

“Something new is happening:” Momentum builds in San Diego to slow rising housing costs

By Justin Ewers

It didn't get much attention outside San Diego, but it may well have been the biggest step a political coalition has taken in a major city this year to respond to a crisis impacting millions of Californians.

“More than 70 percent of San Diegans cannot currently afford a median-priced home,” Kevin Faulconer, San Diego's mayor, said in his January state of the city address—noting that renters in the region now spend a higher portion of their income on housing (TK percent) than people in either hyper-expensive San Francisco or New York City. “People who love San Diego and want to live in San Diego should not be priced out of San Diego. I'm going to say something that mayors have traditionally been afraid to say: We need to build more housing!”

Faulconer's call to arms may not sound that dissimilar from the rhetoric emerging from other parts of the state, as rising prices make living in California increasingly unaffordable. But the San Diego mayor's framing of the problem—and the solutions the city is developing with a unique coalition of business associations, labor groups, environmentalists, and builders—are fundamentally different.

While many communities are trying to ease their housing crises by increasing “affordable housing” subsidies for low-income households and programs for the homeless (something San Diego is also pursuing), San Diego leaders are aiming to do something else as well: significantly increase overall housing supply, with the goal of reducing housing costs for everyone.

“What's happened in the last nine months in San Diego is a really powerful alignment,” says Mary Lydon, coordinator of [Housing You Matters](#), a growing coalition of business, labor, equity, and environmental groups committed to making homes “at all price points” easier to develop. “It's not only elected officials and government and business. We're pulling in environmental communities, social services communities, large employers, and the community at large. The story here isn't just affordable housing. It's a recognition that we can no longer house people who do essential services for our city—or many other professions too. Something new is happening.”

Uniting all of these different groups—which are often at political odds in many cities—are two unavoidable facts: First is the increasingly high cost of housing (the average rent in San Diego is now over \$1,700 a month, while the median price for a newly constructed home is \$750,000). Second is the need to build more new housing close to jobs and transit, instead of far-flung suburbs requiring multi-hour commutes that are bad for workers and the environment. A recent study [put a pricetag on the high cost](#) of San Diego's housing shortage—estimating the city's housing “affordability gap” is sidelining up to \$2.4 billion in economic activity each year, or about 2.5 percent of the city's annual gross domestic product.

As more and more civic groups have come together to make the case that San Diego's housing shortage presents a clear and present danger to the region, the mayor has begun to move aggressively on the issue, making expanding housing supplies of all types a priority and inviting the dozens of San Diego communities that have said “no” to housing for decades to join him.

In his January address, Faulconer called on San Diego's city council to approve a housing package that would significantly increase the supply of market-rate homes and offer an array of new incentives for “entry-level” and “middle-class” housing in transit-friendly areas—through streamlined approval

processes, amped-up bonuses for denser building, and reduced parking requirements, among other ideas.

The city council, for its part, has identified in [its 2017 work plan](#) more than 20 specific regulatory changes that could accelerate development and reduce costs. Many of these ideas were first outlined in a [2015 report by the San Diego Housing Commission](#), which found that a combination of mostly local actions could reduce the cost of building a market-rate house in San Diego by as much as \$51,000 (and the cost of low-income unit by as much as \$174,000).

“This region has come a long way in the last several years toward reckoning with the scale of its housing problem—and zeroing in on what it will take to actually make an impact,” says Jennifer LeSar, president and CEO of LeSar Development Consultants, which helped develop the housing commission report. “The real key here is that most of the solutions are already available to us at the local level. State policies can—and will—help. But shortening the entitlement process, deferring fees, reducing parking requirements, unlocking land for housing—all of that we can do ourselves. We just need the right coalition, and the political willpower, to get it done.”

The California Economic Summit has a similar view of California’s housing challenges—and is working with San Diego and other cities on both fronts: pushing state leaders to [adopt policy changes](#) that will allow more communities to accelerate development, while also raising awareness about the potential for purely local efforts that can do just as much to make housing more affordable.

More than any other major city in the state, San Diego is showing how this can be done. “It hasn’t always been an easy sell for every group we’ve talked to about this issue,” says Lydon about San Diego’s coalition-building efforts. “Not everyone in our coalition agrees with everything that’s in these reports. But we’re starting to put together the right mix of people, the right breadth, and the right policy ideas to the point everyone can tell it’s not just the same-old same-old.”

This can-do spirit was a central theme in Mayor Faulconer’s address earlier this year—and with his office expected to release more detail on its housing proposals in the coming weeks, the push for housing affordability in San Diego is poised to get even more substantive, and potentially more promising.

“We have quite enough homes for the wealthiest in our city,” Faulconer said in January. “It’s about time we encourage builders to make homes for all of us. It’s about time we stop talking about the high cost of housing—and do something about it. It’s about time we show other cities how it’s done—and start a housing affordability movement right here in San Diego.”

To San Diego’s credit, the wait for that may be over.