



City of San Diego  
Councilmember Scott Sherman  
Seventh District

## MEMORANDUM

DATE: January 19, 2017  
TO: Honorable City Council Members  
FROM: Councilmember Scott Sherman   
RE: Smart Growth and Land Use Committee Priorities

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The San Diego region is facing a dire housing crisis. The cost of living is outpacing incomes in the region. Throughout the state of California, middle class families are spending more than 30 percent of their incomes on housing—the standard used as the upper bound of reasonable expenditure. Lower income families find themselves saddled by monthly housing costs at an even higher rate. The specific costs of the various housing sectors all prove to be financially burdensome. The average rent in San Diego is \$1,743 per month. As of October 2016 the County’s median home sale price was \$507,500 and the median sale price of a new home in the County was \$765,000.

The high cost of living and lack of efficient supply is a significant indicator of the region’s net-out migration. Between July of 2014 and July of 2015, 9,370 San Diego residents moved out of the area, a trend replicated throughout the state. Many of the regulatory barriers placed upon developers disincentivizes development, especially low, middle, and moderate income units, which do not provide the same profit margin as high income housing. Low, middle, and moderate income unit development is needed at a higher level in order to retain those seeking to move out of the area and to attract more members of the workforce ultimately contributing to the region’s economy. As a result, the housing supply crisis in the City will continue to grow, absent widespread and substantial housing policy changes, and the City of San Diego will continue to inadequately provide housing for its current and future constituents.

The following legislative changes are designed to combat the housing supply crisis through multiple strategies:

**1. Accessory Dwelling Units (ADUs)**

- a. *Summary.* Provide homeowners the opportunity to build accessory units by easing of restrictions in order to facilitate supplemental income for homeowners and affordable in-fill housing for residents.
- b. *Policy Changes.* Amend the Municipal Code to reflect the changes set forth by the State of California in SB 1069 which relieves parking, setback, and height requirements for ADUs and introduce a JADU policy with streamlined permitting and minimal barriers to entry for homeowners.
- c. *Sources and Best Practices.* These policy changes stem from best practices seen in the Cities of Portland, Seattle, and Berkeley, incorporate aspects of chartered bill SB 1069, and draw from the White House Toolkit on housing.

**2. Junior Accessory Dwelling Units (JADUs)**

- a. *Summary.* Provide homeowners the opportunity to build units less than 500 square feet completely within their existing home. Distinguishing features of a JADU include: a small kitchenette including a sink, a hot plate, and a door on the exterior of the house.
- b. *Policy Changes.* Amend the Municipal Code to reflect SB 1069's companion bill AB 2406, which was not chartered alongside ADUs. Changes generally include a provision permitting JADUs with waived parking restrictions and new connection fees.
- c. *Sources and Best Practices.* AB 2406 delineates a comprehensive policy governing JADUs.

**3. Amnesty of Accessory Dwelling Units**

- a. *Summary.* Implement a program allowing owners of unpermitted ADUs to become legal dwelling units if brought up to safety codes.
- b. *Policy Changes.* Specific changes to the municipal code include: mandate the unit be brought to code, ease inhibiting requirements (i.e. sprinkler systems, separate metering, and parking), and waive application and permitting fees.
- c. *Sources and Best Practices.* These policy changes are derived from best practices seen in many municipalities across the state including Daly City, CA and Marin County, CA.

**4. Historic Resources Board (HRB)**

- a. *Summary.* Require that HRB reinstate procedures in place prior to a decision made by the preservation ordinance review committee and implement policies to return to HRBs intent as an advisory body with more oversight from Council.
- b. *Policy Changes.* Specific reforms include: mandating Council approval on any new historic or potentially historic district, allowing an appeal of an historic designation on any ground, bifurcating HRB hearings into two per month separating the agendas of DSD referral and voluntary designation, increasing the designation to 75 years, amending the criteria used to designate (eliminate wildcard criteria and require two criteria be met), and capping the limit by which Mills Act tax credit

recipients may receive such a credit—once the threshold of property value is met, homeowners must pay taxes on the remaining value.

- c. *Sources and Best Practices.* These policy changes aim to streamline the City’s historical resource standards to better match other Cities, such as Los Angeles, in adopting stronger regulatory policies on Mills Act tax credit recipients. Many of these policy improvements stem from stakeholder input.

## **5. California Environmental Quality Act (CEQA)**

- a. *Summary.* Amend the current structure of environmental determination appeals to ensure that appellants with a just case maintain their ability to appeal, while limiting frivolous, costly, and lengthy appeals of environmental determinations.
- b. *Policy Changes.* Streamline the appeal process for environmental determinations by reducing the right to appeal to 5 days, requiring an in-person appeal, increasing the fee structure for appeals, and expediting the amount of time Council has to hear an appeal. Changes will also reflect a 2013 City Attorney Memo requesting City Council clarification on pursuing an appeal when the appellant has rescinded.
- c. *Sources and Best Practices.* These changes are derived from staff input and recalibrating fees to better reflect other cities such as San Francisco.

## **6. Community Planning Groups**

- a. *Summary.* Reform Community Planning groups by amending Council Policy 600-24 to achieve higher professionalism and increased efficiency in planning group processes.
- b. *Policy Changes.* Specific changes include requiring additional training for community planning board members, increasing diversity among property and demographic interests in the community on the board, and consolidating community planning groups into larger regional groups.
- c. *Sources and Best Practices.* Reforms are derived from the City of Los Angeles and community stakeholders.

## **7. Parking Reductions**

- a. *Summary.* Increasing development near multi-modal communities both encourages compliance with the CAP and allows opportunities to reduce parking requirements and subsequently the cost of development.
- b. *Policy Changes.* Encourage market-based determination of parking spaces by reducing multiple forms of parking requirements located in transit areas such as: waiving 2/3 of parking requirements on small lots, limiting requirements for affordable housing to .5 per unit, setting a maximum of .25 spaces per unit in senior housing, and waiving tandem parking only requirements—all within transit areas.
- c. *Sources and Best Practices.* Many cities are implementing such parking reductions as the cornerstone to decreasing the cost of development and increasing multi-modal transportation options.

## **8. Permit Process Change**

- a. *Summary.* Amend the planned development permit regulations in order to increase development.

- b. *Policy Changes.* The development proposal is with regard to multiple dwelling unit residential development with increased density per the adopted land use plan in transit areas which will be changed from a Planned Development Permit Process 4 to a Process 3.

#### **9. Restructuring Park Equivalencies**

- a. *Summary.* Park Equivalency determinations are important in maintaining aspects of each community, however our measurement system needs to be updated and reevaluated in order to better reflect the needs of the community.
- b. *Policy Changes.* Restructure the process by which park equivalency fees are measured through a well-designed park master plan.

#### **10. DSD Efficiency Analysis and Reform**

- a. *Summary.* Allocate financing for an outside consultant to prepare an independent review of development services efficiency.
- b. *Policy Changes.* A hired consultant will advise DSD and Council on bureaucratic changes and opportunities to improve customer service and efficiency within the department.

#### **11. Expand Self-Certification**

- a. *Summary.* Currently the City of San Diego offers a limited self-certification program, but there are opportunities to expand.
- b. *Policy Changes.* Increase self-certification programs on building projects, landscape plans, the majority of low level permits, and others. Emphasize ePermitting approval program, such as Accela, through Council.
- c. *Sources and Best Practices.* The City of Phoenix has an extensive and successful self-certification program.

#### **12. MTS Affordable Housing**

- a. *Summary.* Incentivize affordable developments adjacent to MTS public transit to situate housing near public transportation to serve the needs of the community and the CAP.
- b. *Policy Changes.* Reduce development fees and barriers for affordable housing developers to utilize land adjacent to public transit and owned by MTS.
- c. *Sources and Best Practices.* Silicon Valley's VTA affordable housing policy, Oakland's BART policy and others have been extremely success in achieving target development.

#### **13. Waive DIF fee for Affordable Units**

- a. *Summary.* DIF fees are one of the highest inhibitors to development in many communities and in a housing crisis pose a major threat to development.
- b. *Policy Changes.* Waive DIF fees for affordable units including units built up to 250% of AMI to encourage both low and middle income development in the region.
- c. *Sources and Best Practices.* Multiple community stakeholders encourage the lowering of DIF fees.

#### **14. Traffic Study Process**

- a. *Summary.* Traffic studies are a key component to development and are currently contracted out to SANDAG.

- b. *Policy Changes.* Bring traffic studies relating to City of San Diego projects in-house, as it was originally, in order to regain control of the studies, increase time efficiency, and reduce costs.
- c. *Sources and Best Practices.* Staff input and stakeholder consultation.

**15. Initiate Housing Target Plan**

- a. *Summary.* Through research create a target strategy over the next fifteen years for each community's capacity and responsibility to increase housing units to be used as a benchmark for smart growth.
- b. *Policy Changes.* Mandate each community in San Diego report on their achievements toward their individualized housing goals for their community culminating in an annual report of target met.
- c. *Sources and Best Practices.* Major cities across the US are implementing housing targets and strategies including: Los Angeles, CA; Boston, MA; and New York City, NY.



**COUNCILMEMBER DAVID ALVAREZ**  
**City of San Diego**  
**Council District Eight**  
**MEMORANDUM**

**DATE:** January 17, 2017

**TO:** Councilmember Scott Sherman, Chair, Smart Growth & Land Use Committee

**FROM:** Councilmember David Alvarez 

**SUBJECT:** 2017 Smart Growth & Land Use Committee Priorities

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In response to your memorandum soliciting priorities for the 2017 Smart Growth & Land Use Committee Priorities, I urge you to focus on the housing affordability crisis faced by our City. The priorities presented below fall into three main pillars: allowing for housing development, expediting the process to build housing and identifying the necessary funding for affordable housing. These are my specific recommendations:

**Increase Availability of Housing Supply:**

- 1. Procedures for City Property Sales:** The Real Estate Assets Department manages the City's real estate portfolio. Some property sales can be received negatively by the community if not processed in a collaborative manner. The Committee should create a procedure that includes formal community input and Planning Group recommendation before being brought forward for Council consideration. Additionally, the historical review process should be taken into account on historical properties. Furthermore, the Real Estate Assets Department should prioritize the sale of assets that can contribute to the development of affordable housing. For example, in 2013, the City Council approved a ground lease purchase agreement, allowing for the nonprofit, San Diego Community Land Trust, to develop affordable single-family homes in the Nestor community. Under this agreement, the City was able to transfer ownership of a 3.3-acre property to the trust for a minimal payment. This agreement allowed for an unused City asset to be used for the creation of more housing.
- 2. Review Consistency of Community Plans and Zoning Regulations:** To ensure our communities grow in a responsible and efficient way, it is important that there is consistency between community

plans and zoning regulations. The following areas in District Eight would greatly benefit from this consistency, allowing for greater and more focused development:

- Commercial Street corridor
- Imperial Avenue
- Market Street
- San Ysidro Boulevard

Currently, there are approximately 7,500 existing single and multi-family residential units in San Ysidro. The updated San Ysidro Community Plan, would allow for up to 9,850 units. New density is targeted in the areas around the Beyer Trolley Station, along San Ysidro Blvd and within the two village areas. This committee should consider by-right/ministerial procedures rather than discretionary review as a way to encourage further development throughout the City.

3. **Barrio Logan Plan Update:** In 2013, the City Council approved a long overdue update to the Barrio Logan Community Planning area. The update passed by the Council would have provided Barrio Logan businesses and residents the much needed zoning revisions to allow the community to grow and flourish in the coming decades. The Community Plan estimated for an additional 2,563 dwelling units in this area, which would have greatly benefitted this community. However, the update was subsequently overturned through an initiative process by special interests. Mayor Faulconer indicated in 2014 that staff would bring forward a revised proposal to update the community plan. No such proposal has been brought forward for consideration. It is critical that the residents of Barrio Logan have an update to their community plan that allows the community to build and grow for future generations. The Committee should request a plan update be brought forward for consideration in 2017.
4. **Otay Mesa Central Village Specific Plan:** The 229.2 acre Central Village Specific plan is a mixed use village located in the central portion of the Otay Mesa Community. This plan has had a total of 64 total meetings involving City staff and six submittals of the specific plan document and technical studies. This plan proposes medium to high density residential areas centered along Airway Road focused around schools and parks. The Central Village Specific Plan proposes an estimated of 4,485 to 4,682 dwelling units in this area. The committee should review this proposal in 2017 to ensure that it moves forward for Council review.
5. **Homeless Solutions:** San Diego ranks 4<sup>th</sup> in the nation for the size of its homeless population, with an estimate of over 8,000 individuals. In an effort to address homeless in this City, this Committee should review available properties to provide indoor and permanent shelter space to our growing homeless population. For example, this Committee could explore the possibility of utilizing the old San Diego Downtown Public Library as a location to provide refuge to our homeless population.

### **Permit Process:**

6. **Housing Affordability:** The City is in the midst of a housing crisis. The median sale price of a new home in the County was \$765,000, which puts home ownership out of reach for many San Diegans. Furthermore, the average rent in San Diego is \$1,743 per month. If left unaddressed it will not only continue to severely limit the supply of available housing to middle class families throughout San

Diego, but will also begin to cripple the City's ability to attract and retain new business, as money employees will not be able to live in the City in which they work. This Committee should explore potential solutions to address this situation including:

- Reduce of parking requirements for residential development projects
- Increase feasibility in zones to allow for mixed used housing as live/work quarters
- Improving permit process at DSD
- Allow for property owners to build accessory dwelling units in all zones
- Create targets for creation of units throughout the City and by community

7. **Support Responsible and Sustainable Development:** The building industry in San Diego is a significant contributor to our economy. We must work together to develop greater capacity for housing and commercial facilities in the most responsible and sustainable way possible. Most recently, the City has experienced a number of contentious development projects in communities that do not want to see growth, meanwhile other neighborhoods welcome and have been asking for this type of development and growth. This Committee should suggest incentives to foster additional development in areas that accept greater density. The Development Services Department (DSD) should research ways in which the City can expedite permit processing time, assess performance measures, create a matrix for units approved and units built. The Committee should look at the potential to revise minimum parking standards. Additionally, DSD and the Independent Budget Analyst should provide the Committee with a comparison of what other cities are doing to subsidize public infrastructure requirements for projects.

#### **Identify Increased Funding for Affordable Housing:**

8. **Support SB2 "Building Homes and Jobs Act" (Atkins):** The Building Homes and Jobs Act (SB2) creates a permanent source of funding for the creation of affordable housing for low and moderate-income Californians. If enacted, the bill would impose a fee of \$75 to be paid at the time of the recording of every real estate transaction required or permitted by law to be recorded. The bill would require that funds be used to support the development, acquisition, rehabilitation, and preservation of affordable homes, including transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities. It is estimated that this fee will generate approximately \$500 million each year to support affordable housing in California. This Committee should support this piece of legislation because of the impact it will have on addressing the issue of affordable housing and ensure this becomes a specific legislative priority for the City's State lobbying team.
9. **Utilization of Promise Zone Funding:** Last year, the Obama Administration designated a certain geographic area of the City as a Promise Zone. The San Diego Promise Zone area stretches from East Village and Barrio Logan in the West extending to Encanto and Emerald Hills in the East with a population of a little over 77,000 residents. Promise Zones are characterized for high unemployment, low education levels, concentrated poverty, rising crime and limited affordable housing. The City, along with its partners, have identified six goals to revitalize this area and improve the quality of life for residents. The focus areas are: creation of jobs, improving economic activity, reducing violent crime, increasing educational opportunities, access to affordable housing, and promotion of health and access to healthcare. This Committee should explore the potential of leveraging promise zone funding to help support housing affordability in these areas.



THE CITY OF SAN DIEGO

COUNCILMEMBER GEORGETTE GOMEZ

NINTH DISTRICT

DATE: January 13, 2017  
TO: Honorable Councilmember Scott Sherman, Chair, Smart Growth and Land Use Committee  
FROM: Councilmember Georgette Gómez   
SUBJECT: Smart Growth and Land Use Committee Priorities for 2017

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In response to your memo dated January 5, 2017, I am pleased to submit my Smart Growth and Land Use (SG&LU) Committee priorities. Overall, the priorities listed below are intended to implement the goals and objectives contained in the City of San Diego's 2008 General Plan and 2015 Climate Action Plan.

**1. City of Villages and Climate Action Plan Implementation**

The General Plan's City of Villages strategy is an important growth framework by which the City needs to plan for new higher density, mixed-use transit-oriented development which is focused on the reinvestment and redevelopment of land within transit priority areas (TPA). The implementation of the City of Villages strategy can be accomplished by considering the following efforts:

- On a regional level, evaluate publicly-owned land, including the Qualcomm stadium site, the Sports Arena site, MTS-owned properties, Successor Agency properties and Housing Commission properties, to determine potential capacity.
- Create a process for the disposition and development of the Qualcomm Stadium site that takes into consideration new high density housing, employment, educational uses, open space, the San Diego River Master Plan, transit, sports and recreation uses.
- Request a report on the implementation of the Central and Southwest Villages identified in the Otay Mesa Community Plan located in Council District 8.
- Within Council District 9, convene meetings with property owners of key underutilized sites, the development community and members from the officially recognized planning groups to foster a working partnership to determine how to redevelop properties based on the community plan land uses along with strong urban design principals. Properties to consider should include: Chollas Triangle; underutilized parcels along El Cajon Boulevard, University Avenue; College Avenue, National Avenue and any other sites that are considered within TPA's.
- Similar to what has been done in the Bay Area, consider creating Priority Development Areas (PDAs) within TPA's to allow for additional growth and development without having to conduct separate plan amendments.

## **2. Affordable Housing**

The State's Affordable Housing Density bonus program has contributed to increasing affordable housing units throughout the City. However, there are additional steps the City can take to increase affordable housing including:

- Amending the Land Development Code to allow the development of companion units as a ministerial process per California State Law.
- Evaluating the Small Lot Ordinance to reduce the Process level.
- Evaluating alternate forms of shelter to provide safe and clean housing for the homeless.
- Requesting a report on the Single Room Occupancy (SRO) Hotel Ordinance.
- Reviewing and discussing reduced parking incentives for the development of affordable housing, in particular senior housing.
- Considering parking maximums for new development projects in order to reduce development costs within designated villages, senior projects and within the Downtown Community Plan area.

## **3. CEQA Significance Determination Thresholds**

Section 15064.7 of the CEQA Guidelines encourages public agencies to develop and publish such analytical tools that include the significance determination thresholds. The SG&LU should evaluate if these thresholds need to be revised in order to reflect the General Plan's urban infill strategy focused within TPA's. Therefore, the following is requested:

- Request and review a report from the Development Services Department and the Planning Department regarding the City's CEQA thresholds.
- Request and review a report from Development Services Department and the Planning Department regarding the SB 743's transition from Level of Service (LOS) to Vehicle Miles Travelled (VMT).

## **4. Regular Updates and Reports to Committee**

- Community Plan Updates and General Plan Updates/Amendments
- Civic San Diego
- Sales of Excess Properties and Leases on City Properties
- Mobility Planning
- Urban Design Implementation
- Urban Agriculture
- Abandoned Properties and Property Value Protection Ordinances
- Code Monitoring Team/Technical Advisory Committee

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Cc: Honorable Mayor  
Mara Elliot, City Attorney  
Andrea Tevlin, Independent Budget Analyst  
Robert Vacchi, Director, Development Services Department  
Jeff Murphy, Director, Planning Department  
Richard Gentry, President and CEO, San Diego Housing Commission