BOARD OF SUPERVISORS



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

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> > 03

DATE: April 23, 2025

TO: Board of Supervisors

SUBJECT

2024 GENERAL PLAN AND HOUSING ELEMENT ANNUAL PROGRESS REPORT, APPLICATION FOR THE SANDAG SMART GROWTH INCENTIVE PROGRAM GRANT, AND RELATED CEQA EXEMPTION (DISTRICTS: ALL)

OVERVIEW

State law requires all local governments, including the County of San Diego (County), to adequately plan to meet the housing needs of everyone in its community at all income levels. The County meets this requirement by adopting a housing plan known as a Housing Element as part of the County's General Plan. The General Plan serves as the County's land use planning "blueprint" for how the County will grow and develop. The State also requires each local government to report housing units constructed under its General Plan. The annual report is known as the General Plan and Housing Element Annual Progress Report (GP APR) and reflects point-in-time information on housing for the calendar year 2024 (January 1 – December 31, 2024). Annual reporting on the County's General Plan and Housing Element implementation provides transparency and keeps the public informed about the impact of the County's programs and initiatives intended to help facilitate the production of housing by the private, public, and non-profit sectors, including affordable housing. All California counties and cities are required to provide a GP APR to the Governor's Office of Land Use and Climate Innovation (LCI) and the California Department of Housing and Community Development (HCD). LCI and HCD use GP APRs to identify statewide trends in land use decision-making and assess how local planning and development activities relate to statewide planning goals and policies.

Housing numbers and trends shift, with recent years showing a decline following a strong post-2008 recovery. The 2024 GP APR reports an 11% drop in permitted homes and a 24% decrease in completed homes compared to 2023. In unincorporated areas, discretionary housing projects have declined, while smaller housing developments, including Accessory Dwelling Units (ADUs), have increased due in part to legislative changes. Factors such as rising interest rates, supply chain issues, regulatory barriers, and litigation risk have further influenced development trends. For example, conforming with Senate Bill (SB) 743, which shifted transportation impact analysis from traffic congestion to Vehicle Miles Traveled (VMT), has added challenges for projects in the unincorporated area. While a recent policy change exempts certain General Plan-compliant projects from VMT analysis, ongoing uncertainty and litigation risks continue to impact housing development.

The 2024 GP APR was prepared by Planning & Development Services (PDS) in collaboration with several County departments including Housing & Community Development Services (HCDS) and the Department of General Services (DGS). Overall, the 2024 GP APR indicates the County is continuing to make progress on implementing the adopted Housing Element and continues to meet its overall State-assigned Regional Housing Needs Allocation (RHNA) goals in the unincorporated area ahead of schedule and is likely to far exceed those goals by the end of the RHNA cycle (2029) at the current pace. The County is currently at 84% of its overall RHNA goal, exceeding pace for all income categories except for the production of very low-income housing, which is lagging.

County staff have made progress on several programs designed to increase housing permit efficiency, such as guaranteed review timelines and evaluating for necessary zoning and code updates. To further advance Housing Element implementation efforts, the County is also pursuing external funding opportunities, such as the San Diego Association of Governments (SANDAG) Sustainable Communities Grant Program (SGIP) to support planning efforts focused on supporting housing opportunities. A resolution authorizing the County to apply for this grant and accept funds if awarded is included as part of today's action. The GP APR also provides data on the discretionary housing applications submitted or approved through the County, homes permitted, and homes that were completed and ready for move-in during 2024. Further details on the County's goals and progress can be found in the full GP APR Report in Attachment A, "General Plan and Housing Element Annual Progress Report."

The 2024 GP APR focuses on land use changes and housing production data based on specific State requirements. Project-specific information included in previous years' GP APRs, such as capital improvements, road projects, sustainability updates, and park projects, can be found in each department's respective annual reports or project webpages as the main source for up-to-date information. Government Code Section 65400 requires the GP APR be provided to the Board of Supervisors in a public hearing. Today's request is for the Board to accept the County of San Diego's 2024 GP APR and adopt the resolution authorizing the County to submit a grant application to further Housing Element implementation.

RECOMMENDATION(S) CHIEF ADMINISTRATIVE OFFICER

Planning & Development Services Recommends that the Board of Supervisors:

- 1. Find that the proposed project is not subject to the California Environmental Quality Act (CEQA) because it is not a project as defined in Section 15378(b)(5) of CEQA Guidelines.
- 2. Accept the 2024 General Plan and Housing Element Annual Progress Report (Attachment A).
- 3. Waive Board Policy B-29: Fees, Grants, Revenue Contracts Department Responsibility for Cost Recovery, which requires full cost recovery for grants.

- **SUBJECT:** 2024 GENERAL PLAN AND HOUSING ELEMENT ANNUAL PROGRESS REPORT, APPLICATION FOR THE SANDAG SMART GROWTH INCENTIVE PROGRAM GRANT, AND RELATED CEQA EXEMPTION (DISTRICTS: ALL)
 - 4. Adopt the Resolution entitled A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO AUTHORIZING THE FILING OF AN APPLICATION FOR GRANT FUNDS FROM THE SAN DIEGO ASSOCIATION OF GOVERNMENTS AND ACCEPTING THE TERMS OF THE GRANT AGREEMENT (Attachment B).

EQUITY IMPACT STATEMENT

Annual reporting on the County's implementation of the General Plan and Housing Element increases transparency about the impact of the County's programs and initiatives on providing equitable solutions to local issues. The General Plan and Housing Element Annual Progress Report (GP APR) provides information on the County's efforts to meet the housing needs of individuals and families from all economic segments of the unincorporated communities, including those with very low incomes (households with up to 50 percent of the Area Median Income (AMI) and low incomes (households with 51 percent to 80 percent of the AMI). These affordability levels are defined by the U.S. Department of Housing and Urban Development (HUD) based on surveys of local AMI and family size. As published by HUD, the AMI in San Diego County in 2024 for a family of four was \$119,500. The GP APR is an aggregate of land use planning and key housing data for the unincorporated County that can be used to inform policies and programs that improve outcomes related to equity, including those that increase access to affordable housing and improve conditions for people experiencing homelessness, low-income communities, and communities of color.

SUSTAINABILITY IMPACT STATEMENT

The General Plan and Housing Element Annual Progress Report (GP APR) accounts for the County of San Diego's (County's) progress in implementing the goals, policies, and programs outlined in the General Plan and Housing Element. The GP APR is an aggregate of land use planning and key housing data for the unincorporated County that can be used to inform policies and programs that promote equity and environmental sustainability, as well as ensure the community's well-being. This effort supports the County's "Sustainability" strategic initiative to align the County's available resources with services that promote economic stability. The GP APR promotes economic stability by providing transparent data, equitable access to information, operational accountability, and enterprise-wide collaboration.

FISCAL IMPACT

There is no fiscal impact associated with today's action to accept the 2024 General Plan and Housing Element Annual Progress Report.

Funds for the proposed grant-funded projects are partially included as staff time in the Fiscal Year 2025-2026 CAO Recommend Operational Plan in the Department of Planning & Development Services. Total costs for the Buena Creek Specific Plan are estimated at \$993,000. If approved and awarded, the funding sources will be a grant from the San Diego Association of Governments (SANDAG) (\$751,500) and matching funds (\$241,500) in the form of County staff time supported by General Purpose Revenue. A waiver of Board Policy, B-29: Fees, Grants, Revenue Contracts

- Department Responsibility for Cost Recovery, is requested in the amount of \$241,000 for program costs not covered by the grant applications. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT N/A

ADVISORY BOARD STATEMENT N/A

BACKGROUND

The General Plan and Housing Element Annual Progress Report (GP APR) serves as a tool for the State and County to assess local progress toward meeting housing production and affordability goals identified in the County's Regional Housing Needs Allocation (RHNA). This allocation is established via assessment by the State at the regional level and by the San Diego Association of Governments (SANDAG) at the local level every eight years in conjunction with the General Plan Housing Element update. The 2024 GP APR represents the fourth year of an eight-year Housing Element cycle, which covers 2021-2029.

As detailed in Table 1, the overall RHNA goal for the unincorporated areas is 6,700 housing units over the eight-year housing cycle (2021-2029). The State allocates a certain amount of housing that must be provided at an affordable cost for each income level. Housing affordability is measured using federal Area Median Income (AMI) levels for the region, which was \$119,500 for a four-person household in 2024. The categories of affordability include:

- (1) very low (households earning up to 50 percent of the AMI)
- (2) low (households earning 51 percent to 80 percent of the AMI)
- (3) moderate (households earning 81 percent to 120 percent of the AMI), and
- (4) those with above moderate (households earning greater than 120 percent of the AMI)

The goals for housing production in each of these categories are reported in Table 1, which indicates the goals for low, moderate, and above moderate affordability categories have either been met or are very close to being met for the unincorporated area. The only category that falls short of the goal is the very low-income category, with only 24% of the goal being met so far in our fourth year of the eight-year cycle. Producing housing in the very low-income category faces unique financial challenges and almost always relies on public subsidies, grants or other financial assistance to make developing very low-income housing feasible. The County will need to continue to increase affordable housing efforts in the next four years to make progress in meeting this goal.

The number of permitted housing units is the metric used by the State to track progress toward RHNA goals. Permitted housing units are considered anticipated housing units, as these have not yet been built and completed. As Table 1 notes, in 2024 there were 1,088 housing units that were issued building permits to start construction, of which 489 housing units were Accessory Dwelling Units (ADUs) (45%). In 2024, 954 constructed housing units were completed and ready for move-in. It is unlikely that a home would be permitted and constructed within the same calendar year. Overall, the total number of housing units permitted and constructed are lower than in recent previous years, but the County continues to make steady progress toward meeting the RHNA goal despite challenges that stem from factors outside of the County's control, such as interest rates, supply chain issues, and labor shortages.

Income Category	Very Low	Low	Moderate	Above Moderate	Subtotal
County RHNA	1,834	992	1,165	2,709	6,700
Permitted Housing Units					
Jul. 1- Dec. 31, 2020	12	27	169	193	401
Jan. 1- Dec. 31, 2021	46	318	398	663	1,425
Jan. 1- Dec. 31, 2022	132	181	235	963	1,511
Jan. 1 - Dec. 31, 2023	101	174	215	730	1,220
Jan. 1- Dec. 31, 2024	149	285	224	430	1,088
RHNA Progress					
Units	440	987	1,242	2,976	5,645
Progress Toward Goal	24%	99%	107%	110%	84%

Table 1: Permitted Housing Units in Current Housing Cycle (2021-2029) By Income
(Unincorporated Areas)

RHNA = Regional Housing Needs Allocation

In addition to reporting permitted and completed housing units, the GP APR reports on the number of discretionary housing applications that were submitted and/or approved in 2024. All homes built in the County require a building permit, while only some housing projects require discretionary review. Discretionary housing projects require a process of review to ensure compliance with County policy and associated environmental regulations. The relevant approving authority (i.e., Director of PDS, Zoning Administrator, County Planning Commission, or Board of Supervisors) ultimately considers whether to approve or deny individual discretionary project applications. Ministerial (also referred to as "by-right") project applications are reviewed and approved based on objective criteria. The application would be approved if a project meets those objective criteria.

Building permits are considered ministerial because their approval is based on objective requirements and requires minimal "discretion." A total of 16 discretionary applications for housing counted by the State for the purposes of the APR were submitted to the County in 2024, which proposed a total of 2,025 housing units. Ten Senate Bill (SB) 9 applications for Tentative Parcel Maps were also submitted, which proposed a total of 20 housing units. SB 9, which went into effect in 2022, created a ministerial process to split single family properties into two parcels. The number of applications submitted does not guarantee that those units will ultimately be approved or built in the future for a wide variety of reasons.

Although not required for the GP APR, there is interest in the number of discretionary housing projects that are in the "pipeline," or in the process of receiving a discretionary permit (entitlement) with the County. These in-process projects may have been submitted in 2024, or prior years, and could result in future constructed housing units. Predicting the timing for these projects is challenging, which is usually dictated by market conditions. Once approved, entitled housing could move forward to construction immediately or take several years to begin. PDS is currently processing 85 discretionary housing projects that propose a total of 4,536 housing units (data as of April 1, 2025). These projects range in size from two-lot subdivisions to planned communities with over 1,000 units.

For more information on the contents of the 2024 GP APR, refer to Attachment A.

Factors Affecting Housing Development

Housing numbers are historically cyclical in nature. After a strong recovery following the 2008 financial and housing crisis, there has been a decline in overall housing production in recent years. In the 2024 GP APR, there were 1,088 homes permitted to begin construction, a roughly 11% decrease from the 1,220 homes reported in the 2023 GP APR. Additionally, the 2024 GP APR shows 954 completed homes while the 2023 GP APR reported 1,260 completed homes, showing a 24% decrease. This percent change is based on the difference between the point-in-time counts reflected in the 2023 and 2024 GP APRs. The shift in numbers since 2018 can be seen in Figure 1. Within the unincorporated area, there has been a decrease in overall housing production, as demonstrated by issued and completed building permits, as well as a decrease in new applications for discretionary housing projects. However, there has also been an increase in the number of permitted ADUs and smaller housing developments, reflecting a shift from large tract development to smaller housing projects.

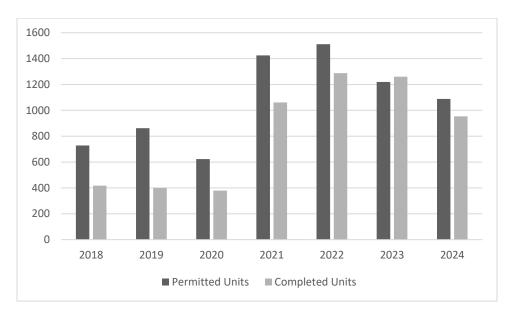


Figure 1: Permitted Housing Units and Completed Housing Units by Year (Unincorporated Area)

Figure 1: Chart showing the year over year permitted housing units and completed housing units from 2018 through 2024 (per totals reported in previous GP APRs). Note that permitted units are not typically completed within the same reporting year.

The shifts in housing production are tied to a variety of factors. Legislative changes have increased the production of some housing types, and decreased the production of other housing types. This is exemplified through increases in ADUs and smaller lot splits, in which State legislative changes have made much easier for local governments to permit. Conversely, some State laws have focused the locations of larger subdivisions, prioritizing certain geographic locations. This is exemplified through changes by SB 743 that became effective in 2020, enacting new requirements for Vehicle Miles Traveled (VMT). In addition to legislative changes, factors such as rising interest rates, labor shortages, supply issues, challenges with the fire insurance market, regulatory barriers, and litigation, all play a role in housing production numbers. Several large discretionary projects that received approvals in the last ten years were also litigated, ultimately preventing several of them from moving forward. Litigation was brought for a variety of reasons, with fire concerns being one of the most common. While there are correlations to housing trends and these factors, it is difficult to attribute changes to any one factor impacting housing development.

PDS routinely meets with stakeholders when discussing regulatory and legislative changes throughout the year. Developers have linked declining housing numbers to VMT policy. In 2013, SB 743 was passed which changed how transportation impacts are analyzed under the California Environmental Quality Act or "CEQA" by requiring analysis of transportation impacts to be based on VMT, instead of the previously used "Level of Service" which focused on traffic congestion at specific points on the road. To implement State law locally, the County prepared a revised Transportation Study Guide (TSG) to establish a VMT threshold. On September 28, 2022 (06),

the Board of Supervisors adopted the TSG which included a VMT threshold and defined when projects would be considered VMT efficient or not. Following this policy, many housing projects faced hurdles due to infeasibility of fully mitigating VMT impacts within many unincorporated areas. In July 2024, in response to recent case law, the County determined that VMT analysis would not be required for General Plan-compliant projects that meet all the requirements of the CEQA Exemption Section 15183. These projects can now rely on the General Plan EIR's Level of Service analysis, avoiding the requirement to conduct additional VMT analysis. This change is relatively recent, and staff routinely share this information with applicants. Despite this legal interpretation, without this being successfully tested, litigation risks and ongoing uncertainty surrounding VMT continues to be raised as a concern within the development community. Legal challenges to the County's VMT program and Transportation Study Guide have created additional difficulties to implement VMT. County staff is continuing to work out the full impact and immediate next steps.

While it is not possible to directly correlate VMT policies with a decline in housing, it has had a cooling effect, wherein applicants are waiting to see how VMT plays out before attempting to build. This is a complication felt throughout the State as policies and legislation are passed to reduce urban sprawl and encourage development close to urban centers.

Housing Element Implementation

Beyond tracking data on housing development, the GP APR also monitors the implementation of actions outlined in the Housing Element Implementation Plan, which specifies the programs and initiatives to be completed during the Housing Element cycle. In 2024, the County advanced multiple Housing Element implementation actions aimed at increasing housing production, streamlining approvals, and implementing State law. One of the key efforts was the development of a by-right approval checklist for Assembly Bill (AB) 1397, ensuring that projects on relisted RHNA sites with at least 20% affordable housing could proceed more efficiently. Staff also updated County websites with resources, including an ADU Handbook, to implement recent State laws, which facilitate and streamline housing development. In addition, the County provided resources for the lot consolidation process to assist in the development of small RHNA sites. On December 11, 2025 (9), the Board adopted the Fallbrook Sub-Area Plan which amended development regulations to allow for increased housing opportunities among other changes to support downtown economic growth and beautification. Throughout the year, staff engaged community members and assessed the feasibility of developing housing programs. These discussions focused on a small lot subdivision (starter homes) program, an expanded by-right housing program, and a senior housing and assisted living program.

The County continues to advance implementation of the Housing Element, including efforts to secure grant funding in support of key actions. As part of this work, PDS is pursuing funding from the SANDAG through the TransNet Smart Growth Incentive Program (SGIP). The proposed grant would support implementation of multiple Housing Element actions focused on facilitating development within transit nodes in coordination with transit agencies and establishing development standards and incentives to promote housing production and coordinate public infrastructure improvements. To support these actions, PDS will submit a grant application to SANDAG in coordination with the North County Transit District (NCTD) to develop a Specific Plan for the Buena Creek station area, which serves as the only rail stop within the unincorporated County. The Buena Creek Specific Plan will provide a comprehensive planning framework for the area, building on prior efforts including the Development Feasibility Analysis (DFA), to guide future land use, mobility, infrastructure, and design strategies in this key VMT-Efficient Area. The plan is one of several coordinated efforts aimed at positioning the area for future development and facilitate housing opportunities in the area, aligned with Housing Element goals. For the related resolution authorizing the filing of a SGIP grant application with SANDAG and accepting grant funds if awarded, please refer to Attachment B.

County Progress in Streamlining Permits & Zoning Updates

In response to the Board's direction on Removing Barriers to Housing, staff has implemented a guaranteed review timeline process for qualifying housing projects. This applies to both ministerial permits and discretionary project applications, ensuring more predictable and efficient processing times. Projects eligible for guaranteed review timelines include 100% deed-restricted affordable housing, workforce housing (80-120% AMI), and developments located in VMT-Efficient Areas or designated Infill Areas as defined in the County's TSG. By prioritizing these projects, PDS aims to accelerate approvals for developments that align with County goals for housing affordability and sustainability.

Additionally, under the directive of Removing Barriers to Housing, staff-initiated an evaluation of the Zoning Ordinance, as well as stakeholder engagement, to assess the feasibility of allowing Tiny Homes on wheels as a housing option. This effort will explore regulatory changes that could expand housing choices, particularly for lower-cost and flexible living arrangements. Proposed amendments to the Zoning Ordinance are anticipated to be presented to the Board in Fall of 2026.

To support these efforts, the County established a Housing Legislation Team dedicated to tracking State housing laws, State streamlining, overseeing implementation, and updating the Zoning Ordinance as needed. This team also develops guidance documents and resources such as maps indicating applicability of State legislation to assist developers, homeowners, and stakeholders in navigating housing regulations efficiently.

2025 County Housing Workshop

Looking ahead to the next year, a PDS Housing Workshop is planned for the Board of Supervisors during Fall 2025, setting the stage for key policy discussions on housing and land use and sharing the results of the DFA. Goals of the workshop include providing a look ahead on upcoming policy decisions in 2026 and 2027, to provide insight on how upcoming projects interrelate, and how future policy decisions may affect housing policy. A key outcome of the workshop is to gain an understanding of the Board's desired policy direction as it relates to housing and the various policy mechanisms that can be used to achieve those goals. For example, the Board has provided clear direction to prioritize housing within VMT Efficient and Infill Areas and has directed options to prepare a Sustainable Land Use Framework which could involve anything from minor policy updates and incentives to a broader revisioning of the General Plan land use vision. The workshop is intended to facilitate discussion on important topics of land use and housing in addition to providing an overview of the housing challenges facing the region. It will identify where local policy can support solutions for housing and discuss what aspects of the housing crisis cannot be affected by County policy. It will provide an overview of the progress to date toward achieving housing goals and facilitate an understanding of upcoming policy actions that affect housing production. Following the workshop, staff plans to bring forward initiatives, including the VMT Mitigation Program, Inclusionary Housing Ordinance, and the Sustainable Land Use Framework (SLUF). These efforts will continue shaping the County's approach to housing, mobility, and sustainable growth.

ENVIRONMENTAL STATEMENT

The 2024 General Plan and Housing Element Annual Progress Report (GP APR) is not subject to the California Environmental Quality Act (CEQA) because it is not a project as defined in Section and 15378(b)(5) of CEQA Guidelines. While the GP APR identifies actions taken by the County of San Diego (County) to implement the General Plan, the GP APR itself will not result in a direct or indirect physical impact on the environment. Actions taken by the County to implement the General Plan undergo CEQA review when required.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

The 2024 General Plan and Housing Element Annual Progress Report supports the Strategic Initiatives of Equity, Empower, and Community in the County of San Diego's (County's) 2025-2030 Strategic Plan by tracking the status and achievement of the programs and policies of the General Plan and Housing Element. Providing this update increases transparency and keeps the public informed about the impact of the County's programs and initiatives to provide equitable, sustainable solutions to local issues.

Respectfully submitted,

DAHVIA LYNCH Deputy Chief Administrative Officer

ATTACHMENT(S)

Note: Due to the size of the attachments, the documents are available online through the Clerk of the Board's website at <u>www.sandiegocounty.gov/content/sdc/cob/bosa.html.</u>

Attachment A – 2024 General Plan and Housing Element Annual Progress Report Exhibit A – Annual Housing Element Progress Report Exhibit B – SB 341 Compliance Report and its Attachment A and B Exhibit C – Comprehensive Annual Financial Report

Attachment B – A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO AUTHORIZING THE FILING OF AN APPLICATION FOR GRANT FUNDS FROM THE SAN DIEGO ASSOCIATION OF GOVERNMENTS AND ACCEPTING THE TERMS OF THE GRANT AGREEMENT