

I-15 Interregional Partnership
DRAFT LONG RANGE HOUSING STRATEGIES
September 5, 2003

The I-15 Interregional Partnership Technical Working Group (TWG) has drafted three potential strategies that could help provide more housing in closer proximity to the growing employment base in the San Diego region. The three general strategies are:

- H1. Provide a Range of Housing Affordability and Housing Types in All Communities
- H2. Revitalize Older Residential Neighborhoods
- H3. Provide Incentives for the Construction of Moderate Cost Family Housing Near Employment Centers

The following strategy drafts and potential actions that support them are provided for further TWG review at its September 11, 2003 meeting. This draft incorporates the comments made at the August 7 TWG meeting. With additional TWG revisions, these draft housing strategies will be forwarded to the Policy Committee for discussion and approval for further evaluation at its meeting on September 19, 2003.

D R A F T
I-15 Interregional Partnership
LONG RANGE HOUSING STRATEGY H1
September 5, 2003

STRATEGY H1: Provide a Range of Housing Affordability and Housing Types in All Communities

CATEGORY: Housing

IMPLEMENTATION AGENCIES: Primary: Local Jurisdictions
Cooperating: State & Federal Housing Agencies

AUTHORIZATION/FUNDING:

New State Legislation	None
State or Federal Funding Grant	Secondary
Joint Powers Agency	None
Local Agency Action	Primary
Private Sector	Developers/Home Builders

EXISTING PROGRAMS: California Housing Element Program

DESCRIPTION:

California state housing law promotes planning and implementation of balanced communities within the State; including a balance of housing types and housing costs as well as a balance of housing and employment. In areas with many employment opportunities, the provision of a full range of housing affordable to workers of all income levels, from management to service workers, is especially important. Local jurisdictions, transportation- and regional governmental agencies can support the provision of economically balanced housing in a number of ways:

- a. Amend Local General Plans** to encourage the construction of both mixed use (residential and commercial) as well as compact (higher intensity) residential and employment development projects.
- b. Amend zoning and other local codes** to encourage mixed use (residential/ commercial) and compact development. While most jurisdictions permit mixed use development projects, the application of those local ordinances may be difficult.
- c. Encourage the full range of housing choices in new residential developments.** Mixed income housing could be required as a condition of development, especially in large projects that are located near employment centers. The 4S Ranch near Rancho Bernardo is an example that mixes employment with a relatively broad range of housing types.
- d. Educate the public about the advantages of mixed use development:**
- e. Educate the public about the advantages of in-fill housing development:**

Residents often oppose mixed-use and infill development because they believe that these projects will increase problems in their neighborhood. To counter this preconception, regional agencies would prepare an evaluation of the impacts of these infill and mixed use projects and offer the evaluations for discussion by station area residents.

f. Implement higher intensity development near transit stations:

g. Implement mixed use development near transit stations:

Because of their superior access, transit station areas are good locations for higher density employment, residential and mixed-use development. Providing higher densities near stations can result in more efficient use of transit funding.

h. Restructure state and local tax policy to provide an “incentive” for local governments to encourage the development of residential uses within their boundaries.. Support proposals sponsored by the League of California Cities and other organizations (including SANDAG) which promote the provision of this type of incentive.

i. Assign funding priority for transportation projects located in jurisdictions that provide more affordable housing and a greater range of housing choice.

j. Identify land available for housing: Undeveloped commercial and industrial land which could be redesignated for residential use, as well as vacant, infill and redevelopment land should be identified in the western third of the San Diego region. The location of potential sites as well as information about them would be distributed to residential developers as part of a jobs-housing outreach program.

k. Link housing cost levels to job income levels: Local ordinances could require and monitor the rental or sales cost of new residential development, comparing this information with the employment opportunities also located in the same area. Approval of development projects might be conditioned on providing housing in the price range that can be afforded by local workers.

COST:

The planning work for this Strategy is already being done as part of the State-mandated preparation of city- and county housing elements. The objective of housing elements is to maximize the opportunity for choice in every jurisdiction, but implementation is difficult. Linkage fees, inclusionary and other programs are needed if a balanced range of housing is to be achieved. Depending on the size of the jurisdiction as well as the cost and condition of existing housing stock, the kinds of programs that would be incorporated into this Strategy could vary significantly.

IMPLEMENTATION STEPS:

Assuming the objective of the California’s Housing Elements continues to be the provision of a range of housing in all communities; this Strategy is implemented under existing processes. Potentially, employment site development could be conditioned on subsidizing low- and moderate cost housing in adjacent, higher-cost communities near employment centers. The IRP should support State fiscal reforms that encourage the development of a range of housing choices.

TIME FRAME:

The implementation of this Strategy should be linked to the development of new local jurisdiction housing elements. State legislation established June 30, 2005 as the submission deadline for the next round of housing elements.

The Interregional Partnership should monitor the development of housing elements in San Diego; providing assistance in data collection especially in the identification of employment forecasts. IRP housing activities which assist in housing element implementation should be prepared for implementation following the adoption of the new housing elements.

MONITORING:

The monitoring of this Strategy should be linked to housing element implementation.

D R A F T

I-15 Interregional Partnership
LONG RANGE HOUSING STRATEGY H2
September 5, 2003

STRATEGY H2: Revitalize Older Residential Neighborhoods

CATEGORY: Housing

IMPLEMENTATION AGENCIES: Primary: Local Jurisdictions
(Redevelopment Agencies)
Cooperating: School Districts, Regional
Agencies, Transportation Agencies

AUTHORIZATION/FUNDING: New State Legislation None
State or Federal Funding Grant Secondary
Joint Powers Agency None
Local Agency Action Primary
Private Sector Redevelopment & Infill Land
Development Companies

EXISTING PROGRAMS: California Redevelopment Program

DESCRIPTION:

Older residential neighborhoods, including those built into the early 1980s, are often located near existing and growing major employment centers. These older communities can help balance employment in two ways. First, if revitalized, these neighborhoods can provide moderate-cost, single-family housing. In addition, their obsolescent commercial areas may be potential locations for infill development.

In the City of San Diego, for example, the north Clairemont neighborhood is located just south of the growing University City "golden triangle" employment area. Similarly, Mira Mesa is adjacent to high-technology jobs in Sorrento Mesa; older subdivisions in Vista and San Marcos are within an easy commute of jobs in the Palomar Airport Road employment corridor.

Single family homes in these neighborhoods can sell at prices below the region's median housing price. While older homes may be smaller than newly-constructed single family houses, their back yards are often larger. These homes were originally built for families with children and they can still serve that lifestyle. Because of their age, however, many of these homes need rehabilitation. Similarly, the commercial services and public facilities in these areas often need updating.

Neighborhood revitalization often depends on public facility improvements. To attract workers with school-age children to older neighborhoods, schools may be the most significant public facilities that need to be improved. Workers with growing families represent a very high percentage of the San Diego labor force relocating to southwestern Riverside County. Local jurisdictions may need to improve libraries, parks, sewers and roads in these older neighborhoods as well.

Commercial areas in older neighborhoods may also need revitalization and can also provide locations for additional residential development. Nationwide, many small and mid-sized shopping centers built prior to 1990 are underutilized, with some of them standing empty.

Large, power-center merchandisers, often located on major streets away from traditional commercial areas, have replaced many merchants who had shops in these smaller centers.

Many of these underutilized commercial centers can be redeveloped for different, more neighborhood-related retail use or as mixed use projects. Mixed use projects can reintroduce needed activity back into neighborhoods, improving their desirability to workers in nearby employment areas.

In older, declining communities located near major employment areas, local jurisdictions should:

- a. **Revitalize residential uses** through code enforcement and home-improvement programs for new homeowners,
- b. **Rehabilitate and improve public facilities** and services in these neighborhoods, working with school districts and other agencies as needed, and
- c. **Encourage the redevelopment of underutilized commercial properties** with mixed use and residential uses.

These programs and actions would provide attractive neighborhoods near major employment centers. Through redevelopment and infill development, they would increase housing opportunities at various levels of affordability.

COST:

The cost of neighborhood revitalization and housing rehabilitation projects can be very high, however, if a reasonable process can be established and coordinated, many of these costs will be borne by private sector investors. Planning and programming for redevelopment projects may be in place, but may need additional funding or services. To the extent possible, this strategy should be built on projects already underway.

IMPLEMENTATION STEPS:

1. Inventory current residential neighborhood rehabilitation projects near growing employment areas.
2. Screen these projects to identify those that would provide additional moderate cost housing opportunities.
3. Identify elements of these projects that require additional organizational or monetary assistance.
4. Develop a subsidy program(s) to assist in housing rehabilitation and the development of community infrastructure, especially schools. Consider the modification of the federal CDBG program as a potential funding source. Subsidies should not depend on developer contributions alone.
5. Provide assistance to the agencies responsible for project implementation, including facilitating links to local employers or economic development corporations.

TIME FRAME:

Revitalization is a cyclical activity that is needed periodically in most neighborhoods. The identification of the older neighborhoods near major employment centers could be completed in six months. The identification of priority neighborhoods could be completed in one year.

MONITORING:

Revitalization of older neighborhoods could be monitored through regional planning programs, including the Regional Housing Needs Statement and the San Diego Regional Comprehensive Plan, as well as local-jurisdiction housing elements required by the State. The data required for these programs can be used to monitor the economic status of neighborhoods.

DRAFT
I-15 Interregional Partnership
LONG RANGE HOUSING STRATEGY H3
September 5, 2003

STRATEGY H3: Provide Incentives for the Construction of Moderate Cost Family Housing Near Employment Centers

CATEGORY: Housing

IMPLEMENTATION AGENCIES: Primary: Local Jurisdictions
Cooperating: Economic Development Commissions,
State & Federal Housing Agencies

AUTHORIZATION/FUNDING: New State Legislation None
State or Federal Funding Grant Secondary
Joint Powers Agency None
Local Agency Action Primary
Private Sector Developers/Home Builders

EXISTING PROGRAMS: Moderate Cost Requirements of California
Housing Law

DESCRIPTION:

The largest group of San Diego workers who live in southwest Riverside County include the primary wage earners of moderate income families. Based on the research presented in the I-15 IRP Existing Conditions Report, these families most often included children. They value home ownership, single-family homes and, to a lesser extent, good schools so highly that they are willing to make a significantly longer-than-normal commute to work in order to have them.

Strategy #H3 seeks to provide additional new single-family homes in the moderate cost range. Based on the housing element definition of moderate income – 80%-120% of median income – moderate cost homes would be less than \$300,000. While many new condominiums are priced in this moderate cost range, very few new single family homes are available in San Diego County for less than \$300,000.

The cost of single family homes in San Diego County could be reduced by reducing land cost by increasing the number of units permitted per acre in single family zones. It also could be reduced through subsidies derived, for example, from commercial or higher-cost residential development projects through “inclusionary” zoning requirements. Or, the cost of single family homes could be reduced by the construction of smaller houses with fewer bathrooms and fewer amenities, houses similar to size and design to those build in the 1950s. The list of potential cost-reduction measures includes:

- a. **Provide increases in housing density** in urbanized areas by implementing the existing state density bonus law. State law that allows a 25 percent density bonus if 20 percent of a project is built as moderate income condominiums.)

- b. **Reduce the cost of single family homes** by requiring that some portion of housing projects include the construction of smaller, less expensive, starter homes.
- c. **Implement inclusionary housing programs** for new residential developments in areas near employment centers aimed at moderate income households.
- d. **Streamline permitting process for mixed use and residential development** in areas near employment centers.
- e. **Implement Location-Efficient Mortgages (LEM).**
- f. **Implement employer-assisted housing programs.**
- g. Develop a subsidy program(s) to assist in both housing rehabilitation and in the development of community infrastructure, especially schools. Subsidies should not depend on developer contributions, alone.

COST:

The cost of these measures varies greatly. It is essential the scope of the actions be consistent with the revenue source for their implementation. These costs and revenue measures would be refined if this Strategy is selected for addition evaluation.

Subsidizing moderate cost housing is not recommended because there currently is insufficient funding for existing programs to address the housing needs of lower income households. Alternatives that depend on smaller lot sizes and smaller houses to reduce single-family home costs may be more realistic options.

IMPLEMENTATION STEPS:

Programs and requirements for the construction of additional moderate cost housing would primarily be the responsibility of local jurisdictions: both cities and, for unincorporated areas, San Diego County. Most actions would need new or revised ordinances that would require developer participation in the provision of this housing as a condition of other development. Economic development agencies can assist in this process by providing and supporting funding mechanisms for these programs.

Moderate cost, or “Workforce Housing” programs have received increased interest in the San Diego region. The University of San Diego Real Estate Institute is sponsoring a Workforce Housing Conference on September 19, to outline actions that would assist in the provision of moderate cost housing in the San Diego region. SANDAG and other local agencies such as the San Diego Regional Economic Development Corporation and San Diego Regional Chamber of Commerce are co-sponsors of this conference.

TIME FRAME:

A specific program and focus for this work should be drafted by January 1, 2004, with program adoption by the end of the Fiscal Year.

MONITORING:

The provision of additional moderately priced single family housing could be monitored through the annual housing element progress report required of each local jurisdiction by state law.