



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

KRISTIN GASPAR
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: October 30, 2019

07

TO: Board of Supervisors

SUBJECT

ADOPT A RESOLUTION AUTHORIZING APPLICATION AND ACCEPTANCE OF GRANT FUNDING FROM THE BUILDING HOMES & JOBS ACT (DISTRICTS: ALL)

OVERVIEW

Senate Bill 2 (SB-2), the Building Homes and Jobs Act, enacted in 2017, directed the State of California Department of Housing and Community Development to establish the SB-2 Planning Grants Program (Planning Grants Program) to provide financial and technical assistance to local governments to prepare, adopt, and implement plans that streamline housing approvals and accelerate housing production using funding from recording fees placed on real estate documents. The first year of SB-2 funding (collected from January 1, 2018 – December 31, 2018) is dedicated to the Planning Grants Program. This funding is now available for grants to local agencies for the update of planning documents. Funding from the remaining years will be made available to local governments for the administration of affordable housing programs. The State is allocating funding from the Planning Grants Program on a non-competitive basis based on a jurisdiction's size. The County of San Diego (County) is considered a large jurisdiction, defined as greater than 200,000 people, and therefore is eligible to receive a maximum of \$625,000.

On October 10, 2018 (2), the Board of Supervisors (Board) accepted the Report on Options to Improve Housing Affordability in the Unincorporated Area (Report). The Report identified actions to address the lack of housing supply and to improve areas within the control of the County, such as local regulations and permitting processes. Staff is proposing to request funding from the Planning Grants Program to develop two actions included in the Report: a Density Bonus Program for Middle-Income Housing, and an Inclusionary Housing Program or Ordinance. Staff will return to the Board for consideration once these actions are developed. This is consistent with direction provided by the Board when it accepted the Report, and both actions meet the grant funding criteria established by the State.

Today's request is for the Board to adopt a resolution authorizing the Director of Planning & Development Services to submit, negotiate, and sign all documents necessary to secure grant funding of \$625,000 from State of California Department of Housing and Community Development in accordance with the Planning Grants Program guidelines. No waiver of Board Policy B-29, Fees Grants, Revenue Contracts – Department Responsibility for Cost Recovery, is needed as part of this grant application.

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RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that today's action not a project under the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378(b)(4) because it involves "the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment."
2. Adopt the Resolution entitled A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO AUTHORIZING APPLICATION FOR, AND RECEIPT OF, SB 2 PLANNING GRANTS PROGRAM FUNDS (Attachment A, on file with the Clerk of the Board).

FISCAL IMPACT

There is no fiscal impact associated with these recommendations. There will be no change in net General Fund cost and no additional staff years. No matching funds are required by the SB-2 Planning Grants Program application.

If the Board of Supervisors (Board) adopts the Resolution and the State Department of Housing & Community Development accepts the County's SB-2 Planning Grants Program application, the County may be awarded the requested maximum funding of \$625,000 during Fiscal Year 2019-20 to Fiscal Year 2021-22. If awarded, the funds would be used for the development of a missing middle density bonus and implementation of General Plan Policy H-1.9 for affordable housing as previously directed by the Board, at an estimated cost of \$570,000. Planning & Development Services will return to the Board with a request for additional appropriations, as needed. Grant funding is estimated in an amount sufficient to recover the full cost of these activities, as required by Board Policy B-29, Fees Grants, Revenue Contracts – Department Responsibility for Cost Recovery. Accordingly, there is no projected unrecovered cost and a waiver of Board Policy B-29 is not needed.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Senate Bill 2 (SB-2), Building Homes and Jobs Act, enacted in 2017, created a permanent source of funding intended to increase the affordable housing stock in California by establishing a \$75 recording fee on real estate documents. The legislation directs the State of California Department of Housing and Community Development to use 50 percent of the recording fee revenue collected during the first calendar year (January through December 2018) to establish the SB-2 Planning Grants Program (Planning Grants Program) to provide financial and technical assistance to local governments to update planning documents and land use ordinances. The first year of SB-2 funding (collected from January 1, 2018 – December 31, 2018) is dedicated to the Planning Grants

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Program, intended for the preparation, adoption, and implementation of plans that streamline all housing approvals and to accelerate all forms of housing production. This funding is now available for grants to local agencies for the update of planning documents. Following the Planning Grants Program, funding will be made available for the administration and delivery of affordable housing programs for low, very low and moderate income individuals or households.

The Planning Grants Program funding is being allocated on a non-competitive basis, based on the State Department of Finance official population estimates. The County is eligible to receive a maximum of \$625,000 because the size of its population is greater than 200,000 people. As the funding is being distributed on a non-competitive basis, if the County meets the threshold requirements, it will be entitled to receive the funding. An adopted resolution by the Board of Supervisors is required to apply for and accept these funds (Attachment B).

Today's request is for the Board, in accordance with the Planning Grants Program guidelines, to adopt a resolution authorizing the Director of Planning & Development Services (PDS), to submit, negotiate, and execute all documents necessary to secure grant funding of \$625,000 from the State of California Department of Housing and Community Development. No waiver of Board Policy B-29, Fees Grants, Revenue Contracts – Department Responsibility for Cost Recovery, is needed as part of this grant application as grant funding is estimated in an amount sufficient to recover the full cost of these activities and no matching funds are required. PDS has collaborated in this effort with other County departments, including the Health & Human Services Agency (HHS), Housing & Community Development Services (HCDS), and the Department of General Services (DGS).

The Planning Grants Program identifies five criteria: 1) Accelerate housing production; 2) Streamline the approval of housing development affordable to owner and renter households at all income levels; 3) Facilitate housing affordability, particularly for all income groups; 4) Promote development consistent with the State Planning Priorities; and 5) Ensure geographic equity in the distribution and expenditure of allocated funds. Funding under this program must be spent by June 30, 2022.

On October 10, 2018 (2), the Board directed staff to implement the Housing Affordability Strategy (Strategy). The Strategy included initiatives to address the lack of housing supply and to improve areas within the control of the County, such as local regulations and the local permitting processes. Staff is proposing to use funding from the Planning Grants Program to develop for the Board's consideration two initiatives that best meet the grant criteria: a Density Bonus Program for Middle-Income Housing, and an Affordable and Inclusionary Housing Program or Ordinance.

Density Bonus Program for Middle-Income Housing

On October 10, 2018 (2), the Board directed staff to expand the existing Density Bonus program to provide additional housing opportunities for middle income individuals and families and return to the Board with options within two years. The options are to expand the existing Density Bonus Program beyond state law to provide a greater number of incentives in exchange for providing affordable housing units to families within specific income ranges. Currently, the County's Density Bonus Program provides a density bonus for the development of rental or for-purchase

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units affordable for families earning up to 80% of Area Median Income (AMI), and provides a density bonus for the development of for-purchase units affordable for families earning 80% to 120% of the AMI. In the San Diego region, the AMI for a family of four is \$86,300. The middle-income housing Density Bonus Program would encourage units beyond these AMI definitions and could provide housing up to 150% of the AMI. A Middle-Income Density Bonus Program will complement and expand the County's Density Bonus Program by designing mechanisms that will provide opportunities for the development of rental and for-purchase units affordable for middle-income families who earn between 80% up to 150% of the AMI. If approved by the Board, the grant funding will be used for consultants to complete this work effort. Staff will return to the Board with the proposed Middle Income Density Bonus Program in 2020.

Affordable and Inclusionary Housing Program or Ordinance

On October 10, 2018 (2), staff presented options for implementation of an affordable and inclusionary housing program and received direction to prepare an economic analysis and criteria for two program options for Board consideration: 1) a GPA Affordable Housing Program and 2) a GPA Inclusionary Housing Ordinance. The Affordable and Inclusionary Housing Program or Ordinance would create local land use policies that link approvals for market-rate housing to the construction of affordable homes for low and moderate-income households. The analysis completed as part of this program will also support the development of the Housing Element for the County, which must be completed by April 2021.

ENVIRONMENTAL STATEMENT

The requested action to adopt the Resolution for the SB-2 Planning Grants Program funding for housing affordability programs is not a project under California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines because it involves “the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.”

Any additional policies, programs, or ordinances, that are developed using the SB-2 Planning Grants Program funding and may be considered for adoption will be evaluated for potential environmental impacts at that time.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action to adopt the Resolution for the SB-2 Planning Grants Program funding for housing affordability programs supports the Operational Excellence Strategic Initiative in the County of San Diego's (County) 2019-2024 Strategic Plan by aligning services to available resources to maintain fiscal stability and pursuing funding to support policy and program change for healthy, safe, and thriving environments to positively impact residents. Acquiring funding sources for these housing programs supports efforts to increase the region's affordable housing stock, and create additional housing, renting, and ownership opportunities for all the County's residents.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sarah Aghassi". The signature is fluid and cursive, with a prominent loop at the end.

SARAH E. AGHASSI
Deputy Chief Administrative Officer

ATTACHMENT(S)

Attachment A – A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO AUTHORIZING APPLICATION FOR, AND RECEIPT OF, SB 2 PLANNING GRANTS PROGRAM FUNDS

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

October 10, 2018 (2) Receive the Report on Options to Improve Housing Affordability in the Unincorporated Area

BOARD POLICIES APPLICABLE:

B-29 – Fees Grants, Revenue Contracts – Department Responsibility for Cost Recovery, no waiver is needed as part of this grant application

BOARD POLICY STATEMENTS:

Board Policy B-29 generally mandates that departments seek to recover the full cost of all services provided to agencies or individuals outside the County organization. Reimbursement by fees, contracts and grants will be for the full cost of all services, with certain exceptions approved by the Board of Supervisors. The SB-2 Planning Grants Program funding is estimated in an amount sufficient to recover the full cost of these activities, as required by Board Policy B-29. Accordingly, there is no projected unrecovered cost and a waiver of Board Policy B-29 is not needed.

In accordance with Board Policy B-29, the Department of Planning & Development Services certifies that SB-2-funded activities would be worthy of County funding if external financing were unavailable. The SB-2 Planning Grants Program funding will help the County to implement the Board of Supervisors direction and improve housing affordability within the unincorporated areas.

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Planning & Development Services

OTHER CONCURRENCE(S): Health and Human Services Agency

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