

2012 CHAMBER HOUSING ACTION PLAN (CHAP)

POSITION

San Diego must have an adequate supply of housing to maintain its economic competitive edge and house its workforce. The City has enacted a variety of measures to stimulate housing production, but many challenges remain. The City of San Diego must implement more reforms in order to meet its existing and future housing needs. **The Chamber urges the City to adopt and implement the Chamber Housing Action Plan's (CHAP) recommendations into the city's policies.**

BACKGROUND

The Chamber Housing Committee created the CHAP in answer to the City Council's request in 2005. The CHAP's recommendations focus on increasing the production and affordability of housing in the city that pertains to:

- Improving the quality of life and productivity of our workforce
- Supporting state & federal measures that increase affordability
- Increasing federal & state funding to San Diego
- Reducing times for processing permits and reducing fees where applicable
- Increasing incentives for green building, multi-family, smart growth, and transit-oriented development, etc.
- Improving/increasing infrastructure in communities that can accommodate more housing
- Reducing/eliminating duplicative or unnecessary regulations that increase the cost and time to produce housing.

The Chamber's Board of Directors approved the most recent version in April 2011.

Summary

The City and the region economy must have an adequate supply of housing to be competitive economically

The City of San Diego must implement more reforms to meet its present and future needs. In the absence of redevelopment, the City must implement more robust reforms.

The CHAP, which is revised annually, was created in response to the City Council's request in 2005.

The CHAP would help the City increase production of housing by reducing costs and permit processing times, while reducing and eliminating duplicative and burdensome regulations for all housing types for the region's workforce.

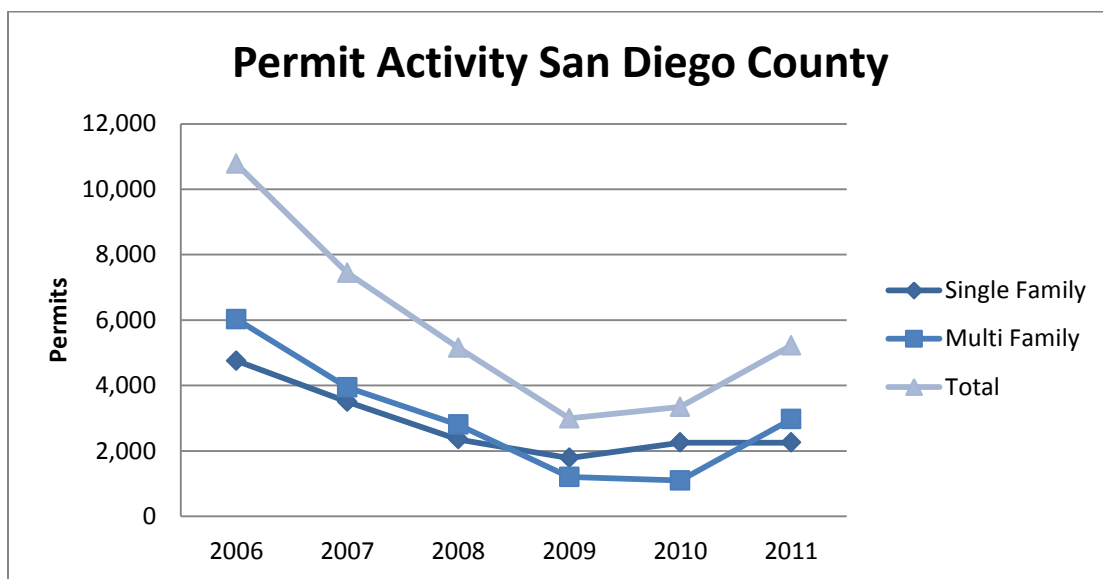
Recommendations that are new to the 2012 CHAP are:

- Conceptual support for the City Affordable Housing Study, but the committee has some concerns with the methodology for the parking formula proposed by city staff
- Support for the Chamber's Infrastructure Initiative
- Tighten the criteria for project appeals to discourage multiple frivolous appeals.

ANALYSIS

In the early 2000s, San Diego real estate market surged from \$240,000 to \$525,000. However, incomes increase marginally to \$63,000 annually. At one point only 8 percent of San Diegans could afford a home according to the California Association of Realtors. Local governments imposed more regulatory measures increasing the per unit cost of housing while limiting the number of units.

The recession beginning in 2008 devastated San Diego's real estate market. More than 47,000 construction jobs were lost in the recession, which impacted many sectors of the economy. Significant reductions in construction permit activity and home prices occurred as a result of the recession. The number of new permits dwindled in the City of San Diego from 2,704 in 2007 to 726 new units in 2010.



Although there are signs that San Diego's economy is improving, the housing sector still faces many financial and political challenges. Earlier this year, the State Supreme Court's ruling essentially eliminated all of the state's entire redevelopment programs that helped produce thousands of market rate and affordable units in San Diego. While City staff is trying to improve the process, there remains the concern that the City Council may attempt to increase fees and impose more mandates that would discourage the construction of new housing.

According to the San Diego Association of Governments' (SANDAG) 2050 Regional Forecast, the region must produce approximately 11,000 new units annually until 2030 to meet region's future needs.

The City of San Diego must enact policies that reverse these trends in order to maintain its competitive edge and provide an adequate supply of housing for its workforce. The Chamber asks the Mayor and City Council to implement the following recommendations:

Lay the Foundation for meeting the City's future housing needs and stimulating economic development

1. Begin the process in 2012 of placing a citywide infrastructure initiative, similar to TransNet or Proposition MM, on the 2014 ballot. The bond measure, structured around a detailed public facilities financing plan, would finance key infrastructure projects planned in all of our neighborhoods. The city and communities would identify and prioritize those key projects and determine the size of bond and how to pay for it. The bond could include a provision to provide funding for affordable housing. The City would implement the necessary regulatory reforms to speed up development and infrastructure projects, updating community plans with Program Environmental Impact Reports, and developing the increased density called for in the General Plan. (Cost to the city and electorate)
2. Overhaul the contracting procedures for Capital Improvement Projects (Cost to the City and Taxpayers)

Support viable and equitable affordable housing funding sources

3. Urge the Mayor and the City Council support state legislation that would increase funding for affordable housing. (Revenue Neutral)
4. Support the 2011 recommendations by the San Diego Housing Commission's Affordable Housing/Best Practices Task Force (Combination of reduced costs and possible revenue increases to the City).

Fix the entitlement and permitting process for new development.

5. Adopt an ordinance making the City's Facilities Benefit Assessment (FBA) Deferral program permanent and expand the program to include sewer and water capacity fees and the housing linkage fee and/or housing in lieu fee. (Revenue neutral)
6. Fund the Community Plans Updates in process, and schedule and fund the next set of Community Plan Updates. Prioritize the Urbanized Communities in the Community Plan Update Calendar in accordance with smart growth principles. Maintain or increase, but do not lower, the planned urban densities and urban building heights in the city's urban areas, and increase densities as a part of updating community plans. General Fund Cost (some funds come from developer fees, enforceable obligations, and other sources).
7. Lower its CEQA thresholds of significance for infill projects that meet or exceed minimum green standards, and for transit-oriented development, and affordable projects in accordance to SB 375. (Revenue Neutral)
8. Tighten the criteria for project appeals to discourage multiple frivolous appeals. (Would reduce costs to the City)
9. The City Council to adopt the City's Sustainable Development, Council Policy 600-27 or 900-14, Incentive Program. (Revenue neutral)
10. Continue implementation of the Development Services Department's Business Process Reengineering Measures. (Multiple recommendations in the BPR are generally revenue neutral)
11. Continue consolidating all development project review functions (sewer, water, fire, and parks) into the City's Development Services Department (DSD). (Revenue neutral)
12. Support the Building Industry Association of San Diego's proposed Regulatory Relief measures submitted to the City Council in November 2011:
 - a. Expand Fee Deferrals to include sewer/water

- b. Expand fee deferral ordinance
- c. Bond exonerations: Comply with State Law - 80% Relief
- d. Require Potential Legislation to include a Cost Impact/Benefit Analysis on Private Sector.
- e. Self-Certification: Permit Third Party Review of Project Applications
- f. Regulatory Certainty: Fix and freeze local regulations that have a cost impact on businesses or residents for 36 months because uncertainty causes people to choose other locations for their businesses.
- g. Business permits should be available on line.
- h. Restore "By-Right" Tandem Parking.
- i. Treat Apartments and Condos Equally on Single Lots.
- j. Eliminate Automatic Fee Increases in Facilities Benefits Assessment.
- k. Allow developers to pay DIF fees upon sale of units/property; make fee deferrals permanent
- l. Speed up the process for awarding building permits

Implement Development Regulations that facilitate infill development, including mixed use development and transit-oriented development

- 13. Create population based park equivalency standards. (Revenue neutral, although may lead to general fund savings if less park acreage will be maintained)
- 14. Adopt Affordable Housing parking ordinance.
- 15. Analyze and implement nationwide "best practices" for efficient parking design standards and development regulations for infill and smart growth development.
 - a) Allow one level of parking above ground without counting towards the project's FAR for urban projects.
 - b) Allow by-right tandem private (garage) parking for all new multi-family residential and mixed-use development and ease parking requirements for mixed-use and transit-oriented development projects.
 - c) Pursue community-wide parking reform measures in parking-impacted communities including the creation of parking districts, and shared parking and offsite public parking alternatives. Allow for in-lieu fees and parking districts in lieu of mandatory onsite parking for mixed uses. (Increases revenue when projects achieve more density)