



CITY OF SAN DIEGO

HOUSING INVENTORY ANNUAL REPORT

2019





The Nook in the East Village contains 91 affordable micro-unit apartments.

INTRODUCTION

The City of San Diego (City) released the inaugural *Housing Inventory Annual Report* in 2018 to provide an analysis of the existing housing stock, a review of trends in the housing market, and an overview of the progress made towards goals outlined in the *General Plan Housing Element* adopted by City Council in March 2013. The 2018 report provided a summary of the first five years of the current *Housing Element* cycle.

This year, the 2019 *Housing Inventory Annual Report* presents progress made in 2018 towards regional housing production goals and discusses recent City initiatives and those in development to help incentivize more production in the future.

REGIONAL CONTEXT

With a current housing stock of approximately 530,000 homes, the City provides the majority of housing for the San Diego region. Housing production, however, remains far below the Regional Housing Needs Allocation (RHNA) goals for the 2010-2020 cycle. The chart below shows that only 42 percent of the total needed units for the current cycle have been constructed between 2010-2018.

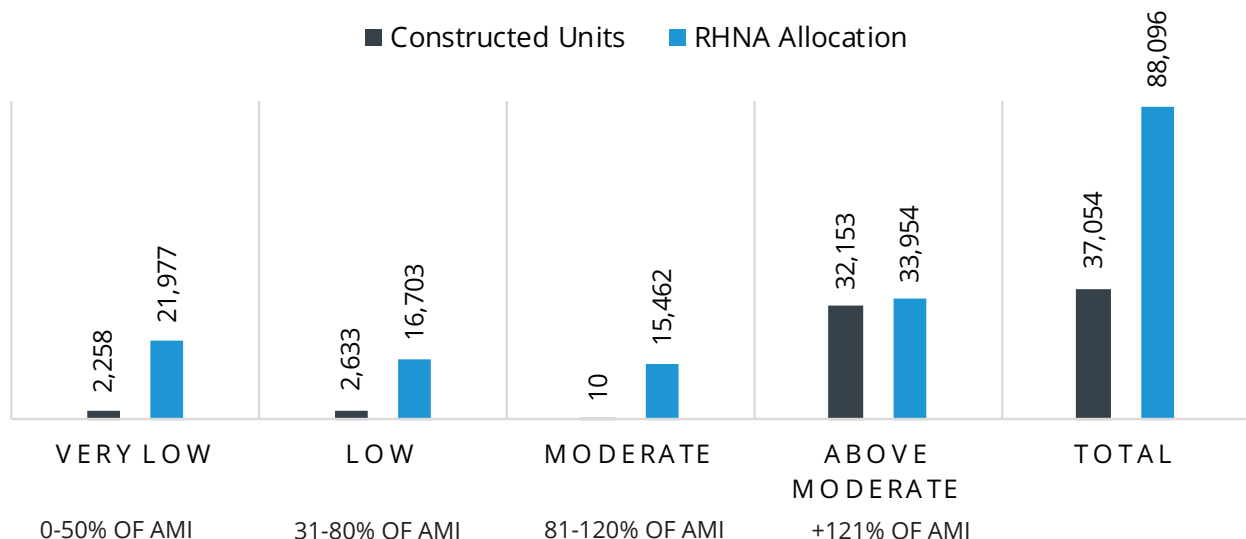
Affordable Housing

The U.S. Department of Housing and Urban Development (HUD) defines “affordable” as housing that costs no more than 30 percent of a household’s monthly income. HUD divides households into four categories whereby a household earns a specified percentage of the area median income (AMI). These income groups are as follows:

Very Low Income	0-50% of AMI
Low Income	51-80% of AMI
Moderate Income	81-120% of AMI
Above Moderate Income	+121% of AMI

In 2018, 3,895 new housing units were produced in the City.

PROGRESS TOWARDS RHNA GOALS BY INCOME LEVEL 2010-2018



Source: City of San Diego and San Diego Housing Commission

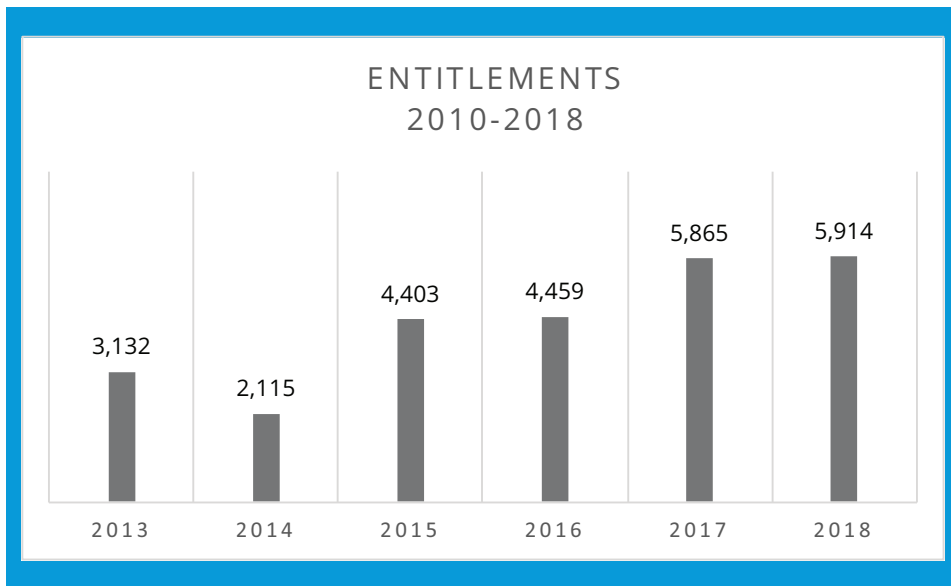
2018 HOUSING SNAPSHOT

While some progress is being made, the City's housing production has not kept pace with demand. Construction of new housing across all income levels continues to trend downward.

In 2018, housing development entitlements remained above average, but new construction starts, which are measured by the number of building permits issued, declined from 2017. Affordable housing production has also fallen in the City. Production of middle-income units is especially behind RHNA targets.

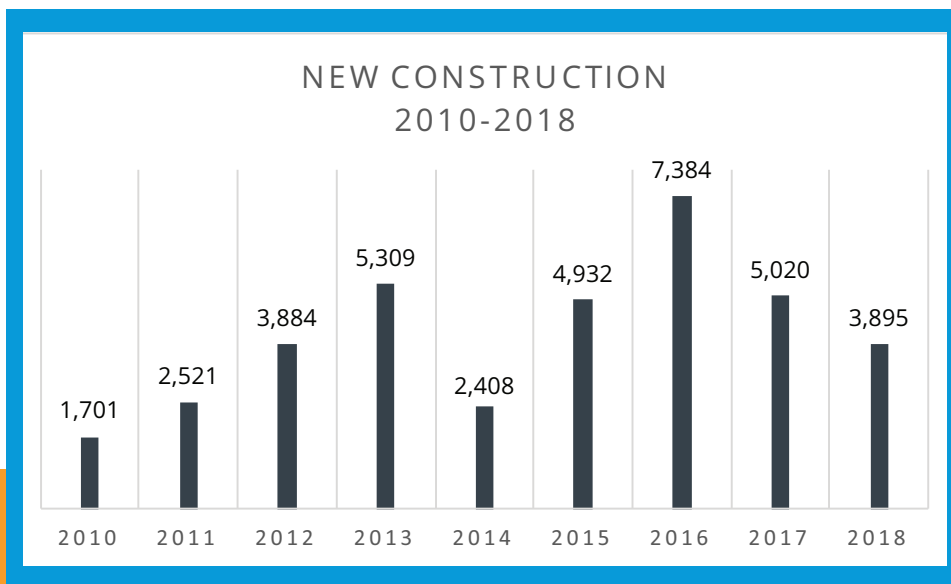


The Mesa Verde apartments produced 89 affordable units in Navajo.



On average, entitlements have increased since 2013. In 2018, 5,914 units were entitled, the highest number in the past six years.

Source: City of San Diego



New construction consistently increased from 2010-2013 and peaked in 2016.

Source: City of San Diego

AFFORDABLE HOUSING PRODUCTION, PRESERVATION, AND REHABILITATION

In 2018, only 452 affordable units with long-term rent restriction covenants (covenant-restricted) were constructed in the very low and low income categories, and only six covenant-restricted moderate income units were constructed in the entire City.

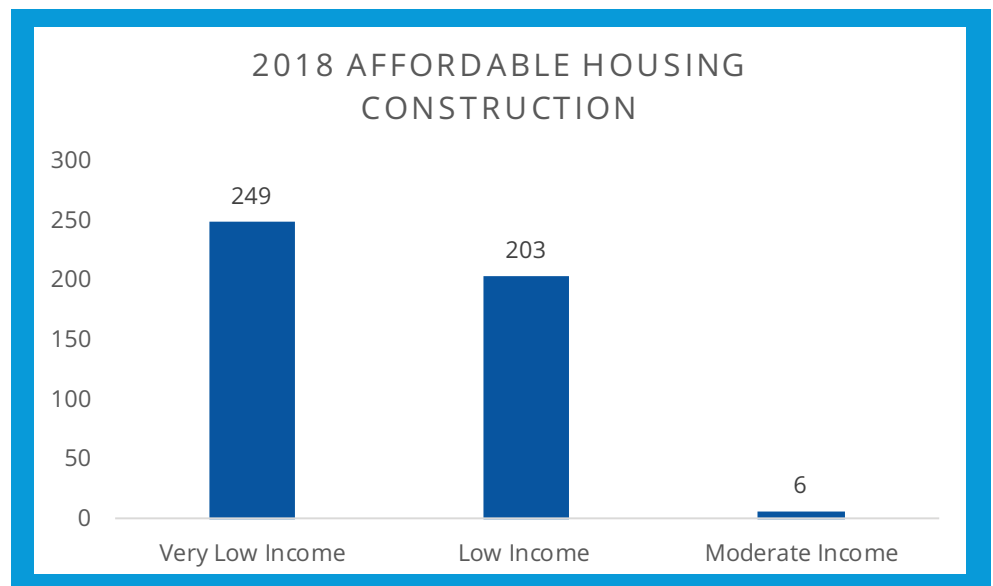
On a positive note, the San Diego Housing Commission, the City's public housing agency dedicated to creating affordable housing opportunities, preserved or rehabilitated 1,192 at-risk affordable housing units by renewing the expiring covenant on 201 units and rehabilitating 991 units nearing the end of their useful life.



The Fort in Mission Hills includes 17 market rate and 3 very low income units.

458

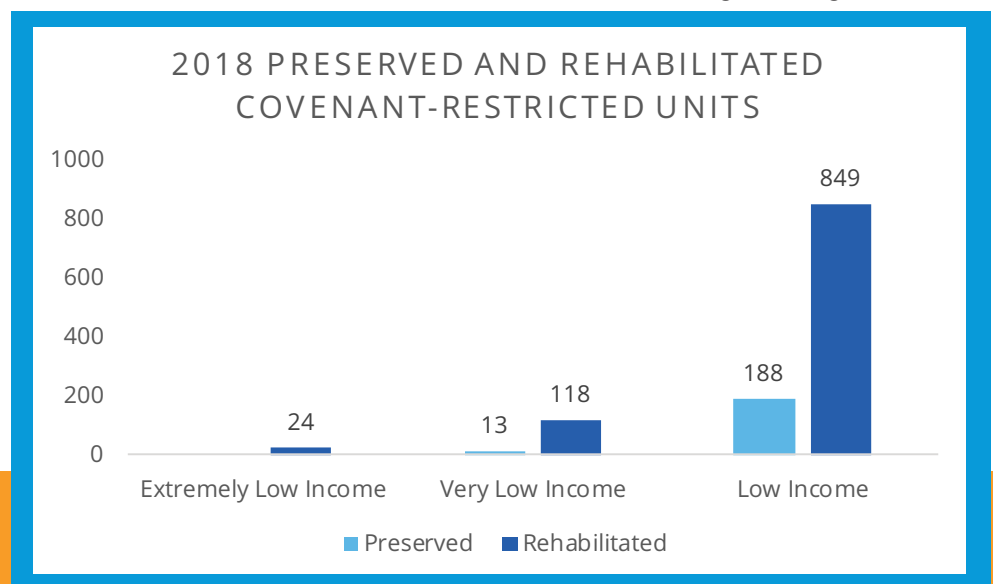
Affordable units permitted



Source: San Diego Housing Commission

1,192

Existing affordable units preserved or rehabilitated



Source: San Diego Housing Commission

COMMUNITY PLANNING

For the purpose of this report, housing production is measured by the total units associated with building permits issued within the calendar year. In 2018, building permits were issued for 3,895 units. Many of these projects have broken ground and are planned for completion within the next few years.

Building permits were issued in all but four communities in 2018; 966 units were entitled in those four communities during the same time period, demonstrating there are properties ready for residential development across all community planning areas. There were 5,914 units entitled across all community planning areas in 2018.

The following tables list the top 10 community planning areas for housing production, based on building permits issued and affordable units permitted. Development in a community is largely dependent on market forces, but community plan updates can spur development in a specific community. Community plans are often updated to streamline development processes and facilitate more development in the appropriate places, such as near transit. Changes to zoning and the creation of citywide incentive programs can accelerate development across all community planning areas.

2018 UNITS PERMITTED		
1	Mission Valley	844
2	Downtown	752
3	University	235
4	Otay Mesa	230
5	San Ysidro	207
6	East Elliot	188
7	Uptown	169
8	Black Mountain Ranch	160
9	Rancho Bernardo	148
10	North Park	126

2018 COVENANT-RESTRICTED AFFORDABLE UNITS*		
1	Mission Valley	207
2	Encanto	65
3	San Ysidro	50
4	Downtown	48
5	Otay Mesa	41
6	Uptown	22
7	North Park	8
8	Linda Vista	8
9	Golden Hill	4
10	City Heights	4

*Produced through building permit issuance.
Source: City of San Diego



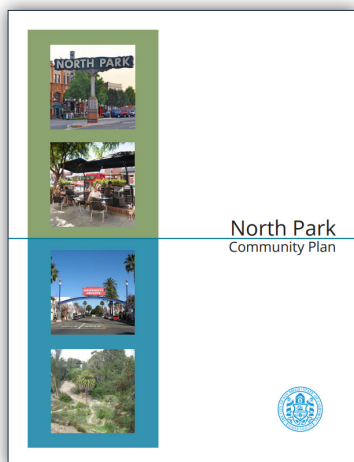
Civita in Mission Valley offers a mix of housing types, styles, and price ranges.

SPOTLIGHT ON NORTH PARK



As of August 2019, more than 260 units were under construction in North Park.

The *North Park Community Plan* was updated in 2016, which increased the community's housing capacity by 2,275 units. Numerous new developments are under construction and are being completed across North Park, and more are permitted for construction.



In 2018, 126 units were permitted in the community, and the following projects are a sample of what was completed in 2018. These projects yielded the following affordable and market rate units:

83 Affordable units
191 Market rate units



North Park Seniors

- 46 Very Low Income units
- 29 Low Income units
- 194 Total units
- Affordable Housing Expedite program
- Density Bonus program



Park & Polk

- 4 Very Low Income units
- 47 Total units
- Density Bonus program



Habitat on 31st

- 4 Low Income units
- 35 Total units
- Density Bonus program

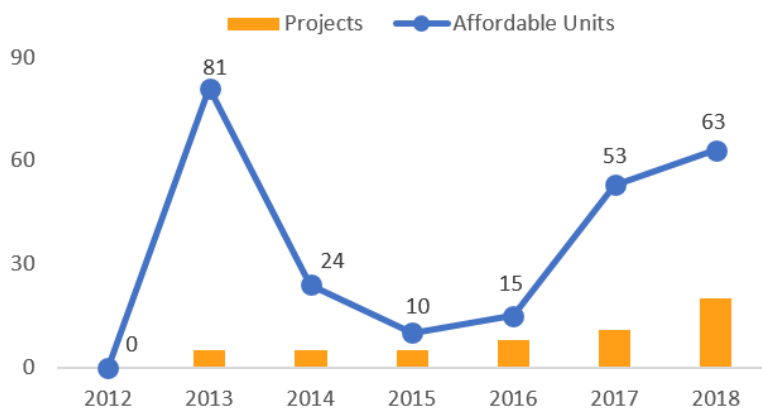
PROGRAM-SPECIFIC UPDATES

The City began publishing updates on ongoing programs in the 2018 inaugural *Housing Inventory Annual Report*. Below are updates on how much housing has been produced in 2018 through key *Housing SD* incentive programs. *Housing SD* is a set of policies and initiatives released by Mayor Faulconer to increase affordable housing and overall housing supply for San Diegans.

AFFORDABLE HOUSING DENSITY BONUS

In January 2017, State legislation amended the mandatory density bonus program to create more incentives to construct affordable housing. The City added additional incentives to further incentivize the development of affordable housing for various households, including senior citizens, active military personnel, transition-age foster youth, disabled veterans, and persons experiencing homelessness.

PROJECTS AND UNITS BUILT USING THE AFFORDABLE HOUSING DENSITY BONUS 2012-2018



20 Projects utilized the program in 2018

63 Affordable units permitted in 2018

+19%

Increase in units constructed using the Affordable Housing Density Bonus since 2017

AFFORDABLE/INFILL & SUSTAINABLE EXPEDITE

The City amended its Affordable Housing/In-Fill Projects and Sustainable Buildings Development (Expedite Program) in 2017 to reduce the discretionary review process, allow more deviations to qualify, and expand eligibility for in-fill projects.

15

Building permits issued in 2018

127

Units permitted in 2018

COMPANION UNITS

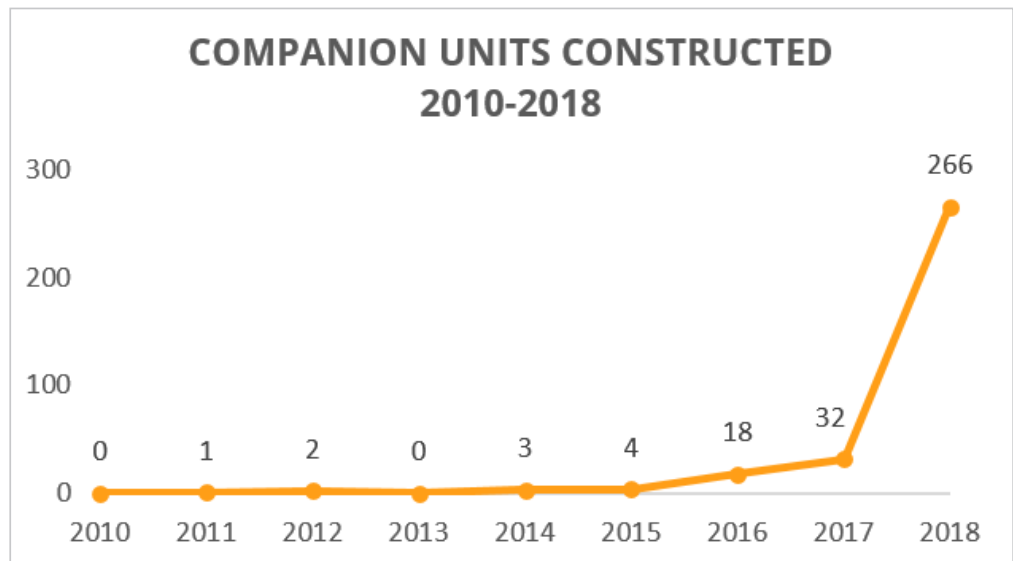
In September 2017, the City streamlined regulations on accessory dwelling units (ADUs), also known as granny flats, companion units, and junior units, to incentivize the construction of rental units citywide. ADUs must be rented for no less than 30 days, so they can provide additional capacity for long-term rentals.

266

Companion units permitted in 2018

+731%

Increase in units constructed through the Companion Units and Junior Units ordinance since 2017



COMMUNITY PLAN UPDATES

Updating community plans provides opportunities to add housing and development capacity in urban or urbanizing areas. The following numbers are units of capacity added in 2018 through the Midway/Pacific Highway and Old Town community plan updates (CPUs) and through the Mission Valley CPU in 2019.

6,545

units of capacity added in 2018

Midway/
Pacific
Highway

37,170

units of capacity added since 2014

Citywide

835

units of capacity added in 2018

Old Town

+25%

Increase in the City's potential housing capacity from CPUs adopted since 2014

RECENT PROGRESS

The City continues to adopt new *Housing SD* initiatives, including the following:

TRANSIT PRIORITY AREA PARKING STANDARDS

In March 2019, the City Council adopted Ordinance 21057, which eliminated parking requirements for multifamily residential developments in Parking Standards Transit Priority Areas (TPAs) when transit amenities are provided. The regulations allow more multifamily residential units to be built without parking to lower housing costs and to increase walking, bicycling, and transit use. -The City Council adopted the Mixed Use Zones and the 12th Code Update - Phase 1 in July 2019.

MIXED USE ZONES

Mixed use zones facilitate a mix of uses and use floor area ratio instead of dwelling units to regulate residential density. These mixed use zones will assist community plan updates in further diversifying land uses, creating vibrant pedestrian environments, locating housing closer to jobs, and fostering transit-oriented development.

12TH CODE UPDATE - PHASE 1

Amendments to the San Diego Municipal Code included changes to permit by-right development of transitional housing facilities and permanent supportive housing in zones that allow multifamily housing. Fees for these projects will also be waived.

MISSION VALLEY COMMUNITY PLAN UPDATE

Adopted in September 2019, the Mission Valley Community Plan Update added the capacity for approximately 28,000 new dwelling units.

COMMUNITY PLAN UPDATES

The adoption of the Mission Valley Community Plan Update and the Morena Corridor and Balboa Avenue Station Area specific plans increased the total of potential new housing units added through community planning (since 2014) from 37,170 to 74,221. This is a 100 percent increase to the City's added potential housing capacity since 2018.



The Point in Pacific Beach includes affordable units.

UPCOMING INITIATIVES

The following initiatives will be considered and may be adopted in 2020.

KEARNY MESA COMMUNITY PLAN UPDATE

Anticipated to be adopted in 2020, the Kearny Mesa Community Plan Update will add the capacity for approximately 20,000 new dwelling units.

12TH CODE UPDATE - PHASE 2

Additional amendments to the San Diego Municipal Code will include changes to permit continuing care retirement communities by right in zones that allow multifamily housing. Additionally, affordable housing will be permitted in underutilized parking lots, and process improvements will be made to reduce time and costs associated with permitting. Finally, Companion Units, Junior Units and guest quarters in the Central Urbanized Zone where single-family units are allowed.

6TH CYCLE HOUSING ELEMENT

The Housing Element is a strategic vision and policy guide designed to help address the comprehensive housing needs of the City over an eight-year period. It defines the City's housing needs, identifies barriers or constraints to providing needed housing, and provides policies to address these housing needs and constraints.





Planning

Mike Hansen
Director

Laura C. Black, AICP
Deputy Director

Brian Schoenfisch
Program Manager

Leslie Keaveney
Senior Planner

Elizabeth Dickson
Associate Planner

Special thanks to:

*The City of San Diego
Development Services Department*

The San Diego Housing Commission

For more information, contact
lkeaveney@sandiego.gov, or visit
sandiego.gov/housing.