



# Housing Acceleration Program Strategy

September 2022

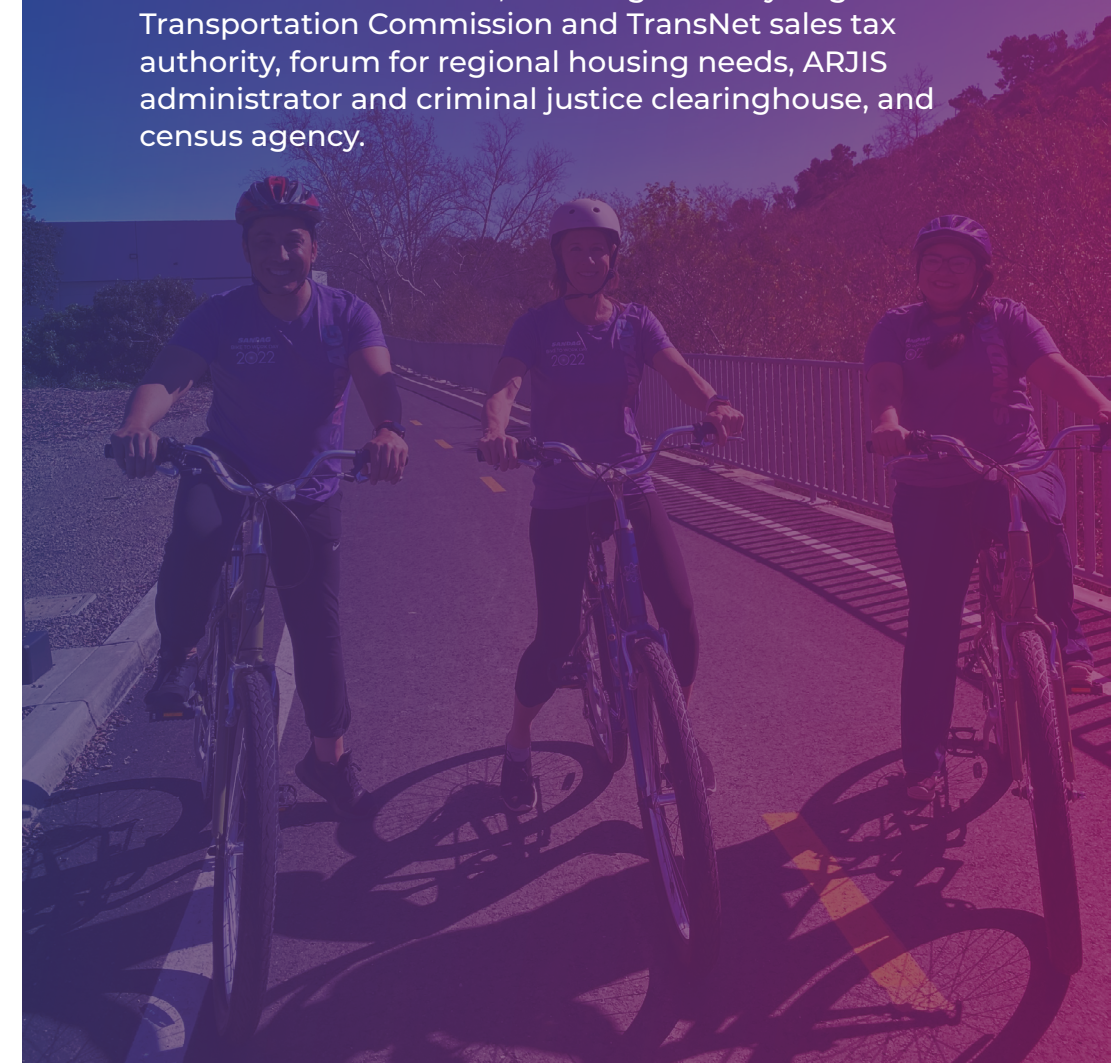


## San Diego Association of Governments

SANDAG connects people, places, and innovative ideas by building projects with the San Diego region's unique and diverse communities that promote equity, economic growth, sustainable communities, and personal mobility.

We provide a forum for regional decision making and are governed by a Board of Directors made up of elected officials from the region's 18 city councils and the County Board of Supervisors. Representatives from Imperial County, Caltrans, U.S. Department of Defense, Port of San Diego, San Diego County Water Authority, San Diego Metropolitan Transit System (MTS), San Diego County Regional Airport Authority, North County Transit District (NCTD), Southern California Tribal Chairmen's Association, and Mexico serve on the Board as nonvoting advisory members.

SANDAG serves the San Diego region through several designations, including as the Metropolitan Planning Organization, Regional Transportation Planning Agency, Council of Governments, San Diego County Regional Transportation Commission and TransNet sales tax authority, forum for regional housing needs, ARJIS administrator and criminal justice clearinghouse, and census agency.





## SANDAG as a Housing Leader

Ambitious climate and housing targets at the state level have made planning at the regional and local level more challenging than ever before. Innovative and transformative solutions are needed to rethink how we plan our communities. Building on the momentum from the bold new vision of the 2021 Regional Plan and 6<sup>th</sup> Cycle Regional Housing Needs Assessment (RHNA) Plan, SANDAG is poised to lead the San Diego region into a new era for collaborative regional planning for housing that prioritizes affordability, equity, mobility,

and sustainability. As an implementation action of the 2021 Regional Plan, SANDAG has begun developing the Housing Acceleration Program (HAP), which supports local jurisdictions as they develop and adopt policies and process improvements that help advance the region's housing goals. By leveraging funding from the State through the Regional Early Action Planning (REAP) grant program, SANDAG has identified housing policy priorities and implementation actions to further housing production

across the region. REAP grant funding and implementation is discussed further in Section 4.

In addition to HAP programs, SANDAG established the Regional Equitable Housing Subcommittee (REHS) to serve as a leadership body to help identify innovative and incentive-based housing approaches that address housing needs throughout the region. As a subcommittee of the SANDAG Board of Directors, the REHS provides a forum to review, provide input, and guide the development of this

**Housing Acceleration Program Strategy**, potential housing finance models, and supportive revenue structures. The REHS recommendations will assist the SANDAG Board of Directors in developing policies and actions that help local governments address the housing crisis and the 6<sup>th</sup> Cycle RHNA allocations.

The Housing Acceleration Program Strategy (HAP Strategy) outlines goals, policies, and actions to accelerate affordable, fair, and sustainable housing production across the San Diego region. The HAP Strategy will guide SANDAG as programs are developed to address the housing crisis and reach our regional housing and climate goals. Section 2 describes the housing crisis in the San Diego region and introduces the five key policy goals, known as the 5Ps, to address the root causes of the housing crisis. Section 3 describes SANDAG's role as a regional housing leader and the three core strategies to develop regional housing programs and policies: local jurisdiction support, data analysis and policy resources, and regional initiatives. Section 4 includes specific near-term implementation actions to guide SANDAG's housing program over the next five years.



### July

The BOD adopted the 6<sup>th</sup> Cycle Regional Housing Needs Assessment (RHNA) Plan

### July

State legislature approves AB 140, establishing the Regional Early Action Planning Grant Program of 2021 (REAP 2.0)

### December

BOD establishes the Regional Equitable Housing Subcommittee.

### March

SANDAG awards Cycle 1 HAP Grants to jurisdictions

### May

SANDAG applies for REAP 2.0 10% advance allocation

### Early 2023

SANDAG to release Cycle 2 HAP Grants

## 2019

### July

State legislature approves AB 101, creating the Regional Early Action Planning Grant Program of 2019 (REAP 1.0)

## 2020

### February

BOD adopts resolution to complete application for REAP 1.0 funds for \$6.8 million.

## 2021

### November

BOD approves the Cycle 1 Housing Acceleration Program (HAP) Grant, making available \$3 million in housing planning grants to local jurisdictions

## 2022

### February

SANDAG hosts the Housing Policy Forum

### March

SANDAG kicks off the Housing Policy Leadership Academy

### December

SANDAG to apply for full REAP 2.0 funding



Section 1  
**Housing Acceleration  
Program Strategy**

The State of California faces a severe and persistent housing crisis, and San Diego County is no exception. For decades, housing production has not kept pace with the growing population of the San Diego region, resulting in continuously rising housing prices for both renters and homeowners, increased instances of displacement, overcrowding, and homelessness. A recent report named San Diego as the most unaffordable area to live in the United States based on the ratio of home price to median household income, surpassing San Francisco, Los Angeles, and New York.<sup>1</sup> To curb this increasingly unaffordable housing market, the San Diego region needs to produce 171,685 housing

units by 2029 with approximately 3 out of 5 units being affordable to low- and moderate-income households.<sup>2</sup>

In addition to the housing crisis, the San Diego region is also confronted with the impacts of the climate crisis. Decades of auto-centric infrastructure have increased vehicle miles traveled, congestion, and greenhouse gas (GHG) emissions. Additionally, inequities at all levels of government have made historically underserved communities more vulnerable to the negative impacts of climate change and have restricted their access to basic needs and opportunities the San Diego region

has to offer. The San Diego region is mandated by the State of California to reduce its per capita GHG emissions by 19% from 2005 levels by 2035. However, the 2021 Regional Plan exceeds this State mandated target with a 20% reduction per capita by 2035. To achieve these ambitious housing and climate goals simultaneously, the San Diego region needs innovative and proactive housing solutions that ensure new development is done sustainably and equitably. The 2021 Regional Plan and 6<sup>th</sup> Cycle RHNA Plan provide the foundation for this HAP Strategy.

**2021 Regional Plan Housing  
and Climate Goals**

**171,685**  
housing units by 2029

57.5% or 98,719 units of which need to be very low to moderate income

**20%**  
reduction in GHG emissions  
from 2005 levels by 2035

<sup>1</sup>Housing need by income level is determined by the California Department of Housing and Community Development in the regional housing needs assessment process every eight years

<sup>2</sup>The adopted 2021 Regional Plan and technical appendices can be found here: <https://www.sdforward.com/mobility-planning/2021-regional-plan>

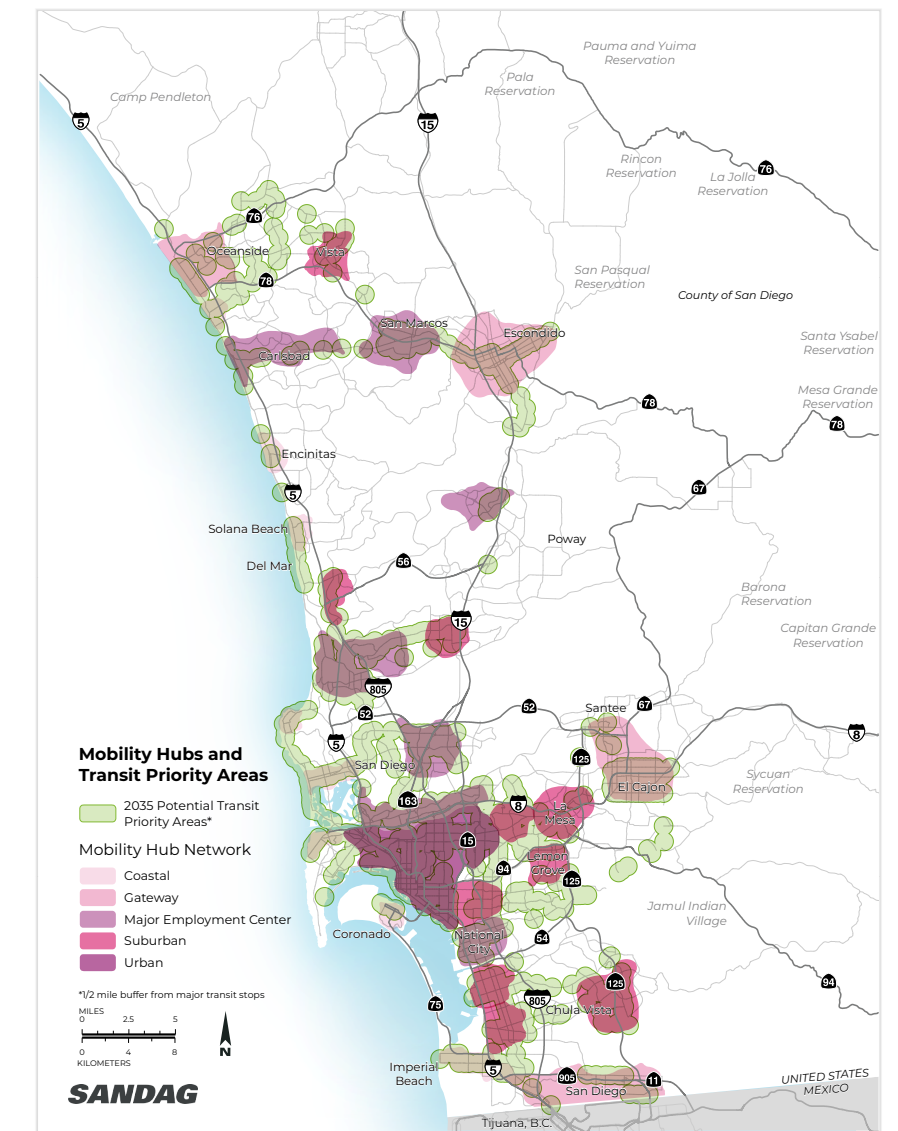


## Transit Priority Areas

Senate Bill 743 (Steinberg, 2013) provides for streamlined environmental review for projects within Transit Priority Areas, which is an area within a half mile of a “major transit stop.” A major transit stop, as defined in Public Resources Code Section 21064.3, is a site that contains any of the following:

- An existing rail or bus rapid transit station.
- A ferry terminal served by either a bus or rail transit service.
- The intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

Figure 1: Mobility Hubs and Transit Priority Areas



## 2021 Regional Plan

The 2021 Regional Plan<sup>3</sup> is a 30-year blueprint for how the San Diego region will grow. The 2021 Regional Plan envisions a regional pattern of growth and development driven by regional goals for sustainability, mobility, housing affordability, and economic prosperity. The Sustainable Communities Strategy (SCS), which is a component of the 2021 Regional Plan, aligns housing policy, transportation initiatives, and social equity to meet regional housing needs and GHG emission reduction targets, improving access to basic needs and overall quality of life. The main strategy for this growth pattern is focusing development in already urbanized areas. The 2021 Regional Plan identifies a network of regional **Mobility Hubs** where high concentrations of people, destinations, and travel options converge. It is in these areas that a majority of housing and job growth in the region is projected to occur over the next 30 years. Figure 1 shows Mobility Hub areas and transit priority areas based on the 2035 transit network.

<sup>3</sup>The adopted 2021 Regional Plan and technical appendices can be found here: <https://www.sdforward.com/mobility-planning/2021-regional-plan>

## Mobility Hubs

Mobility Hubs are activity centers that will offer on-demand travel options and safe streets to enhance connections to high-quality transit while also making it easier for people to take short trips without needing a car. Mobility Hub areas were determined based on concentration of employment, residential, and recreational opportunities throughout the region.

## 2021 Regional Plan Near-Term Implementation Actions for Housing

Appendix B of the 2021 Regional Plan identifies several near-term actions to incentivize sustainable growth and development that accelerate housing production and address issues of equity, climate resilience, and mobility. Near-term actions to accelerate affordable and equitable housing production include:

Complete a Regionwide Displacement Study.

Update evaluation criteria and provisions of SANDAG grant programs to encourage planning and capital projects that allow for higher-density and mixed-use development within Mobility Hub areas and/or transit priority areas.

Launch a regional housing incentive program to fund local plan updates in Mobility Hubs and/or transit priority areas that can lead to more housing in transit-rich areas with infrastructure, services, and jobs.

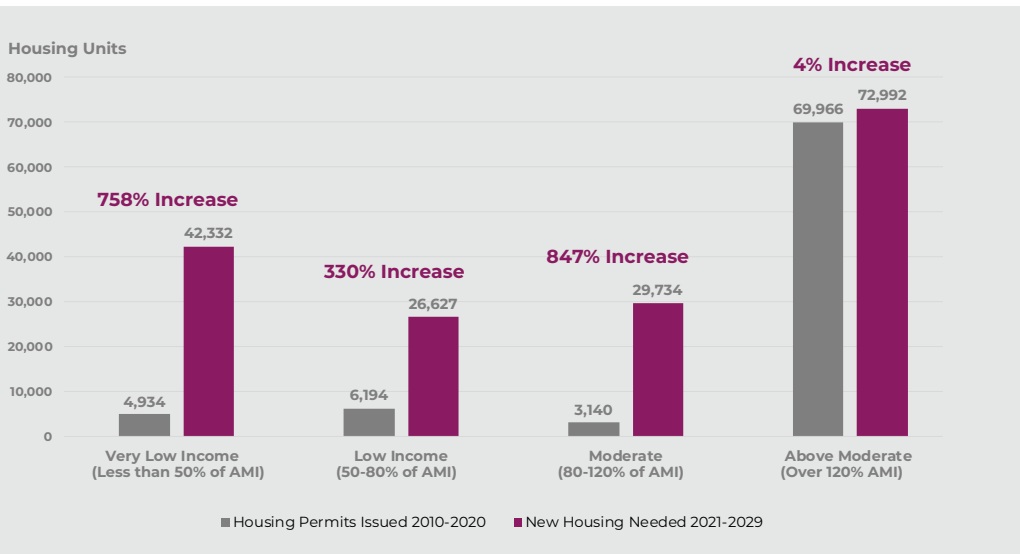
Partner with local jurisdictions to update and refine regional Mobility Hub areas as mobility projects and land use changes are implemented and periodically prepare an updated Mobility Hub map.

# 6<sup>th</sup> Cycle Regional Housing Needs Assessment Plan

Every eight years, the California Department of Housing and Community Development (HCD) calculates how many housing units each region needs to build within four different income categories (very low, low, moderate, and above moderate) to accommodate future growth and housing demand. Income categories are defined as a percentage of the area median income (AMI)<sup>4</sup>. Once this number is determined, regional agencies such as SANDAG need to develop a Regional Housing Needs Assessment (RHNA) Plan that identifies a methodology to allocate the regional housing determination to local jurisdictions. Local jurisdictions are responsible for incorporating their allocation of housing units into their General Plan's Housing Element and annually reporting on their progress. Figure 2 shows the number of new housing permits issued in the San Diego region during the 5<sup>th</sup> RHNA Cycle (2013-2020) in each income category compared to the number of new housing units needed in the 6<sup>th</sup> RHNA Cycle (2021-2029). Although the production of above moderate-income housing is keeping pace with regional need, there is a significant shortage of very low, low, and moderate-income housing units throughout the region.

The development of the SCS in the 2021 Regional Plan was informed by the 6<sup>th</sup> Cycle Regional Housing Needs Assessment (RHNA) Plan<sup>5</sup> that was adopted by the SANDAG Board of Directors in July 2020 allocating the regional determination of 171,685 housing units across the region's 19 jurisdictions between 2021 and 2029.

Figure 2: Housing Production Trends vs. Housing Production Need by Income Category



Source: SANDAG 5th Cycle Annual Progress Report (2021), SANDAG 6th Cycle RHNA Plan

<sup>4</sup> Area median income (AMI) is determined by household size and total household income and is subject to change on an annual basis. At the time the 6th Cycle regional housing need determination was made, San Diego County's AMI for a family of four was \$66,529. As of 2021, San Diego County's AMI for a family of four is \$95,100.

<sup>5</sup> The SANDAG 6th Cycle Regional Housing Needs Assessment Plan, including allocation numbers and methodology, can be found at [https://www.sandag.org/uploads/projectid/projectid\\_189\\_27782.pdf](https://www.sandag.org/uploads/projectid/projectid_189_27782.pdf)

<sup>6</sup> California State Treasurer TCAC/HCD Opportunity Area Maps (2022): <https://www.treasurer.ca.gov/ctcac/opportunity.asp>

SANDAG's 6<sup>th</sup> Cycle RHNA Plan methodology was guided by goals and objectives outlined in state law. The methodology aims to promote equitable and sustainable development where all jurisdictions contribute their fair share of housing across all income types using the following strategies:

- Allocating housing units based on access to rail & Rapid stations and major transit stops within each jurisdiction
- Allocating housing units based on the total number of jobs within the jurisdictions to bring people closer to where they work, improving the relationship between jobs and housing
- Applying an equity adjustment that allocates more housing units in the low—and very low—income range in areas where this type of housing currently is not available and in **high resource areas** that offer more economic opportunity and fewer environmental hazards.

To meet housing demand and state mandates, the San Diego region needs to develop housing at all income levels across all jurisdictions. Table 1 shows the breakdown of needed housing units per income category for each member jurisdiction as determined by SANDAG's 6<sup>th</sup> Cycle RHNA Plan.

Table 1: San Diego Region's 6<sup>th</sup> Cycle RHNA Allocation by Jurisdiction and Income Category

| Jurisdiction           | Very Low Income | Low Income    | Moderate Income | Above Moderate Income | Total Allocation |
|------------------------|-----------------|---------------|-----------------|-----------------------|------------------|
| Carlsbad               | 1,311           | 784           | 749             | 1,029                 | 3,873            |
| Chula Vista            | 2,750           | 1,777         | 1,911           | 4,667                 | 11,105           |
| Coronado               | 312             | 169           | 159             | 272                   | 912              |
| Del Mar                | 37              | 64            | 31              | 31                    | 163              |
| El Cajon               | 481             | 414           | 518             | 1,867                 | 3,280            |
| Encinitas              | 469             | 369           | 308             | 408                   | 1,554            |
| Escondido              | 1,864           | 1,249         | 1,527           | 4,967                 | 9,607            |
| Imperial Beach         | 225             | 123           | 183             | 798                   | 1,329            |
| La Mesa                | 859             | 487           | 577             | 1,874                 | 3,797            |
| Lemon Grove            | 295             | 166           | 193             | 705                   | 1,359            |
| National City          | 645             | 506           | 711             | 3,575                 | 5,437            |
| Oceanside              | 1,268           | 718           | 883             | 2,574                 | 5,443            |
| Poway                  | 468             | 268           | 241             | 342                   | 1,319            |
| San Diego              | 27,549          | 17,331        | 19,319          | 43,837                | 108,036          |
| San Marcos             | 728             | 530           | 542             | 1,316                 | 3,116            |
| Santee                 | 406             | 200           | 188             | 425                   | 1,219            |
| Solana Beach           | 316             | 159           | 160             | 240                   | 875              |
| Unincorporated County  | 1,834           | 992           | 1,165           | 2,709                 | 6,700            |
| Vista                  | 515             | 321           | 369             | 1,356                 | 2,561            |
| <b>Region (Totals)</b> | <b>42,332</b>   | <b>26,627</b> | <b>29,734</b>   | <b>72,992</b>         | <b>171,685</b>   |

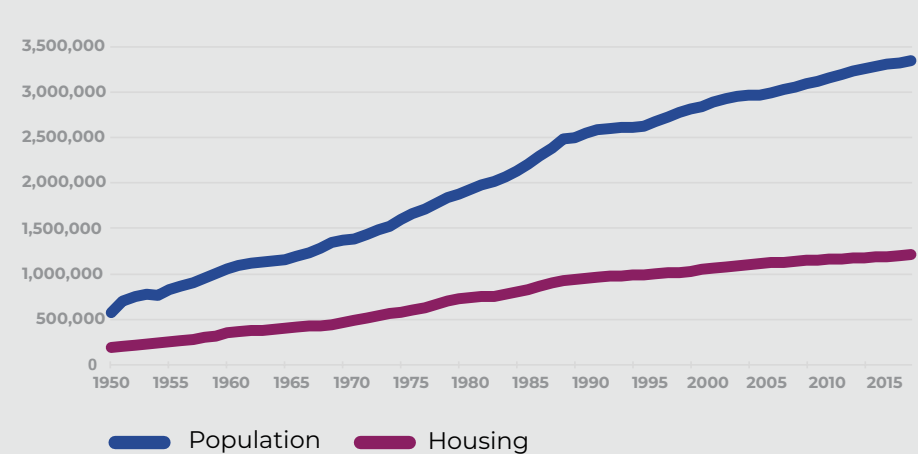
**High resource areas** are defined as areas where residents have access to amenities that can increase economic opportunity including high rates of employment and education, proximity to jobs, high home prices, and limited exposure to negative environmental impacts.<sup>6</sup>

# The Housing Crisis in the San Diego Region

## Insufficient new housing

For decades, the San Diego region has experienced a gap between population and available housing. Figure 3 shows this increasingly widening gap between housing production and population between 1950 and 2019. This has resulted in housing prices rising faster than incomes, squeezing San Diego's middle class, and creating severe cost burden for lower income households. Between 2013 and 2020 the San Diego region permitted only 52% of total new housing units and only 15% of affordable housing units needed to meet regional demand, resulting in a housing shortfall of 8,214 housing units per year.

Figure 3: San Diego region's population and housing production over time (1950-2019)



Source: [https://datasurfer.sandag.org/download/sandag\\_census\\_2010\\_region\\_san-diego.pdf](https://datasurfer.sandag.org/download/sandag_census_2010_region_san-diego.pdf)

## Cost burdened households

The housing crisis is affecting households across all income levels, but low- to moderate- income households are most vulnerable to cost burden and homelessness. A household is considered cost-burdened when more than 30% of the household income is spent on housing. Cost burdened households place stress on individuals and the communities in which they live. Due to limited savings and disposable income, these households lack the financial stability to weather economic ups and downs, contribute to the local neighborhood economy, and are at greater risk of homelessness.

## Housing Affordability

Housing is considered affordable when no more than 30% of household income is spent on housing.

### Restricted Affordable Housing

Restricted affordable housing is made affordable with formal income restrictions, typically in the form of deed-restrictions that require units be rented or sold to low- to moderate- income households at or below 30% of the household's income. These restrictions maintain affordability and protect units from market forces. However, these restrictions typically have expiration dates at which point they are unrestricted.

### Unrestricted Affordable Housing

Unrestricted affordable housing, also known as naturally occurring affordable housing (NOAH), is housing that is affordable without formal income restrictions and are vulnerable to market forces. These units are typically older, smaller buildings in low-income areas. Redevelopment pressure and increasing housing prices at all income levels can cause these units to become unaffordable and make current tenants vulnerable to displacement.

## Loss of Affordable Housing

In addition to inadequate housing production, many existing affordable units may soon become unaffordable, threatening displacement and homelessness of low-income tenants.

Many affordable housing units are deed restricted to ensure the home remains affordable for low- and moderate-income households. However, these deed restrictions typically have an expiration date when the rent is no longer restricted and becomes vulnerable to market-rate rent increases. Affordable housing is considered "at-risk" when deed restrictions are set to expire in the next 5 years. In the City of San Diego alone, an estimated 4,200 at-risk affordable housing units are due to expire between now and 2040. Not preserving this at-risk housing creates an additional obstacle to meeting RHNA goals.

While some affordable housing units are deed-restricted to be affordable at or below income levels, there are also unrestricted affordable housing units, also known as naturally occurring affordable housing (NOAH), which are subject to market forces. NOAH units are influenced by unit quality, age, and neighborhood attributes that can make them affordable, meaning they tend to be older and smaller units in low-income neighborhoods. However, as market rates increase due to high market demand and increasing pressure to redevelop, NOAH units are unlikely to remain affordable.

Preserving existing restricted and unrestricted affordable housing stock is important to meeting regional housing goals because it is less expensive than building new affordable housing and can minimize displacement of affordable housing tenants.

## Barriers to Housing Production

Meeting the regional housing demand of 171,685 homes between 2021 and 2029 will require the addition of approximately 21,461 new homes per year, most of which need to be available to low- and very low- income households. This requires coordination throughout the region between private, public, and philanthropic sectors to find ways to expand the supply of affordable housing and understand the barriers to getting affordable housing projects approved and built.

Based on interviews with local jurisdictions and discussion forums with regional stakeholders and developers, the most common barriers to affordable housing development include:

1. Lack of vacant or developable land
2. Lack of city staff capacity to process new housing applications
3. High cost of infill development
4. Insufficient funding for affordable housing
5. Conflicts between coastal zone regulations and state mandated housing requirements
6. Complicated land development codes
7. Long permitting and approval processes
8. Lack of regional coordination for housing policies and programs

In San Diego County,

**56%** of renters  
and  
**39%** of homeowners

are spending more than 30% of their income on housing.

Almost

**65%** of Black renter households are rent burdened, which is greater than all other ethnic and racial groups, followed by Latinos at nearly

**60%**

In San Diego County's current housing market, a family of four would need an income of

**\$124,000**

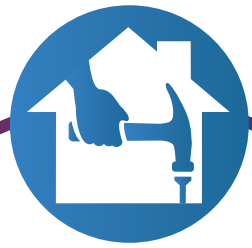
(Over 140% of the Area Median Income) to afford the average home in San Diego County of approximately \$770,000.

# The 5 P's to Address the Root Causes of the Housing Crisis

The HAP Strategy is built on five key policy goals, also known as the 5Ps, that address the root causes of the housing crisis.

## Protect Tenants

Support renters by providing information on tenant rights and creating protections to minimize economic eviction or unsustainable rent increases.



## Produce Housing for All

Support and implement policies to increase housing production of all kinds. Housing development should be located in urbanized areas with access to transit, jobs, and amenities that enhance quality of life for residents.



## Preserve Vulnerable Housing

Support proactive strategies to preserve restricted and unrestricted affordable housing such as tracking expiration dates of affordable housing deed restrictions, keeping tenants informed of their rights, and investing in rehabilitation of housing to preserve affordability.



## Promote Equity, Inclusion and Sustainability

Implement housing solutions that address the historic patterns of exclusionary housing practices, segregation, and other inequities and ensure that safe, healthy, accessible, and inclusive housing opportunities are available to everyone. Housing solutions should promote climate resilient communities, preservation of open space, and reducing GHG emissions and vehicle miles traveled (VMT).

## Prevent Displacement

Implement policies that prevent vulnerable residents from the harmful outcomes of displacement resulting from improvements to neighborhood amenities such as transit and open space. Strategies include studying existing and potential displacement pressures and monitoring the effectiveness of housing retention strategies in relation to planned transit investments.



## Section 3

# Advancing Equitable and Sustainable Communities

SANDAG conducted a regional needs assessment that included interviews with local jurisdictions, best-practice research, and regional stakeholder focus groups to learn more about planning efforts and challenges affecting housing production across the region and what assistance

is needed to overcome these challenges. Figure 4 shows the top ten kinds of assistance local jurisdictions identified during interviews with planning department staff.

As a result of these efforts, SANDAG has identified three key areas to promote the production of affordable and equitable housing throughout the region:

1. **Local jurisdiction support**
2. **Data analysis and policy resources**
3. **Regional initiatives**

Figure 4: Types of assistance needed to accelerate local housing production

**EDUCATION AND OUTREACH** **ADU program**  
**Funding for Housing and Infrastructure** **GIS AND TECHNOLOGY TOOLS**  
**Pro-Housing Training** **CONSULTING BENCH**  
**REGIONAL COLLABORATION** **Housing Legislation Training**  
**STAFF AUGMENTATION** **CEQA Streamlining Training**



# Local Jurisdiction Support

## Equip member agencies with the resources and capacity to implement prohousing best practices

Local jurisdiction support includes programs and policies that directly help local jurisdictions plan for and build housing units to meet their local RHNA allocation and promote prohousing principles. This support can include grants, technical assistance, and education and outreach.

### Technical Assistance

Producing affordable, fair, and sustainable housing is not as simple as building more houses. In addition to reviewing and permitting housing projects, local jurisdictions also need to revise zoning codes and local ordinances to accommodate more housing and meet state laws. Additionally, many projects in the San Diego region are subject to the California Environmental Quality Act (CEQA) and the California Coastal Act. While these state laws are important to protecting natural resources and the environment, there are opportunities to streamline and standardize compliance to save time and reduce the cost of the approval process. To meet our target of 171,685 housing units by 2029 it is important to reduce the time and cost of approving housing projects at the local government level, while still ensuring sustainable, smart, and quality homes are being built and meet the needs of each individual community.

Most of these processes are the responsibility of individual jurisdictions in accordance with their General Plan. However, there is an opportunity for SANDAG to provide technical assistance to help jurisdictions identify and implement strategies to streamline the housing approval and development processes in their communities. Technical assistance for local jurisdictions can come in many forms, such as: CEQA streamlining tools, accessory dwelling unit (ADU) permitting and construction resources, local ordinance templates, on-demand consultant support, objective design standards, etc. The goal of technical assistance strategies is to provide local jurisdictions with the tools and resources they need to expedite and simplify the process of getting housing projects permitted, built, and ready for occupancy.

SANDAG will continue to coordinate with local jurisdictions to identify what resources would be most beneficial to minimize cost and time burdens to planning staff and achieve housing goals at the local level.

In 2019, Assembly Bill 101 created, among other things, the Prohousing Designation Program administered by the California Department of Housing and Community Development (HCD). The program is designed to incentivize cities and counties to increase the availability of housing statewide based on the following five prohousing principles.

- 1 Increase housing development capacity, variety, and streamlining
- 2 Plan for housing that is consistent with state priorities
- 3 Promote equitable communities
- 4 Collaborate to align housing policies and programs
- 5 Implement relevant housing statutes at the local level

### Capital and Planning Grants

One of the biggest barriers to accelerating affordable housing production is the lack of funding for both planning and capital projects.

Direct grants can be made available to local jurisdictions through a competitive grant application process and awarded based on scoring criteria to encourage projects that accelerate housing production while also advancing the 5Ps, the 2021 Regional Plan and Sustainable Communities Strategy (SCS).

The new Housing Acceleration Program grants are intended to complement existing SANDAG grant programs, such as the TransNet Active Transportation Grant Program and Smart Growth Incentive Program, with funding dedicated to housing projects.

### Education and Outreach

Meeting San Diego's housing demand will require innovative and coordinated efforts across the region that change the way housing is planned and developed. In recent years, several state laws have emerged creating new requirements and providing local jurisdictions with tools to further the development of affordable and fair housing. However, many local jurisdictions have expressed that successfully implementing these laws and practices into their housing plans at the local level

can be difficult and overwhelming for staff. There is also a need to expand education and outreach to decision makers and the public regarding housing needs, housing goals, the alternative housing types in each community, and strategies to address barriers to developing housing throughout our region.

SANDAG can assist local jurisdictions in this area by offering forums for information sharing, educational trainings on implementing new state housing laws at the local level, prohousing practices, and best practices to address current barriers in affordable housing production. Additional resources can also include public outreach information materials that create a cohesive and comprehensive regional message around affordable housing, and the steps local jurisdictions are taking, in partnership with SANDAG, to reach our goals of 171,685 housing units by 2029.

In 2021, SANDAG developed the **Housing Acceleration Grant Program** that awarded **\$1.9 million** dollars in competitive planning grant funding to local jurisdictions.



## Data Analysis and Policy Resources

### Collect and analyze data to monitor trends and inform policies

Data analysis and policy resources include activities that improve access to data to inform planning and development decisions, provide transparency as the region monitors progress toward housing goals, and facilitate collaboration on best practices.

#### **Access to regional data**

Assessing progress on the 5Ps requires the region to track key data points to understand if we are producing housing for all; preserving vulnerable housing; promoting equity, inclusion, and sustainability; protecting tenants; and preventing displacement. In addition, many datasets and layers can help developers and local jurisdictions understand opportunities to qualify for funding programs, streamline environmental review, and bring together project partners.

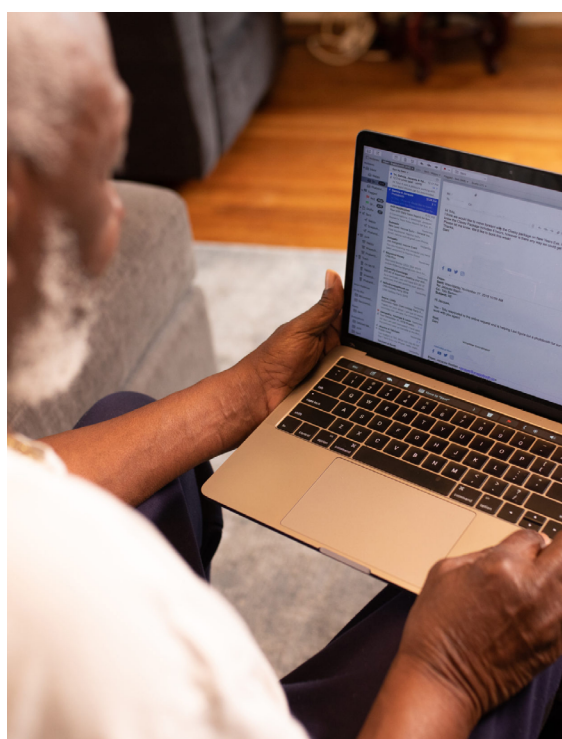
SANDAG will work with local jurisdictions, developers, community-based organizations, and other stakeholders to design and deploy a regional data dashboard that centralizes this data and makes it available to stakeholders and the public.

#### **Coordination on best practices**

Advancing the 5Ps requires new ways of planning, designing, funding, permitting, and building housing. As the region works to implement these new policies and methods, coordination on best practices will help to streamline and accelerate these processes.

SANDAG will work to compile and share best practices related to the following topics:

- **Redevelopment case studies:** Researching housing redevelopment policies and strategies that successfully increased density and housing units and reduced vehicle dependency.
- **Place-based, sustainable housing strategies:** planning for and building housing that fits the needs of each individual community and promotes VMT and GHG emission reduction.
- **Innovative building strategies:** Several new strategies have emerged to build quality homes faster and cheaper, such as prefab and modular homes that are manufactured fully or partially off-site and are standardized to be easily shipped and assembled.
- **Affirmatively Furthering Fair Housing (AFFH):** A housing policy enforced at the state and federal level that requires all state and local agencies to take deliberate and meaningful actions to address, combat, and relieve disparities resulting from past patterns of segregation and foster more inclusive communities.
- **Climate resilient and healthy housing design:** Encouraging housing construction and design practices that consider the changing climate and promote healthy environments for people of all ages, abilities, and incomes.
- **Prohousing Policies:** Policies that help to reduce barriers to building affordable housing and creating equitable communities.



## Regional Initiatives

### Coordinate regional leadership and accelerate housing investments

Regional Initiatives are opportunities for SANDAG to conduct studies, implement innovative regional programs, and serve as a regional convener. Regional Initiatives identified include housing finance and revenue opportunities, studies related to anti-displacement and development pipeline, and regional convenings, such as the Housing Policy Leadership Academy and developer roundtable.

#### **Regional financing and revenue opportunities**

New innovative funding sources are needed to meet the RHNA housing need of 171,685 units by 2029, particularly the targets for low- and very low-income households.

The Regional Equitable Housing Subcommittee is exploring a regional housing finance agency and evaluating potential revenue opportunities as part of its work plan. The legislature considered Senate Bill (SB) 1105 (Hueso, 2022) to create a regional housing finance agency for the San Diego region. Potential revenue opportunities include affordable housing bonds, land value capture, public-private partnerships, housing trust fund, housing loan programs, or special taxes approved by voters.

#### **Regional Studies**

##### **Development pipeline**

To better understand the status of housing developing in the region and identify investment needs and opportunities to align with the 2021 Regional Plan, SANDAG is gathering information from developers with housing projects in development or being planned within the next five years. This information can help SANDAG, and regional stakeholders, better understand development patterns, coordinate housing and transportation investments that align with the 2021 Regional Plan, and identify projects for competitive state grants.

#### **Anti-displacement study**

One of the tenants of the 5Ps is to prevent displacement. As we seek to accelerate the production of more housing units throughout the region, we must also be proactive in understanding which communities are most at risk of being involuntarily displaced from their homes and neighborhoods as a result of increased development and improved amenities, such as access to transit. One of SANDAG's priority actions is to conduct a regionwide anti-displacement study to identify which communities are most at risk of displacement and develop tools and policies the region can follow to prevent displacement in these areas. This study can serve as a base for local jurisdictions to address displacement within their cities and implement strategies that equitably produce housing at all income levels in new developments and maintain the social fabric of existing communities.

#### **Regional Convenings**

##### **Housing Policy Leadership Academy**

The SANDAG Housing Policy Leadership Academy (HPLA) by Global Policy Leadership Academy (GPLA) is a regional educational opportunity that supports elected officials, advocates, and interested stakeholders to build local support for prohousing policies. Participants across different sectors and roles come together to explore the root causes of the region's housing crisis and discuss best practice policy solutions. The program will equip participants with the tools and knowledge to address the physical and social factors that sustain a healthy housing ecosystem using the 5P's framework.

##### **Housing Legislative Forums**

SANDAG provides an educational opportunity by inviting leaders from across the region to join together for a discussion on state and federal housing legislation. The forums feature a review of current state legislation and policy trends and how to potentially address future issues for the San Diego region.



Section 4  
**Funding and Implementation**

**Funding**

**REAP Program**

The housing programs and policies outlined in the HAP Strategy will be funded primarily through the Regional Early Action Planning Grants (REAP) program administered by the California Department of Housing and Community Development (HCD). In 2019, the California state legislature passed Assembly Bill (AB) 101 establishing the Regional Early Action Planning Grants of 2019 (REAP 1.0) making over \$125 million in one-time grant funding available to regional agencies for planning activities that will accelerate housing production and help regional and local jurisdictions meet their 6<sup>th</sup> Cycle RHNA goals.

In 2021, the California state legislature passed Assembly Bill (AB) 140, which established the Regional Early Action Planning Grants of 2021 (REAP

2.0), making \$600 million available to regional agencies. REAP 2.0 builds on the goals of REAP 1.0 but expands the focus to help regional agencies implement their Regional Plans and Sustainable Communities Strategies (SCS), this broader focus will allow regions to expand implementation activities to include infill development, housing production (including capital projects), activities that affirmatively further fair housing (AFFH), vehicle miles traveled (VMT) reduction strategies,

and addressing the negative economic impacts of COVID, especially in disadvantaged communities.

The amount of funding each regional agency is eligible for under both REAP 1.0 and REAP 2.0 is determined by a population-based formula from the California Department of Finance. Table 2 shows SANDAG's maximum allocation eligibility, program focus, and expenditure timeline for both REAP 1.0 and REAP 2.0.

Table 2: SANDAG's REAP Allocations

|                           | REAP 1.0                                 | REAP 2.0  |
|---------------------------|--|---|
| <b>Maximum Allocation</b> | \$6.8 Million                            | \$43 Million  |
| <b>Focus</b>              | Housing Planning and RHNA Implementation | REAP 1.0 Focus + Infill Development, Housing For All, VMT Reduction, AFFH, Negative Economic Impacts of COVID |
| <b>Timeline</b>           | January 2021 – December 2024             | January 2022 – June 2026  |

**Future Funding Opportunities**

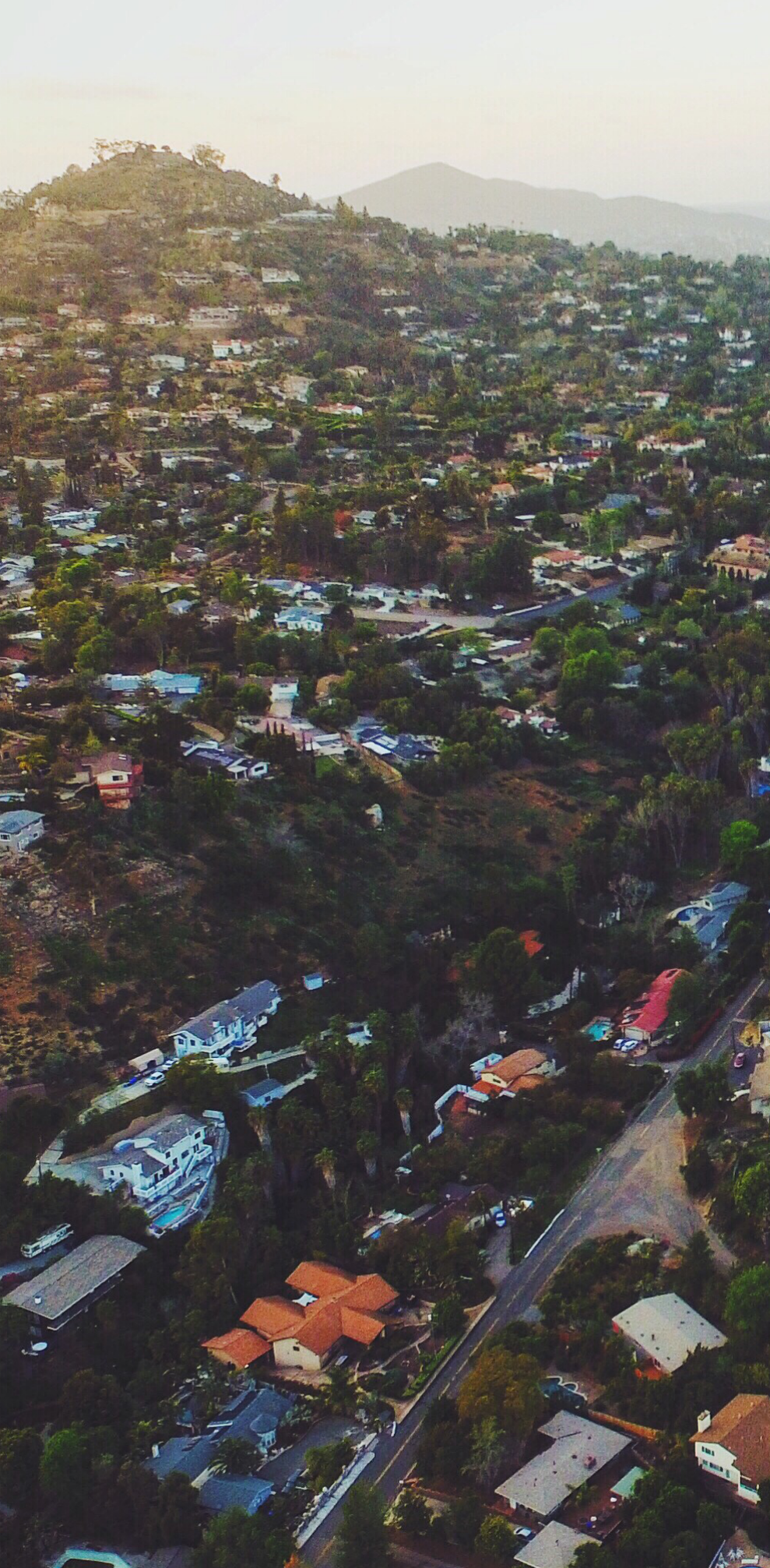
While the REAP program grants provide significant funding over the next 5 years to further housing programs and policies, the region will need more long-term funding sources to further the 5 P's and ensure housing efforts established by SANDAG continue beyond the expenditure of REAP grant funding.

**State and Federal Grants:** SANDAG will continue to identify and apply for both state and federal grant opportunities for housing planning and production.

**Regional Housing Finance Agency:**

As previously mentioned, the Regional Equitable Housing Subcommittee (REHS) is discussing the formation of a regional housing finance agency, similar to that of the Bay Area Housing Finance Authority. A regional housing finance agency would allow the region to pursue new revenue and financing opportunities that promote the production of affordable housing with regional coordination. Potential revenue opportunities include affordable housing bonds, land value capture, public-private partnerships, housing trust fund, housing loan programs, or special taxes approved by voters. A regional housing finance agency could provide a more secure financial backing, allowing local jurisdictions and developers to confidently pursue affordable housing developments. As part of the 2021-2022 legislative session, Senator Ben Hueso introduced Senate Bill (SB) 1105 to the California State Legislature to establish the San Diego Regional Equitable and Environmentally Friendly Affordable Housing Finance Agency.





## Implementation

Addressing the regional housing crisis and achieving the goals outlined in the HAP Strategy will require several near-term and continuous implementations actions.

Table 3 outlines SANDAG's various near-term and continuous implementation actions to further the 5 P's and achieve the goals outlined in the HAP Strategy. Near-term actions are those that SANDAG will implement within the next five years with many currently in progress using REAP grant funding. Continuous actions are those that will require ongoing effort from SANDAG, local jurisdictions, and regional stakeholders within the next five years and beyond to advance the Housing Acceleration Program and achieve the region's housing, land use, and climate goals.

Regionwide collaboration is critical in reaching our housing goals. To successfully implement near-term and long-term actions, SANDAG will partner with local jurisdictions, community-based organizations, tribal nations, developers, non-profit organizations, and other community stakeholders.

Table 3: SANDAG Housing Acceleration Program Implementation Actions

| Local Jurisdiction Support   |  |
|--|--|
| <b>Near Term Actions</b>   |  |
| <ul style="list-style-type: none"> <li>• <b>In Progress</b> - Continue to offer Housing Acceleration Program Grants to local jurisdictions for both housing planning and capital projects using evaluation criteria that is in-line with the goals outlined in the HAP Strategy.               <ul style="list-style-type: none"> <li>• Cycle 1 – Awarded March 2022</li> <li>• Cycle 2 – Release in Early 2023</li> <li>• Future Cycles will be determined as funding is available</li> </ul> </li> <li>• <b>In Progress</b> - Establish an on-call Sustainable Communities consultant bench available to SANDAG and local jurisdictions to support housing work, address local staff capacity issues, and expedite the use of HAP grant funding awarded.</li> <li>• <b>In Progress</b> - Update evaluation criteria and provisions for Housing Acceleration Program Grants and Smart Growth Incentive Program and update Board Policy 33 to align with changes to state law and current planning practice.</li> </ul>  |  |
| <b>Continuous</b>  |  |
| <ul style="list-style-type: none"> <li>• <b>In Progress</b> - Establish a HAP Technical Assistance Program to provide local jurisdictions with needed assistance related to implementing their housing elements, permit streamlining, CEQA streamlining, and promoting regional coordination on housing policy and planning.</li> <li>• <b>In Progress</b> - Facilitate coordination among local jurisdiction planning staff on housing and sustainable development efforts through the Sustainable Communities Working Group, subregional meetings, and other forums.</li> <li>• Assist local jurisdictions, developers, and other relevant stakeholders with identifying grant funding opportunities, including the Affordable Housing and Sustainable Communities Program (AHSC), and providing application coordination to encourage more competitive local grant applications.</li> <li>• Continue to track new housing legislation and funding opportunities at the state and federal level that may affect the San Diego region or its member jurisdictions.</li> </ul> |  |
| Data Analysis and Policy Resources   |  |
| <b>Near Term Actions</b>   |  |
| <ul style="list-style-type: none"> <li>• <b>In Progress</b> - Update the Series 15 Regional Growth Forecast with the latest local planning assumptions to prepare for the development of the 2025 Regional Plan.</li> </ul>  |  |
| <b>Continuous</b>  |  |
| <ul style="list-style-type: none"> <li>• <b>In Progress</b> - Provide housing data and GIS dashboards to local jurisdictions and other regional stakeholders, track affordable housing development progress, and monitor implementation of local housing elements</li> <li>• <b>In Progress</b> - Develop a regional data portal for local jurisdictions to easily access information and resources such as:               <ul style="list-style-type: none"> <li>• Redevelopment case studies</li> <li>• Place-based, sustainable housing strategies</li> <li>• Innovative building strategies (prefab, modular)</li> <li>• Affirmatively Furthering Fair Housing (AFFH), homeownership</li> <li>• Climate resilient and healthy housing</li> <li>• Prohousing Policies</li> </ul> </li> <li>• <b>In Progress</b> - Develop a regional data portal for local jurisdictions to access data, monitor housing trends, and inform element implementation.</li> </ul>  |  |

Table 3: SANDAG Housing Acceleration Program Implementation Actions

| Regional Initiatives   |  |
|--|--|
| Near Term Actions  |  |
| <ul style="list-style-type: none"> <li>• <b>In Progress</b> -Establish the Regional Equitable Housing Subcommittee to lead discussions and identify voluntary, innovative, and incentive-based housing approaches that address housing needs throughout the San Diego region.               <ul style="list-style-type: none"> <li>• Convene a Housing Taskforce of regional stakeholders to provide input to the Subcommittee</li> </ul> </li> <li>• <b>In Progress</b> - Offer the Housing Policy Leadership Academy to various stakeholders throughout the San Diego region.</li> <li>• <b>In Progress</b> - Conduct a regional anti-displacement study to inform decision-makers on which populations in which areas have been, and continue to be, most vulnerable to displacement due to new housing development and neighborhood redevelopment and recommend strategies to address displacement.</li> </ul>   |  |
| Continuous   |  |
| <ul style="list-style-type: none"> <li>• Identify opportunities for mobility hub planning projects to encourage affordable housing development near high quality transit</li> <li>• Continue to partner with other agencies and regional stakeholders to integrate housing and land use considerations with transportation strategies in Comprehensive Multimodal Corridor Plans (CMCPs)</li> <li>• Coordinate with the following regional agencies and stakeholders to further affordable housing and climate goals.               <ul style="list-style-type: none"> <li>• Community-based organizations (CBOs) and SANDAG's Social Equity Working Group to further fair and equitable housing that addresses the historic patterns of exclusionary housing practices, segregation, and other inequities</li> <li>• Tribal governments to address the housing needs of the San Diego region's 18 tribal reservations</li> <li>• U.S. military installations to leverage federally owned land to encourage development of military housing that is in line with regional climate and housing goals</li> <li>• Transit agencies and operators to leverage publicly owned land for transit-oriented housing development to further Mobility Hubs concepts and goals of the 2021 Regional Plan.</li> </ul> </li> </ul> |  |
| Funding Opportunities  |  |
| Near Term Actions  |  |
| <ul style="list-style-type: none"> <li>• <b>In Progress</b> - Submit full SANDAG application for REAP 2.0 funds to California Department of Housing and Community Development               <ul style="list-style-type: none"> <li>• Conduct robust education and outreach to inform REAP 2.0 program priorities.</li> <li>• Update criteria for sub-allocating funds through grants or other mechanisms.</li> <li>• Continue, or develop new, Housing Acceleration Program Activities by leveraging REAP 2.0-funds.</li> </ul> </li> <li>• <b>In Progress</b> - Conduct a land value capture study to evaluate land value capture mechanisms and develop a long-term strategy that can aid SANDAG and partner agencies in advancing regional housing goals and raising sustainable revenue to implement Regional Plan projects. Land value capture mechanisms to be studied may include:               <ul style="list-style-type: none"> <li>• Tax increment financing (TIF) districts, such as enhanced infrastructure financing districts (EIFD)</li> <li>• Development impact fees</li> <li>• Special assessment districts</li> <li>• Development agreements</li> <li>• Joint development</li> <li>• Private transaction/transfer fees</li> </ul> </li> </ul>   |  |
| Continuous   |  |
| <ul style="list-style-type: none"> <li>• <b>In Progress</b> - Consider creation of a San Diego regional housing finance agency that allows for new revenue and finance opportunities for developers and local jurisdictions.               <ul style="list-style-type: none"> <li>• Identify potential housing revenue opportunities for further study</li> </ul> </li> </ul>  |  |

## Commitment to Equity

We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups affected by actions and inactions at all levels of our government and society.

We have an obligation to end disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. SANDAG has developed an equity action plan that will inform how we plan, prioritize, fund, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.

We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.