

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
WEDNESDAY, OCTOBER 10, 2018**

MINUTE ORDER NO. 2

SUBJECT: RECEIVE THE REPORT ON OPTIONS TO IMPROVE HOUSING AFFORDABILITY IN THE UNINCORPORATED AREA; PROVIDE DIRECTION ON THE OPTIONS CONTAINED IN THE REPORT (DISTRICTS: ALL)

OVERVIEW

According to the American Communities Survey (2017), nearly half of all households in San Diego county (Region) spend more than 30 percent of their income on housing. In May of 2017, the Public Policy Institute of California released a report that reveals the shortfall of available rental homes in the Region exceeds 140,000 units and growing. Furthermore, regional housing production goals contained in the County of San Diego (County) General Plan for the unincorporated area are not being met, with a housing production shortfall of nearly 18,000 units since 2010, or approximately 2,250 units per year. This shortage of housing has contributed to increases in median rental and home prices in the Region. A lack of housing supply and product variety limits affordability and housing options in the Region and for households in various life stages such as young couples, families, students, seniors, and veterans.

In response to the affordable housing shortage, on March 28, 2018 (12) the Board of Supervisors (Board) directed the Chief Administrative Officer (CAO) to investigate ways to retain General Plan housing capacity and “to investigate the means and mode of establishing a Density Transfer Credit program, a Transfer Development Rights, or an equivalent program in the County of San Diego”. On April 18, 2018 (5), the Board directed the CAO to “investigate options that would further promote the expedient building of homes in the unincorporated area and the closing of the housing gap through incentive programs and/or reductions in regulations in San Diego County.”

The report on Options to Improve Housing Affordability in the Unincorporated Area (Report) identifies opportunities to address lack of housing supply and to improve areas within the control of the County such as local regulations and the local permitting processes. The Report includes a total of 19 actions within the following five categories:

- Process & Streamlining (PS): There are three actions in this category focused on reducing time and costs associated with the permit process.
- Regulatory Reform (RR): There are four short term actions in this category to correct inconsistent or outdated regulations that inadvertently act as barriers to housing production.
- Participation & Incentives (PI): There are four actions in this category to explore incentives to stimulate production of diverse housing types.
- General Plan & Community Plans (GP): There are four actions in this category intended to implement General Plan goals and policies related to maintaining General Plan housing capacity.
- Land Development Code (LDC): There are four actions in this category to consolidate and modernize zoning and use regulations.

Some of the actions contained within these categories are already underway as part of the Planning & Development Services (PDS) work program, several have been previously directed by the Board, and others are new efforts requiring Board direction.

This is a request for the Board to accept the Report and provide direction on the options contained in the Report.

RECOMMENDATION(S)
PLANNING COMMISSION
 N/A

DEPARTMENT OF PLANNING & DEVELOPMENT SERVICES

1. Find in accordance with Section 15061(b)(3) that today’s actions are exempt from CEQA pursuant to the general rule since it can be seen with certainty that there is no possibility that today’s actions may have a significant effect on the environment.
2. Receive the report on Options to Improve Housing Affordability in the Unincorporated Area (Report) (Attachment A) and the associated 19 actions, six of which include programmatic options.
3. Provide direction on programmatic options for six actions contained in the Report: Density Bonus Program (PI-1), Affordable and Inclusionary Housing Programs and Ordinances (PI-2), Accessory Dwelling Units (PI-3), Development Impact Fee Study (PI-4), General Plan Capacity and Transfer of Development Rights (GP-3), and Allow and Encourage Varied Housing types (LDC-4).

FISCAL IMPACT

There is no fiscal impact associated with accepting the report on Options to Improve Housing Affordability in the Unincorporated Area (Report). There will be no change in net General Fund cost and no additional staff years in Fiscal Year (FY) 2018-19.

There are implementation costs for the actions contained in the Report. If all of the programmatic options for the actions are accepted and directed by the Board of Supervisors (Board), additional costs are estimated up to: \$11,000,000 for a five-year trial fee waiver program (\$2,200,000 annually beginning in FY 2019-20); \$3,100,000 in one-time funding requests in FY 2019-20; \$740,000 in one-time funding requests in FY 2020-21; and \$160,000 in ongoing costs to support the addition of 1.00 staff year in the Department of Planning & Development Services beginning in FY 2019-20; and if approved, will be included in future Operational Plans. If directed, PDS will return in the last year of the trial period to report on the status of this program. The annual estimated fiscal impact is as follows:

<i>incremental cost in millions – not to exceed</i>		FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
A	One-time Funding Requests	3.10	0.74	0.00	0.00	0.00
B	Five-year trial fee waiver Program	2.20	2.20	2.20	2.20	2.20
C (A+B)	Total Annual One-time Funding Cost	5.30	2.94	2.20	2.20	2.20
D	Ongoing Cost (1.00 staff year in PDS)	0.16	0.16	0.16	0.16	0.16
E (C+D)	Total Annual Cost	5.46	3.10	2.36	2.36	2.36

BUSINESS IMPACT STATEMENT

The report on Options to Improve Housing Affordability in the Unincorporated Area includes actions that support the local economy by working with the public, developers, and construction related professionals, to improve permit processing and regulations, and by creating new incentives for increasing the supply of housing in the unincorporated area.

ACTION 2.1:

Supervisor Jacob made a motion, seconded by Supervisor Gaspar, for the Board of Supervisors to approve the following programmatic options:

Accessory Dwelling Units (PI-3), staff recommendations on Option 1, Option 2 and Option 3;

Group Quarters Ordinance (RR-4);

Residential Rounding (LDC-2);

Permit Procedures (RR-3); and,

Site Implementation Agreements (RR-1)

(Supervisor Jacob withdrew the motion)

ACTION 2.2 – Grading Ordinance LDC-1:

ON MOTION of Supervisor Jacob, seconded by Supervisor Roberts, the Board of Supervisors directed the Chief Administrative Officer to complete update through a bifurcated approach separating agricultural clearing permit from the grading for residential housing projects.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

ACTION 2.3 – Density Bonus Program PI-1:

ON MOTION of Supervisor Roberts, seconded by Supervisor Horn, the Board of Supervisors directed the Chief Administrative Officer to develop a program and return to the Board for consideration on Option 1: Increase maximum Number of Incentives and Concessions Allowed and on Option 2: Middle Income Density Bonus Program; and found, in accordance with Section 15061(b)(3), that today's actions taken are exempt from CEQA pursuant to the general rule since it can be seen with certainty that there is no possibility that today's actions may have a significant effect on the environment.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

ACTION 2.4 – Affordability and Inclusionary Housing Programs and Ordinance PI-2:

ON MOTION of Supervisor Roberts, seconded by Supervisor Horn, the Board of Supervisors directed the Chief Administrative Officer to prepare an economic analysis and criteria and return to the Board for consideration on Option 1: GPA Affordable Housing Program and on Option 2: GPA inclusionary Ordinance; and, directed the Chief Administrative Officer to not develop ordinances for Option 3: Large Project Inclusionary Housing Program/Ordinance and for Option 4: Prepare Comprehensive Inclusionary Housing Ordinance.

AYES: Cox, Roberts, Horn

NOES: Jacob, Gaspar

ACTION 2.5 – Accessory Dwelling Units (ADUs) PI-3:

ON MOTION of Supervisor Roberts, seconded by Supervisor Jacob, the Board of Supervisors directed the Chief Administrative Officer to prepare plans and implement a program on Option 1: Pre-Approved Plans and Program Development; directed the Chief Administrative Officer to develop a program and return to the Board for consideration on Option 2: Waiver of Impact and Permit Fees; directed the Chief

Administrative Officer to prepare an ordinance and return to the Board for consideration on Option 3: Junior Accessory Dwelling Units; and, directed the Chief Administrative Officer to monitor implementation of programs in other jurisdictions and report back to the Board in one-year for consideration on Option 4: Subsidize Construction of ADU.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

ACTION 2.6 – Development Impact Fees Study PI-4:

ON MOTION of Supervisor Roberts, seconded by Supervisor Jacob, the Board of Supervisors directed the Chief Administrative Officer to conduct a review of Development Impact Fees with all departments and evaluate the ability to modify fixed development impact fees for new dwellings to fees based on the total square footage of the dwelling, prepare a study and return to the Board for consideration.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

ACTION 2.7 – Explore Options to retain General Plan Capacity and Transfer of Development Rights GP-3:

ON MOTION of Supervisor Jacob, seconded by Supervisor Roberts, the Board of Supervisors directed the Chief Administrative Officer to work with stakeholders in the Alpine community to develop a transfer of development rights program for the community and incorporate this into the current update of the Alpine Community Plan.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

ACTION 2.8 – Explore Options to retain General Plan Capacity and Transfer of Development Rights GP-3:

ON MOTION of Supervisor Roberts, seconded by Supervisor Cox, the Board of Supervisors directed the Chief Administrative Officer to defer program development on Option 1: Excess Dwelling Unit Bank, Option 2: Limited-Scope TDR Program (County Managed), and Option 3: Transition-Based TDR Program (Market Driven); adopted Option 4: Consider Impact of General Plan Initiative directing the Chief Administrative Officer to defer program development and return to the Board with options 180-days after the March 3, 2020 election results for consideration; and, directed the Chief Administrative Officer to not amend the General Plan policies on Option 5: Require Residential Projects to provide minimum Densities.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

ACTION 2.9 – Allow and Encourage Varied Housing Types LDC-4:

ON MOTION of Supervisor Gaspar, seconded by Supervisor Roberts, the Board of Supervisors directed the Chief Administrative Officer to develop a program and return to the Board for consideration.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

ACTION 2.10:

ON MOTION of Supervisor Roberts, seconded by Supervisor Jacob, the Board of Supervisors received the report on Options to Improve Housing Affordability in the Unincorporated Area.

AYES: Cox, Jacob, Gaspar, Roberts, Horn

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

DAVID HALL
Clerk of the Board of Supervisors



Signed
by Marvice Mazyck, Chief Deputy