



The City of San Diego

Staff Report

DATE ISSUED: 9/9/2020
TO: City Council
FROM: Planning
SUBJECT: Housing Legislation Code Update to the Municipal Code and Local Coastal Program

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Council District(s): Citywide

OVERVIEW:

The Housing Legislation Code Update Package addresses California State housing law requirements, including a number of bills passed at the end of 2019. These include changes to State density bonus, housing for the homeless, and accessory dwelling unit laws, along with other miscellaneous housing laws. The Housing Legislation Code Package will provide amendments to the City's Municipal Code and Local Coastal Program that are required to implement and comply with State law, as well as additional amendments tailored to address local needs.

PROPOSED ACTIONS:

Approve the proposed Housing Legislation Code Update to the Municipal Code and Local Coastal Program.

DISCUSSION OF ITEM:

The Land Development Code (LDC) provides the City's regulations for the development and use of property within the City of San Diego and provides information on zoning, subdivisions, grading and other related land use activities. The LDC is updated regularly through comprehensive updates that promote in-fill development and streamline the permitting process, and through single-issue or topic-specific updates as needed.

The California state legislature passed a number of land use and housing laws in 2019 that became effective January 1, 2020. These laws primarily address accessory dwelling units, affordable housing, and supportive housing for the homeless, as well as requirements to preserve dwelling units and "protected dwelling units" affordable to very low- and low-income households. Local implementation of these laws is mandatory and amending the LDC to reflect the requirements of these laws will provide clarity for staff, applicants, decision-makers and the public at large. Additionally, while reviewing the applicable state laws and drafting the proposed LDC amendments, staff identified some areas where the LDC is no longer in conformance with the latest state law provisions and the Housing Legislation Code Update package addresses those issues. Lastly, where permitted, the package also includes adaptations and incentives to address local housing needs.

The Housing Legislation Code Update Package is grouped into four issue areas: Housing for the Homeless, Affordable Housing Regulations, Accessory Dwelling Units and Junior Accessory Dwelling Units, and Miscellaneous Housing Items. A brief summary of the proposed amendments is provided below.

I. Housing for the Homeless

The following LDC amendments address items related to housing for the homeless:

- Low Barrier Navigation Centers

Assembly Bill (AB) 101, passed in 2019, requires local jurisdictions to permit Low Barrier Navigation Centers that connect individuals experiencing homelessness with transitional housing by-right in mixed-use and commercial zones that permit multi-family. The Housing Legislation Code Update Package would amend the LDC to define Low Barrier Navigation Centers as a new Separately Regulated Residential Use and permit them, by-right, as a Limited Use in all zones required by AB 101.

- Emergency Shelters

Senate Bill 2, passed in 2007, requires local jurisdictions to identify a zone or zones where emergency shelters are allowed by-right without a conditional use or other discretionary permit. The zones which permitted emergency shelters as a by-right use were located primarily within the Midway-Pacific Highway Community, which was rezoned with the recent comprehensive update to the Community Plan. The Housing Legislation Code Update Package would amend the Community Commercial (CC) base zone tables to permit emergency shelters by-right as a Limited Use in all CC zones in order to provide adequate capacity in compliance with SB 2.

- Transitional Housing and Permanent Supportive Housing

AB 2162, passed in 2018, requires local jurisdictions to permit Transitional Housing Facilities (THF) and Permanent Supportive Housing (PSH) by-right in all zones that permit multi-family development. The City implemented the requirements of AB 2162 in 2019 with the 12th Update to the LDC, Phase 1; however, staff has subsequently identified several zones that were inadvertently excluded. The Housing Legislation Code Update Package would amend the RM Base Zone Use Table to permit THF in the RM-5-12 zone; the Industrial Base Zone Use Table to permit THF by-right as a Limited Use in the IP-3-1 base zone and clarify that THF and PSH are subject to the requirements of footnote 15 related to residential development; and the Mixed-Use Base Zone Use Table to permit THF and PSH by-right as Limited Uses.

II. Affordable Housing Regulations (AHR)

The following LDC amendments address items related to the City's Affordable Housing Regulations:

- Density Bonus for 100% Affordable Projects (Pre-Density Bonus)

AB 1763, passed in 2019, requires local jurisdictions to provide a new density bonus program that grants a density bonus of 80% outside of Transit Priority Areas (TPAs) and an unlimited bonus within TPAs to projects that construct at least 100% of the pre-density bonus units as affordable to very low income and low income households, except that 20% may be reserved for moderate income households. Eligible projects are also required to receive 4 incentives and within TPAs, 3 additional stories or 33' in height. Waivers are not permitted with this program. The Housing Legislation Code Update Package would amend

the City's Affordable Housing Regulations to provide this required incentive, with a local adaptation to allow 5 incentives as opposed to 4 in accordance with the City's more permissive allowances for incentives.

- Density Bonus for 100% Affordable Projects (Total Project)

This proposed amendment is not mandated by state law; rather, this amendment is a local adaptation of AB 1763 intended to provide a similar bonus to projects within TPAs that are fully affordable to very low, low, and moderate income households. The Housing Legislation Code Update Package would amend the City's Affordable Housing Regulations to provide an unlimited density bonus, 5 incentives, and an additional 3 stories or 33 feet to projects within TPAs that provide 100% of the total pre-density bonus and post-density bonus units as affordable to very low, low, and moderate income households in any combination.

- Density Bonus for Lower Income Student Housing

SB 1227, passed in 2017, requires a local jurisdiction to provide a density bonus of 35% to projects that provide 20% of the pre-density bonus units as affordable to lower income students, as defined by the bill. The Housing Legislation Code Update Package would amend the City's Affordable Housing Regulations to provide this required incentive, with a local adaptation to allow 2 incentives where none are provided by state law in accordance with the City's more permissive allowances for incentives.

- Micro Unit Density Bonus

This proposed amendment is not mandated by state law; rather, this amendment provides regulatory relief for an existing City density bonus program for micro units, which must average no more than 600 square feet with no dwelling unit exceeding 800 square feet. The Housing Legislation Code Update Package would amend the City's Affordable Housing Regulations to eliminate the requirement that micro unit density bonus projects comply with height and setback requirements, and would allow use of the program within the Downtown Community Planning Area once a project either maximizes the use of other bonus programs or earns a 3.0 FAR through other bonus programs, whichever is less, ensuring that other FAR Bonus programs specific to Downtown continue to be utilized.

- Density Bonus on FAR-Based Density Sites

This proposed amendment is not mandated by a modification to state law; rather, it is a correction to the City's regulations to clarify how density bonuses are calculated within zones where the density is controlled by floor area ratio, including Downtown and the recently adopted mixed-use base zones. The Housing Legislation Code Update Package would amend the City's Affordable Housing Regulations to clarify the method by which density bonuses are calculated for FAR-based density zones where the adopted land use plan includes an allowable density range in dwelling units per acre (i.e. the mixed use zones) and those that include only a maximum FAR (i.e. Downtown). Additionally, the amendments will clarify that incentives cannot be used to increase floor area ratio in such zones, which would result in an additional density bonus.

Within Downtown, the proposed amendments would change how affordable housing density bonuses are calculated, since Downtown only regulates intensity through FAR limits and not dwelling units/acre. Currently, such bonuses are based on the Base Maximum FAR permitted in Figure H of the Centre City Planned District Ordinance (CCPDO). Under the

proposed change, the density bonus would be calculated based on the actual project's FAR up to the Maximum FAR permitted in Figure L of the CCPDO. For instance, if a project with a Base Maximum FAR of 6.0 earned an additional 4.0 FAR from other FAR bonus programs provided Downtown to achieve a total 10.0 FAR, then the bonus for affordable housing would be added on top of the 10.0 FAR rather than the 6.0 FAR. This can result in the production of additional affordable and market rate units, as illustrated in this table utilizing the Affordable Housing Regulations:

	FAR	UNITS	AFFORDABLE UNITS
EXISTING REGULATIONS			
BASE MAXIMUM FAR	6.0	180	
MAXIMUM FAR	10.0	300	
AHR BONUS (60%)	3.6	108	
TOTAL	13.6	408	27
PROPOSED REGULATIONS			
MAXIMUM FAR	10.0	300	
AHR BONUS (60%)	6.0	180	
TOTAL	16.0	480	45

- Miscellaneous AHR Clean-Up Items

The Housing Legislation Code Update Package would amend the City's Affordable Housing Regulations to provide additional clean-up items to ensure compliance with state density bonus law, including minor language edits and updates to the parking table.

III. Accessory Dwelling Units and Junior Accessory Dwelling Units

The following LDC amendments address items related to Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs):

- Replacement of the Companion Unit, Junior Unit and Movable Tiny Homes Regulations with New Accessory Dwelling Unit and Junior Accessory Dwelling Unit Regulations in Order to Implement New State ADU and JADU Legislation

Several bills were passed at the end of 2019 which addressed ADUs and JADUs, including AB 68, AB 587, AB 881, and SB 13. In addition to providing increased allowances for ADUs in conjunction with multiple dwelling unit development, prohibiting the requirement of replacement parking when garages or carports are converted to ADUs or JADUs, prohibiting the rental of ADUs and JADUs for less than 31 days, and requiring local jurisdictions to permit at least 1 ADU on a premises regardless of maximum lot coverage, maximum floor area ratio, or minimum opens space requirements, the state legislation also required local ADU and JADU ordinances to be reviewed by the California Department of Housing and Community Development (HCD) for consistency with the state regulations. In order to best align our local regulations with state regulations, the Housing Legislation Code Update Package proposes to strike the existing "Companion Unit, Junior Unit and Movable Tiny Houses" regulations in Section 141.0302 in their entirety, and replace them with new "Accessory Dwelling Unit and Junior Accessory Dwelling Unit Regulations that fully comply with and exceed the requirements of state law. As part of this overhaul of the existing regulations, the local defined terms "companion unit" and "junior unit" will be

replaced with "Accessory Dwelling Unit (ADU)" and "Junior Accessory Dwelling Unit (JADU)", respectively, and their definitions will be aligned with state law. The new regulations will exceed the requirements of state law in regard to setbacks, by allowing ADUs to encroach into interior side and rear yard setbacks up to the property line, where state law allows the City to require a 4-foot setback in these locations. HCD reviewed the initial draft of the new regulations, and the proposed amendments reflect comments and edits received by HCD. Lastly, the recently adopted Movable Tiny Houses, which do not fall within the state ADU laws, will be pulled out and established as their own Separately Regulated Residential Use.

- Affordable ADU Incentives

AB 671, passed in late 2019, requires local jurisdictions to incentivize the construction of deed-restricted affordable ADUs, without specific parameters or direction as to what those incentives should be. The Housing Legislation Code Update Package would include in the Accessory Dwelling Unit and Junior Accessory Dwelling Unit regulations a new affordable ADU incentive that would allow the construction of 1 additional ADU for every ADU deed-restricted to very low, low, or moderate income households for a period of 15 years. Outside of TPAs the number of bonus ADUs is limited to 1, and within TPAs there is no limit on the number of bonus ADUs permitted.

- ADU and JADU Parking

State law, specifically Government Code Section 65852.2(d), prohibits the City from requiring parking for ADUs in any of the following instances:

- within one-half mile walking distance of public transit;
- within a designated historic district;
- when the ADU is part of the proposed or existing primary residence or an accessory structure (i.e. if it is attached to an existing structure);
- when on-street parking permits are required but not offered to the occupant of the ADU;
- when there is a car share vehicle within one block of the ADU.

If the above don't apply, then State law allows the City to require parking that does not exceed 1 space per ADU or per bedroom, whichever is less (Gov Code Section 65852.2(a)(1)(D)(x)). Due to the highly limited circumstances in which the City is allowed to require parking, and given the City's desire to encourage both the construction of ADUs and JADUs and use of alternative mobility options, the Housing Legislation Code Update Package will exceed the requirements of state ADU and JADU law by simply eliminating parking requirements for ADUs and JADUs.

IV. Miscellaneous Housing Items

The following LDC amendments address miscellaneous housing items:

- Employee Housing (6 or Fewer)

California Health and Safety Code Section 17021.5(b) requires Employee Housing for 6 or fewer employees to be permitted by-right in all zones that permit single-family. The Housing Legislation Code Update Package would amend the LDC to permit Employee

Housing (6 or Fewer) by-right as a Limited Use in all zones that permit single dwelling units.

- Residential Development Consistent with the Land Use Plan

This proposed amendment is not mandated by state law; rather, this amendment was identified by staff as a means to provide regulatory relief and streamline the permitting process. The Housing Legislation Code Update Package would amend the General Rules for Base Zones to allow residential and residential mixed-use development that exceeds the allowable density of the base zone but complies with the density identified in the adopted land use plan to be permitted by-right with a construction permit, rather than through a Planned Development Permit process. The amendment would allow sites to develop in accordance with the density planned and mitigated for through the land use planning process. This streamlining provision also requires clean-up amendments to the regulations related to Neighborhood Development Permits, Site Development Permits, Planned Development Permits, and Affordable, In-Fill Development and Sustainable Buildings.

- Dwelling Unit Protection Regulations

SB 330, known as the Housing Crisis Act of 2019, requires local jurisdictions to ensure that the number of dwelling units present on a site is not reduced as a result of a single-family, multi-family, residential mixed-use (with at least 2/3 residential), transitional housing, or permanent supportive housing project. It further requires that “protected dwelling units” affordable to very low income and low income households (including both deed-restricted units and units occupied by such households without a deed-restriction in place) be replaced with deed-restricted units affordable to very low income and low income households. The legislation also includes provisions for relocation assistance and right of first refusal in limited circumstances. The Housing Legislation Code Update Package would amend the LDC to include a new Division 12 in Chapter 14, Article 3 entitled the “Dwelling Unit Protection Regulations.” The Dwelling Unit Protection Regulations implement the dwelling unit and protected dwelling unit replacement provisions of SB 330 precisely, with no additional regulations or requirements. The new division would sunset on January 1, 2025, consistent with the sunset of SB 330.

The Housing Legislation Code Update Package was presented to stakeholder groups that included City staff in implementing departments, land development professionals, housing advocates, community planning representatives, and members of the public who participated in the meetings. The actions taken by these stakeholders and the Planning Commission are as follows:

- Housing Legislation Code Update Package Ad Hoc Working Group: In 2019, in accordance with Charter Section 43(b), the Technical Advisory Committee (TAC) and its subcommittee, the Code Monitoring Team (CMT) were disbanded as a recommending body with a vote presented to decision makers. Instead, the Technical Advisory Committee (TAC) modified its operational framework to become a monthly Ad Hoc Committee for a one-year period advising the Development Services on a variety of process improvements. Additionally, members of the former CMT are invited to serve on project-specific, temporary citizens’ working groups to advise the Planning Department on LDC updates.

The Housing Legislation Code Update Package Ad Hoc Working Group was formed in early June 2020, and the proposed package of amendments was reviewed at virtual workshops on June 12th

and 26th. The working group discussed the items in the Housing Legislation Code Update Package and provided feedback on the amendment language as presented. Understanding that the majority of the proposed amendments are mandated by state law, comments were limited and minor and have been incorporated into the package wherever possible. Consistent with the group's function as an Ad Hoc Working Group, no vote or action was taken.

- Community Planners Committee (CPC): On July 28, 2020 the Housing Legislation Code Update Package was presented to the Community Planners Committee. The CPC voted 19-5-5 to recommend approval of all proposed amendments with the exception of two: 1.) a proposed development incentive for multi-family development within transit priority areas on sites less than 0.5 acre (this item has subsequently been withdrawn); and 2.) the elimination of parking requirements for all ADUs and JADUs. On August 25, 2020 the CPC discussed the elimination of parking requirements for all ADUs and JADUs and voted 14-8-4 to recommend approval of the amendment as proposed.
- The Downtown Community Planning Council: On July 15, 2020 the Downtown Community Planning Council (DCPC) reviewed the Housing Legislation Code Update and tabled discussion of the item to their August meeting. On August 19, 2020 the DCPC voted 20-0-0 to recommend approval of the proposed amendments.
- The Planning Commission: On August 27, 2020 the Planning Commission reviewed the Housing Legislation Code Update to the Municipal Code and Local Coastal Program and recommended that the City Council adopt the update as presented by a vote of 6-0-1 with Commissioner Austin recusing. While not part of the motion, a request from Commissioner Whalen that the maximum size of an Accessory Dwelling Unit be included in the defined term has been incorporated into the proposed amendments.

The Housing Legislation Code Update Package implements California state housing and land development laws and includes several local adaptations and provisions that address local needs to streamline housing construction. The proposed amendments have been reviewed by stakeholders, including CPC and DCPC, and the Planning Commission, and all recommending bodies have supported adoption of the amendments as proposed. Therefore, staff recommends that the City Council approve the proposed Housing Legislation Code Update to the Municipal Code and Local Coastal Program.

City Strategic Plan Goal(s)/Objective(s):

Goal #3: Create and sustain a resilient and economically prosperous City. Objective #1: Create dynamic neighborhoods that incorporate mobility, connectivity, and sustainability. Objective #4: Prepare and respond to climate change. Objective #7: Increase the net supply of affordable housing.

Fiscal Considerations:

None. Costs associated with implementation of this ordinance would be covered by project applicants.

Charter Section 225 Disclosure of Business Interests:

N/A; there is no contract associated with this action.

Environmental Impact:

The CEQA and Environmental Policy Section of the Planning Department has reviewed the Housing Legislation Code Update amendments and conducted a consistency evaluation pursuant to CEQA Guidelines Section 15162. Implementation of this project's actions would not result in new significant direct, indirect, or cumulative impacts over and above those disclosed in the previously certified Environmental Impact Report (EIR) for the 2008 General Plan EIR No. 104495/SCH No. 2006091032, certified by the City Council on March 10, 2008, Resolution No. R-303473; the 2020 Addendum to the 2008 General Plan EIR No. 104495/SCH No. 2006091032 for the General Plan Housing Element Update, certified by the City Council on June 18, 2020, Resolution No. R-313099; and the following documents, all referred to as the "CAP

FEIR": FEIR for the City of San Diego Climate Action Plan (CAP) (EIR No. 4106603/SCH No. 2015021053), certified by the City Council on December 15, 2015 (City Council Resolution R-310176), and the Addendum to the CAP, certified by the City Council on July 12, 2016 (City Council Resolution R-310595). The 2008 General Plan EIR and CAP FEIR are both "Program EIRs" prepared in compliance with California Environmental Quality Act (CEQA) Guidelines Section 15168.

Previous Council and/or Committee Actions:

This item will be heard at the Land Use and Housing Committee prior to Council.

Key Stakeholders and Community Outreach Efforts:

Key Stakeholders include neighborhood and community planning groups, residents, visitors and property owners.

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