1. Public officials listen to the environmentalists and rely too much on the Planning Department. Newly elected officials ride the "slow growth" issue to victory in elections.

2. There is a slow-down in development. Public officials and the planners call the builders "bad guys". Anyone who opposes the growth management plan is called "special interest". Rhetoric from government officials tends to "pick on" builders.

3. Further slow-down in planning process. Call for close-in development to avoid urban sprawl.

4. Continue to discuss the need for close-in development (in-filling). but don't implement and still slow down new development in outlying areas where land is still available to build.

5. A consultant on growth management is hired from out of town (no one can be an expert in his own community so an outside expert is essential). The consultant calls for a two-year study and a moratorium on development until study is completed.

6. Housing shortages start to develop. Public officials try to blame it on tight money. Public officials also ignore fact public doesn't like density around them and resists in-filling, particularly in canyons.

7. The public starts to feel the effects of the housing shortage. Rents start to escalate. Some members of the public, particularly senior citizens, start calling for rent control.

8. Government leaders who have advocated growth management privately recognize that growth management has been a colossal failure, but they don't admit the failure publicly. More and more people are priced out of housing with the disadvantaged and senior citizens being hurt the most. Further pressures and continued housing shortages.

9. Government advocates of growth management, both elected and bureaucrats, frantically search for a scapegoat. They seek someone or something to blame the housing shortage on. Rent control pressures increase. Landlords are castigated for taking advantage of housing shortage created primarily by growth control programs.

10. The public finds out who really did it to them.
NEW HOMES and POOR PEOPLE
A Study of Chains of Moves

John B. Lansing
Charles Wade Clifton
James N. Morgan

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ANN ARBOR, MICHIGAN
Conclusions

The purpose of this project has been to trace the indirect effects of the construction of new homes. These indirect consequences are of interest from an analytic point of view for understanding of the working of the housing market, and from a policy point of view for assessing the probable effect on the housing of the poor of measures which affect the total market for housing but do not directly affect poor families.

Do the poor benefit from new construction? It is proposed here that they benefit either if they move into new housing or if they occupy any positions in the sequences of moves begun by new construction. If they move, they benefit! This view is consistent with the conventional economic argument that people voluntarily enter into a transaction only if they expect to be better off as a result. The survey data confirm that most people who move do like their new housing better. (See Appendix Table E-22.) Even people who do not like their new quarters may benefit by being in an improved location, for example, closer to employment.

How many poor people benefit from new construction in a given period, then, depends on the volume of new construction, the length of the sequences of moves begun by the new construction, and the proportion who are poor at each position in the sequences. There are well-known statistical series on the number of new construction. This project was designed to yield estimates of the other two magnitudes. There has been some difficulty in estimating the average length of the sequences of moves owing to the problem of non-response in interviewing. The longer a sequence, the greater the probability that it will not be followed to its logical end. Also, some dwellings may be left vacant indefinitely before they are finally re-occupied or removed from the stock of housing. As a result of these factors the survey result is subject to some margin of uncertainty; but the most reasonable estimate of the average length of sequences of moves works out to 3.5 positions. That is, on the average for every 1,000 new homes about 3,500 families are able to move. This estimate cannot be checked, however, in the light of what is known about the total number of families in the population who move in any one year and the total number of events which initiate sequences of moves, including, in addition to new construction, deaths and other factors which cause vacancies.

The proportion of families who are poor at each position in the sequences of moves is here estimated at .04 at position one, .06 at position two, and .14 at positions three, four, etc. Combining this information with the information on the length of sequences, we have an estimate that about 333 people will be poor out of the 3,545 people who move as a result of the construction of 1,000 new dwellings. That is, about 9.4 percent of the movers will be poor. The definition of poverty used here is that a family is poor if its income is less than $1,000 plus $500 per capita for each member of the family.

Another approach to the definition of poverty is to count as poor all families below $3,000 in 1965 income. In the metropolitan areas included in this study 13 percent of all families had incomes below $3,000. At positions three and above in the sequences of moves about 14 percent or more of the families had incomes below $3,000.

These results indicate that poor people do benefit indirectly from new construction. We can be even more optimistic when we note that roughly half of all sequences of moves are initiated by deaths, the subdivision of existing structures, emigration, and the like. Poor people presumably benefit also from these sequences. Indeed, since new dwellings are ordinarily expensive one would expect the poor to occupy a larger proportion of the positions in sequences of moves otherwise initiated.

We should not conclude from this analysis that the poor are well-provided (or ill-provided) with housing. Nor should we conclude that the price of housing is or is not reasonable. We can conclude that the poor are indirectly affected by the construction of new housing even if they do not occupy the new dwellings.

This conclusion, however, applies to the poor collectively. It is necessary to ask a further question: is the housing market segmented? If it is segmented, then there may be parts of the population who benefit from new construction less than in proportion to their numbers.

The housing market, one might suggest, may be segmented by age or stage in the family life cycle. It is certainly true that housing appropriate for a very small family is not appropriate for a very large one. But the evidence in this study is that people of quite different stage in the life cycle often succeed each other in the stock of housing.
Major changes needed for more housing affordability

Guest Commentary
By Jim Schmidt

Since this writer's two-part article in the Jan. 15 and 16 editions of The Daily Transcript, I have attended many meetings of various organizations and also discussed the future housing situation with civic leaders. Everyone seems to understand that the future risk for builders, lenders, investors and others involved in building new housing in the San Diego region is that our area will almost certainly return to the major shortage of homes and low vacancy rates for apartments. This will again mean higher home prices and apartment rents after the sub-prime fiasco and the problems it has caused for the entire United States are history with housing affordability then being much worse than ever before.

In the future there will be fewer builders, fewer construction lenders, fewer investors and fewer construction jobs. To date, little has been done to change the long, long processing times for new housing projects. When the processing for permit approval, construction times, sales and move-in for buyers takes three to four years, who knows what the economy will be when the houses are ready to be sold? The answer is no one.

In attending several meetings of the building industry to learn what has happened to their companies and the lay-offs of workers that builders had no choice but to do, it was sad to listen. Also to hear what some out-of-town lending institutions have done rather than try to help their builder customers work through the current crisis time is sickening. During the 1960s, 1970s and 1980s, locally-based San Diego lenders worked the builders through the hard times like the early 1980s aerospace loss of 38,000 jobs and the high interest rate time of 1974-75 and again in 1979-82 when Federal Reserve Chairman Paul Volcker led the way to send the interest rates on home loans soaring to the 16-18 percent range.

A real concern is that those builders who stay in the business to provide new homes for San Diego's needs will have to put more and more of their own funds into projects because of the risk and lack of lenders and investors. Those lenders who will continue to make construction loans will lend at lower percentages of the construction costs so much more of their own cash will be a necessity for builders in order to complete projects.

The growth factual information for our region continues to show more increases in birth over deaths. A recent SANDAG study shows that in 2020 there will be a 1% increase of people over age 65. China mandates birth control by only allowing one child per family. Birth control has not yet been argued for by the continual opponents to growth. Foreign immigration continues in our San Diego region and will continue. Point — when the economy returns to normal, there will be an urgent need for new housing ASAP.

It is obvious that, without changes, the processing times for new housing will continue to be long. Several long time San Diego County builders a number of years ago stopped home building in San Diego County and now do all of their projects in Riverside and Imperial counties and other areas. One San Diego builder, who builds in those areas, has had his last remaining San Diego area project in process for approval for about eight years.

Community Planning Groups, particularly those in the city of San Diego and a few in the county, have been major factors in the delay, delay, delay in processing situation. Even if the city or the county staff supports the project, the delay problem, with its big risks and higher costs, are a way of life and will continue.

The solution is to have organized labor, which has lost thousands of construction and related jobs, the many chambers of commerce and business organizations, civic leaders and others team up to work with local government leaders. Crucial goal — return the times for processing of permits, construction and sales/buyer move-ins back to the one year time frame that our San Diego region had in the early 1970s and before. Approving areas in advance for new housing could be done now so quick processing can then start when the housing market returns and builders can start again to file for permits.

Changes must be made on how the planning groups operate and governmental staffs must become 100 percent supportive of fast processing. The future of our San Diego region is at stake. Avoid the housing shortages and lack of housing affordability, which were a way of life in the years before the sub-prime fiasco surfaced. The time for change is now!

Prediction — it will happen because local leaders, labor and business really care about our community and "America's Finest City."
SCORING CRITERIA Concerning Calculation of Board Policy No. 033 Incentive Points

The following four criteria, weighted equally, will be used to calculate the incentive points (25 percent of the total points) for each program subject to Board Policy No. 033.

1. Greater RHNA Share Taken: Jurisdictions with an assigned Lower Income RHNA percentage that is higher than the regional average of lower income households shall eligible to receive these points using the following percentages:
   - Jurisdictions at or above 39.6 percent (the regional average) shall be eligible for the total number of points for this criterion
   - Jurisdictions below 39.6 percent shall not be eligible for any points for this criterion

2. Regional Share of Cumulative Total of Lower-Income* Units Produced: Jurisdictions shall be eligible to receive up to one-fourth of the total Board Policy No. 033 points awarded based on each jurisdiction’s share of the total number of lower-income units produced in the region over the most recent five years using the following percentages:
   - 0 percent share or no units produced (0 points)
   - >0 – 5 percent (1/3 of the points)
   - >5 – 10 percent (2/3 of the points)
   - greater than 10 percent (the total number of points available for this criterion)

   Units that are acquired/rehabilitated and deed restricted at affordable levels for lower income households or “at risk” units that are preserved for a period of 30 years or longer shall be included for the purposes of the above calculation at full credit (i.e., one unit each).

   *Units will be counted that are deed restricted to lower income households at affordable prices as defined in the instructions for the HCD Annual Housing Element Progress Report. This number will be taken from the “Deed Restricted” rows in HCD Annual Housing Element Progress Report Table B.

3. Total Number of Affordable Housing Units: This criterion will be based on the actual number of Lower Income Housing Units** in a jurisdiction as a percentage of the total number of housing units in a jurisdiction. Jurisdictions shall be eligible to receive up to one-fourth of the total Board Policy No. 033 points for this criterion using the following percentages:
   - >0 – 3 percent (1/4 of the points)
   - >3 – 6 percent (1/2 of the points)
   - >6 – 10 percent (3/4 of the points)
   - Greater than 10 percent (the total number of points available for this criterion)

   **This number will be taken from the most current version of the Affordable Housing Inventory as updated by the San Diego Housing Federation, and it will be provided to each local jurisdiction to review for accuracy.
4. Percent of Lower-Income Households: Jurisdictions shall be eligible to receive up to one-fourth of the total Board Policy No. 033 points for this criterion based on the percent of lower-income households residing in each jurisdiction (based on the most recent American Community Survey data) using the following percentages:

- 0 – 40 percent lower-income households (1/3 of the points)
- >40 – 50 percent lower-income households (2/3 of the points)
- >50 percent lower income households (the total number of points available for this criterion)
<table>
<thead>
<tr>
<th>Possible Points</th>
<th>Weight</th>
<th>Score</th>
<th>Existing % of Total Score</th>
<th>Proposed % of Total Score</th>
</tr>
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<tbody>
<tr>
<td>1) Relation of Proposed Planning Area to Regional Transit</td>
<td>5</td>
<td>3</td>
<td>15</td>
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<td>2) Development Potential of Proposed Planning Effort Area</td>
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<td>3) Planning Project Objectives (including social equity and health)</td>
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<td>6) Evidence of Local Commitment and Community Support (including social equity)</td>
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<td>7) Matching Funds</td>
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<td>8) Percentage of Lower Income Housing Units per RHNA</td>
<td>50</td>
<td>1</td>
<td>50</td>
<td>25%</td>
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</table>

Total Project Score 200 100%
SMART GROWTH INCENTIVE PROGRAM - CAPITAL PROJECT EVALUATION CRITERIA UPDATE

Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score
--- | --- | --- | --- | ---

I. Land Use and Transportation Characteristics of the Area Around the Proposed Capital Improvement Project

A. Intensity of the Planned Development in the Project’s Smart Growth Opportunity Area (ZONING)

   Where a specific plan, master EIR, or other mechanism allows for administrative approval of development projects, add 4 points

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   6 | 2 | 12 | 4% |

B. Existing Entitled Land Development Around the Proposed Capital Project

1) Existing Development Density within 1/4 mile radius of proposed capital project site (ON THE GROUND)

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   6 | 1 | 6 | 2% |

2) Entitled Development Density within 1/4 mile radius of proposed capital project site (IN THE PIPELINE)

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   6 | 1 | 6 | 2% |

3) Mix of Uses

   If a new use will be added to the project area, add 2 points

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   3 | 2 | 6 | 2% |

C. New Affordable Housing Development

   When 50-100% of units in the development are restricted to low to very-low income residents, add 2 points

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   3 | 2 | 6 | 2% |

D. Transportation Characteristics (within walking distance of proposed capital improvement project)

1) Relation to Transit

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   12 | 1 | 12 | 4% |

2) Bicycle facilities

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   2 | 1 | 2 | 1% |

3) Walkability measured by intersection density

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   4 | 1 | 4 | 1% |

4) TDM strategies existing or proposed

   | Possible Points | Weight | Score | Existing % of Total Score | Proposed % of Total Score |
   --- | --- | --- | --- | ---
   2 | 1 | 2 | 1% |
<table>
<thead>
<tr>
<th>Possible Points</th>
<th>Weight</th>
<th>Score</th>
<th>Existing % of Total Score</th>
<th>Proposed % of Total Score</th>
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</thead>
<tbody>
<tr>
<td>E. <strong>Community Design Features (within 1/4 mile radius of project site)</strong></td>
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<td></td>
<td></td>
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<tr>
<td>1) Urban Design Characteristics and Community Context</td>
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<td>2</td>
<td>12</td>
<td>4%</td>
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<tr>
<td>II. <strong>Quality of Proposed Capital Improvement Project</strong></td>
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<tr>
<td>A. <strong>Support for Public Transit</strong></td>
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<td>B. <strong>Providing Transportation Choices</strong></td>
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<td>5</td>
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<td>C. <strong>Community Enhancement</strong></td>
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<td>D. <strong>Addressing Project Area Issues</strong></td>
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<td>E. <strong>Sustainability</strong></td>
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<td>2</td>
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<tr>
<td>F. <strong>Universal Design (including social equity and health)</strong></td>
<td>2</td>
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<td>2</td>
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<td>III. <strong>Proposed Capital Improvement Project Readiness</strong></td>
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<tr>
<td>A. <strong>Major Milestones Completed</strong></td>
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<td>B. <strong>Evidence of Local Commitment</strong></td>
<td>2</td>
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<td>IV. <strong>Cost Effectiveness</strong></td>
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<td>V. <strong>Matching Funds</strong></td>
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<td>[VI. <strong>Policy No. 033 Points</strong>]</td>
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**Total Project Score** | 300 | 100% |