelopment Agency will help secure funding and locations to create housing linked to supportive services for special needs populations	Units: 375	Redevelopment Agency	Approx. 75 per year	Redevelopment Agency	280 very low-income, 95 low-income
Housing Outside Redevelopment Project Areas	Redevelopment set-aside funds will be used to assist in constructing new housing for families outside the boundaries of redevelopment areas where benefit can be demonstrated	Ongoing when appropriate/ cannot be quantified	Redevelopment Agency		Redevelopment Agency Tax Credits/Tax Ex. Bonds	low- and moderate-income households
Total	All policies listed above	Units: 3,000	Redevelopment Agency	Approx. 600 per year	Variety of sources listed above	3,000 very low-, low- and moderate-income households



QUANTIFIED OBJECTIVE: Reduction of Housing Discrimination

The City shall actively participate in an ongoing region-wide collaborative effort to improve fair housing choice and affirmatively further fair housing. The objective of this effort is to reduce impediments to addressing and eliminating discrimination identified in the recently completed Analysis of Impediments to Fair Housing Choice (AI).

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

The previous Housing Element had an objective to prepare a comprehensive Analysis of Impediments to Fair Housing Choice (AI), in order to identify appropriate actions that the City might take to reduce housing discrimination. This analysis was completed in 2000 and updated in 2004-2005. The current objective is to reduce the impediments to discrimination identified in the AI to the extent possible with available resources.

BACKGROUND INFORMATION

In accordance with the Consolidated Plan submittal regulations of HUD, the City recently participated in a regional effort involving all 19 county jurisdictions to update the 2000 Analysis of Impediments to Fair Housing Choice (AI). This analysis identified constraints to reducing discrimination based on: race or color, national origin, religion, gender, familial status (presence of children), physical or mental disability, age, sexual orientation, or marital status. The City will work to address each of the impediments identified in this AI.

Fair Housing Choice

- Fair Housing Choice should be understood as.
“The ability of persons of similar incomes, who are searching similar housing units, in same housing or related markets, to have available to them the same housing choices, regardless of race, color, religion, sex, disability, familial status or national origin.”⁷

Impediments to Fair Housing Choice

- An impediment to fair housing choice is . . .
“An action, omission or decision taken because of race, color, religion, sex, disability, familial status or national origin, that restricts housing choice or the housing choices or the availability of housing choice.”⁸
- An impediment is also . . .
“Any action, omission or decision that has this kind of effect. Policies, practices or procedures that appear neutral on their face, but which operate to deny or adversely affect the provision of housing to persons (in any particular protected class) may constitute such impediments.”⁹



POLICIES

1. The City will work with its fair housing service provider (the Fair Housing Council of San Diego), as well as the Fair Housing Resource Board (formerly the Community Housing Resource Board), to address the impediments to fair housing identified below. All activities will support the City's ongoing fair housing planning process and the implementation of recommendations as outlined in the current AI:
 - Lack of availability of outreach and educational materials throughout portions of the San Diego region.
 - Many small property owners lack knowledge of fair housing laws and landlord rights and responsibilities.
 - Discrimination against persons with disabilities has become an increasing fair housing concern and the availability of accessible housing for persons with disabilities is limited.
 - Discrepancies in access to financing by different groups persist.
 - Lead-based paint hazards often disproportionately affect minorities and families with children.
 - Collaboration among jurisdictions and fair housing service providers in addressing service gaps needs improvement.
 - Inconsistent tracking of fair housing data makes comparison and trend analysis difficult.

The Fair Housing Council of San Diego offers services in the component areas of advocacy, outreach and education, technical training opportunities for housing provider, lender and insurance industries, maintenance of a fair housing discrimination investigative, intake and enforcement process and collaborations and/or linkages with other entities which further strengthen fair housing activities in the City.

3. The Fair Housing Council will also maintain and operate a housing mobility counseling program designed to assist families who are receiving federal housing subsidies to reach personal goals and career objectives, emphasizing housing moves to neighborhoods of choice and greater opportunity. Another objective of the housing mobility program is to encourage owners in neighborhoods of greater opportunity to rent to participant families.

7. U.S. Department of Housing and Urban Development Honor Advisory Letter, July 11, 1995
8. Ibid
9. Ibid



PROGRAMS

1. Reduce Impediments to Fair Housing

The City will take all actions that it can to reduce the impediments to fair housing identified in the 2004-2005 update of the Analysis of Impediments to Fair Housing Choice.

2. Support of Fair Housing Organizations

The City shall continue to support the Fair Housing Council and the Fair Housing Resource Board which disseminate information about fair housing rights and responsibilities or offer related services. Where permitted by law, this support should include contracts with these organizations to carry out the City's responsibilities for fair housing outreach. Support should also include cooperation with outreach programs conducted by such groups.

3. Implementation of Council Policy 600-20-Open Housing

Submission of an affirmative action marketing program, as required by Council Policy 600-20, is a condition of approval attached to all tentative maps for proposed residential development. The City shall review affirmative marketing programs for adequacy prior to recordation of the final maps. Voluntary signatories to the HUD/BIA master affirmative marketing agreement are exempt from this program, since the master agreement constitutes full and complete satisfaction of Council Policy 600-20. Tentative maps involving less than 20 units also are exempt.

- Discrimination against persons with disabilities has become an increasing fair housing concern and the availability of accessible housing for persons with disabilities is limited.
- Discrepancies in access to financing by different groups persist.
- Lead-based paint hazards often disproportionately affect minorities and families with children.



**IMPLEMENTATION CHART
HOUSING DISCRIMINATION**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Reduce Impediments to Fair Housing	Take actions necessary to reduce impediments to fair housing identified in 2004-2005 update of Analysis of Impediments to Fair Housing Choice	Reduce impediments to the maximum degree possible given available resources	Fair Housing Council	Ongoing	Housing Commission	Protected Classes
Implementation of Council Policy 600-20	Continue implementation of Council Policy 600-20	All Tentative Maps as required.	City of San Diego	FY 1999-FY 2004	General Fund	Minority Households
Fair Housing Assessment	The City shall assist in enforcement of fair housing laws by providing support to organizations that can receive and investigate fair housing allegations, and provide quarterly reports to the City on discrimination complaints and their resolution	Annual Funding	Fair Housing Council Fair Housing Resource Board	Annually	Housing Commission	General Public



QUANTIFIED OBJECTIVE: Energy Conservation

Maintain the goal of reducing by two percent total utility consumption per customer, although total energy demand is expected to increase during the period due to population growth.

Water Utilities Department: Water Conservation will increase to five percent by 2010 over current levels according to the City of San Diego’s Strategic Plan for Water Supply.

Promote increased energy conservation in 20 housing development projects annually by encouraging developers to exceed California Title 24 standards. As an incentive, plan check status will be expedited for sustainable housing developments per Council Policy 900-14-Sustainable Building Policy.

Encourage initiatives to increase the use of renewable resources, such as photovoltaic/solar electric systems and solar water heating, with a goal of builders/developers offering solar options in 50 percent of new single-family housing unit developments by FY 2010.

Encourage initiatives to increase the use of solar water heating in multifamily developments with a goal of increasing use of solar water heating to 50 percent of new multifamily housing unit developments by FY 2010.

CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT

As in the previous Housing Element, the objective is defined in terms of “total energy consumption per customer.” The change from “per capita” to “per customer” was made at the suggestion of the San Diego Gas and Electric Company (SDG&E) to more accurately gauge usage. One customer is equal to one gas or electric meter.

Utility consumption for the Housing Element cycle may prove more difficult to measure as utility customers now have the ability to choose their provider.

Additionally, three new goals have been added to incorporate newly adopted state energy efficiency standards and to encourage alternative energy efficient technologies such as solar electric and solar water systems.



POLICIES

1. The City shall support the SDG&E programs to promote energy conservation.
2. The City shall support the Water Utilities Department's programs to promote water conservation.
3. The City shall support state energy efficiency requirements in new housing and encourage the installation of energy saving devices in pre-1975 housing.
4. The City shall support and implement its Urban Water Management Plan and Conservation Program (Resolution R-277077) to develop a sound water storage program and promote voluntary water conservation and retrofitting of pre-1981 housing.
5. The City shall encourage and support cost-effective energy technologies with both positive economic and environmental impacts, e.g., passive solar space heating and cooling and water conservation.
6. Insofar as practical, the City shall utilize its planning processes to promote efficient land use and development patterns which conserve such resources as fuel, water and land.
7. The City shall support and encourage high performance design standards in new construction and redevelopment to promote increased energy conservation.
8. The City shall support the installation of photovoltaic/solar and solar water heating systems on new construction to promote and increase the use of renewable resources.

PROGRAMS

1. Residential Interior/Exterior Water Survey Program

The Water Utilities Department shall provide residential customers an interior and exterior water use survey of their home. This service shall include a water usage analysis including flow rates of fixtures, checking for leaks, installing water-saving devices and water efficient landscape and irrigation recommendations. A typical household benefiting from this program can reduce daily water consumption by 13 percent.

2. Ultra-Low Flush Toilet Rebate Program

The Water Utilities Department shall provide cash rebates of \$75 per installed toilet to City residents who install ultra-low flush toilets. This program, which began in 1991, is responsible for over six million gallons per day of water savings and shall provide 30,000 rebates per year through 2010.



3. Reduced Energy Use Code Requirements

The City's Land Development Code requires that all toilets over 3.5 gallons per flush be replaced with ultra-low flush toilets. It also requires that faucets, showerheads, urinals and reverse osmosis systems be low-use compliant. Focus will be shifted from enforcement to a marketing campaign to highlight benefits of saving water and money.

4. Single-Family and Multifamily Audits

The Water Utilities Department will conduct audits on a voluntary basis with single-family and multifamily households to assist them in reducing water consumption. The audit will include retrofitting residences with water efficient devices, conducting a landscape water audit, providing specific recommendations for minimizing interior and exterior water usage, and furnishing customized landscape irrigation schedules. Approximately 2,500 City residences shall be audited annually.

5. Title 2.4-California Building Code

This state law requires phasing out older less energy efficient toilets by replacing them with toilets that use only 1.6 gallons per flush. San Diego Municipal Code Section 93.0208 also requires that faucets, showerheads, urinals and reverse osmosis systems also be low-use compliant.

6. Enhanced Public Education Program

The components of this public education program include the development of a speaker's bureau, developing and maintaining a Department and Water Conservation website, distribution of higher quality brochures and fact sheets, a media campaign that includes local news stations and radio stations, and better coordination with the San Diego County Water Authority and the Metropolitan Water District of Southern California.

7. Residential H-axis Washing Machine Rebate Program

The City of San Diego will support an SDG&E rebate program that will issue \$75 rebates for installation of H-axis washing machines. Residential H-axis washers will save approximately 5,100 gallons per year for 16 years.

8. Citywide Landscape Design Ordinance

The City will continue to implement the citywide landscape design ordinance, which encourages the use of plant materials to reduce heat island effects and requires drought tolerant plants and low-flow irrigation systems. The irrigation systems must include rain-sensing devices to shut irrigation off during rainy periods and soil sensing devices to measure the amount of moisture in the soil.



9. SDG&E Conservation Programs

The City shall continue to cooperate with SDG&E in the provision of information about their energy conservation programs.

10. Community Energy Partnership Program

The San Diego Regional Energy Office (SDREO) will partner with SDG&E to provide assistance to the City of San Diego to develop energy efficiency policies to encourage energy conservation through high performance standards in residential construction. SDREO will support the City following policy adoption to maintain program participation and success.

11. Home Energy Partnership Program

San Diego Gas and Electric Company will provide cash incentives to builders and energy support teams for exceeding Title 24 or meeting Energy Star building standards, offer design assistance and provide free training courses to enhance energy savings in homes.

12. Renewable Buy Down Program

The California Energy Commission will provide cash rebates on eligible renewable energy electric generating systems of up to \$3,500 per kilowatt or 50 percent of the eligible purchase price, whichever is less.

13. California Tax Credit

Solar systems certified by the California Energy Commission and installed with a five-year warranty are eligible to receive a tax credit equal to the lesser of 15 percent of the purchase cost of a photovoltaic or wind driven system with a generating capacity of not more than 200 kilowatts. This credit will sunset on January 1, 2011.

14. General Plan

As part of its General Plan update, the City shall emphasize efficient land use and development patterns which conserve such resources as fuel, water and land. The City of Villages concepts of higher density development in the vicinity of major transit nodes, a pedestrian-oriented development pattern and preservation of open space areas are intended to reduce energy consumption and conserve land and water resources.



**IMPLEMENTATION CHART
ENERGY CONSERVATION**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
Residential Interior/Exterior Water Survey Program	The City shall support and implement its Urban Management and Water Conservation Program, develop a strong water conservation policy and promote voluntary water conservation and retrofitting of pre-1981 housing The City shall encourage and support cost effective energy technologies with both positive economic and environmental impacts	Ongoing	Water Utilities Dept.	Ongoing	Water Enterprise Fund	Residential Customers
Ultra-Low Flush Toilet Rebate Program	Same As Above Policy	150,000 units	Water Utilities Dept.	30,000 units annually	Water Enterprise Fund	City Water Customers
Single-family and Multifamily audits	Same As Above Policy	12,500 units	Water Utilities Dept.	2,500 units annually	Water Enterprise Fund	Households receiving audits
San Diego Municipal Code Section 93.0208 and Title 2.4 California Building Code	Same As Above Policy	Ongoing	City of San Diego	Ongoing	General Fund	City Water Customers
Enhanced Public Education Program	Same As Above Policy	Ongoing	Water Utilities Dept.	Ongoing	Water Utilities Dept.	City Water Customers
Residential H-axis Washing Machine Rebate Program	Same As Above Policy	3,750 units	Water Utilities Dept.	750 units annually	Water Enterprise Fund	City Water Customers
Citywide Landscape Design Ordinance	Same As Above Policy	Ongoing review of development plans, as required by demand	Planning and Development Services Dept.	Ongoing	Planning Fees	Permit Applicants



**IMPLEMENTATION CHART
ENERGY CONSERVATION (continued)**

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiary
SDG&E Conservation Programs	The City shall support the SDG&E programs to promote conservation	Ongoing	City of San Diego	Ongoing	General Fund	General Public
	The City shall support SDG&E conservation programs					
	The City shall support the installation of energy saving devices in pre-1975 housing					
Community Energy Partnership Program	The City shall support and encourage high performance standards in new construction and redevelopment to promote increased energy conservation	Ongoing	Regional Energy Office SDG&E Planning Development Services City Energy Coordinator	Ongoing	Regional Energy Office Funds SDG&E Funds	General Public
Home Energy Partnership Program	The City shall support the installation of photovoltaic/solar electric and solar water heating systems on new construction to promote and increase the use of renewable resources	Ongoing	SDG&E	Ongoing	SDG&E Funds	Developers Energy Support Teams
General Plan and Community Plan Updates	Insofar as practical, the City shall utilize its planning processes, to promote efficient land use and development patterns which conserve such resources as fuel, water and land	Ongoing	Planning and Water Utilities Dept.	Ongoing	General Fund	General Public



Community Profile



COMMUNITY PROFILE

PURPOSE

A detailed profile of the major demographic characteristics and trends which influence demand for various types of housing as well as information regarding the condition of the existing housing stock is provided in this section. This is key background information that was used to ascertain housing needs and to develop the policies and programs recommended in this document.

POPULATION, HOUSING AND EMPLOYMENT CONDITIONS

The information provided below includes current conditions and trends related to population, housing and employment that influence housing in San Diego. Key variables that are considered include national, state and local population forecasts, household characteristics such as size and type, age, tenure (owner occupied vs. rental), condition, the extent of overcrowding, vacant units, housing costs and existing low-income housing, and employment trends.

A. POPULATION FORECASTS

1. National and State Forecasts

Housing need is affected by current supply, population growth, household formation, household income and age distribution. According to a report by the U.S. Department of Housing and Urban Development (HUD)¹⁰, the increasing number of low-income households is expected to create more “worst case needs” cases. HUD defines “worst case” housing needs as households that have incomes of less than 50 percent of the AMI and pay over half their incomes for rent or are living in severely substandard housing (in very poor condition and/or lacking basic features such as adequate plumbing) This trend, if it continues, will influence the demand for different types of housing as the gap between real median-income and low-income housing stock increases.

The projected population increase at both state and national levels affects the availability of all housing types, especially those that serve special needs. California’s population is expected to increase from 34.5 million in 2000 to 45.8 million in 2020.¹¹ The U.S. population as a whole is expected to increase by 24 percent from 2000 to 2030. Changes in age structure are also expected to influence housing demand. The aging of the “baby boomers” will influence the demand for a wide

10. U.S. Department of Housing and Urban Development, Rental Hosing Assistance—The Crisis Continues: 1997 Report to Congress on Worst Case Housing Needs

11. State of California, Department of Finance, Interim County Projections. Sacramento, California, June 2001



variety of housing for all income groups. Nationally, the population 65 years and older will increase from 35.1 million in 2000 to 71.5 million in 2030, increasing its share of the U.S. population from 12.4 percent to 19.6 percent.

Population growth, coupled with the gradual loss of low-income housing, continues to impact housing policy and the coordination of essential related services and facilities with housing. Economic growth alone will not meet increasing housing needs at the national and state levels, especially among households with limited incomes.

California will become more ethnically diverse. In 2000, Hispanics comprised 32.4 percent of the state's population, Whites 46.7 percent, Asian 10.9 percent and Blacks six percent. In comparison, by 2020 it is expected that Hispanics and Whites will each comprise 41 percent of the state's population, Asian and others 12 percent and Blacks six percent. Ethnicity is correlated with household size, income and access to the housing market.

Nearly one in five Americans has some type of disability and this number can be expected to continue increasing along with the aging of the population. This will increase the demand for accessible housing.

2. Local Forecasts

San Diego's population has grown dramatically in the last 30 years. In 1970, with nearly 700,000 residents, San Diego was the third most populous city in California and fourteenth in the nation. The 2000 Census counted San Diego's population at 1,223,400 making San Diego the sixth largest in the nation. The 2000 total was an increase of ten percent since 1990 and constituted 43 percent of the region's population. Between 2000 and 2010, SANDAG's 2030 forecast projects a 12 percent increase in the City's population from 1,223,400 in 2000 to 1,370,328 by 2010. Another 21 percent increase is projected between 2010 and 2030, with the population reaching 1,656,820.

For the region, SANDAG's 2030 forecast estimates a 1.04 million population increase from 2000 to 2030, with an estimated population exceeding 3.8 million by 2030. The region is expected to increase by 14 percent between 2000 and 2010 and another 20 percent between 2010 and 2030. SANDAG's 2030 forecast projects that the overall increase of 37 percent between 2000 and 2030 will result in the need for 313,939 additional housing units.

From 1980 to 1988, net in-migration was the largest component of population increase. However, in the early 1990s, 83 percent of San Diego's population growth was due to natural increase. This shift was mainly due to the recession of the early 1990s which significantly slowed local employment growth. SANDAG's 2030 forecast projects that natural increase will continue to be the primary component of population growth (about two-thirds), while net in-migration will account for the remaining growth.



Between 1960 and 1989, household formation outpaced population growth by a wide margin. Between 1980 and 1990, this gap shrank considerably and by 1998, population growth had outpaced the rate of household formation. This reflects that during the 1980s, housing costs were high in proportion to income, resulting in postponed or deferred new household formations and in decisions to “double up.” During the early 1990s, the population continued to grow, albeit at a slower rate than during the 1980s, while the rate of new household formations continued to slow as the rate of new housing construction also slowed. This dampened new household formations and caused more households to share housing units or “double up.” “Doubling up” places more physical stress on housing units, leading to higher maintenance costs.

San Diego’s extremely tight real estate market has resulted in the rapid growth in condo conversion, whereby whole rental apartment complexes are converted into for-sale condominium units. According to the Development Services Department, from 1999 to January 2004, 193 conversion projects were submitted, for a total of 2,275 units. From February 2004 through May 2005, however, more than 330 more condo conversion projects were submitted to the department, representing at least 10,000 units. These conversions have been touted by some as a way to solve the City’s severe shortage of moderate-income homes. Affordable housing advocates, however, believe that the trend only exacerbates the housing problem for lower-income renters, as an apartment complex’s renting occupants are usually unable to afford to buy the resulting condominiums after conversion.

B. POPULATION CHARACTERISTICS

1. Age

Age is an important demographic factor for analyzing future housing needs and preferences of different age groups. According to SANDAG’s 2030 forecast, the region’s median age is expected to rise by 17 percent from 33.2 years in 2000 to 38.9 years in 2030. In the City of San Diego, the median age rose from 30.8 years in 1990 to 32.6 years in 2000.

Young adults (20-34 years) and the elderly (65+) tend to favor apartments, low-to-moderate cost condominiums, and small single-family homes. The 35-64 population segment tends to favor higher-amenity apartments and condominiums and single-family homes because they have larger incomes and households. The aging of the “baby boomers” will create demand for a range of housing types that cater to the elderly. The fastest growing segment of the population between 2000 and 2030 is expected to be those aged 65 years and older, increasing by 140 percent. In absolute numbers, San Diego’s “over 65” population is projected to grow from 128,022 in 2000 to 151,298 in 2010 to 314,785 in 2030.



2. Household Size and Composition

Household size influences the demand for the mix of apartments, condominiums and single-family homes, as well as the size of the units. A small household (one to two persons) traditionally uses a unit with zero to two bedrooms while medium households (three to four persons) typically use three to four bedrooms. Large households (five or more persons) typically use four or more bedrooms. Household composition influences choice of location. For example, households with no children may be less concerned about locating within a given school district than households with children.

Average household size is higher in San Diego than the nation, and, contrary to national trends, has not decreased in recent years. The Census Bureau projects that the nation's average household size is expected to decline slowly from 2.59 in 2000 to below 2.4 by 2020. According to the Census Bureau, two major factors account for this decline: (1) an increase in households and families with no children, and (2) an increase in persons living alone. In contrast, SANDAG's 2030 forecast projects that San Diego's regional household size will continue to increase until 2030. In 2000, the average household size was 2.73. By 2010, it is expected to rise slightly to 2.78, and by 2030 will increase to 2.88. This trend toward larger households may reflect the tendency for households to "double up" as housing costs outpace income.

3. Income

Income directly affects the range of housing costs and influences housing affordability. Household income is also directly related to housing tenure and type. As household income increases, the ratio of homeownership tends to increase. State law identifies five income categories in relation to AMI¹²: Extremely Low-Income; Very Low-Income; Low-Income; Moderate-Income, and Above Moderate-Income.

Extremely Low-Income Households: Households with gross income equal to 30 percent or less of the AMI.

Very Low-Income: Gross household income between 31 and 50 percent of the AMI.

Low-Income: Gross household income between 51 and 80 percent of the AMI.

Moderate-Income: Gross household income between 81 and 120 percent of the AMI.

Above Moderate-Income: Gross household income 121 percent or more of the AMI.

12. Area Median Income (AMI) is determined annually by the U.S. Department of Housing and Urban Development and the California Department of Housing and Community Development



The U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD) develops income estimates at the county level. The FY 2004 AMI for a family of four in San Diego is estimated at \$63,400. Extremely low-income is estimated at \$20,550 for a four-person household, very low-income is \$34,250 and low-income is \$54,800 for the same size household.

In the City of San Diego, there are approximately 181,572 extremely low-, very low- and low-income homeowner and renter households.¹³ Of these households, approximately 114,449, or 63 percent, pay more than 30 percent of income for housing. Traditionally, a public policy objective has been that no more than 30 percent of household income should be spent on housing. In recent years some economists have asserted that a more reasonable standard should be that no more than 35 percent or 40 percent of household income should be spent on housing.

4. Race and Ethnicity

Over the past ten years, San Diego has become an increasingly diverse community. According to the 2000 Census, approximately 49 percent of the City residents were White, 25 percent Hispanic, 14 percent Asian or Pacific Islander and eight percent Black. Native American and “Others” made up the remainder of the population. Between 1990 and 2000, significant changes in the racial and ethnic composition of residents had occurred. Specifically, Hispanic and Asian residents increased by 39 percent and 36 percent, respectively, while the number of White and Black residents declined by eight percent over the same period (see **Table 8**).

**TABLE 8
RACE AND ETHNICITY**

RACE	1990		2000		2004		1990- 2000	2000- 2004
	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	NUMBER	PERCENT OF TOTAL	PERCENT CHANGE	PERCENT CHANGE
White	653,368	59%	602,799	49%	605,270	47%	-8%	<1%
Hispanic	223,616	20%	310,533	25%	344,557	27%	39%	11%
Asian and Pacific Islander	125,559	11%	170,538	14%	200,182	15%	36%	18%
Black	100,041	9%	91,815	8%	93,287	7%	-8%	2%
Native American	5,975	1%	4,620	<1%	4,248	<1%	-23%	-8%
Other ¹⁴	1,990	>1%	43,216	4%	46,488	4%	N/A	8%
Total	1,110,549	100%	1,223,341	100%	1,294,032	100%	10%	6%

Source: U.S. Census 2000, SANDAG

13. FY 2000 Comprehensive Housing Affordability Strategy (CHAS) Census Data Book

14. “Other” category in 1990 and 2000 Census are not comparable. In 2000 Census, “Other” includes “Some other race” and “Two or more races” as identified in the 2000 Census. Sources: 1990 & 2000 Census



SANDAG's 2030 forecast projects that these trends are expected to continue in the City. The Hispanic population is expected to increase by 81 percent between 2000 and 2030 from about 25 percent of the total population to 66 percent. Similarly, the Asian and Pacific Islander population segment is estimated to grow by 56 percent by the year 2030.

C. POPULATION SUBGROUPS

1. Elderly

The population over 65 years of age is considered elderly and presents four main concerns:

- **Income:** People over 65 are usually retired and living on a fixed income.
- **Health Care:** Due to the higher rate of illness, health care is important.
- **Transportation:** Many seniors use public transit.
- **Housing:** Many live alone and many rent.

These characteristics indicate a need for smaller, low-cost housing units with easy access to transit and healthcare facilities.

According to the 2000 Census, the City had 127,281 persons over the age of 65, representing about ten percent of all residents. Between 1990 and 2000, the elderly population increased by approximately 13 percent. Approximately 51,310 persons were considered frail elderly with a disability. SANDAG Census data projects that by 2010, the elderly population will increase to 151,298, a 19 percent increase from 2000 and a 26 percent increase from 1990.

Citywide, approximately 18 percent of all households were headed by seniors. A disproportionate percentage (49 percent) of senior households is low-income compared to households overall (40 percent). Approximately 35 percent of elderly residents experienced housing problems such as cost burden or substandard housing. While this is less than the citywide average, elderly residents are often less able to make improvements to their homes or to find affordable housing due to limited income and disabilities.

Regionally, SANDAG Census data projects that the number of persons 65 years and older will increase by 18 percent from 313,750 in 2000 to 369,212 by the year 2010. By 2030, the population of persons 65 years and older is projected to increase by 136 percent to 740,929. This increase is the result of the aging of the "baby boom" generation.



In addition to affordable housing located near transportation, the housing needs of the elderly also include supportive housing, such as intermediate care facilities, group homes and other housing that includes a planned service component. Needed services include personal care, housekeeping, meals, personal emergency response and transportation. ElderHelp of San Diego administers a Shared Housing Program which matches persons in need of low-cost housing with elderly residents who have space in their homes to share. Home providers supply a private bedroom, shared common space and utilities in exchange for the home seeker’s contribution of services or low rent. ElderHelp screens applicants, finds compatible matches and offers ongoing support and mediations when necessary.

The continued support for locating housing for the elderly near essential services is identified in Volume I, where the City’s support for a shared housing program for the elderly is described.

The City’s Section 8 rental assistance program (administered by the San Diego Housing Commission) recognizes the need for affordable senior housing. Elderly families are one of the special needs groups that have priority for obtaining housing choice vouchers. The City is also home to a number of housing complexes where some or all of the housing units are reserved for seniors. In addition, the county’s Elder Law & Advocacy program provides free legal services to senior citizens age 60 or older and to family caregivers of persons 60 and older.

**TABLE 9
ELDERLY PROFILE**

SPECIAL NEED GROUP	PERCENT OF POPULATION	WITH A DISABILITY	LOW AND MODERATE-INCOME	HOUSING PROBLEMS
Elderly	10%	40%	46%	34%
All residents	100%	16%	40%	43%

Sources: (1) U.S. Census 2000; and, (2) HUD CHAS, 2003

As the elderly population continues to increase, it is anticipated that demand for a variety of elderly housing options will also increase. In addition to traditional facilities that offer independent living units, it is likely that demand for intermediate care and assisted living will also increase, as well as demand for facilities offering a full range of living arrangements.

2. Persons with Disabilities

Several federal and state statutes affect the provision of housing for persons with disabilities, including the Fair Housing Act Amendments of 1988, the Americans with Disabilities Act of 1990, the Housing and Community Development Act of 1992 and Section 504 of the Rehabilitation Act of 1973.



The Fair Housing Act Amendments of 1988 (FHAA) define “disability”¹⁵ as:

- (1) a physical or mental impairment that substantively limits one or more of such person’s major life activities;
- (2) a record of having such an impairment; or
- (3) being regarded as having an impairment, but not as a result of current illegal use of or addiction to a controlled substance.

The FHAA requires local jurisdictions to “make reasonable accommodations in rules, policies, practices, or services when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling.”¹⁶ Additionally, the FHAA requires all multifamily housing with four or more units and an elevator, or ground floor units in non-elevator buildings built after March 1991 to comply with accessibility guidelines.

Title II of the Americans with Disabilities Act of 1990 prohibits discrimination against persons with disabilities by state and local governments. Thus, any housing development project owned, managed, or sponsored by the City is under this protection.

Title VI of the Housing and Community Development Act of 1992 allows public housing authorities and publicly assisted housing providers to designate buildings or parts of buildings as “Designated-Elderly,” “Designated-Disabled,” “Mixed Elderly” and “Disabled Housing.”

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination by any federal program that receives federal funds. This prohibition applies to public subsidized housing and publicly assisted housing providers. Section 504 also requires that persons with disabilities be allowed to modify existing housing premises with features that are necessary to accommodate their disability and requires that future multifamily dwellings be constructed with certain accessibility features. Under Section 3604(f)(3)(c), design and construction of new housing first occupied after March 1991 must incorporate several adaptability access design features.

All units on the ground floor in buildings without elevators and all units in buildings with elevators must incorporate minimum adaptability standards:

- All doors designed to allow passage must be wide enough to accommodate persons in wheelchairs.
- Accessible route into and through the dwelling must be provided.
- Light switches, electrical outlets, thermostats, and other environmental controls must be placed in accessible locations.

15. (42 U.S.C. section 3602[h])

16. (42 U.S.C. section 3604 (f) (3) (b))



- Bathroom walls must be reinforced to allow installation of grab bars.
- Kitchens and bathrooms must have sufficient space to allow people in wheelchairs to move about.

In addition, public and common use areas must be “readily accessible and usable” by people with disabilities.

All units on the ground floor in buildings without elevators and all units in buildings with elevators must incorporate minimum adaptability standards:

- All doors designed to allow passage must be wide enough to accommodate persons in wheelchairs.
- Accessible route into and through the dwelling must be provided.
- Light switches, electrical outlets, thermostats, and other environmental controls must be placed in accessible locations.
- Bathroom walls must be reinforced to allow installation of grab bars.
- Kitchens and bathrooms must have sufficient space to allow people in wheelchairs to move about.

In addition, public and common use areas must be “readily accessible and usable” by people with disabilities.

The California Building Code was amended in the early 1990s to mirror the FHAA requirements. This amendment implements the disability access requirements of Title 24 of the California Code of Regulations. The main difference between the FHAA and the Model Building Code is that the California Building Code applies to multifamily projects with three or more units while the FHAA apply to projects with four or more units. For condominiums, the threshold is also four units. Neither the FHAA nor the state provisions apply to existing housing, upgrades, remodels, or rehabilitation of existing housing.

These provisions are enforced through the building permit process. Projects subject to these provisions that do not comply are subject to civil suit. Pursuant to state law, no local jurisdiction can adopt provisions that are more restrictive than the California Building Code. Currently, there are no accessibility requirements at any government level for single-family units.

The City of San Diego currently has an estimated 181,459 persons with disabilities.¹⁷ Of these, 103,443 are elderly.

17. Estimate of the number of disabled person, as derived from San Diego Association of Governments (SANDAG) 2000 Census data



CITY OF SAN DIEGO TOTALS (2000)	
Sensory disability	32,904
Physical disability	74,120
Mental Disability	49,799
Self-care disability	24,636
Total	181,459

The special housing and location needs vary depending on the type of disability. Generally, this population experiences hardship as a result of unemployment, low-incomes, and high housing costs in San Diego. The special needs of subpopulations of people with disabilities are discussed below:

a. Persons with Physical Disabilities

The housing needs of the approximately 74,120 physically disabled individuals in the San Diego region include not only affordability but also physical features that provide for access and use according to the disability of the occupant. If accessibility needs are not met, the result can be confinement to the home. Currently, the Veterans Administration offers assistance to veterans with service-connected disabilities to modify their homes. In addition to housing, support services designed to meet the needs of the particular individual also need to be addressed. Ideally, a social worker should be available on-site to assist persons returning to the community from a healthcare institution.

According to the National Council on Independent Living, approximately 71 percent of the national physically disabled adult population is unemployed. The ACCESS Center, a nonprofit agency whose housing program serves more than 2,000 persons with disabilities, including the mentally ill and physically and developmentally disabled, estimates that the unemployment rate among the physically disabled is 63 percent in the region. The ACCESS Center also estimates that about 90 percent of its clientele is on fixed incomes, mainly Social Security and SSI. Although Social Security provides incentives for disabled persons to work, they are often insufficient to allow a disabled person to significantly improve their housing status.

According to the ACCESS Center, approximately 1,000 of the 8,500 households receiving Section 8 assistance have at least one disabled member. The ACCESS Center estimates that approximately 500-1,000 more persons with disabilities would qualify for Section 8 certificates if they were available. In addition to the Section 8 rental assistance already being received by people with disabilities, other housing options include shared housing, the construction of affordable units, and the Supportive Housing program, which promotes the development of supportive housing services to assist those with special needs in transition to independent living.



b. Persons with Mental Disabilities

In the City of San Diego there are an estimated 50,000 people with mental disabilities. This figure, which includes both the mentally ill and persons with developmental disabilities, represents those people for whom a mental disability make it difficult to perform day-to-day activities.¹⁸

According to the National Resource Center on Homelessness and Mental Illness, persons with serious mental illnesses (SMI) are over-represented among the homeless population. While those with a SMI represent only four percent of the U.S. population, they represent five to six times as many people (20-25 percent) in the population of the homeless nationwide.¹⁹

This statistic is confirmed on the streets of San Diego County. Data from the Regional Task Force for the Homeless reveals that on any given night there are approximately 1,417 homeless mentally ill, among the 7,323 total urban homeless persons in the county. This is roughly 20 percent of that population and over 25 percent of the adult homeless population.²⁰ Without proper mental healthcare and affordable housing this number is likely to grow. These numbers may also be undercounted, as some of the homeless population does not realize they have a mental health problem.

The California Developmental Disabilities Board for Area XIII, an advocacy group for developmentally disabled persons in San Diego County, states that about 14,000 developmentally disabled persons reside in the City. While group homes have been a viable option for persons with developmental disabilities historically, they are not the only desired housing choice. This population is looking for options beyond group living, including apartments, condominiums, and houses. A major barrier to stable, decent housing for the developmentally disabled is income. Some work only a part-time schedule, so as not to lose eligibility for Medi-Cal health benefits. A substantial majority of persons in this population depend solely on Supplemental Social Security Income (SSI) payments of an average of \$646 per month. Based on this income, few persons in this population can afford market-rate rental housing.

18. From the U.S. Census Bureau explanation of survey methods: "Item 17 was a four-part question that asked if the individual had a physical, mental, or emotional condition lasting six months or more that made it difficult to perform certain activities. The four activity categories were: (a) learning, remembering, or concentrating (mental disability); (b) dressing, bathing, or getting around inside the home (self-care disability); (c) going outside the home alone to shop or visit a doctor's office (going outside the home disability); and (d) working at a job or business (employment disability)"

19. National Resource Center on Homelessness and Mental Illness, 2004

20. Regional Homeless Profile, July 2004 – Regional Task Force on the Homeless



3. Large Families

Large families are defined by the U.S. Department of Housing and Urban Development as families with five or more members. Large households have special housing needs due to their income and lack of adequately sized, affordable housing. To save for necessities such as food, clothing and medical care, low- and moderate-income large households may reside in smaller units, often resulting in overcrowding. The 2000 Census reported 55,926 large households in the City, representing 13 percent of all households. Large households were almost evenly split between renter (49.7 percent) and owner households (50.3 percent). This special needs group experienced a higher level of housing problems than other households. Large family households had the highest level of housing problems regardless of income level. Almost all (95 percent) of extremely low-income and 91 percent of the very low-income large family renters experienced housing problems, which include overcrowding, cost burden, or substandard housing. Cost burden was a major component of housing problems for large families.

Meeting the housing needs of large families is particularly difficult because market forces result in buildings with more one- and two-bedroom units and fewer three- and four-bedroom units. These forces include: (1) shrinking national household sizes, (2) high parking requirements, and (3) high land costs, which make it more profitable to maximize the number of units, in part by building a larger number of smaller units. These market forces act as a disincentive for both the private sector and the public sector to provide adequate housing for large families. Additionally, publicly subsidized housing must compete with a variety of other needs for limited public funds.

In addition, houses in the older parts of San Diego typically have only two bedrooms. Larger homes with three or more bedrooms tend to be more available in the planned urbanized communities that are further from the City center and tend to be more expensive. The high costs for single-family homes make it nearly impossible for large, low-income families to purchase a home.

TABLE 10
BEDROOM DISTRIBUTION OF SECTION 8 PROGRAM

NUMBER OF BEDROOMS	0-1	2	3+	TOTAL UNITS
Units	4,782	3,495	3,706	11,983

Source: Housing Commission, 2004



4. Military

The Naval Complex San Diego consists of ten military installations located in the San Diego Region. In 2004, there were 69,251 military personnel and 35,918 military families in this region. Of these families, 9,133 are housed in military housing neighborhoods. The Navy estimates its housing shortfall in 2004 at 5,754 homes.²¹

In addition to Military Family Housing, some Navy personnel may be eligible for public housing or rent subsidized units. However, long waiting lists prevent most low-grade personnel who may qualify, from occupying significant numbers of publicly assisted housing units. Consequently, military personnel must rely on the already overcrowded private sector to meet their housing needs.

5. Students

In the fall of 2005, there were more than 60,000 full-time equivalent (FTE) graduate and undergraduate students attending San Diego's five universities, plus an additional 17,000 full-time equivalent students enrolled in the four San Diego Community College District campuses. The majority of students attending four-year schools rely on off-campus housing to satisfy their housing needs.

Ideally, student housing should be located adjacent to or on campus and near shopping and public transportation. Also, it should be higher density to permit lower rents for typically low-income students. However, most campuses are surrounded by low-density housing and three schools are located in La Jolla (University of California, San Diego), Point Loma (Point Loma Nazarene), and Scripps Ranch (United States International University), which have higher housing costs compared to the rest of the City. The University of San Diego has the best location for low-priced rental units, while San Diego State University (SDSU) offers middle-income housing to the south and upper-income housing to the north.

The problems created by student spillover into adjacent residential areas have grown more severe. This has been particularly true in neighborhoods surrounding SDSU where a number of single-family homes have been converted into "mini-dorms." Such "mini-dorms" do not have adequate off-street parking for students with automobiles.

In response to inadequate student housing opportunities on campus, SDSU, through the SDSU Foundation, continues to make progress on the Paseo mixed-use redevelopment project which will ultimately provide 460 units (1,400 beds) by 2008. The Foundation continues to provide development assistance to the Sorority Row project, which will provide an additional 215 beds by 2006. Other universities have indicated the intent to absorb potential student spillover by increasing on-campus housing.

21. Data provided by Navy Region Southwest Military Housing



6. Female-Headed Households

In 2000, households headed by women comprised approximately 11 percent (51,248 households) of all households in San Diego. Of those, 58 percent included children under the age of 18. Female heads of households comprised a disproportionate number of families that are living in poverty. According to the 2000 Census, 25 percent of female heads of households lived in poverty and 89 percent of those households included children.

Single-parent households are likely to have special needs for housing near day care and recreation facilities and to have access to public transportation. Households headed by females are especially likely to need assistance because women continue to earn less on average than men do in comparable jobs. Low-income female heads of households with children experience additional burden when combined with limited transportation resources. Low-income workers, especially female heads of household with children, have unique travel patterns that may prevent them from obtaining work far from home.

Families headed by a single mother are more likely to experience discrimination in the housing market because of the reluctance of some managers and owners to rent to families with children. Although the Fair Housing Act of 1988 expanded the scope of the law to include families with children, such discrimination according to the Fair Housing Council of San Diego still occurs. The City continues to support the enforcement of fair housing laws.

Among the estimated 7,323 total urban homeless persons, within the City of San Diego there were 365 families with single women as head of household and 717 children with them, and 19 families with single men as head of household and 22 children with them.

In addition to these homeless families, the Regional Task Force on the Homeless notes that a significant number of families are at-risk of becoming homeless. For every homeless family living in a shelter, experts estimate that there are two to three families who are on the verge of homelessness due to unstable living conditions and who need similar support services as homeless families in order to sustain permanent housing. They are often living in the temporary accommodations of family or friends who may also be living under tenuous circumstances.

In the past, the primary vehicle in the City to assist low-income families from becoming homeless has included various forms of rental assistance. The “Governmental Constraints” chapter discusses reducing governmental barriers for new construction of affordable housing.

7. Farm Workers

The homeless population in San Diego County can be categorized into two broad groups: urban homeless and farm workers/day laborers, who primarily occupy the hillsides, canyons and fields of the northern regions of the county. There has been a



significant reduction in the estimated number of farm workers in the last few years due to increased urbanization and development. The San Diego Police Department estimated that there are no families living in the encampments located in canyons in the City. The Regional Homeless Profile estimated that there were approximately 200-500 unhoused farm workers within the City of San Diego in 2004.

Although the rural homeless population is difficult to access directly due to the terrain and a limited number of staff (two) in the Homeless Services Division of the Community and Economic Development Department, City staff has developed an initial plan to notify funding sources of grants. This began in FY 2003-2004. This plan is intended to help bridge the gap between grantors and service providers, between the homeless and employers and faith-based communities to address existing needs.

Identified prospective resources that may be used to develop housing for this population include the HCD, HUD, USDA, and HAC websites. These websites provide significant information about farm worker housing. The HCD operates OMS Centers, the Farm Worker Grant program, enforces the Employee Housing Act and Mobile Home Parks Act. There is also a farm worker housing tax credit program under TCAC. The USDA has farm labor housing (and a rural rental program). HUD has a *colonias* program and other information on its website.

There continues to be an existing housing gap for these workers, in part, because there are not enough site locations for that type of housing; another factor is that growers often lease their land and are not free to build housing.

D. HOMELESSNESS

Since homelessness is a regional issue, there is currently a joint Memorandum of Understanding between the City of San Diego, County of San Diego and United Way of San Diego and Imperial Counties to develop a Plan to End Chronic Homelessness. There are disproportionate costs associated with this population in healthcare, hospitalizations, incarceration, social service support and other cost centers. Therefore, the above mentioned collaborative has been formed to focus community talents, skills and resources on the goal of eliminating the human, financial and community burden of people routinely living on the streets.

The data presented in this section is based on statistics much of which was obtained from the Regional Taskforce on the Homeless (RTFH) data. In 1985, the RTFH, with representation from local government, providers of homeless services and the business and faith communities, was created to identify needs of homeless persons. It is funded by San Diego Housing Commission, the county of San Diego, the United Way of San Diego, and other local jurisdictions. The Task Force board meets monthly and collects and maintains aggregate data that support programmatic prioritization processes.



The RTFH’s Homeless Management Information System (HMIS) is working to establish an unduplicated database of those receiving homeless services in an effort by HUD to structure a system that will provide a complete count. Although not in its final stages of development, progress is being made toward that objective.

1. Nature and Extent of Homelessness

According to San Diego County, there are 2.1 low-income households for every low-cost rental unit. According to the California Budget Report, nearly 65 percent of San Diego residents spend more than half of their income on housing. Homeless residents and those in danger of becoming homeless face a prohibitive real estate market where high rents have combined with a low vacancy rate. Employment options available to the homeless would be unlikely to cover the cost of housing in the region. New national data indicates that co-occurring disabilities, including mental health issues, are the primary reasons for homelessness. Nonetheless, the majority of homeless are extremely poor individuals and families with children.

a. Homeless Population

The RTFH estimates the homeless population (which includes urban homeless and rural homeless) to be over 9,000 in the region. The RTFH estimates that there are approximately 4,458 homeless persons in the City of San Diego. (Two hundred are farm workers/day laborers.) Approximately 62 percent of the county’s total homeless population lives in the City of San Diego. Over half of the City’s homeless population is unsheltered, although the City’s sheltered homeless population already constituted 62 percent of the county’s total sheltered homeless. The figures are based on the July 2004 Regional Homeless Profile and the most recent housing needs statement prepared by SANDAG (1999).

**TABLE 11
HOMELESS POPULATION**

Jurisdiction	Total Urban/Rural	Total Sheltered	Total Unsheltered	Percent Unsheltered
San Diego	4,458	2,265	2,193	49%
San Diego County	9,667	3,457	6,210	64%

Nonprofit agencies in the City and county conduct a simple survey every January that is distributed to clients staying in their year round shelters. The City’s operators of the Winter Shelter Program also participate. In 2004, for the first time, the San Diego Police Department completed a rolling count of the homeless sleeping on the streets. These figures were also factored into the population estimates.



2. Homeless Subpopulations

a. Homeless Individuals

Single adults are estimated to comprise 64 percent of the urban homeless population. Most of these individuals are between 27 and 40 years old. A fifth of the individuals have been homeless for more than four years. Based on intake forms from service agencies across the county, the majority of homeless are male adults and overwhelmingly white (60 percent). Single women represent 34 percent of the urban homeless. There is a high incidence of mental illness in the female homeless population.

b. Homeless Youth

About 100 chronically homeless youth reside in the City of San Diego at any given time. An “invisible population,” they tend to concentrate in urban areas where they easily blend with other youth. According to RTFH, homeless youth live in vacant buildings, on rooftops, in wooded areas, in canyons (especially Balboa Park) and in cars. They often hang out at the beach, under bridges, in hallways and in parking garages. It is not unusual for them to pool their money for one or two nights in a motel room.

A high proportion uses drugs and/or alcohol and many sell drugs and/or turn to “survival sex” to meet their basic needs. Homeless service providers were asked by the RTFH to rank the top unmet needs of homeless youth. The five top unmet needs are: alcohol and drug abuse treatment, emergency shelter, employment assistance, mental health treatment and transitional housing. Only 50 beds are set aside for homeless youth.

c. Homeless Families

Homeless families make up about one-third of the urban homeless population in the region (approximately 1,379). Single mothers head the majority of homeless families. Many homeless families have chronic economic, educational, social problems and have difficulty accessing the traditional service delivery system. These families may seek assistance when a crisis occurs, but then break contact with the agencies when the crisis is resolved. Issues such as lack of affordable housing, unemployment or underemployment, and lack of sufficient public assistance benefits contribute to homelessness among families. This has been particularly true with public assistance programs, where benefit levels have not kept pace with the cost of living.

According to the RTFH’s Homeless Management Information System, 72 percent of homeless children are 12 years of age or younger. Children of homeless families may suffer long-term problems because of their homeless situation.



Homeless children have a number of development, behavioral and emotional problems. These children are more likely than other children to be anxious, depressed, aggressive, dependent and demanding. Homeless children also suffer from a variety of physical disorders.

An estimated 640 beds are designated for homeless families throughout the City. The City of San Diego provides a year round transitional shelter for 150 people (parents and children); St. Vincent de Paul provides transitional housing for 240 persons; the San Diego Rescue Mission's Nueva Vida Haven is a nightly emergency shelter open year round for women and children and has a capacity for 60 persons; and the Salvation Army houses 50 family members.

d. Veterans

Homeless veterans are more prevalent in San Diego than in many other counties because of a large military presence. An estimated 800 homeless veterans reside in the City. Approximately 20 percent of the homeless male population are veterans. Many homeless veterans suffer from post-traumatic stress disorder, which causes disturbing memories, flashbacks, or nightmares. Five priority needs identified by the RTFH for this population are: recovery services, mental health assistance, job training and placement and affordable housing. Access to Veterans Administration benefits is also limited. Twenty percent of homeless veterans left the military with a dishonorable discharge and are therefore excluded from receiving benefits.

The Vietnam Veterans of San Diego (VVSD) plays an important part in service provision to homeless veterans by providing services to veterans from all eras. The VVSD holds an annual collaborative, community-wide event at which a broad base of public and private organizations come together to meet the emergency and rehabilitative needs of homeless veterans. The event is named "Stand Down" and in 2004 over 700 veterans participated in the event. Veteran homeless services in the City of San Diego include the following programs: Winter Shelter for 150 males (VVSD operates an 87-bed State Licensed Alcohol and Drug Treatment Center near downtown San Diego for homeless males and females, a sober living house for singles and a family program with access to counseling services and sober recreational activities); and, the SD Urban League which provides affordable housing and 23 beds of transitional housing to single male veterans.

3. Mental Illness

Mentally ill persons are defined as individuals who have a severe or persistent mental disorder. In San Diego, the target population of the San Diego County Health and Human Services Agency is defined as: persons who have an Axis I or II diagnosis according to the Diagnostic and Statistical Manual (DSM IV), persons with a severity of psychosocial stressor moderate to catastrophic, and persons with a Global



Assessment of Functioning (GAF) score below 60. Mental illness often precipitates homelessness. Not only can homelessness be a consequence of mental illness, but a homeless life may also cause and exacerbate emotional problems. Virtually all the chronically homeless have some form of mental illness or other, co-occurring disabilities. According to local mental health officials, about two-thirds of the general homeless population that suffers from schizophrenia or major depression receives treatment. The remaining mentally ill persons have no contact with medical professionals and do not receive prescribed medication. Up to half of the homeless mentally ill population are believed to be abusing drugs and or alcohol to self-medicate. New studies indicate that when appropriately medicated, illegal substance dependencies stop becoming a disabling behavior for mentally ill homeless people. Many mentally ill persons are able to gain entry to general shelters but because of behavior issues related to their mental illness, their stays are short between episodes of acute mental illness.

The City/County Collaborative, the REACH program, has 250 permanent supportive housing beds reserved for severely mentally ill homeless. In San Diego, the Association for Community Housing Solutions (TACHS)/Paseo Glenn is a permanent supportive housing program for adults who are severely mentally ill with a capacity for 18 persons, with unlimited maximum stay. Pathfinders Shelter Plus Care is a permanent supportive housing program for adult men who have a serious mental illness (SMI) and substance abuse treatment needs. This facility has a capacity for 17 persons, with 24 months maximum stay. The Episcopal Community Services (ECS) Friend to Friend Clubhouse is a day shelter for adults who have mental health needs. The facility has a capacity for 50 persons, with kitchen, showers and lockers available. The ECS also provides Safe Haven Housing for persons who are severely mentally ill with a capacity of 35 beds.

4. Substance Dependencies and HIV/AIDS

Drugs and alcohol are often used as “self-medication” to help homeless persons cope with their mental illness, as well as their bleak circumstances. In comparison, national statistics show that 35 to 40 percent of homeless people probably abuse alcohol. This includes about half the homeless men and one-sixth the homeless women. A smaller group abuses drugs. Up to half of the homeless mentally ill population is believed to be abusing drugs and/or alcohol.

The City estimates 250 persons are infected with HIV/AIDS and homeless. Federal law prohibits discrimination against people with AIDS, yet some individuals are evicted when their HIV status becomes known. Others lose their homes when the illness prevents them from working to pay rent or make mortgage payments.

In the City of San Diego, the following programs serve homeless individuals with substance abuse problems and/or HIV/AIDS:



- San Diego Rescue Mission has 180 treatment beds.
- Pathfinders Shelter Plus Care has a capacity for 17 persons, with 24 months maximum stay.
- Stepping Stone has two permanent supportive housing programs for 26 adults who have HIV/AIDS and substance abuse needs.

5. Domestic Violence

Some single women and mothers with children become homeless as the result of domestic violence. According to a study by the U.S. Conference of Mayors, 46 percent of the cities surveyed identified domestic violence as a primary cause of homelessness. Homeless women living on the streets are particularly susceptible to rape and battery. Homeless women, therefore, often require additional counseling to work through psychological impairment from physical abuse to transition into the mainstream. There are an estimated 525 adult single homeless women in the City. Traditional homeless shelters cannot function as a “safe house” with a confidential location. There are approximately 87 beds for those fleeing domestic violence in the City. They are:

- Episcopal Community Services’ Julian’s Anchorage with a capacity for 18 persons.
- Interfaith Shelter Network El Nido is a transitional shelter for families with children with a capacity for 45 persons.
- Center for Community Solutions Project Safehouse is an emergency shelter for nine persons.
- YWCA Casa de Paz and Becky’s House, are emergency shelters for 40 women with children.
- Lutheran Social Services East San Diego Center is a case management agency for women with children who have victims of domestic violence needs.

6. Persons Threatened with Homelessness

The RTFH believes that a significant number of families are at-risk of becoming homeless. For every homeless family living in a shelter, experts estimate that there are two to three families who are on the verge of homelessness due to unstable living conditions and who need the same support services as homeless families in order to sustain permanent housing. The “at-risk” population is comprised of low-income families and individuals who, upon loss of employment, would lose their housing and end up becoming homeless. These families are generally experiencing a housing cost burden, paying more than 30 percent of their income for housing. In more severe cases some families pay more than 50 percent of their income for housing. The “at-risk” population also includes those being released from penal, mental or substance



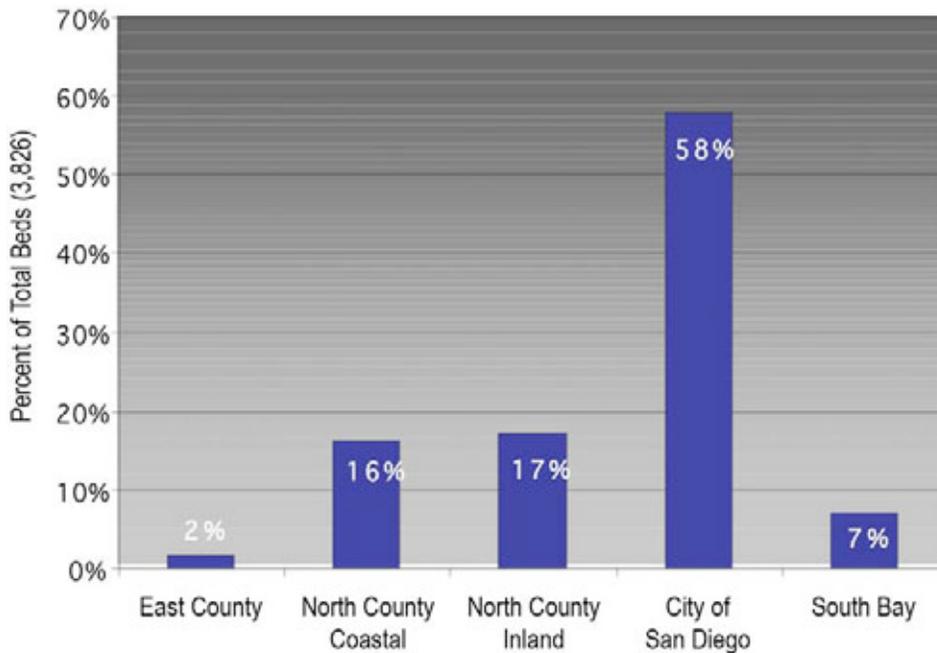
abuse facilities, requiring social services that help them make the transition back into society and remain off the streets.

Another “at-risk” population group includes those currently in foster care and who may become homeless when they reach 18 years of age. Approximately 300 youth are served in the City of San Diego. Access Inc.’s Youth Empowerment Services (YES) helps more than current and former foster youth each year to prepare for emancipation. The program is offered in Linda Vista, for youth residing in foster homes, group homes, or emancipated youth living independently, and at San Pasqual Academy for more than 120 foster youth.

7. Inventory of City Facilities and Services

Homeless persons have a very difficult time finding permanent housing once they have moved from a transitional housing or other assistance program. Housing affordability for those who are or were formerly homeless is challenging from an economics standpoint. Many homeless people have poor credit and/or tenancy histories.

The City funds and oversees the Winter Shelter Program for 400 veterans, single adults and families, Homeless Outreach Teams, Serial Inebriate Program, the 150-bed Cortez Hill Family Center and the Neil Good Day Center. It also offers emergency vouchers for motel/hotel accommodations in the City of San Diego for families with children and disabled adults. Vouchers are available for December through April.





a. Homeless Prevention

San Diego County housing costs are among the highest in the nation. The increased demand and lack of affordable housing in the region places extreme challenges on residents and families on the brink of homelessness. Prevention strategies include:

CalWORKS: Funds are available to individuals on public assistance to prevent homelessness by providing rent and utility payment, which are funded through Temporary Assistance for Needy Families (TANF).

Workforce Partnership: Created under a Joint Powers Agreement by the City and county of San Diego, the Workforce Partnership coordinated job training and employment placement services including services for homeless veterans, youth and the disabled.

San Diego Housing Commission: The City provides first-time buyer programs, housing rehabilitation programs and fair housing services to help prevent evictions that could result in homelessness.

Federal Emergency Management Agency (FEMA): The City's FEMA funds are used to prevent evictions, foreclosures, and utility shutoffs, all of which threaten to result in homelessness for families and individuals.

Housing Opportunities for Persons with AIDS (HOPWA): Funds authorized under this program are used to prevent low-income individuals with HIV/AIDS from becoming homeless. Programs include: independent housing, residential services coordination and information and referral services.

Regional Task Force on the Homeless (RTFH): The RTFH provides a detailed directory of homeless services and facilities in the region.

San Diego City Council: In January 2004, the San Diego City Council approved an initiative to Plan to End Chronic Homelessness. The San Diego City Council also adopted an inclusionary housing ordinance leading to production of affordable housing units and increased contributions to the Housing Trust Fund.

b. Outreach Services

The City's Homeless Outreach Team (HOT) conducts street canvassing to reach out to chronically homeless persons and find appropriate housing. In the HOT program, four police officers team with two county social workers and two Psychiatric Emergency Response Team clinicians to contact homeless people.



c. Transitional Housing

Transitional shelters offer housing, case management and support services to return people to independent living. The length of stay averages six months and is usually not longer than 24 months. The Cortez Hill Family Center, the City's first year round transitional housing facility for homeless families, evolved from the Winter Homeless Shelter Program and continues to provide shelter to 150 homeless family members. Developed by the City of San Diego and operated by the YWCA, the Cortez Hill Family Center provides a full range of services, including case management, job training and placement assistance, counseling and healthcare, as well as offering homeless families an opportunity to reestablish greater self-sufficiency. The Center serves homeless families (usually consisting of women and children) in 47 rooms, and has been operating at capacity since opening in December 2002. According to RTFH, 2,797 transitional shelter beds are available in the county. Over 60 percent of those beds are located within the City of San Diego.

d. Permanent Supportive Housing

One of the primary objectives of the City's Homeless Services Program is to house chronically homeless individuals and families and help them achieve stability through permanent housing with supportive services. Below is an inventory of such housing in the City. Tables 12, 13 and 14 show the distribution of transitional housing and services for the homeless within the City of San Diego.



**TABLE 12
TRANSITIONAL HOUSING AND SERVICES FOR THE HOMELESS**

NAME OF AGENCY OR PROGRAM	NUMBER OF LOCATIONS	NUMBER OF BEDS	TYPE OF SERVICE
Catholic Charities	3 (East Village)	35	Day center, night center & night shelter for women
City's Neil Good Day Center	1 (East Village)	0	Single adults
City's Family Shelter	1 (Cortez Hill)	150	Intact and single-parent families with children
Episcopal Community Services	4 (Beach area, E. Village, Downtown & Hillcrest)	50	1 day center, 2 safe havens
Salvation Army	1 (East Village)	99	Families, men's & meal programs
San Diego Rescue Mission	1 (Banker's Hill)	300	Women/children & men's treatment programs
San Diego Youth and Community Services	5 (Hillcrest & Midway)	50	Youth day center, night shelter & 2-year transitional housing
Senior Community Center	3 (Downtown)	40	Day center & transitional housing in 2 SROs
St. Vincent de Paul Village	1 (East Village)	816	General homeless & walk-in services
Stepping Stone Service Offer	1 (Hillcrest)	0	Outreach to homeless people w/ HIV/AIDS
Traveler's Aid Service Office	1 (Banker's Hill)	0	Relocation of homeless to family support systems in other areas
VVSD	1 (Old Town)	87	Veteran recovery program beds
Volunteers of America (VOA)	1 (East Village)	100	Detox, recovery & dually diagnosed beds
YWCA	3 (Downtown)	62	Homeless & DV
Lutheran Social Services	1 (44 th /Euclid)	0	Case management, referrals, vouchers and services
Coalition for the Homeless	1 (41 st /University)	0	Referrals and vouchers
YMCA/Turning Point	1 (44 th Street)	24	Transitional housing for youth
Uptown Faith Center	1 (2200 5 th)	0	Services and referrals to people w/ AIDS & general homeless
Salvation Army/Door of Hope		30	12 transitional apartments for women w/ children
VVSD	1 (53 rd /Imperial)	24	Transitional housing beds for veteran families
Urban League	1 (54 th /Imperial)	20	Transitional housing beds for families
Interfaith Shelter Network	El Nido (Undisclosed)	45	Homeless and domestic violence
St. Vincent de Paul Josue Homes	3 (College Area)	26	Homeless people living w/ AIDS
Presbyterian Crisis Center	1 (24 th /Market)	0	Case management & referrals
Total	38	1,958	



**TABLE 13
NUMBER OF TEMPORARY BEDS IN WINTER SHELTER PROGRAMS**

NAME OF AGENCY OR PROGRAM	LOCATIONS	NUMBER OF BEDS	TYPE OF SERVICE
City's Winter Shelter Program	3 sites in CD 2* (East Village, Midway & Banker's Hill area)	200 single adults, 150 veterans and 50 families	City's 90-day Winter Shelter Program
Interfaith Shelter Network	Regional Shelter in Congregations (CD 2, 3, 4, 6, 7 & 8)	0	Emergency shelter for the general homeless population
Family Health Centers of San Diego	(CD 2, 3, 4, 6, & 8)	150	Healthcare for the homeless
Total		550	

* CD is abbreviation for City Council District

**TABLE 14
PERMANENT SUPPORTIVE HOUSING**

NAME OF AGENCY OR PROGRAM	NUMBER OF LOCATIONS	NUMBER OF BEDS	TYPE OF SERVICE
Senior Community Center	Market Square Manor	25	Homeless seniors with special needs
St. Vincent de Paul	Village Place	25	Shelter + care
St. Vincent de Paul	Villa Harvey Mandel	33	Shelter + care & special needs
The Association for Community Housing Solutions (TACHS)	Del Mar Apartments	22	Shelter + care
The Association for Community Housing Solutions (TACHS)	Paseo Glenn	14	Shelter + care
The Association for Community Housing Solutions (TACHS)	The Mason	22	Dually diagnosed permanent supportive housing
Catholic Charities	House of Leah	23	Very low-income women
Center for Social Support and Education	Scattered sites	18	Shelter + care
Pathfinders for SD	Grim Avenue	15	Shelter + care
Stepping Stone	Our House	12	Shelter + care
Stepping Stone	Central Avenue	22	Shelter + care
Volunteers of America (VOA)	Hawley	8	Permanent supportive housing/adults
The Association for Community Housing Solutions (TACHS)	Reese Village Apartments	18	Dually diagnosed permanent supportive housing
Pathfinders	Streamview	14	Shelter + care
South Bay Community Services	La Posada	12	Shelter + care
Total		283	



E. HOUSING CHARACTERISTICS

1. Size and Types

Single-family detached dwellings continue to dominate San Diego’s housing inventory, although their proportion has dropped from 1970 to 2004. In 1970, single-family units comprised 65 percent of all housing units. By 1991, single-family dwellings in the City had declined to 56.8 percent of the total housing stock. Since then, the percentage has leveled off. By 2000 it was 56 percent, and at the start of 2004 it was 55.7 percent, while multifamily units comprised 43 percent. The remaining one percent or so are mostly mobile homes.

The City’s single-family vs. multifamily housing ratio is more balanced than in the region as a whole. In 2000, single-family units comprised 60.4 percent of the county’s housing stock and are projected to remain at about that level through 2010.

According to SANDAG’s housing projections, between 2004 and 2010, the total number of occupied housing units in the City of San Diego will increase by 6.3 percent from 469,154 in 2004 to 498,741 in 2010.

Table 15 shows the number of housing units by type in the City of San Diego for 2004 and 2010.

TABLE 15
NUMBER AND TYPES OF HOUSING UNITS
CITY OF SAN DIEGO 2004 VS. 2010

	2004		2010	
	NUMBER	PERCENT	NUMBER	PERCENT
Single-family	272,287	55.7	277,786	53.4
Multifamily	210,304	43.0	236,170	45.4
Mobile Homes and Other	6,414	1.3	6,040	1.2
Total	489,154	100%	519,996	100%

Table 16 shows the number of housing units built annually since 1998 for single-family units and multifamily units. The multifamily units are further broken down by units in buildings having two to four units and buildings having five or more units.

TABLE 16
UNITS COMPLETED BY SIZE OF STRUCTURE
CITY OF SAN DIEGO 1998-2003

	UNITS PER STRUCTURE				UNITS PER STRUCTURE				
	1	2-4	5+	TOTAL	1	2-4	5+	TOTAL	
1998	2,724	320	2,714	5,218	2001	2,210	381	3,661	6,252
1999	2,204	116	4,398	6,718	2002	2,444	594	3,656	6,694
2000	1,980	416	4,160	6,556	2003	1,970	574	4,646	7,190



The number of housing units developed in San Diego steadily increased between 1998 and 2003, with the small drop in the single-family unit construction rate more than made up for by the growth in the rate of construction of five or more unit structures.

2. Age of Housing

Housing age is commonly used by state and federal programs to estimate rehabilitation needs. Typically, most homes begin to require major repairs or rehabilitation at 30 or 40 years of age. Most of the housing stock in San Diego is relatively new and is generally in good condition. Only eight percent of San Diego’s housing stock was built before 1940 and about 56 percent was built after 1960. Approximately 44 percent of the homes in San Diego are 30 years or older, including 29 percent that were 40 years or older in 2000. The City’s housing stock is older than the county’s. Countywide, 38 percent of homes were 30 years or older, including 23 percent that were 40 years or older in 2000. **Table 17** illustrates the age of housing stock in San Diego.

TABLE 17
AGE OF HOUSING STOCK
CITY OF SAN DIEGO

YEARS	UNITS	PERCENT
Before 1940	36,037	7
1940 to 1949	29,137	6
1950 to 1959	69,617	14
1960 to 1969	72,386	15
1970 to 1979	112,807	23
1980 to 1989	91,985	19
1990 to March 2000	57,720	12
March 2000 to January 2004	19,316	4
Total	489,005	100%

Source: U.S. Census 2000, SANDAG

3. Tenure

The ratio of owner-occupied units vs. rental units is an indicator of stability. According to the 2000 Census, 47.5 percent of San Diego’s housing stock is owner-occupied, while 48.4 percent is renter-occupied. Historically, the rate of homeownership in San Diego has been lower than that of the state and the nation. In 2000, the U.S. homeownership rate was 66.2 percent and the rate in California was 56.9 percent. Among the reasons for San Diego’s lower homeownership rates are: (1) San Diego’s high proportion of transient military personnel, (2) the wide disparity between San Diego’s income levels and the high cost of housing locally, and (3) the lack of land in the City and region to accommodate low-density forms of housing.



4. Condition

The condition of the housing stock is measured by factors including housing age, extent of overcrowding, and the availability of plumbing for exclusive use. Most of San Diego's housing stock is in good condition. As was stated earlier in the "Age of Housing" section, 93 percent of the housing stock was built after 1940. However, as recently as 2000, according to the Census, San Diego still had 4,012 units with no plumbing for exclusive use. This number constituted 0.9 percent of the housing stock.

In 2000, San Diego had 56,266 units, or 12 percent of the total occupied housing stock, that met the U.S. Census Bureau definition of overcrowding (a housing unit containing more than one person per room). Overcrowding has increased since 1990, when San Diego had 40,603 overcrowded units, or ten percent of the total housing stock. In 2000, 14,546 owner-occupied units were overcrowded and 41,767 renter-occupied units were overcrowded.

5. Vacancy

Vacant units include: (1) units that are readily available to prospective tenants or homebuyers, and (2) vacant seasonal and migratory units that are generally unavailable to the public. The vacancy rate is a function of the relation between housing costs, supply and demand. It indicates what portion of the housing stock is available to prospective tenants or homebuyers for occupancy over a given time period.

In an ideal housing market, some housing units should always be vacant and available at any given time. Ideally, the vacancy rate should fall between an overbuilt market (usually considered seven percent vacancy) and an "under-built" market (below three percent vacancy). An overbuilt market implies mounting mortgage risks to lenders, investors, and developers; while an "under-built" market tends to restrict residential mobility and increase housing prices as households compete for limited available units.

The vacancy rate declined from 7.3 percent in 1994 to approximately three percent in January 2004 and averaging just above that through March 2005.²² This vacancy rate falls very close to the "under-built" market. The recent low rate of rental unit construction and the upsurge in condominium conversions has helped keep the vacancy rate low.

The SANDAG 2030 forecast projects that between 2000 and 2030 the overall demand for housing in the region will increase by 30 percent. In 2000, the housing stock in the region was 1,040,149 units whereas by 2030, 313,939 additional housing units will be needed (raising the total to 1,296,496) to accommodate anticipated regional population growth.

22. Vacancy rate calculated as an average of the results of two housing surveys, one by the San Diego County Apartment Association, the other by Market Pointe Realty Advisors



6. Cost, Income, and Affordability

Housing affordability is dependent upon income and housing costs. Using updated income guidelines, current housing affordability in terms of homeownership can be estimated for different income groups. According to the HUD income guidelines for 2004, the Area Median Income (AMI) in San Diego County for a four-person family was \$63,400. An extremely low-income family of four (0-30 percent MFI) earned a median income of up to \$20,550. A low-income family (31-50 percent MFI) earned up to \$34,250, and a moderate-income household (51-80 percent MFI) earned up to \$54,800. Given median home prices, homeownership is beyond the reach of extremely low-, low-, and moderate-income households. In fact, the California Association of Realtors estimates that only ten percent of the households in San Diego County can afford the median resale price of \$525,000 for a single-family home. The Housing Commission has published estimates that a family would have to make over \$135,000 per year to be able to afford a median-priced home. Similarly, extremely low-income households cannot afford the median rents in the City and low-income households are confined to studio and one-bedroom apartments.

The federal standard of rental affordability is that a household should spend no more than 30 percent of its gross income for monthly housing costs and utilities. The standard for affordable homeownership is that a household should spend no more than 35 percent of gross monthly income for mortgage, insurance, and taxes. Low-income households have difficulty finding affordable housing, given San Diego's housing costs. This section discusses the relationship between housing cost, income and affordability for both renters and owners.

Factors affecting housing affordability include interest rates, inflation rate, income, employment trends, land prices and the availability of land zoned for residential use.

a. Owner-Occupied Housing

Every year, the National Association of Home Builders (NAHB) tracks housing affordability in almost 200 metropolitan areas across the country. The NAHB develops a Housing Opportunity Index (HOI) for each area that measures the share of homes sold in that area that is affordable to households earning the median income. In 2002, the San Diego metropolitan area was the ninth least affordable area they measured. Only 21.6 percent of the homes sold in the San Diego metropolitan area were affordable to the median family. A similar study done by the California Association of Realtors (CAR) in June 2004, reports that only ten percent of county households could afford to buy a median-priced, resale, single-family home. According to CAR, the median price for a home in San Diego rose almost 22 percent between 2002 and 2003. This pace increased over the next year. The median home price was \$308,000 in 2002, \$375,000 in 2003, \$409,000 in October 2003, and \$525,000 by the third quarter of 2004.



This rapid increase in median home prices contrasts dramatically with the previous decade. Between 1991 and 1995, for example, the median price for an existing single-family home declined by 9.6 percent, \$193,500 to \$175,000.²³ In November 1993, according to the *San Diego Union Tribune*, the area's affordability index stood at a record high of 44 percent and the median-priced house cost \$174,040. However, this affordability level was achieved during the middle of San Diego's worst recession in 60 years, an era of defense-industry layoffs, bankrupt savings and loans, relatively high interest rates and a glut of new houses that could not be sold. By 1996, as the economy improved, the median price of a home increased ten percent to \$180,000 and rose again to \$182,500 by 1997.²⁴ The price appreciation of single-family homes since 1996 has significantly decreased affordability for single-family homes. Since then, housing construction has not kept pace with population growth.

To increase homeownership affordability, financial institutions in the City of San Diego are addressing requirements under the Community Reinvestment Act to broaden service to all parts of the City. These efforts include mortgage lending in low- and moderate-income areas. The City is also providing financial assistance for low-income first-time homebuyers. This funding has come from a variety of sources such as redevelopment financing, the Housing Trust Fund, the federal HOME Investment Partnership Program and tax assistance from the Mortgage Credit Certificate Program. From 1999 through fiscal year 2003, more than 677 San Diego families have received financial aid and/or counseling from the Housing Commission in order to be able to purchase their own homes.

Financial assistance to first-time homebuyers is expected to continue as detailed in Goal IV of Volume I. Also, the City will continue to support the use of redevelopment set-aside funds to construct new owner-occupied units. These factors will increase homeownership opportunities for low-income first-time homebuyers.

b. Rental Housing

Low mortgage rates have caused the proportion of owned living units to rise as compared with rented units nationwide. In San Diego, however, the increase has been slight, mostly due to the severe housing shortage. Renter households accounted for slightly over half of all occupied housing units in San Diego. According to the 2000 Census, the 43 percent of the City's renters paid at least 30 percent of their household income in rent.

23. Economic Research Bureau, Greater San Diego Chamber of Commerce

24. San Diego Chamber of Commerce, Economic Bulletin, Volume 45, #9



Table 18 shows the average rental rates for apartments by number of rooms as tabulated by the consulting firm Market Pointe Realty Advisors in the fall of 2004. The average rental rates in San Diego in 2004 were \$858 for a studio, \$1,010 for a one-bedroom, \$1,223 for a two-bedroom, \$1,547 for a three-bedroom unit and \$1,596 for four bedrooms.

TABLE 18
RENTAL RATES IN SAN DIEGO COUNTY
FALL 2004

BEDROOMS	AVERAGE PRICE	AVERAGE SQ. FT.	AVERAGE \$/SQ. FT.
Studio	\$858	488	1.76
1 Bedroom	\$1,010	683	1.48
2 Bedrooms	\$1,223	946	1.29
3 Bedrooms	\$1,547	1,193	1.30
4 Bedrooms	\$1,596	1,295	1.23

Source: Market Pointe Realty Advisors, Oct. 2004 Rental Trends Executive Summary

Table 19 shows that rental unit affordability is not meaningfully affected by unit size. Put another way, a studio is roughly equally unaffordable to a single person as a four-bedroom house is to a multiple-income family of five. A comparison of average rental rates on **Tables 18** and **19** with the San Diego Housing Commission’s Income and Rent Calculations Chart (**Table 20**) shows this relationship.

Average rents tend to be affordable only at the top end of the low-income range. A one-bedroom apartment at the October 2004 average rent of \$1,010, for example, would be affordable at 80 percent of AMI or the top of the low-income range. A two-bedroom apartment at \$1,223 would also be affordable only at 80 percent of AMI.

TABLE 19
RENTAL RATES IN COMPARISON TO AFFORDABILITY
SAN DIEGO, FALL 2003

BEDROOMS	AVERAGE MONTHLY RENT	AFFORDABILITY RELATION TO AMI*
Studio	\$858	80%
1-Bedroom	\$1,010	80%
2-Bedroom	\$1,223	80%
3-Bedroom	\$1,547	100%
4-Bedroom	\$1,596	80%

Source: Market Pointe Realty Advisors, Oct. 2004 Rental Trends Executive Summary, City of San Diego, Housing Commission

*AMI = Area Median Income



Table 20 identifies affordable monthly housing costs, including utilities, for very low-, low-, and moderate-income households, by household size and relation to median income for San Diego County. **Table 20** indicates that in 2004, an affordable housing unit for a two-person household with income equal to 60 percent of AMI should rent for no more than \$822, including utilities. After adjusting for utilities, a comparison of affordable rental rates (see **Table 19**) to the average county rental rates (see **Tables 19** and **20**) shows that only two-person households near the top end of the low-income scale can afford to rent a one-bedroom unit. A gross income of \$43,850 is necessary to afford the average one-bedroom unit renting in the region for \$1,010 per month. Therefore, the average one-bedroom rental unit is unaffordable to all one- and two-person very low-income households, most one-person low-income households, and some two-person low-income households. For two-bedroom units in the region, the average rent is \$1,223. This level of rent requires an income of at least \$49,300 to be affordable.

The relationship between income and affordability is particularly problematic for large, low-income households. For example, a six-person household at 50 percent of the AMI would have an income of \$39,750 and could afford to spend \$994 per month for housing. However, the average cost for a three-bedroom apartment is \$1,585 per month, which would require an income of about \$63,000 to be affordable. For a six-person household, \$63,000 is about 80 percent of AMI.

Approximately 65 percent of the elderly population overpays for housing and 51.5 percent of all low-income large households overpay for housing. Overall, approximately 65 percent of all low-income renters overpay for rental housing.



**TABLE 20
INCOME AND AFFORDABILITY RENT CALCULATION**

		30% AMI ¹		40% AMI		50% AMI		60% AMI	
FAMILY SIZE	UNIT SIZE	ANNUAL INCOME ²	GROSS RENT ³	ANNUAL INCOME	GROSS RENT	ANNUAL INCOME	GROSS RENT	ANNUAL INCOME	GROSS RENT
ONE	STUDIO	\$14,400	\$360	\$19,200	\$480	\$24,000	\$600	\$28,800	\$720
TWO	1-BR	\$16,450	\$411	\$21,900	\$548	\$27,400	\$685	\$32,880	\$822
THREE	2-BR	\$18,500	\$463	\$24,650	\$616	\$30,850	\$771	\$37,020	\$926
FOUR	3-BR	\$20,550	\$514	\$27,400	\$685	\$34,250	\$856	\$41,100	\$1,028
FIVE	4-BR	\$22,200	\$555	\$29,600	\$740	\$37,000	\$925	\$44,400	\$1,110
SIX	5-BR	\$23,850	\$596	\$31,800	\$795	\$39,750	\$994	\$47,700	\$1,193
SEVEN	6-BR	\$25,500	\$638	\$34,000	\$850	\$42,450	\$1,061	\$50,940	\$1,274
EIGHT		\$27,150		\$36,150		\$45,200		\$54,240	
		65% AMI		70% AMI		80% AMI		100% AMI	
FAMILY SIZE	UNIT SIZE	ANNUAL INCOME	GROSS RENT	ANNUAL INCOME	GROSS RENT	ANNUAL INCOME	GROSS RENT	ANNUAL INCOME	GROSS RENT
ONE	STUDIO	\$31,150	\$779	\$33,550	\$839	\$38,350	\$959	\$44,400	\$1,110
TWO	1-BR	\$35,600	\$890	\$38,350	\$959	\$43,850	\$1,096	\$50,700	\$1,268
THREE	2-BR	\$40,050	\$1,001	\$43,150	\$1,079	\$49,300	\$1,233	\$57,050	\$1,426
FOUR	3-BR	\$44,550	\$1,114	\$47,950	\$1,199	\$54,800	\$1,370	\$63,400	\$1,585
FIVE	4-BR	\$48,100	\$1,203	\$51,800	\$1,295	\$59,200	\$1,480	\$68,450	\$1,711
SIX	5-BR	\$51,650	\$1,291	\$55,600	\$1,390	\$63,550	\$1,589	\$73,550	\$1,839
SEVEN	6-BR	\$55,200	\$1,380	\$59,450	\$1,486	\$67,950	\$1,699	\$78,600	\$1,965
EIGHT		\$58,750		\$63,300		\$72,350		\$83,700	

Source: San Diego Housing Commission

1. The U.S. Department of Housing and Urban Development 2004 San Diego median-income for a family of four was \$63,400
2. Annual income = Gross annual income adjusted by family size for Area Median Income (AMI) level. May contain additional adjustments as determined annually by HUD
3. Gross rent = cash rent plus the tenant-paid utilities



**TABLE 21
CITY OF SAN DIEGO
LOW-INCOME RENTERS OVERPAYING FOR HOUSING**

INCOME LEVEL	ELDERLY HOUSEHOLDS ²⁵	PERCENT	LARGE HOUSEHOLDS ²⁶	PERCENT	TOTAL RENTERS ²⁷	PERCENT
0-30% MFI ²⁸	7,425	—	6,145	—	44,080	—
Overpaying ²⁹	4,967	66.9%	5,070	82.5%	34,162	77.5%
31-50% MFI	5,503	—	6,760	—	37,033	—
Overpaying	3,874	70.4%	3,637	53.8%	27,145	73.3%
51-80% MFI	4,459	—	6,740	—	47,383	—
Overpaying	2,506	56.2%	1,402	20.8%	21,749	45.9%
Total Low-Income³⁰	17,387	—	19,645	—	128,496	—
Total Overpaying³¹	11,347	65.3%	10,109	51.5%	83,056	64.6%

F. EMPLOYMENT TRENDS AND FORECASTS

In the early 1990s, the local economy was significantly restructured as manufacturing, particularly defense related manufacturing, declined significantly as a result of the end of the Cold War. The closure of the Naval Training Center also affected San Diego, but was mitigated by increased military jobs as new military functions were brought to San Diego. Because the San Diego region is transitioning into a modern, export-driven economy, and the results of this transition are not known, it is important to now look at the fundamental structure of our economy and determine what direction it will take into the 21st Century. Instead of focusing on the manufacturing sector as the primary driver of the region’s economy, today, employment clusters—groups of complementary, competing and interdependent industries that drive wealth creation in a region—are emerging as the engines of economic activity, capable of providing a rising standard of living for the region.

According to SANDAG, in 2000, the region's total civilian employment was estimated at 1,294,583 civilian employees, an increase of 11.53 percent (149,317) from 1990.

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- 25. Elderly household: A one- or two-person household in which the head of household is at least 62 years of age
 - 26. The U.S. Department of Housing and Urban Development defines large households as those with five or more related persons
 - 27. Includes elderly, small-related (2-4 persons), large-related (5+ persons), and “all other” households
 - 28. MFI - Median Family Income
 - 29. Includes renter households paying over 30 percent of their income on housing costs
 - 30. Includes all renter households within the (0-80%) MFI category
 - 31. Includes low-income households overpaying



Employment in the San Diego region is expected to grow by 32 percent by the year 2030 to 1,824,030. Historically, San Diego's leading employment clusters have been manufacturing, defense and tourism. Since 1990, several new economic clusters have emerged in the region, creating new employment opportunities while other clusters have been contracting. The number of new jobs doubled in the recreational goods and biotechnology/pharmaceuticals clusters, and in the communications and software/computer services clusters. The business services cluster has generated the highest number of new jobs (44,615 new jobs, 85 percent increase), and the recreation goods cluster has grown the most rapidly (2,947 new jobs, 148 percent increase). Other clusters like financial services have grown at a lower rate of ten percent. At the same time, employment in the defense and transportation manufacturing cluster has declined by 60 percent.

The Preliminary 2030 forecast projects that the stagnation in manufacturing employment will continue while the fastest growing economic clusters will be biotechnology, pharmaceuticals and telecommunications.

G. REDEVELOPMENT

State and local redevelopment laws include housing requirements for redevelopment projects. California Redevelopment Law requires that 20 percent of tax increment revenue derived from a redevelopment project area be set aside to improve the supply of housing for very low-, low- and moderate-income households. Additionally, Redevelopment Law requires that 30 percent of all new or rehabilitated housing developed by the Redevelopment Agency be affordable to low- or moderate-income households. Of this 30 percent, 50 percent of the units must be affordable to very low-income households. Additionally, 15 percent of all new or rehabilitated housing developed within the project area by entities other than the Redevelopment Agency must be affordable to low- or moderate- income households, with 40 percent of this 15 percent being available to very low-income households.

California Redevelopment Law also requires that the Redevelopment Agency replace any low- or moderate-income housing units removed from a project area as the result of Redevelopment Agency actions. As required by California Redevelopment Law, 20 percent of all tax increment funds allocated to the agency are placed in a Low- and Moderate-Income Housing Fund to assist in the construction and rehabilitation of housing units for low- and moderate-income residents. These low and moderate-income housing set aside requirements have been met by the Redevelopment Agency. Goal V, "Use of Redevelopment Set-Aside Funds," describes how redevelopment set-aside funds are proposed for use in the next Housing Element.

The City of San Diego established several redevelopment project areas. The largest are City Heights (2,062 acres), Centre City (1,450 acres) and North Bay (1,350 acres). The Centre City Development Corporation (CCDC) administers the Centre City Redevelopment Area and the Southeastern Economic Development Corporation (SEDC) administers the redevelopment areas in the southeastern communities of San Diego. The City's Redevelopment Agency administers the remaining redevelopment areas.



1. Centre City Development Corporation

Centre City Development Corporation (CCDC) is a public, nonprofit agency created by the City of San Diego in 1975 to implement downtown redevelopment activities. The CCDC is responsible for a wide range of activities including planning, zoning administration, property acquisition and disposition, and working with development teams to facilitate rehabilitation projects, new construction and public improvements. The corporation encourages economic growth, the development of homes and infrastructure, and the creation of new jobs.

Originally, CCDC's area of responsibility included 325 acres. Adoption of the Centre City Redevelopment Project in 1992 merged three of the original four project areas and expanded CCDC's area of responsibility to 1,445 acres.

Since 1975, 9,475 dwelling units have been developed or rehabilitated within the Centre City Redevelopment Project area. Of these, 1,690 units or 18 percent are reserved for very low- or low-income residents. Of the 1,690 income-restricted units, 1,261 units or 75 percent are for very low-income households with incomes at or below 50 percent of area median.

Downtown offers a wide array of housing options including single-room occupancy (SRO) hotels, lofts, apartments, condominiums, townhomes and senior housing. Recent large- and small-scale residential developments have transformed many parts of downtown from commercial and industrial warehouse areas to vibrant residential neighborhoods. Rapid growth over the past five years, coupled with the escalating cost to produce housing, has fueled heightened efforts to ensure that downtown provides housing options for people at all income levels.

2. Southeastern Economic Development Corporation

The Southeastern Economic Development Corporation (SEDC) is a public nonprofit corporation, incorporated in 1981. As an independent corporation, it is charged with all redevelopment activities within a seven square mile area known as southeastern San Diego. The SEDC is responsible for four adopted project areas: Central Imperial, Mount Hope, Gateway Center West, Southcrest and one study area, Dells/Imperial. The corporation focuses on redevelopment and economic development activities throughout the various project areas. The creation and preservation of housing, including low- and moderate-income housing is a major objective for the corporation. Thirty percent of all new or rehabilitated housing units developed by SEDC must be for low- or moderate-income households. Of these units, at least 50 percent must be for very low-income households.

In the early years of the corporation, very little investment capital had been targeted within SEDC's area of influence. The result of this disinvestment was various levels of blight and deterioration and very few sources for quality goods and services. In



recent years, SEDC has successfully attracted a number of developers who were willing to enter into private/public partnerships, helping to improve those areas that just ten to 15 years ago were blighted.

To increase homeownership opportunities and promote neighborhood stability, SEDC has implemented a Shared Equity Program. Through this program, financial assistance is available to qualified first-time homebuyers in the form of equity participation (Shared Equity) loan, secured by a second deed of trust. The SEDC continues its campaign to increase the number of first-time homebuyers. The corporation continues to conduct a series of free workshops that provide instruction on all aspects of homeownership, including loan qualifications, realtor selection and the credit system.

Over the next five years a minimum of 2,500 units are planned for development within SEDC's area of influence. This higher-density housing will add to the housing stock and provide additional alternatives to a severely impacted housing market.

3. City of San Diego Redevelopment Agency

The Redevelopment Division of the City Planning and Community Investment Department staffs the Redevelopment Agency (City Council) and, as of December 2004, administers ten active redevelopment project areas totaling 6,643 acres: Barrio Logan, City Heights, College Community, College Grove, Crossroads, Grantville, Linda Vista, Naval Training Center, North Bay, North Park and San Ysidro. An eleventh project area, Market Street Industrial Park, was terminated in 2000 as the plan objectives had been completed.

The division has sponsored two First Time Homebuyer programs for low- and moderate-income buyers—in Linda Vista (nine units) and City Heights (14 completed units, ten in the pipeline). The division also has two Housing Rehabilitation programs for low- and moderate-income homeowners, one in, City Heights (seven loans completed and 78 pipeline) and Crossroads 30 pipeline). A third Housing Rehabilitation program is offered within the Mt. Hope Redevelopment Project Area, administered by SEDC, with 69 units assisted.

In addition to 144 very low- and low-income rental units in Barrio Logan completed in 1994, and after a period of low revenue due to economic recession in the late 1990s, in 2003 the division completed 116 townhomes in City Heights, including 34 low-income rentals. In 2004 another 120 rental apartments in City Heights (of which 118 are very low-income) and eight low-income for-sale units in San Ysidro were finished.

As revenues have begun to accelerate in the division's mostly young project areas recently, so have the number of affordable housing projects under agreement. At the start of 2005, City Heights has another 90 very low-income senior rental units in the pipeline. In North Park's pipeline, division funding has been provided for 14



moderate-income for-sale townhomes and 45 moderate-income condominiums out of a project total of 224 units, with 94 very low-income senior rental units also receiving subsidy. North Bay has contributed to 112 very low-income treatment beds and 18 moderate-income rentals in a project of 184 units. All of these projects are anticipated to reach completion by the end of calendar year 2006.

Currently, at least ten additional affordable housing projects are under consideration by the Redevelopment Division in North Park, City Heights, Barrio Logan and elsewhere. These are being evaluated under the new \$55 million Redevelopment Affordable Housing Program (NOFA). This process, in which the Redevelopment Agency (the City Redevelopment Division, Centre City Development Corporation, and Southeastern Economic Development Corporation) collaborates with the San Diego Housing Commission, has reviewed 18 applications from developers in an ongoing program to facilitate funding for new affordable housing units in the City of San Diego. The Agency so far has approved five of these proposals for a total of 423 new low-mod units citywide.

H. PRESERVATION OF EXISTING AFFORDABLE HOUSING

This section contains an inventory and comparative analysis of the costs involved in replacing units at risk of conversion from affordable housing to market rents during both the Group 1, FY 2006 through FY 2010, and Group 2, FY 2010 through FY 2015 analysis periods (see Table 4 under Goal 2) The analysis calculates the cost to replace, through new construction or acquisition and rehab, the same “at-risk” units in comparable size and rent levels. San Diego Housing Commission staff used most current development, acquisition and rehabilitation costs in the analysis.

The purpose of this analysis is to compare the cost of options available to the jurisdiction when faced with a potential conversion problem, and to determine the level of local subsidies required to assist in preservation efforts. The cost analysis will enable the City to use a “bottom line” approach as programs are developed and available resources targeted to preserve units at risk of conversion.

A total of 4,094 affordable units are eligible to convert to market-rate rents during the FY 2006 through FY 2010 reporting period. Most of these units are “at-risk” due to options available to current owners to prepay existing federal mortgages. Estimates indicate that it would cost the City over \$719 million to replace those units through new construction and over \$359 million to replace those units through acquisition and rehabilitation. Estimated acquisition costs factored in possible rehab cost to bring units up to health and safety standards or to remove asbestos and lead-based paint hazards. It should be noted that 2,092 units are in projects owned by nonprofits, and although eligible for conversion, those projects are generally regarded as being at low risk for conversion to market-rate housing. The City will monitor those nonprofit projects, but anticipates that any preservation opportunities will come from for-profit ownership projects.



A total of 877 affordable units are eligible to convert to market-rate rents during the FY 2010 through FY 2015 reporting period. Most of these units are “at-risk” due to the expiration of Multifamily Bond financing. Estimates indicate that it would cost the locality over \$160 million to replace those units through new construction and nearly \$80 million to replace those units through acquisition and rehabilitation.

The City is at risk of losing a total of 4,971 affordable units from its affordable housing stock, from FY 2006 through FY 2015, due to the prepayment of subsidized mortgages and the expiration of affordability restrictions. Most of these units are “at-risk” due to options available to current owners to prepay existing federal mortgages, or the expiration of multifamily bonds. Estimates indicate that it would cost the locality over \$880 million to replace them through new construction and almost \$440 million to replace those units through acquisition and rehabilitation. Owners of multifamily bond projects may agree to amend existing bond documents to extend the terms of affordability, at no cost to the jurisdiction.

Localities can anticipate limited federal and state assistance in preserving the affordability of these units. Therefore, the need for local assistance is much greater in this instance. Faced with greater preservation costs, replacement of lost units through acquisition and rehabilitation appears to be the most cost-effective option.

The cost analysis makes clear the need for access to all available financial resources in order to prevent the loss of “at-risk” units. Moreover, the analysis also makes clear the need to work with organizational resources to achieve preservation targets. Reliance on local or even state or federal financing programs alone is not sufficient to assure preservation, given the extensiveness of the conversion problem.

There has been such a variety of financing and subsidy programs used to build affordable housing in the past, that existing state and federal financing or incentive preservation programs do not address the possible conversion of many nonfederal financed housing projects, such as density bonus units. Finally, long-term preservation is not guaranteed without enlisting the active support and participation of tenants and local nonprofit agencies willing to acquire and maintain “at-risk” units as permanently affordable housing.

Total Local Sources

The City will consider the use of those local funds listed below to support the preservation or replacement of “at-risk” units.



**TABLE 22
LOCAL FUNDING SOURCES TO PRESERVE “AT-RISK” UNITS**

PRIVATE POTENTIAL SOURCES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
CDBG	\$18M	\$18M	\$18M	\$18M	\$18M
HOME	7M	7M	7M	7M	7M
Housing Trust Fund	2M	2M	2M	2M	2M
Housing Commission	1M	1M	1M	1M	1M
Redevelopment Set Aside	3M	3M	3M	3M	3M
Total	\$31M	\$31M	\$31M	\$31M	\$31M
Grand Total	\$155 Million				

As can be seen, the City has at its discretion approximately \$31 million annually. It must be noted that a significant portion of those funding sources are currently used to support ongoing community development activities, and to support the wide range of activities which comprise this City’s multifaceted affordable housing strategy. Even if the City were to commit all available resources to preserve “at-risk” units, there are not sufficient funds to preserve all “at-risk” units.

Allocation of all funds from these sources to support preservation activities would deprive other affordable housing and community development activities of sufficient support to guarantee their continuation or the successful implementation of new activities in these areas. Therefore, while the City will consider the use of these funds for preservation of “at-risk” units, it is highly unlikely that all such funds will be used for this purpose.

Preservation Objective

The U.S. Department of Housing and Urban Development (HUD), working with the City of San Diego, will take the following steps to protect the low- and very low-income households of those projects:

- Unassisted low- and very low-income households residing in those federal mortgaged projects may be eligible for Preservation Section 8 vouchers. HUD will provide vouchers subject to availability of federal funds.
- A household living in a Section 8 project based assisted unit under an existing Housing Assistance Payments (HAP) Contract may continue to reside in the project until the contract expires. The resident will receive a Section 8 voucher when the HAP contract expires.



The 1997 Federal Appropriations Act also provided Section 8 assistance to prevent displacement, and expand the scope of eligibility to include all low-income families, and moderate-income families who are elderly or disabled or families who are residing in a low-vacancy area (three percent or less vacancies). All recipients must reside in the housing on the date of prepayment. The San Diego HUD Office will work with the property owners and the San Diego Housing Commission to ensure that the above steps for protecting the residents are implemented.

If current owners do not wish to retain those units as affordable, the City may provide assistance to private nonprofit or for-profit entities interested in purchasing and managing those projects as affordable housing. In the event that no interested and capable private entities are available to assume control of those “at-risk” units, the City, through its Housing Commission, can pursue ownership and management of those units for which retention as affordable dwellings is considered important in meeting the housing needs of low-income residents. The City will utilize this flexible approach to retain as many units as financially feasible in its affordable housing stock.

Given the level of local, state and federal financing anticipated to be available, during the Group 1 analysis period, the preservation objective during this period is 500 units, or approximately ten percent of the total number of assisted units eligible to convert to market-rate housing.