



THE CITY OF SAN DIEGO

Report to the Planning Commission

DATE ISSUED: August 22, 2024 REPORT NO. PC-24-043

HEARING DATE: August 29, 2024

SUBJECT: 2024 ANNUAL REPORT ON HOMES WORKSHOP

SUMMARY

This is a workshop to share information on the 2024 Annual Report on Homes. No action is required on the part of the Planning Commission. This workshop is intended to provide background information and serve as a forum for the Planning Commission to discuss and share input. The 2024 Annual Report on Homes is designed as an easy to use version of the 2023 Housing Element Annual Progress Report submitted to the California Department of Housing and Community Development in March of 2024 and includes additional housing information and data. The Annual Report on Homes provides insight into the City's home permitting trends and the use of the City's home incentive programs.

BACKGROUND

General Plan Housing Element

Since 1969, California has required that all local governments (cities and counties) adequately plan to meet their housing needs by adopting a Housing Element as part of their General Plan. The City, along with all California cities and counties, is required to update its Housing Element every eight years. The foundation for the Housing Element is the Regional Housing Needs Assessment (RHNA), in which the State estimates each region's housing needs for all income groups for the upcoming eight years. Each region (for San Diego, the region is all of San Diego County) then determines how much of the region's total housing needs to be produced for each city and county in the region. The City's portion of the RHNA target for the 2021-2029 Housing Element period is 108,036 homes. This goal is further broken down by income group. The [2021-2029 Housing Element](#) is the sixth update to the Housing Element. In the Housing Element, the City must identify enough potentially developable land zoned for residential use (adequate sites) to meet the City's RHNA housing capacity/production target and must provide goals, objectives, policies, and programs to meet the City's housing needs.

Housing Element Annual Progress Report

The City, along with all California cities and counties, is required to prepare an annual progress report on the City's status and progress in implementing its Housing Element using forms and definitions adopted by the California Department of Housing and Community Development (HCD). The [2023 Housing Element Annual Progress Report](#) was submitted to HCD and the Governor's Office of Planning and Research in March 2024. The state requires that cities and counties submit their annual progress report by April 1 of each year (covering the previous calendar year).

Biennial Housing Element Report

The [2023 Biennial Housing Element Report](#) was produced in response to HCD's certification of the City's General Plan 2021-2029 Housing Element and is included in the Annual Report on Homes. Using data reported to HCD in the City's Housing Element Annual Progress Reports from 2021 and 2022, the Biennial Housing Element Report included information on affirmatively furthering fair housing through home permitting as well as the adoption and implementation of housing programs. It also provided an analysis of new home permitting in comparison with the Housing Element's Adequate Site Inventory. Finally, the Biennial Housing Element Report summarized the City's outreach and engagement efforts since the Housing Element's adoption.

DISCUSSION

Housing is a critical component of the City's economic well-being and quality of life for all community members. Therefore, it is important that the City has an adequate supply of homes to meet its present and future demands. For decades, the rate of construction of new homes within the City has not kept pace with demand. This is especially true for affordable homes, where production has only met a very small fraction of the need.

The [2024 Annual Report on Homes](#) details the City's progress in building new homes and implementing new housing initiatives (Attachment 1). The report demonstrates that new housing initiatives like the Complete Communities program have had a positive impact on the city, but also underscores the need for further action to create more homes for more people in all communities.

Since 2018, the City has released annual housing reports. Annual reporting is essential for setting the baseline so that trends may become evident. Although the reports had different names, they served the same purpose as the Annual Report on Homes. The City Planning Department, in coordination with the Development Services Department and San Diego Housing Commission, compiles the data used for the Annual Report on Homes. All the housing data used in the Annual Report on Homes is from the 2023 Annual Progress Report submitted to HCD on March 29, 2024.

In 2023, the City prepared the Biennial Housing Element Report. While only required by HCD every two years, the City has opted to include the required information and data from the Biennial Housing Element Report in the 2024 Annual Report on Homes.

Content

The 2024 Annual Report on Homes includes the following:

- An overview of new home permitting in the City to meet the City's regional housing needs identified in the Housing Element.
- The use of City incentive-based programs to encourage the production of homes, such as Complete Communities: Housing Solutions, and identifies which community planning areas have the most home permit activity.
- The number of new affordable homes issued permitted as a result of Inclusionary Housing ordinances
- An overview of new home development trends in building permit activity since the adoption of the 2021-2029 Housing Element and documents the affordability of new homes by income level, including deed-restricted affordable homes for Moderate, Low, and Very Low-income households.
- The review of how new home permitting is meeting anticipated development identified in the Housing Element Adequate Sites Inventory.
- The review of how new home development trends are affecting the City's efforts to affirmatively further fair housing.

Key Data Points

A highlight of key data points in the 2024 Annual Report on Homes:

- The City provided building permits for a total of 9,693 new homes in calendar year 2023. Of these new homes, about 27 percent were deed-restricted as affordable.
- The Downtown, College Area and Kearny Mesa community planning areas were the top three communities for new home building permits in the City.
- Nearly 75 percent of all new homes permitted were multi-family homes Citywide. Accessory Dwelling Unit Homes accounted for about 20 percent of all new homes permitted Citywide.
- More affordable homes are needed in High and Highest Resource areas to continue to address disparities in housing need and access to opportunity, create integrated and balanced living patterns, and affirmatively further fair housing.

Land Use & Housing Committee

The City Planning Department presented the Annual Report on Homes to the City Council Land Use & Housing Committee on July 11, 2024. The Committee members and the Independent Budget Analyst requested the City Planning Department include more information on the use of the City's Inclusionary Housing Ordinance in the report. In

response to the request, the City Planning Department obtained additional information on the Inclusionary Housing Ordinance use from the San Diego Housing Commission and added the information to the 2024 Annual Report on Homes. The City Planning Department will continue to work with the Housing Commission and Development Services Department to improve the data on the Inclusionary Housing Ordinance in future reports.

Outreach

A public workshop was held on August 21, 2024, to present a summary of the 2024 Annual Report on Homes, answer questions about the 2024 Annual Report on Homes from the public and gather feedback from San Diegans for use on future Annual Report on Homes.

Environmental Review

The 2024 Annual Report on Homes is an information item and doesn't require an environmental review.

CONCLUSION

Staff will incorporate input from the Planning Commission workshop to the 2024 Annual Report on Homes. The City Planning Department will continue to work with the Development Services Department and San Diego Housing Commission to collect data on home permitting and the use of incentive-based programs to incentivize the production of homes. The City will use this data and information to consider new programs to help increase the production of homes at all income levels, as well as to continue furthering fair housing. As new programs are proposed and implemented, future reports will include data and information on their use and success. The 2024 Annual Report on Homes will be presented to the City Council later this year.

Respectfully submitted,

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