

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, AUGUST 16, 2022**

MINUTE ORDER NO. 9

**SUBJECT: SUPPORTING LEGISLATIVE EFFORTS TO ADDRESS THE HOUSING
CRISIS (DISTRICTS: ALL)**

OVERVIEW

The San Diego region faces a severe housing crisis. The most recent Regional Housing Needs Assessment (RHNA) identifies approximately 100,000 affordable homes that need to be built in San Diego County by 2029. But the region is on pace to meet only 12% of that target. While the state has set ambitious RHNA goals, the San Diego region does not have adequate support or resources to actually build the homes we desperately need.

San Diego's regional housing shortage is driving rents and home prices to record highs, putting an entire generation at risk of a worsening quality of life. Across the County, 40% of households spend a third of their income in housing costs, the third worst rate of housing cost burden among metropolitan areas across the nation. Working families are increasingly forced to move farther and farther away, leading to longer commutes, growing traffic, increasing carbon pollution, and the acceleration of our climate emergency. The regional economy also suffers as rising cost of living decreases our economic competitiveness. The pandemic has only exacerbated the crisis, deepening distress among working families, while rents and home prices have ballooned 30% over the past year.

At the same time, we are facing an urgent climate crisis that requires action to protect our communities and build for a more resilient future. We can simultaneously tackle the dual threat of housing unaffordability and climate change by building the right housing in the right places - sustainable, green homes near jobs, transit, and neighborhood amenities like grocery stores, schools, and parks.

Housing as a Regional Challenge

We have one labor market and one housing market across the region, yet we have 19 different housing strategies between the County and incorporated cities that often lack suitable resources.

The regional nature of the housing crisis is too great to be solved in a piecemeal manner, especially in the context of ambitious RHNA goals. The single biggest obstacle facing our region is the lack of local funding tools to expand housing production as federal sources of housing support have declined over the past three decades, redevelopment agencies have been dissolved, and most cities cannot afford to allocate significant general fund revenues to support affordable housing.

San Diego is not alone in facing these challenges. Up and down the state, communities are struggling with high housing costs, which is the major reason California has the nation's highest rate of functional poverty and second lowest rate of homeownership.

In response, communities are mobilizing by building up local capacity to jumpstart housing production. Local governments in the Bay Area spearheaded State Assembly Bill 1487 in 2019 to create a regional housing finance agency to raise revenues and deploy funds to support affordable housing across the region and provide technical assistance to local jurisdictions. Similar legislation related to Los Angeles County, Senate Bill 679, is currently being considered by the legislature and would create the Los Angeles County Affordable Housing Solutions Agency. These efforts have the potential to create tens of thousands of new affordable homes that would meaningfully address the housing crisis while preserving local land use control.

The San Diego region cannot afford to fall further behind. San Diego is in direct competition with these other regions to win state housing subsidies. Local matching dollars are the key criterion used by the state in choosing where to award funds causing San Diego to lose out, and San Francisco and Los Angeles - regions which are actively launching regional housing finance agencies to further boost local match funds - to win a disproportionate share of state housing subsidies.

We desperately need funding tools that can jumpstart San Diego's affordable and middle-income housing pipeline by making it faster and easier to finance and build the right housing in the right places - affordable and middle-income homes near jobs, transit, and community amenities, such as grocery stores, parks, and schools.

Local Solution

A San Diego regional housing finance agency would put San Diego on a more level playing field with other California regions as it competes for state funding and improves coordination among the region's cities to secure more public and private resources to support affordable housing solutions.

Building on the proven success of other housing finance agencies, this approach would serve all of San Diego County by efficiently creating funding tools to jumpstart affordable and middle-income housing production. This approach could explore funding options that include state and federal direct allocations, philanthropic and impact investment partnerships, and voter-approved revenue and bond measures. These options will be additive to existing funding streams and will empower local jurisdictions with the resources to supercharge their housing efforts. This regional housing finance agency would not have land use, eminent domain, or rent control powers, and all new tax and bond revenues would require voter approval.

Today's action would signal the County's support for pursuing legislation that would put San Diego on a more level playing field with other California regions as it competes for federal and state funding and improve coordination among the region's cities to secure more public and private revenues to support affordable housing solutions; and adds to next year's Legislative Program the opportunity to continue this work as needed.

RECOMMENDATION(S)

SUPERVISOR TERRA LAWSON-REMER

Direct the Chief Administrative Officer to add to the County's 2023 Legislative Program, Sponsorship Proposals state legislation related to the creation of a San Diego regional housing finance entity in partnership with the San Diego Association of Governments.

EQUITY IMPACT STATEMENT

Today's action will further regional capacity to develop much-needed affordable housing across the region. The 6th Cycle Regional Housing Needs Assessment indicates that 98,693 units are needed regionally for low-and-moderate income households. The high cost of housing impacts all San Diegans, but the burden falls disproportionately on low-income households and communities of color especially among black, indigenous, and people of color (BIPOC) communities, young families with children, seniors, and people with disabilities. Disparities in housing affordability, accessibility, and segregation are not incidental but directly linked to past and current discriminatory policies that have exacerbated racial and ethnic gaps in housing stability, homeownership, and intergenerational wealth. Inequalities across the housing market have also resulted in impediments to fair housing choice to many populations, including persons with disabilities, persons with HIV/AIDS, older adults, as well as LGBTQ+ individuals. Housing unaffordability is also a key driver of the regional homelessness crisis, which saw a sharp increase of people entering homelessness even before the COVID pandemic.

FISCAL IMPACT

There is no fiscal impact associated with this action.

BUSINESS IMPACT STATEMENT

This action will support legislation that will strengthen San Diego County's regional economy, kickstarting the production of thousands of new affordable and "missing middle" homes and providing good jobs for working families. San Diego County desperately needs more affordable homes and first-time homeownership opportunities to address the cost-of-living concerns facing our small businesses and that threaten our regional economic competitiveness especially given persistence workforce shortages.

High cost of living and housing cost burden are major barriers for businesses looking to attract and retain a highly skilled workforce. Each year, the County loses a net total of 23,000 people, with the high cost of living as one of the primary driving factors. Further, households that are not housing cost burdened tend to have more disposable income to stimulate local economic activity. The regional economy also stands to gain from the spillover effects from the construction and renovation of affordable housing units. Research from the National Association of Home Builders estimates that a typical 100-unit affordable housing development leads to the creation of 80 construction jobs from direct and indirect effects, and another 42 jobs supported by induced spending throughout the region.

ACTION:

ON MOTION of Supervisor Vargas, seconded by Supervisor Fletcher, the Board of Supervisors took action as recommended, on Consent.

AYES: Vargas, Lawson-Remer, Fletcher

NOES: Anderson, Desmond

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter

AUGUST 16, 2022