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# San Diego Housing Commission Addressing the Housing Affordability Crisis: An Action Plan for San Diego

County of San Diego  
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## SDHC – Addressing the Housing Affordability Crisis Introduction

- **2014:** McKinsey Global Institute study released:
  - *“Tackling the World’s Affordable Housing Challenge”*
- **2015:** San Diego Housing Commission (SDHC) study released:
  - *“Addressing The Housing Affordability Crisis: An Action Plan For San Diego”*
  - SDHC became one of the first public housing authorities in California to develop a comprehensive blueprint to identify the costs of developing affordable rental housing and make recommendations on how to reduce those costs.
- **2016:** McKinsey Global Institute study released, prompted by SDHC study:
  - *“A Tool Kit to Close California’s Housing Gap: 3.5 Million Homes by 2025”*





## SDHC – Addressing the Housing Affordability Crisis Impact on Economic Growth

- The City of San Diego has a housing affordability gap of **\$2.4 billion** annually, which creates a **2.5%** annual drag on local GDP.
- These are expenditures that could otherwise go toward growing the local economy, supporting local businesses, and producing jobs.
- Producing more affordable and market-rate housing has the potential to boost San Diego's GDP.
- A healthy housing market that supplies affordable housing maximizes the potential GDP of the local economy.





## **SDHC – Addressing the Housing Affordability Crisis** **Recommended Local Actions - 8**

1. Set Annual Housing Production Goals
2. Incentivize More 80/20 Developments
3. Defer Development Fees
4. Reduce Parking Requirements
5. Reduce Commercial Space Requirements
6. Unlock Land & Increase Ground Leases
7. Shorten Entitlement Process
8. Approve Community Plans with Master Environmental Impact Reports





## **SDHC – Addressing the Housing Affordability Crisis Recommended State Actions - 2**

9. Support California Environmental Quality Act Reform
10. Align State Oversight





## **SDHC – Addressing the Housing Affordability Crisis Recommended Federal Action - 1**

### **11. Increase State & Federal Resources:**

- A. Fair Share of Continuum of Care homelessness funds
- B. Expand Low-Income Housing Tax Credits to support development and preservation of affordable housing
- C. Increase Federal Rental Assistance for affordable housing
- D. Enact Moving to Work Authority to support individuals transitioning back to employment





## SDHC – Addressing the Housing Affordability Crisis Effects on Housing Construction Costs

If implemented, the following recommended actions could reduce the costs of market-rate and affordable housing construction:

Market-rate:      \$23,000 to \$51,000 per unit, or a total of up to approximately \$54 million annually

Affordable:        \$36,000 to \$174,000 per unit, or a total of up to approximately \$23 million annually

- Incentivize more 80/20 Developments
- Defer Development Fees
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## **SDHC – Addressing the Housing Affordability Crisis Accomplishments**

### **Set Annual Production Goals**

- SDHC set an Objective to create 2,000 units of mixed-income and affordable housing units in SDHC's 2016-2020 Strategic Plan under the Goal, "Increase the number of housing opportunities that serve low-income and homeless individuals and families in the city of San Diego."
- SDHC is working with several agencies and advocacy groups to devise a method to track affordable housing production, as well as units lost, on a regional basis.







## **SDHC – Addressing the Housing Affordability Crisis Accomplishments (Cont.)**

### **Deferred Development Fees**

- The City of San Diego's Fee Deferral Program has been expanded to include the deferral of Housing Impact Fees, also known as Linkage Fees, on commercial developments.





## **SDHC – Addressing the Housing Affordability Crisis Accomplishments (Cont.)**

### **Reduce Parking Requirements**

- The City of San Diego's Density Bonus Ordinance was amended to include further parking reductions for housing near transit.
- This amendment also increased the allowable density by 15%.





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## **SDHC – Addressing the Housing Affordability Crisis Potential Economic Impacts - 2017**

- The proposed reduction in corporate taxes, which has the potential to devalue tax credits, would negatively impact the Low-Income Housing Tax Credit Program (LIHTC).
- LIHTC is a funding source that is relied on in the development of affordable housing.
- Potential cuts to Federal non-defense budget items could reduce Federal subsidies for affordable housing.





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## SDHC – Addressing the Housing Affordability Crisis Report Update

- SDHC will publish the next update of its report, *“Addressing The Housing Affordability Crisis: An Action Plan for San Diego,”* at the end of February 2017.
- This update will address progress made and identify additional recommended actions to create more affordable and market-rate housing, thereby boosting the local GDP.

