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This City's Search for Ways to Boost Affordable Housing Gains Broader Interest

Zoning Changes Aimed at Higher-Density Development Near Transit Seen as One Solution



San Diego is looking to boost the roster of mixed-use residential developments like Civita in Mission Valley. (Sudberry Properties)

San Diego is known for sunshine, wealthy retirees and an economy benefiting from the influx of life science companies. But now it finds itself at the front lines of fighting a worsening homeless crisis spreading throughout California as elected officials seek ways to address the shortage of affordable housing across America.

Officials in the eighth-largest U.S. city have passed new zoning categories aimed at streamlining development of mixed-use projects that could add more high-density apartments near public transit. Thanks to state politics, and California's position as a national public policy leader, these seemingly routine regulations are getting watched as potential models for what's deemed by some lawmakers as the most viable methods to combat a statewide affordable housing shortage as cities nationwide seek their own answers to the worsening problem.

“Everywhere in California is grappling with how to build more housing inventory,” said Josh Ohl, managing analyst at CoStar Group in San Diego. Now as the city comes up with solutions that could be emulated by other municipalities around the country, it's discovering that “part of the process is just making it easier for developers to go through the process of getting their projects upzoned ... It'll streamline the approval process and make it easier for developers to get something off the ground.”

San Diego is among several California cities dealing with a worsening shortage of affordable housing that has helped create the largest homeless population in the nation within the Golden State's borders. The city is the nation's third-largest biotech center and attracts wealthy retirees, contributing to a housing affordability problem. Goals of the San Diego mayor's housing agenda, which also includes changing standards for building heights and parking requirements in some locations, are similar to those of the stalled and criticized [California Senate Bill 50](#), put

forward by Sen. Scott Wiener, D-San Francisco, but recently postponed for further consideration until next year.

SB 50, which like other recent California housing-related bills was closely watched nationally, would create new zoning standards for construction of apartments and other high-density housing near job centers and public transportation hubs statewide. SB 50 also would do away with “hyper low density” projects in certain areas while reducing or eliminating some parking requirements.

While San Diego’s mayor did not directly endorse SB 50, it had garnered support from other government leaders and housing advocates in that city, along with several others in California including San Francisco, Los Angeles, Oakland, Palo Alto and Anaheim. Among objections by opponents was that SB 50 would have usurped certain decision-making powers that should be left to local governments.

In San Diego, the City Council voted 9-0 to formally add “mixed use” to city codes as a specific zoning category for development projects, which had not been part of the city’s existing zoning regulations. San Diego has previously required developers to seek specific approval for mixed-use projects and developers and other supporters have said the addition to the city code will help reduce bureaucratic time spent seeking specialized variances from other designated project types like residential, retail and industrial.

The mixed-use zoning measure was put forward earlier this year by Mayor Kevin Faulconer, as part of a [larger package of reforms](#)

aimed at boosting San Diego's stock of affordable housing. A city staff report said new zoning under the categories of residential mixed-use and employment mixed-use is expected to be applied in "transit priority areas" and other neighborhoods that do not have strong street grid layouts with defined primary and secondary uses, largely areas that do not have much high-density development now.

"This code provides another tool in the toolbox to spur growth and development in San Diego," Councilmember Scott Sherman said in a statement after the vote. "The cost of housing continues to rise in our region and the City Council must consider all options to help ease the financial burden on working families."

The decision comes as San Diego passed other measures to improve affordable housing stock last week, including one that lowers the income-level required to qualify for affordable housing. But the effects of these decisions won't be clear until some time has passed and other cities can decide whether to adapt San Diego's measures to their own needs, according to Mary Lydon, principal at LaSar Development Consultants in San Diego and former executive director of Urban Land Institute's San Diego chapter.

"The cumulative effect is to encourage more dense, transit-friendly development," she said. "The question all cities will ask is whether developers will use these programs."

Fewer Special Variances

Proponents of the new San Diego zoning change said the newly established zoning will allow 20% to 30% more “uses by right,” meaning developers will not have to seek special variances to existing codes in order to mix uses on a site, while cutting time spent in bureaucratic review processes.

Sherman said the changes should give developers more flexibility in planning projects while encouraging residents to live, work and spend time in transit-priority areas. This in turn should help the city reduce the need for vehicle trips and meet its previously established climate action goals, as part of statewide efforts to cut polluting emissions.

“That’s probably the wave of the future as far as multifamily, especially in the suburbs of San Diego,” Ohl said.

Cities from Seattle to Denver to New York have been debating rules to help increase affordable housing as the nation's economic growth as reached a record stretch, boosting urban living costs. Shared living spaces, akin to adult dorm suites, are popping up as more people complain that most of the apartments built in city centers is luxury housing that deliver high profits for developers.

That's forcing cities to take on more of the public policy work, some local officials say. So solutions in cities such as San Diego are getting more attention.

“We’ve implemented a number of reforms over the past few years aimed at improving housing affordability, but we have a lot more

work to do and programs like this continue the momentum we've built," Mayor Faulconer said in a statement.

San Diego is aiming to replicate, on a more frequent and citywide basis, what's already taking place at high-density, mixed-use developments like Sudberry Properties' [Civita in Mission Valley](#), and Kilroy Realty Corp.'s [One Paseo in Carmel Valley](#). Both have current and upcoming construction that put housing in close proximity to offices, retail and other non-residential elements, and both have seen strong leasing in their early phases, though multifamily residential units in both developments trend primarily toward upscale offerings.

The move to expand mixed-use development comes as several neighborhoods of central San Diego, including Mission Valley, Kearny Mesa and Clairemont, are in the midst of what are expected to be extensive updates of community development plans that haven't been significantly revised in three decades. Mixed-use projects are deemed an effective way to add needed housing in places like central San Diego, though residents in many established neighborhoods are not yet sold on higher-density projects.

One Paseo is a good example, Ohl said.

"That was a huge project in a perfect location and they spent years of going through red tape and scaling it back to about 40% of what they wanted to build," he said. "That's what any developer will deal with."