

New San Diego legislation aims to solve housing crisis



Mayor Kevin Faulconer is unveiling several proposals to tackle San Diego's severe shortage of affordable housing for people of low and middle incomes.



By **David Garrick**

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San Diego began tackling its housing crisis on Monday by approving legislation aimed at quickly increasing the amount of housing constructed at prices affordable to middle and low-income workers.

The new laws make it easier and cheaper for homeowners to add granny flats, make many more housing projects eligible for expedited approvals, and streamline approvals by revamping the appeals process.

The laws are the first of roughly a dozen initiatives Mayor [Kevin Faulconer](#) and other city leaders say they plan to enact over the next two years to boost local housing affordability.

The goals are lowering costs, boosting supply and promoting “smart growth” along transit lines and existing transportation corridors.

Other proposed changes include enhanced bonuses for densely-built projects, lower parking requirements in transit areas, softer requirements on paying for parks and revamped rules for addressing nearby traffic congestion.

Supporters called Monday’s legislation a key first step toward alleviating the shortage of affordable housing in the San Diego region, where the median home price is \$530,000 and the average monthly rent for a two-bedroom apartment is \$1,700.

Critics, however, said the laws might be sweetheart deals for housing developers that fail to significantly lower prices. And some questioned whether looser granny flat rules might damage neighborhood character and lower property values.

The opportunity to rewrite most of the city’s rules governing housing construction has been spurred by a steadily worsening supply of affordable housing, city officials said.

The typical opponents of softer rules, particularly environmental groups, have joined with developers and labor unions to form a coalition focused on shifting housing construction away from luxury projects that few people can afford.

“It’s all of us working together — Republicans, Democrats, business groups, environmental entities, community advocates and home builders — to take on what is absolutely one of the biggest issues that faces San Diego,” Mayor Faulconer told the City Council on Monday. “We need a broad coalition.”

A 2015 study by Point Loma Nazarene University found that, on average, 47 percent of the cost of housing projects in the city of San Diego is due to regulatory hurdles. That was the highest rate of the areas the university studied.

The new laws were praised on Monday by the San Diego Regional Chamber of Commerce, the San Diego County Apartment Association and a coalition of civic groups called “Housing You Matters” and county Supervisor Ron Roberts.

"Of all the issues we face, this one could have the most significant and greatest impact on our future residents as well as our existing residents," said Roberts, who spearheaded a recent plan the county approved to spur more affordable housing.

The City Council unanimously approved two of the three new laws on Monday. The looser granny flat rules were approved 8-1, with Councilman Chris Cate opposed based on concerns related to short-term vacation rentals.

Granny flats, additional housing units on an existing property, have been hailed as one of the fastest and cheapest ways to increase the local supply of housing affordable to people with low and middle incomes.

The key is that there are no costs for land or major new infrastructure.

City Council members said such units are ideal for recent college graduates, young people with lower-paying jobs and senior citizens on fixed incomes that gave these units their colorful name.

State laws that took effect in January force cities to soften regulations for granny flats regarding parking, installation of fire sprinklers, requirements to hook up public utilities and rules requiring setbacks — buffer areas between structures and property lines.

The new city rules go significantly beyond that by reducing parking requirements and increasing the maximum size of a granny flat, officially called a "companion unit," from 700 square feet to 50 percent of the primary residence's size or 1,200 square feet, whichever is less.

In addition to those changes, the city will allow granny flats to be created inside single family homes as long each such unit is equipped with a kitchenette, but a separate bathroom wouldn't be required.

Called "junior companion units" in the proposed regulations, these can be a maximum of 500 square feet and would cost far less to construct than a separate structure on the property.

A kitchenette is defined under the proposed regulations as a room with a sink, a cooking facility with appliances, a food preparation counter and storage cabinets. Tenants in a junior granny flat could use bathrooms located elsewhere in the house.

After much debate, the council decided not to require that the owner of a property with a granny flat to live on the property. But the council decided to require tenants to stay at least 30 days to make it harder for granny flats to become short-term vacation rentals.

That prompted Councilman Cate to vote against the new law, contending that a potential 30-day rule for granny flats should have been discussed this fall when the council is expected to craft long-awaited new policies on short-term vacation rentals.

Some critics said the looser granny flat rules should be limited to urban neighborhoods to avoid damaging the character of more suburban areas with lower population densities.

Others said less urban areas are actually ideal because street parking is less scarce and there is less traffic congestion, two problems granny flats could worsen.

The second new law broadens the city's "expedite program" so that more projects can benefit from the program's streamlined approvals.

Eligibility has been restricted to a small number of projects that are either environmentally friendly or restricted to low-income residents.

The change approved on Monday widens eligibility to include projects where at least 10 percent of units are reserved for low/very low income families, projects that are near transit lines or where transit lines are planned in the future, and projects located in federally designated "promise zone" areas.

Many of San Diego's promise zone areas are south of Interstate 8.

Projects eligible for the expedite program can deviate from city development standards and avoid hearings and other red tape that lengthen the approval process and add costs.

The third change approved on Monday would streamline approvals by revamping the appeals process.

The cost to file an appeal increases from \$100 to \$1,000 and hearings on appeals must be scheduled within 60 days. City officials said the average of wait time for an appeals hearing is 105 days.

Councilman Scott Sherman, who has spearheaded many of the new initiatives as chairman of the council's Smart Growth and Land Use Committee, said Monday was just the beginning.

"While these measures will help streamline the housing approval process, there is still much more work to be done," he said after five hours of public hearings. "We must continue the momentum and bipartisan efforts to lower the cost of housing for San Diego families."

Key among the other legislation is expanding the city's low-income density bonus to housing units reserved for residents with middle incomes — 150 percent of area's median income, or \$110,000 annually for a family of four.

Planning director Jeff Murphy said that proposed legislation won't come to the council until 2019 because the city must study the potential environmental effects.

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