

**COUNTY OF SAN DIEGO  
BOARD OF SUPERVISORS  
TUESDAY, AUGUST 31, 2021**

**MINUTE ORDER NO. 7**

**SUBJECT: TRANSFORMATIVE HOUSING SOLUTIONS THAT ADVANCE EQUITY, SUSTAINABILITY, AND AFFORDABILITY FOR ALL (DISTRICTS: ALL)**

**OVERVIEW**

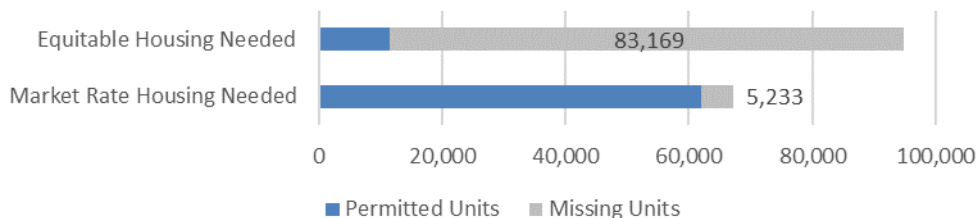
The San Diego region faces a severe housing crisis. Housing prices have far outpaced inflation and wage growth over the past decades, driving rents and home prices out of reach for many residents, forcing households to make serious trade-offs to live in the region, and contributing to a historic homelessness surge.

For decades, the housing policy discourse has failed to adequately address the scale of our housing shortfall. We are currently missing approximately 88,400 units across the region - or roughly 7% of the regional housing stock - and the vast most of the missing homes are needed for lower-income and middle-income households. We refer to this missing subset of the housing market as “equitable housing”, which includes people with a diversity of housing needs: very low-income households making less than \$50,000 per year, older adults living on fixed incomes, college students, single-parents, teachers, nurses, childcare workers, and middle-income families making up to 120% of area median income, or approximately \$130,000 per year. We need more housing across the income spectrum and the need is by far the greatest for equitable housing.

What is “Equitable Housing”?

Category	AMI Tier	AMI Range	Household Income
Equitable Housing	Very Low-Income	<50% AMI	< \$54,550
	Low-Income	50-80% AMI	\$54,551 - \$87,300
	Moderate-Income	80-120% AMI	\$87,301 - \$130,950
Market-rate housing	Above Moderate-Income	Over 120% AMI	\$130,951 >

**The Region is Missing 88% of the Equitable Housing Units We Need**



## How Much Equitable Housing Do We Need?

Category	AMI Tier	AMI Range	Target Units	Permitted Units	Missing Units	% Shortfall
Equitable Housing	Very Low-Income	<50% AMI	36,450	3,775	32,675	90%
	Low-Income	50-80% AMI	27,700	5,126	22,574	81%
	Moderate-Income	80-120% AMI	30,610	2,690	27,920	91%
Market Rate	Above Moderate-Income	>120% AMI	67,220	61,987	5,233	8%
<i>Equitable Housing Subtotal</i>			<i>94,760</i>	<i>11,591</i>	<i>83,169</i>	<i>88%</i>
<i>Grand Total</i>			<i>161,980</i>	<i>73,578</i>	<i>88,402</i>	<i>55%</i>

Source: Results from 5<sup>th</sup> Cycle RHNA (2010-2020), SANDAG

The current 6<sup>th</sup> Cycle Regional Housing Needs Assessment (RHNA) anticipates the need for 21,500 new housing units per year, but we are currently building at less than half that rate. In fact, we haven't seen that scale of production since 1988.

The high cost of housing impacts all San Diegans: low-income residents, retirees living on a fixed income, younger generations locked out of homeownership, and struggling families trying to stay in the County. The housing crisis also drags down the regional economy as attracting and retaining businesses and employees has become increasingly challenging due to the unsustainably high cost of living. Since 2011, the County of San Diego has seen a net loss in migration, with an average of 23,000 more people moving out of San Diego than moving in each year, and those leaving the region are largely being priced out, with median incomes averaging \$50,000 per year, four times lower than new residents moving into the region.

Alarmingly, housing affordability has only worsened during the COVID-19 pandemic as median asking rents increased 8.4% year over year to \$2,075 a month, while median home prices surged 18.7% - among the highest increase in the nation - to a record high of \$800,000.

The pandemic has also made it clear that safe, decent, affordable housing is an essential form of infrastructure that is necessary for families and communities to thrive. As we lay the groundwork for a just and equitable recovery, we must center housing as a key investment to securing long-term stability, environmental sustainability, and economic resiliency across the region.

Today's action aims to start a frank, honest, and data-driven conversation about the scale of our regional housing crisis. This letter diagnosis four housing challenges facing our region and offers pathways for transformative housing solutions, including seven specific research and policy initiatives for County staff to investigate. These solutions have the potential to accelerate housing production and preservation and to advance equity, sustainability, and affordability for all.

We urge our colleagues to join us in supporting this effort.

## **RECOMMENDATION(S)**

### **SUPERVISOR TERRA LAWSON-REMER AND VICE-CHAIR NORA VARGAS**

1. Direct the Chief Administrative Officer to research and evaluate the options for increasing “equitable housing” (ie. very low-income, low-income, and moderate-income housing) as described in Section 5: Principles to Orient Equitable Housing Solutions, and Section 6: Developing Transformative Housing Solutions, starting on page 14 on this letter. The Chief Administrative Officer is authorized to procure experienced and qualified consultants to assist and support the investigation of these options as needed.
2. Authorize the Director, Department of General Services in conjunction with existing as-needed consultants to perform a real estate market assessment of Sorrento Valley East and Sorrento Valley West to document general market trends and conditions for potential future acquisition and redevelopment along the transit corridor.
3. Direct the Chief Administrative Officer to develop a stakeholder outreach plan to inform the research and evaluation process. Stakeholders may include housing builders, architects, land use attorneys, lenders, tenant rights advocates, tenant legal services providers, researchers, environmental stakeholders, community-based advocates, LEED experts, philanthropic organizations, labor, local elected officials, city representatives, and impacted low-and-moderate income individuals.
4. In accordance with Section 401, Article XXIII of the County Administrative Code, authorize the Director, Department of Purchasing and Contracting, to amend existing contracts or issue competitive solicitations for consultant services necessary to implement the recommendations in this Board Letter, and upon successful negotiations and determination of a fair and reasonable price, award contracts for an Initial Term of up to one year, with four option years, and up to an additional six months, if needed; subject to the availability of funding, and to amend the contracts to reflect changes in program, funding or service requirements, subject to the availability of funds.
5. Report back to the Board with a memo detailing progress updates including, but not limited to, the following: progress on any consultant engagement efforts, progress on community and stakeholder engagement processes as well as any summarized feedback, initial research findings, policy recommendations, and deliverable timelines for each item contained in Section 6: Developing Transformative Housing Solutions by December 15, 2021, and quarterly thereafter.
6. Transfer appropriations of \$1,068,000 from Housing and Community Development Services, Services & Supplies to Planning and Development Services, Salaries & Benefits (\$173,000) and Services & Supplies (\$895,000) for Fiscal Year 2021-22 staffing costs and one-time study costs as outlined below based on unassigned General Fund fund balance, and approve the request to add 1.00 staff years in Planning and Development Services.

## **EQUITY IMPACT STATEMENT**

Housing affordability and housing insecurity are key drivers of regional and statewide poverty rates. The high cost of housing impacts all San Diegans, but the burden falls disproportionately on low-income households and communities of color especially young families with children. Disparities in housing affordability, accessibility, and segregation are not incidental but directly linked to past and current discriminatory policies and practices that have exacerbated racial, ethnic, and generational gaps in housing stability, homeownership, and 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-19 epidemic.

### **FISCAL IMPACT**

Funds for this request are included in the Fiscal Year (FY) 2021-22 Operational Plan for Housing and Community Development Services initially approved for the Innovative Housing Trust Fund (IHTF) and other innovative housing solutions in the FY 2021-22 Adopted Operational Plan. If approved, this request will result in costs of \$200,000 in Housing and Community Development Services in the Health and Human Services Agency and costs \$1,068,000 and one additional staff year in Planning and Development Services. The funding source is unassigned General Fund fund balance. Ongoing costs and funding sources will be included and identified in future Operational Plans.

### **BUSINESS IMPACT STATEMENT**

This action will support the health and well-being of households across the region and promote sustainable economic development and regional economic competitiveness by advancing housing solutions that address housing cost burden and increase the availability of affordable and attainable housing. 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 Lawson-Remer, seconded by Supervisor Vargas, the Board of Supervisors took the following actions:

1. Directed the Chief Administrative Officer to research and evaluate the options for increasing “equitable housing” (ie. very low-income, low-income, and moderate-income housing) as described in Section 5: Principles to Orient Equitable Housing Solutions, and Section 6: Developing Transformative Housing Solutions, starting on page 14 on this letter. The Chief Administrative Officer is authorized to procure experienced and qualified consultants to assist and support the investigation of these options as needed.
2. Authorized the Director, Department of General Services in conjunction with existing as-needed consultants to perform a real estate market assessment of Sorrento Valley East and Sorrento Valley West to document general market trends and conditions for potential future acquisition and redevelopment along the transit corridor.
  - a. Direct the Chief Administrative Officer to determine if the Buena Creek Area meets the overall criteria, and if it does, conduct the analysis described. If it does not, report back to the Board.
3. Direct the Chief Administrative Officer to develop a stakeholder outreach plan to inform the research and evaluation process. Stakeholders may include housing builders, architects, land use attorneys, lenders, tenant rights advocates, tenant legal services providers, researchers, environmental stakeholders, community-based advocates, LEED experts, philanthropic organizations, labor, local elected officials, city representatives, impacted low-and-moderate income individuals, and, any group or organization that approaches the County of San Diego.

4. In accordance with Section 401, Article XXIII of the County Administrative Code, authorize the Director, Department of Purchasing and Contracting, to amend existing contracts or issue competitive solicitations for consultant services necessary to implement the recommendations in this Board Letter, and upon successful negotiations and determination of a fair and reasonable price, award contracts for an Initial Term of up to one year, with four option years, and up to an additional six months, if needed; subject to the availability of funding, and to amend the contracts to reflect changes in program, funding or service requirements, subject to the availability of funds.
5. Report back to the Board with a memo detailing progress updates including, but not limited to, the following: progress on any consultant engagement efforts, progress on community and stakeholder engagement processes as well as any summarized feedback, initial research findings, policy recommendations, and deliverable timelines for each item contained in Section 6: Developing Transformative Housing Solutions by December 15, 2021, and quarterly thereafter.
6. Transfer appropriations of \$1,068,000 from Housing and Community Development Services, Services & Supplies to Planning and Development Services, Salaries & Benefits (\$173,000) and Services & Supplies (\$895,000) for Fiscal Year 2021-22 staffing costs and one-time study costs as outlined below based on unassigned General Fund fund balance, and approve the request to add 1.00 staff years in Planning and Development Services.

AYES: Vargas, Anderson, Lawson-Remer, Fletcher, 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

