Members
Lesa Heebner, Chair
Mayor, Solana Beach
(Representing North County Coastal)
Kristine Alessio, Vice Chair
Councilmember, La Mesa
(Representing East County)
lorie Zapf
Councilmember, City of San Diego
Dave Roberts
Supervisor, County of San Diego
Sam Abed
Mayor, Escondido
(Representing North County Inland)
Carrie Downey
Councilmember, Coronado
(Representing South County)
Alternates
Esther Sanchez
Councilmember, Oceanside
(Representing North County Coastal)
Jerry Jones
Councilmember, Lemon Grove
(Representing East County)
Mark Kersey
Councilmember, City of San Diego
Greg Cox
Supervisor, County of San Diego
John Aquilera
Deputy Mayor, Vista
(Representing North County Inland)
Pamela Bensoussan
Deputy Mayor, Chula Vista
(Representing South County)

Advisory Members
Laurie Berman / Bill Figge
District 11 Caltrans
Mona Rios / Myrtle Cole
Metropolitan Transit System
Don Mosier / Chuck Lowery
North County Transit District
Brad Raulston / VACANT
Regional Planning
Technical Working Group
Elsa Saxod / Ken Olson
San Diego County Water Authority
Marshall Merrifield / Ann Moore
San Diego Unified Port District
Eric LaChappa / Allen Lawson
Southern California Tribal
Chairmen’s Association
Steve Chung / Matt Ryan
U.S. Department of Defense
Environmental Mitigation Program
Advisory Members
VACANT / David Mayer
California Department of Fish & Wildlife
Therese Bradford / Michelle Matson
U.S. Army Corps of Engineers
VACANT / Susan Wynn
U.S. Fish & Wildlife Service
Dave Means / VACANT
Wildlife Conservation Board
Gary L. Gallegos
Executive Director, SANDAG

REGIONAL PLANNING COMMITTEE
AGENDA
Friday, November 6, 2015
12 noon to 2 p.m.
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

- HEALTHY COMMUNITIES TRANSFORMATION INITIATIVE
- SAN DIEGO REGIONAL CLIMATE COLLABORATIVE
- PRESENTATION ON “OPENING SAN DIEGO’S DOOR TO LOWER HOUSING COSTS”

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MISSION STATEMENT

The Regional Planning Committee provides oversight for the preparation and implementation of the Regional Comprehensive Plan that is based on the local general plans and regional plans and addresses interregional issues with surrounding counties and Mexico. The components of the plan include: transportation, housing, environment (shoreline, air quality, water quality, habitat), economy, borders, regional infrastructure needs and financing, and land use and design.

San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231
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REGIONAL PLANNING COMMITTEE
Friday, November 6, 2015

ITEM NO.  RECOMMENDATION

1. APPROVAL OF MEETING MINUTES

   The Regional Planning Committee is asked to review and approve the minutes from its September 4, 2015, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

   Members of the public shall have the opportunity to address the Regional Planning Committee on any issue within the jurisdiction of the Committee that is not on this agenda. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Committee members. Public speakers are limited to three minutes or less per person. Committee members also may provide information and announcements under this agenda item.

REPORTS

3. *TransNet* SMART GROWTH INCENTIVE PROGRAM AND ACTIVE TRANSPORTATION GRANT PROGRAM: QUARTERLY PROGRESS REPORT AND PROPOSED GRANT AMENDMENT (Susan Baldwin)

   Staff will provide an overview of progress made by *TransNet* Smart Growth Incentive Program and Active Transportation Grant Program recipients through June 30, 2015. The Regional Planning Committee is asked to approve a Smart Growth Incentive Program schedule amendment for the City of San Diego’s Morena Boulevard Station Area Study Phase 2 project.

4. HEALTHY COMMUNITIES TRANSFORMATION INITIATIVE (Stephan Vance)

   The San Diego region was chosen as a pilot site to test the utility of the U.S. Department of Housing and Urban Development’s on-line Healthy Communities Index and Healthy Communities Assessment Tool. Staff will present an overview of the tool and how SANDAG and local agencies and organizations are involved in the pilot program.

5. SAN DIEGO REGIONAL CLIMATE COLLABORATIVE (Allison Wood, and Laura Engeman, San Diego Regional Climate Collaborative)

   SANDAG is a founding member of the San Diego Regional Climate Collaborative (Collaborative), which serves as a network for public agencies in the region to share expertise, leverage resources, and advance comprehensive solutions to facilitate climate change planning. SANDAG staff and Laura Engeman of the Collaborative will present an overview of the Collaborative’s work related to reducing greenhouse gas emissions and preparing for climate impacts.
+6. PRESENTATION ON "OPENING SAN DIEGO’S DOOR TO LOWER HOUSING COSTS" (Dr. Lynn Reaser, Fermanian Business and Economic Institute at Point Loma Nazarene University)

Dr. Lynn Reaser, Fermanian Business and Economic Institute at Point Loma Nazarene University, will present the key findings of a recent study entitled, "Opening San Diego's Door to Lower Housing Costs."

7. CONTINUED PUBLIC COMMENTS

If the five speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

8. UPCOMING MEETINGS

The next meeting of the Regional Planning Committee will be held on Friday, December 4, 2015.

9. ADJOURNMENT

+ next to an agenda item indicates an attachment
The meeting of the Regional Planning Committee was called to order by Chair Lesa Heebner (North County Coastal) at 12:02 p.m. See the attached attendance sheet for the Regional Planning Committee member attendance.

1. APPROVAL OF MEETING MINUTES

Action: Upon a motion by Supervisor Dave Roberts (County of San Diego) and a second by Councilmember Carrie Downey (South County), the Regional Planning Committee approved the meeting minutes of July 17, 2015. Yes – Chair Heebner (North County Coastal), Vice Chair Kristine Alessio (East County), Councilmember Downey (South County), Councilmember Lori Zapf (City of San Diego), Supervisor Roberts (County of San Diego), and Mayor Sam Abed (North County Inland). No – None. Abstain – None. Absent – None.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Supervisor Roberts (County of San Diego) provided an update on the Shoreline Preservation Committee’s work and suggested a presentation to the Regional Planning Committee on climate collaboration and sea level rise.

CONSENT

3. TransNet ENVIRONMENTAL MITIGATION PROGRAM: LAND MANAGEMENT GRANT PROGRAM QUARTERLY STATUS UPDATE (INFORMATION)

This report provided an overview of the progress made by TransNet Smart Growth Incentive Program and Active Transportation Grant Program recipients through March 31, 2015.

Action: This consent item was presented for information only.

REPORTS

4. SAN DIEGO FORWARD: THE REGIONAL PLAN: SUMMARY OF PUBLIC COMMENTS AND PROPOSED CHANGES (RECOMMEND)

Phil Trom, Senior Regional Planner, and Charles “Muggs” Stoll, Department Director, presented the item.
Jack Shu, Cleveland National Forest Foundation, stated that he attended the Regional Plan public workshops and felt that they were deficient. Mr. Shu does not support the staff recommendation.

**Action:** Upon a motion by Mayor Sam Abed (North County Inland) and a second by Councilmember Lori Zapf (City of San Diego), the Regional Planning Committee recommended that the SANDAG Board of Directors accept the proposed modifications to the Draft Regional Plan and its Sustainable Communities Strategy (SCS) in substantially the same form as presented. The proposed changes will be considered in the Final Regional Plan and its SCS, and evaluated in the Final Environmental Impact Report prior to Board adoption, which is scheduled for October 2015. Yes – Chair Heebner (North County Coastal), Councilmember Zapf (City of San Diego), Vice Chair Alessio (East County), Councilmember Downey (South County), Mayor Abed (North County Inland), Supervisor Roberts (County of San Diego). No – None. Abstain – None. Absent – None.

5. **REGIONAL TRANSIT ORIENTED DEVELOPMENT STRATEGY (RECOMMEND)**

Coleen Clementson, Principal Planner, presented the item.

**Action:** Upon a motion by Mayor Abed (North County Inland) and a second by Chair Heebner (North County Coastal) with direction to soften the language in several parts of the strategy, the Regional Planning Committee recommended that the Board of Directors accept the Regional Transit Oriented Development Strategy for inclusion as an appendix of San Diego Forward: The Regional Plan. Yes – Chair Heebner (North County Coastal), Councilmember Zapf (City of San Diego), Vice Chair Alessio (East County), Councilmember Downey (South County), Mayor Abed (North County Inland), Supervisor Roberts (County of San Diego). No – None. Abstain – None. Absent – None.


Keith Greer, Senior Regional Planner, presented the item.

**Action:** Upon a motion by Councilmember Downey (South County) and a second by Supervisor Roberts (County of San Diego), the Regional Planning Committee recommended that the Board of Directors approve the proposed Fiscal Years 2016 and 2017 Work Plan for regional land management and biological monitoring and the allocation of $4 million of funding for FY 2016. Yes – Chair Heebner (North County Coastal), Councilmember Zapf (City of San Diego), Vice Chair Alessio (East County), Councilmember Downey (South County), Mayor Abed (North County Inland), Supervisor Roberts (County of San Diego). No – None. Abstain – None. Absent – None.

7. **CONTINUED PUBLIC COMMENTS**

There were no additional public comments.

8. **UPCOMING MEETINGS (INFORMATION)**

The next meeting of the Regional Planning Committee is scheduled for Friday, October 2, 2015, at 12 noon.

9. **ADJOURNMENT**

Chair Heebner adjourned the meeting at 1:41 p.m.
### CONFIRMED ATTENDANCE
#### SANDAG REGIONAL PLANNING COMMITTEE MEETING
#### SEPTEMBER 4, 2015

<table>
<thead>
<tr>
<th>GEOGRAPHICAL AREA/ORGANIZATION</th>
<th>JURISDICTION</th>
<th>NAME</th>
<th>MEMBER/ALTERNATE</th>
<th>ATTENDING</th>
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<td>North County Inland</td>
<td>City of Escondido</td>
<td>Sam Abed</td>
<td>Member</td>
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<td>City of Vista</td>
<td>John Aguilera</td>
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<td>City of Chula Vista</td>
<td>Pamela Bensoussan</td>
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<td>Esther Sanchez</td>
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<td></td>
<td>City of Lemon Grove</td>
<td>Jerry Jones</td>
<td>Alternate</td>
<td>Yes</td>
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<td>City of San Diego</td>
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<td>Lorie Zapf</td>
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<td>Mark Kersey</td>
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<td>Laurie Berman</td>
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<td>Bill Figge</td>
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<td>Marshall Merrifield</td>
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<td>San Diego County Water Authority</td>
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<td></td>
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<td>MTS</td>
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<td>NCTD</td>
<td>Don Mosier</td>
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<td>Chuck Lowery</td>
<td>Alternate</td>
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<tr>
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<td>Regional Planning Technical Working Group (TWG)</td>
<td>Brad Raulston</td>
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<td></td>
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<td>Jeff Murphy</td>
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<td></td>
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<td>Allen Lawson (San Pasqual)</td>
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<td>Department of Defense</td>
<td>Steve Chung</td>
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<td>Matt Ryan</td>
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<td>Wildlife Conservation Board</td>
<td>Dave Means</td>
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<td>Susan Wynn</td>
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Introduction

This report shows progress made by each grant recipient through June 30, 2015, on projects funded by two grant programs included in the TransNet Extension Ordinance and Expenditure Plan: (1) the Smart Growth Incentive Program (SGIP); and (2) the Active Transportation Grant Program (ATGP). This report also provides information regarding ongoing oversight efforts and proposed schedule amendments for an SGIP project (City of San Diego’s Morena Boulevard Station Area Study Phase 2 project) and an ATGP project (City of San Diego’s Linda Vista Comprehensive Active Transportation Strategy).

On October 14, 2015, the TransNet Independent Taxpayer Oversight Committee (ITOC) reviewed the progress report and recommended approval of the two proposed schedule amendments. On October 16, 2015, the Transportation Committee approved the ATGP schedule amendment.

Discussion

This report shows progress made by each grant recipient for both grant programs through June 30, 2015 (SGIP Attachments 1 – 2 and ATGP Attachments 4 – 6), including the two amendment requests (one SGIP and one ATGP – Attachments 3 and 7, respectively).

Smart Growth Incentive Program

The SGIP was established through the TransNet Extension Ordinance “to provide funding for a broad array of transportation-related infrastructure improvements that will assist local agencies in better integrating transportation and land use.” An overview of funding cycles 1, 2, and 3 is provided below.

Cycle 1 SGIP

In May 2009, SANDAG awarded $9.4 million in funding to 14 projects (6 planning grants and 8 capital grants) for the first cycle of the SGIP. Twelve have been completed and one was...
withdrawn. The remaining project (Park Boulevard/City College/San Diego High Pedestrian & Transit Access Improvements) is scheduled to be completed by February 28, 2016.

**Cycle 2 SGIP (Attachment 1)**

In June 2013, SANDAG awarded $9.6 million in funding to 13 projects (7 planning grants and 6 capital grants) for the second cycle of the SGIP. Work on all 13 projects is underway. Currently, all are scheduled to be completed by the end of FY 2017. At this time, one project is requesting a 16-month project completion schedule amendment as described below.

**Cycle 3 SGIP (Attachment 2)**

In December 2014, SANDAG released a call for projects for a third cycle of TransNet SGIP funds of approximately $12 million. Seventeen projects (eight planning grants and nine capital grants) were approved on July 24, 2015. Grant agreement executions for these projects are underway.

**Proposed Cycle 2 SGIP Amendment (Attachment 3)**

The City of San Diego is requesting a schedule amendment of 18 months for the Morena Boulevard Station Area Study Phase 2 project. This is the first amendment request for this project. Approval of this request would extend the grantee’s agreement completion date from January 21, 2016, to July 21, 2017. The grantee is requesting additional time to allow for an expanded community engagement process. This request accounts for the additional time necessary to engage the Clairemont and Linda Vista communities in the Specific Plan process as well as the time necessary to prepare the environmental document and complete all public hearings to adopt the Specific Plan.

Per Section 3 of SANDAG Board Policy No. 035: Competitive Grant Program Procedures (Attachment 8), the appropriate Policy Advisory Committee, in this case the Regional Planning Committee, reviews and considers SGIP schedule amendments for approval based upon extenuating circumstances that the grantee could not have reasonably foreseen.

**Active Transportation Grant Program**

The TransNet Extension Ordinance specifies that ATGP funds be used “for bikeway facilities and connectivity improvements, pedestrian and walkable community projects, bicycle and pedestrian safety projects and programs, and traffic calming projects.” An overview of funding cycles 1, 2, 2A, and 3 is provided below.

**Cycle 1 ATGP**

In June 2009, SANDAG awarded $7.8 million in Transportation Development Act (TDA) and TransNet funding to 31 (12 planning, parking, and education program grants; and 19 capital grants) projects, all of which have been completed. Information on individual projects is available at KeepSanDiegoMoving.com.

**Cycle 2 ATGP (Attachment 4)**

In September 2012, SANDAG awarded $8.8 million in TDA and TransNet funding to 25 projects (14 planning, parking, and education program grants; and 11 capital grants) for the second cycle of
this program. Of the 25 projects, 15 have been completed. The remaining 10 projects are scheduled to be completed by the end of FY 2017. At this time, one project is requesting a six month project schedule amendment as described below.

**Cycle 2A ATGP (Attachment 5)**

In November 2014, SANDAG approved the exchange of $11.3 million in TransNet funds for seven projects (two planning, and five capital grants) that were awarded state and federal Active Transportation Program grant funds to maximize the effective use of revenues. In December 2014, the California Transportation Commission unanimously approved the funding exchange. Projects receiving TransNet funds as a result of the funding swap are being administered by SANDAG through the agency's TransNet ATGP. Grant contracts have been executed for 6 of the 7 projects. The contract with Imperial Beach has been delayed because of the need to coordinate in obtaining a Coastal Development Permit issued by the Coastal Commission.

**Cycle 3 ATGP (Attachment 6)**

In December 2014, SANDAG released a call for projects for a third cycle of TransNet ATGP funds of approximately $3 million. Twelve projects (two planning, seven capital, and three educational program grants were approved on July 24, 2015. Grant agreement executions for these projects are underway.

**Proposed ATGP Amendment (Attachment 7)**

The City of San Diego requested a schedule amendment of six months for the Linda Vista Comprehensive Active Transportation Strategy (CATS) project. This is the first amendment request for this project. Approval of this request extended the grantee's agreement completion date from March 31, 2016, to September 30, 2016. The additional time will be used to develop performance measures or Measures of Effectiveness (MOE's) to assess transportation facilities and to help identify improvement recommendations for all modes of travel in community plan updates and mobility studies throughout the city. The time extension will allow the grant recipient to develop and use the Planning Department's new multimodal MOE's for the Linda Vista CATS project.

Per Section 3 of SANDAG Board Policy No. 035 (Attachment 8), the appropriate Policy Advisory Committee, in this case the Transportation Committee, reviews and considers ATGP schedule amendments for approval based upon extenuating circumstances that the grantee could not have reasonably foreseen. On October 16, 2015, the Transportation Committee approved the ATGP amendment.

**Grant Monitoring and Oversight**

Staff reviews quarterly reports to ensure that grantees are making timely progress with respect to the key milestones identified in Board Policy No. 035, governing the timely use of grant funds and their respective grant agreements. The “Watch List” column in the status summaries (Attachments 1 – 2, and 4 – 6) is used to identify those grantees in danger of missing their scheduled milestone dates and that have not yet worked with SANDAG staff to take corrective action. Delays in tasks leading up to either the award of a contract or project completion milestones also may result in placement of grantees on the watch list.
In addition, staff reviews project deliverables for consistency with the agreed upon scopes of work. Progress reports (including schedule amendments) for the two grant programs are presented to ITOC and the Transportation and Regional Planning Committees on a quarterly basis. Currently, no staff-level amendments are being processed for either grant program.

During past quarterly progress reports, Regional Planning Committee, Transportation Committee, and ITOC members directed staff to consider process improvements to better ensure that projects are delivered in a timely manner. In response to Recommendation No. 15 included in the FY 2012 TransNet Triennial Performance Audit conducted by the ITOC, staff has established a formalized process for site visits with grantees to improve performance over the course of grant implementation. In addition, staff has developed an interactive map on KeepSanDiegoMoving.com that provides more information on the ATGP and SGIP grant-funded projects. This map is available to the public and will be updated on a quarterly basis.

**Next Steps**

Pending approval by the Regional Planning Committee, staff will execute the proposed SGIP schedule amendment for the Morena Boulevard Station Area Study Phase 2 project. The next quarterly progress report for the SGIP and ATGP (July 1 – September 30, 2015) will be provided in the January/February 2016 timeframe.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Attachments:  
3. City of San Diego SGIP Amendment Request for Morena Boulevard Station Area Study Phase 2
7. City of San Diego ATGP Amendment Request for Linda Vista Comprehensive Active Transportation Strategy (CATS)
8. Board Policy No. 035: Competitive Grant Program Procedures

Key Staff Contact: Susan Baldwin, (619) 699-1943, susan.baldwin@sandag.org
### Cycle 2 Smart Growth Incentive Program Projects (In Progress)

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<tr>
<th>Grantee</th>
<th>Project</th>
<th>Description of Project Activities</th>
<th>Grant Amount</th>
<th>Contract Execution Date</th>
<th>ORIGINAL Contract Expiration Date</th>
<th>CURRENT Contract Expiration Date*</th>
<th>Watch List**</th>
<th>Status</th>
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<td>1 Chula Vista</td>
<td>Healthy Communities Program</td>
<td>PLANNING: Develops a city-wide Healthy Communities Program to inform amendments to the General Plan and other key implementation documents. Also includes the preparation of design concepts for a Healthy Corridors Pilot Project.</td>
<td>$100,000</td>
<td>01/15/14</td>
<td>01/15/16</td>
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<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
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<td>2 Chula Vista</td>
<td>Third Avenue Streetscape Implementation Project Phase 2</td>
<td>CAPITAL: Implements streetscape enhancements, traffic calming, and improved pedestrian crossings in Chula Vista's Third Avenue Village.</td>
<td>$1,344,671</td>
<td>01/24/14</td>
<td>09/24/15</td>
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<tr>
<td>3 Imperial Beach</td>
<td>Palm Avenue Mixed-Use &amp; Commercial Corridor Master Plan</td>
<td>PLANNING: Proposes the transformation of the Palm Avenue/State Route 75 corridor into a &quot;Main Street&quot; through public right-of-way improvements, traffic calming, and pedestrian, bicycle, and transit enhancements. Involves the preparation of preliminary designs and environmental documentation.</td>
<td>$400,000</td>
<td>01/24/14</td>
<td>07/24/15</td>
<td>01/24/16</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>4 La Mesa</td>
<td>Downtown Village Streetscape Improvement Project</td>
<td>CAPITAL: Enhances the La Mesa Downtown Village area by constructing a variety of streetscape improvements and a new public plaza.</td>
<td>$2,000,000</td>
<td>02/11/14</td>
<td>12/11/15</td>
<td>12/11/15</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>5 Lemon Grove</td>
<td>Main Street Promenade Extension Planning Project</td>
<td>PLANNING: Proposes multi-modal enhancements to the Main Street Promenade Extension corridor and creates opportunities for recreation and social gathering. Includes the preparation of preliminary designs and environmental documentation.</td>
<td>$400,000</td>
<td>01/08/14</td>
<td>01/08/16</td>
<td>01/08/16</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>6 National City</td>
<td>Downtown-Westside Community Connections</td>
<td>CAPITAL: Enhances National City's right-of-way by providing streetscape improvements and incorporating placemaking features such as public art.</td>
<td>$2,000,000</td>
<td>08/15/13</td>
<td>08/15/15</td>
<td>02/15/16</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>7 San Diego</td>
<td>East Village Green/14th Street Promenade Master Plan</td>
<td>PLANNING: Develops a master plan for East Village Green, Downtown San Diego's largest proposed open space, and the 14th Street Promenade, a proposed linear park, to provide a safe pedestrian and bicycle connection between City College and Barrio Logan.</td>
<td>$300,000</td>
<td>02/11/14</td>
<td>01/11/16</td>
<td>01/11/16</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
</tbody>
</table>
### Status of Cycle 2 (FY 2011 - 2013) TransNet Smart Growth Incentive Grant Program Projects

**Reporting period through June 30, 2015**

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Project</th>
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</tr>
</thead>
<tbody>
<tr>
<td>San Diego</td>
<td>Island Avenue Green Street Mobility Improvements</td>
<td>CAPITAL: Constructs a series of widened sidewalks and corner bulb-outs along Island Avenue.</td>
<td>$1,000,000</td>
<td>02/11/14</td>
<td>12/11/14</td>
<td>06/11/16</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>San Diego</td>
<td>Morena Boulevard Station Area Study Phase 2</td>
<td>PLANNING: Supports mixed-use, transit-oriented development in the Mid-Coast Trolley Line station areas by preparing amendments to Linda Vista and Clairmont Mesa planning documents, processing rezones, and developing a programmatic environmental document.</td>
<td>$400,000</td>
<td>01/21/14</td>
<td>01/21/16</td>
<td>01/21/16</td>
<td>No</td>
<td>Grantee is requesting a no-cost, time-only schedule amendment of sixteen months to 05/21/17 for the Regional Planning Committee's approval.</td>
</tr>
<tr>
<td>San Diego</td>
<td>The Complete Boulevard Planning Study</td>
<td>PLANNING: Studies two primary areas along the Boulevard Rapid Bus line and proposes improvements that can contribute to the sustainability, economic vitality, and well-being of the surrounding communities.</td>
<td>$171,617</td>
<td>01/21/14</td>
<td>01/21/17</td>
<td>01/21/17</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>San Diego</td>
<td>Wayfinding Signage</td>
<td>CAPITAL: Installs approximately 300 new wayfinding signs throughout Downtown San Diego to direct residents, visitors and workers to popular destinations.</td>
<td>$335,329</td>
<td>02/11/14</td>
<td>03/11/15</td>
<td>09/11/15</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>San Marcos</td>
<td>Armorlite Complete Street Corridor</td>
<td>CAPITAL: Constructs multi-modal improvements along Armorlite Drive, a Class I bike path on the North side of the street, and the extension of Class II or III bike facilities to the Mission Sports Park.</td>
<td>$1,000,000</td>
<td>12/30/13</td>
<td>08/30/15</td>
<td>02/29/16</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>Vista</td>
<td>Vista Downtown Specific Plan Update</td>
<td>PLANNING: Updates the Vista Downtown Specific Plan to support smart growth and multi-modal connections.</td>
<td>$148,383</td>
<td>01/24/14</td>
<td>04/24/15</td>
<td>10/24/15</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
</tbody>
</table>

*Contract Expiration Date = Project Completion Date

**Watch List Projects are those grantees not making timely progress toward their milestones (which are defined in Policy No. 35) and not yet sought corrective action. Delays in tasks leading up to either the award of a contract or project completion may place grantees on the watch list.
## Status of Cycle 3 (FY 2014 - 2016) TransNet Smart Growth Incentive Grant Program Projects

Projects Awarded July 24, 2015

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Project Description</th>
<th>Description of Project Activities</th>
<th>Grant Amount</th>
<th>Contract Execution Date</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1 El Cajon</td>
<td>El Cajon Transit Center Transit-Supportive Land Use and Mobility Plan</td>
<td>PLANNING: The project would comprehensively analyze the study area surrounding the El Cajon Transit Center to plan a new vision for the area to include transit-supportive land use, improved mobility options, and an enhanced public realm.</td>
<td>$400,000</td>
<td>TBD</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Escondido</td>
<td>Transit Center Active Transportation Connections</td>
<td>CAPITAL: The project fills important gaps in the Active Transportation network immediately adjacent to the Escondido Transit Center (ETC) where active transportation demand is the highest. The project connects the ETC to grocery, commercial, residential and office centers to the west by constructing a bridge for pedestrians and by providing bike lanes between Tulip and Quince Street.</td>
<td>$1,270,000</td>
<td>TBD</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Imperial Beach</td>
<td>Palm Avenue Mixed Use and Commercial Corridor Plan West End Sector</td>
<td>PLANNING: This project builds upon the 2009 Master Plan taking the plans from a 30 percent level to 100 percent construction drawings for the project area (West End Sector). Project details include public right of way improvements, traffic calming measures, and significant pedestrian, bicycle, and transit improvements.</td>
<td>$400,000</td>
<td>TBD</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 La Mesa</td>
<td>North Spring Street Smart Growth Corridor</td>
<td>CAPITAL: The project will enhance public infrastructure, encourage/support future private development, contribute to the reduction of greenhouse gases, and serve as a model smart growth project for the region. Enhancements include ADA ramps, high visibility cross walks, lighting, &amp; safety fencing, class III bicycle route with sharrow markings along the corridor and a pedestrian railroad crossing and sidewalk improvements.</td>
<td>$992,503</td>
<td>TBD</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Lemon Grove</td>
<td>Lemon Grove Avenue Realignment</td>
<td>CAPITAL: The project realigns and reconstructs segments of Lemon Grove (LGA) and North Avenues, trolley/railroad crossing and the LGA State Route 94 entrance/exit and upgrades existing substandard improvements at the trolley/railroad crossing; water and storm drains; and underground SDG&amp;E, Cox and AT&amp;T transmission and/or distribution overhead lines.</td>
<td>$805,000</td>
<td>TBD</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
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## Status of Cycle 3 (FY 2014 - 2016) TransNet Smart Growth Incentive Grant Program Projects

Projects Awarded July 24, 2015

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<tbody>
<tr>
<td>6 Lemon Grove</td>
<td>Broadway Downtown Village Specific (DVSP) Expansion</td>
<td>PLANNING: The expansion would consider promoting mixed-use with increased residential densities and commercial intensities within the proposed boundaries consistent with the adopted Downtown Village Specific Plan. However, the proposed project will also consider a form-based code for the expansion as well as areas of the existing DVSP. This area falls within a walkable distance to the Lemon Grove Trolley Depot and several bus stops.</td>
<td>$175,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>7 National City</td>
<td>Downtown Westside Wayfinding and Community Gateways</td>
<td>CAPITAL: The project includes the installation of new wayfinding/gateway signs throughout the Downtown and Westside Communities. The visually unified street space will attract and support future development and serve as a model example for smart growth in the region.</td>
<td>$825,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>8 National City</td>
<td>Westside Mobility Improvements</td>
<td>CAPITAL: This project enhances bicycling and pedestrian connections in the Downtown and Westside Specific Plan areas and encourages smart growth development. The project includes the installation of Class II bicycle facilities, intersection curb bulb-outs at key intersections, and ADA-compliant curb ramps at intersections with improved crosswalks.</td>
<td>$2,000,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>9 National City</td>
<td>Downtown Specific Plan Update</td>
<td>PLANNING: The Downtown Specific Plan Update will provide an overall update to the original plan adopted in 2005. The plan will incorporate new elements related to Smart Growth, specifically Transportation Demand Management and parking policies. The Specific Plan Update will revise land use zones, urban design standards and recommend future implementation programs/projects in a manner that will provide direction for development that will create a unique sense of place in National City’s vibrant Downtown core.</td>
<td>$320,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>10 Oceanside</td>
<td>Seagaze Drive Downtown Mobility Project</td>
<td>CAPITAL: This project will enhance the quality of Seagaze Drive and provide much needed continuity with Mission Avenue through innovative smart growth supporting infrastructure including: pedestrian bulb-outs, ADA ramps with truncated domes, rectangular rapid flashing beacons, enhanced crosswalks, and a raised pork-chop median.</td>
<td>$357,497</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Grantee</td>
<td>Project</td>
<td>Description of Project Activities</td>
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</tr>
<tr>
<td>San Diego (Civic San Diego)</td>
<td>14th Street Pedestrian Promenade Demonstration Block</td>
<td>CAPITAL: The promenade would create an approximately 30-foot wide pedestrian promenade/linear park. It will link City College to Barrio Logan through East Village, including connecting several existing and future park sites. It will serve to connect Downtown's densely populated neighborhoods with enhanced landscaped corridors focused on improving pedestrian and other non-vehicular circulation.</td>
<td>$1,000,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>San Diego</td>
<td>San Ysidro Wayfinding Signs</td>
<td>CAPITAL: The project includes the design and installation of wayfinding signs in the San Ysidro Port of Entry District to improve the area's mobility and respond to changes in the configuration of the Port of Entry. Signs will help visitors easily locate public services, popular destinations, and transportation options.</td>
<td>$350,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>San Diego</td>
<td>Grantville Trolley Station/Alvarado Creek Enhancement Project</td>
<td>PLANNING: This project restores the Alvarado Creek channel to a naturalized creek with bridges and walking/cycling trails, the pedestrian and bicycle experience between future TODs and the transit stop will be greatly enhanced. The station's full potential cannot be fully realized without supporting amenities such as a restored creek.</td>
<td>$400,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>San Diego (Civic San Diego)</td>
<td>Sixth Avenue Bridge Promenade Feasibility and Conceptual Design</td>
<td>PLANNING: The project will complete a Feasibility and Conceptual Design study for an enhanced pedestrian connection between Downtown and Bankers Hill/Balboa Park. The preliminary concept for this project includes an enhanced pedestrian pathway or promenade from Downtown to Balboa Park with treatments such as widened sidewalks, landscaping, benches, and trellises.</td>
<td>$200,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>San Diego</td>
<td>Pacific Beach Greenways, Parks and Transit</td>
<td>PLANNING: The Pacific Beach Greenways, Parks and Transit Plan expands community open space and improve multi-modal circulation by identifying new public spaces, improve mobility, supports transit and foster development in an existing smart growth area. The study effort will include the creation of public open spaces, multi-modal infrastructure improvements that improve safety for all modes of travel and expand beach access, improvements to the beach boardwalk, and integration of arts and culture in urban design.</td>
<td>$400,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
## Status of Cycle 3 (FY 2014 - 2016) TransNet Smart Growth Incentive Grant Program Projects
### Projects Awarded July 24, 2015

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</thead>
<tbody>
<tr>
<td>16</td>
<td>San Diego  Kearny Mesa Smart Growth Employment Area Plan</td>
<td>PLANNING: The Kearny Mesa Smart Growth Employment Area Plan will produce an updated land use and zoning strategy to expand employment potential of the Project Area and allow complementary residential uses in a mixed-use context.</td>
<td>$105,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Vista  Paseo Santa Fe Phase II</td>
<td>CAPITAL: Paseo Santa Fe Phase II is an infrastructure and streetscape project located in Vista’s Town Center on South Santa Fe Avenue. It is a complete and livable streets revitalization project that includes a road diet that will reduce the street width from five lanes to two lanes; install new curbs, gutters, and enhanced sidewalks; construction of roundabouts at key intersections; and, install decorative elements such as landscaping, street lights, street signs, and pedestrian furniture.</td>
<td>$2,000,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

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October 8, 2015

Susan Baldwin  
Regional Planner  
San Diego Association of Governments (SANDAG)  
401 B Street, Suite 800  
San Diego, CA 92101

Dear Ms. Baldwin,

Subject: Request for a Time Extension for the Morena Boulevard Station Area Study Phase 2 (SANDAG Grant Agreement No. 5004289)

The City of San Diego is officially requesting a time extension for the Morena Boulevard Station Area Study Phase 2. Specifically, we are requesting a time extension of eighteen (18) months to allow for an expanded community engagement process and the completion of the project. There is no additional cost associated with this request. The extension accounts for the unforeseen delay in the project initiation; an additional three (3) months were needed to complete the consultant procurement process.

The City is requesting the time extension to ensure successful completion of the plan effort. During the consultant procurement process, staff evaluated a shortened timeline for the preparation of land use alternatives, zoning recommendations, and environmental analysis to meet the original grant deadline. However, given the significant level of community interest, staff determined that additional time would be needed to successfully complete the grant. The communities of Clairemont Mesa and Linda Vista have requested added time to the specific plan process to review land use, zoning and mobility concepts in advance of the environmental process.

The additional public meetings conducted through the expanded outreach effort have been successful in building a collaborative planning effort with the community. Staff has identified the appropriate timeframe to continue the community engagement process and complete the environmental analysis and public hearings. The City is committed to completing the project by July 21, 2017.

If you have any questions regarding this request, please contact me at (619) 533-5931 or via email at mprinz@sandiego.gov.
Request for a Time Extension for the Morena Boulevard Station Area Study Phase 2 (SANDAG Grant Agreement No. 5004289)

Page 2 of 2

Sincerely,

Michael Prinz  
Senior Planner, Project Manager  
Planning Department

Attachment A: Revised Schedule
## TransNet SMART GROWTH INCENTIVE GRANT PROGRAM SCOPE OF WORK, BUDGET, & SCHEDULE (FY 2013 Cycle)

**Project Title:** Morena Boulevard Station Area Study Phase II (Policy Implementation Phase)

**Project Type:** Planning

**Project Location/Limits:**
The Project Area is located entirely within the smart growth areas that parallel the planned Mid-Coast Light Rail Transit (LRT) corridor along Morena Boulevard from Friars Road to Clairemont Drive as identified on the smart growth opportunity concept map.

### Project Description:
This Project will support the Mid-Coast Trolley Line and the future development of the Project Area by encouraging mixed-use transit-oriented development surrounding the existing and planned trolley stations, and enhancing multi-modal connectivity and access for pedestrians, bicyclists, and transit riders. This will be accomplished through the preparation of amendments to the Linda Vista Community Plan and the Linda Vista Facilities Financing Plan; the preparation of amendments to the Clairemont Mesa Community Plan and the Clairemont Mesa Facilities Financing Plan; the process of rezones and the preparation of a programmatic environmental document.

### Task No. Deliverables Start Date* Completion Date* Duration SANDAG Funds Matching Funds TOTAL

<table>
<thead>
<tr>
<th>Task No.</th>
<th>Task Description</th>
<th>Deliverables</th>
<th>Start Date*</th>
<th>Completion Date*</th>
<th>Duration</th>
<th>SANDAG Funds</th>
<th>Matching Funds</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consultant Selection Process/ Administration</td>
<td>Signed Consultant Contract</td>
<td>1/21/2014</td>
<td>2/9/2015</td>
<td>9 Months</td>
<td>$10,000</td>
<td>$5,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>2</td>
<td>Community Outreach and Participation</td>
<td>Build upon outreach efforts of previous grant; Collaborative planning effort between staff, consultant, and stakeholders to include community input throughout the entirety of the planning process</td>
<td>Throughout</td>
<td>Throughout</td>
<td>29 Months</td>
<td>$9,000</td>
<td>$1,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>3</td>
<td>Prepare Land Use Alternatives</td>
<td>City staff and stakeholders will develop appropriate land use mixes and densities along Morena Boulevard that support TOD, and pedestrian and bicycle activity and accessibility</td>
<td>11/15/2015</td>
<td>11/15/2016</td>
<td>2 Months</td>
<td>$66,000</td>
<td>$4,000</td>
<td>$70,000</td>
</tr>
<tr>
<td>4</td>
<td>Facilities Financing Plan Amendment Process</td>
<td>City staff will ensure the financing capabilities for future infrastructure and mobility improvements</td>
<td>11/15/2015</td>
<td>11/15/2016</td>
<td>2 Months</td>
<td>$47,000</td>
<td>$3,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>5</td>
<td>Develop Zoning Recommendations</td>
<td>City staff and stakeholders will develop a package of rezones that accompany the land use and density alternatives</td>
<td>1/1/2016</td>
<td>1/1/2016</td>
<td>3 Months</td>
<td>$47,000</td>
<td>$3,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>6</td>
<td>Community Plan Amendment Process</td>
<td>City staff will prepare land use, zoning and policy amendments for the Clairemont Mesa and Linda Vista community plans</td>
<td>1/1/2016</td>
<td>1/1/2017</td>
<td>12 Months</td>
<td>$71,000</td>
<td>$4,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>7</td>
<td>Environmental Analysis</td>
<td>Draft and programmatic EIR; allow for public review; recirculation of the draft EIR; preparation of final programmatic EIR</td>
<td>1/1/2016</td>
<td>1/1/2017</td>
<td>12 Months</td>
<td>$95,000</td>
<td>$15,000</td>
<td>$110,000</td>
</tr>
<tr>
<td>8</td>
<td>Adoption of Community Plan Amendments and Rezones</td>
<td>Community planning group approval; Planning Commission Hearing and approval; City Council hearing and approval; Adopted Community Plan Amendments into active policy and zoning</td>
<td>1/1/2017</td>
<td>1/1/2017</td>
<td>5 Months</td>
<td>$55,000</td>
<td>$5,000</td>
<td>$60,000</td>
</tr>
<tr>
<td></td>
<td>Project Completion</td>
<td></td>
<td>7/21/2014</td>
<td>7/21/2017</td>
<td>42 Months</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Start Date and Completion Date are both tracked from NTP Date.

### PROJECT REVENUES

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGIP/TransNet</td>
<td>$14,000</td>
<td>$280,000</td>
<td>$106,000</td>
<td>$400,000</td>
</tr>
<tr>
<td>Local (In Kind)</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$14,000</td>
<td>$48,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>$26,000</td>
<td>$402,000</td>
<td>$120,000</td>
<td>$548,000</td>
</tr>
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**Attachment A - Revised Schedule**
### Status of Cycle 2 (FY 2011 - 2013) TransNet/TDA Active Transportation Grant Program Projects

**Reporting period through June 30, 2015**

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<tr>
<td>1 Carlsbad</td>
<td>Active Village Campaign</td>
<td>SUPPORT: Develops a multi-media campaign to promote the benefits of walking and biking in Carlsbad and Carlsbad Village, and aims to increase bicycling and walking for everyday trips, improve connectivity and create a pilot program that is scalable for other cities in the region.</td>
<td>$271,211</td>
<td>02/14/13</td>
<td>04/30/14</td>
<td>04/30/16</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>2 Chula Vista</td>
<td>Main Street Streetscape Master Plan</td>
<td>PLANNING: Provides a plan using Complete Street principles, and improves access to nearby recreational facilities, and promotes water conservation through improved landscaping features.</td>
<td>$299,981</td>
<td>03/28/13</td>
<td>09/30/14</td>
<td>09/30/15</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>3 National City</td>
<td>4th Street Community Corridor</td>
<td>CAPITAL: Provides roughly 2.0 miles of Class II bicycle facilities, including bicycle detector loops and bicycle boxes. The project includes installation of high-visibility crosswalks, and traffic calming elements.</td>
<td>$450,000</td>
<td>03/05/13</td>
<td>07/31/16</td>
<td>07/31/16</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>4 National City</td>
<td>Bicycle Parking Enhancements</td>
<td>BIKE PARKING: Installs bicycle racks throughout National City's bicycle network, providing cyclists with secure and convenient parking for end-of-trip storage.</td>
<td>$50,000</td>
<td>03/05/13</td>
<td>07/31/16</td>
<td>07/31/16</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>5 National City</td>
<td>D Avenue Corridor</td>
<td>CAPITAL: Provides approximately 2.5 miles of Class II and III bicycle facilities, including bicycle detector loops and bicycle boxes at all signalized intersections. The project also includes installation of high-visibility crosswalks and traffic calming elements.</td>
<td>$600,000</td>
<td>03/05/13</td>
<td>07/31/16</td>
<td>07/31/16</td>
<td>No</td>
<td>Project IS making timely progress toward its milestones.</td>
</tr>
<tr>
<td>6 Oceanside</td>
<td>2 Year Education, Encouragement, and Awareness Project</td>
<td>SUPPORT: Provides adult and student education for active transportation skills and concepts, bilingual Public Service Announcements, and bike route maps of Oceanside bike facilities.</td>
<td>$180,808</td>
<td>03/13/13</td>
<td>07/31/15</td>
<td>07/31/16</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>7 Oceanside</td>
<td>North Coast Transit Station Bike Station</td>
<td>BIKE PARKING: Provides a 200 sq. ft. bike station for 30 bicycles to provide secure, indoor bike parking, which bicyclists can access 24 hours a day, 7 days a week.</td>
<td>$100,000</td>
<td>03/13/13</td>
<td>10/31/15</td>
<td>10/31/16</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>8 San Diego</td>
<td>Chollas Creek to Bayshore Bikeway - Multi-Use Path Design</td>
<td>CAPITAL: Provides environmental review and design for an envisioned Class I Multi-Use Path to connect between Southeastern San Diego, Barrio Logan, the San Diego Bay and Downtown San Diego for everyday non-motorized travel.</td>
<td>$441,250</td>
<td>02/21/13</td>
<td>12/31/14</td>
<td>12/31/15</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
</tr>
<tr>
<td>9 San Diego</td>
<td>Linda Vista CATS</td>
<td>PLANNING: Develops a Comprehensive Active Transportation Strategy (CATS) for the Linda Vista Community Planning Area, providing direct and convenient connections to various destinations, while increasing bicyclist and pedestrian safety.</td>
<td>$300,000</td>
<td>02/21/13</td>
<td>03/31/16</td>
<td>03/31/16</td>
<td>No</td>
<td>Grantee is requesting a no-cost, time-only schedule extension of six months to 9/30/16 for the Transportation Committee's approval.</td>
</tr>
<tr>
<td>10 San Diego</td>
<td>Downtown Complete Streets Mobility Plan</td>
<td>PLANNING: Establishes a comprehensive Complete Streets approach for downtown San Diego.</td>
<td>$300,000</td>
<td>04/11/13</td>
<td>11/30/14</td>
<td>05/31/16</td>
<td>No</td>
<td>Project IS making timely progress toward its revised milestones.</td>
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<tr>
<td>11 Carlsbad</td>
<td>Bike the Village: 100 Racks</td>
<td>BIKE PARKING: Builds upon the Carlsbad Village's Bike Rack Pilot Program and other related capital improvement projects in the vicinity and installs 80 additional custom racks and 6 bike corrals.</td>
<td>$33,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT COMPLETE - JULY 2013</td>
</tr>
<tr>
<td>12 Carlsbad</td>
<td>Coastal Rail Trail - Reach 1</td>
<td>CAPITAL: Enhances safety and improves circulation and access for all modes of transportation between Carlsbad and Oceanside across a natural barrier and completes the northern sections of the Coastal Rail Trail into Oceanside.</td>
<td>$800,000</td>
<td></td>
<td></td>
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<td>PROJECT COMPLETE - JANUARY 2015</td>
</tr>
<tr>
<td>13 Carlsbad</td>
<td>Carlsbad CATS</td>
<td>PLANNING: Develops a comprehensive active transportation implementation strategy (CATS) for livable streets. The plan will be tested by implementing up to five pilot projects.</td>
<td>$150,000</td>
<td></td>
<td></td>
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<td>PROJECT COMPLETE - MAY 2015</td>
</tr>
<tr>
<td>14 Del Mar</td>
<td>Bike Parking Facilities</td>
<td>BIKE PARKING: Planning and implementation of bike parking facilities, including bike racks and lockers, throughout the city.</td>
<td>$25,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT COMPLETE - JUNE 2014</td>
</tr>
<tr>
<td>15 Imperial Beach</td>
<td>Eco-Bikeway 7th &amp; Seacoast</td>
<td>CAPITAL: Provides construction of Class II and Class III bikeways, and expands the local pedestrian network along Palm Avenue. Provides an important connection from the Bayshore Bikeway to Seacoast Drive.</td>
<td>$1,500,000</td>
<td></td>
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<td>PROJECT COMPLETE - NOVEMBER 2013</td>
</tr>
<tr>
<td>16 Oceanside</td>
<td>Oceanside Boulevard Transit Access &amp; Beautification</td>
<td>CAPITAL: Improves the sidewalk and landscaping along Oceanside Boulevard, facilitating pedestrian access to transit stations and destinations.</td>
<td>$400,000</td>
<td></td>
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<td></td>
<td></td>
<td>PROJECT COMPLETE - SEPTEMBER 2014</td>
</tr>
<tr>
<td>17 Oceanside</td>
<td>Mission Avenue Improvements</td>
<td>CAPITAL: Provides a mix of bicycle, pedestrian, and roadway improvements including: increased sidewalk width with curb bulb-outs, streetscape improvements, and Class III bicycle improvements.</td>
<td>$1,500,000</td>
<td></td>
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<td>PROJECT COMPLETE - JULY 2014</td>
</tr>
<tr>
<td>18 San Diego</td>
<td>San Diego River Bike Path &amp; Mission Center Boulevard Improvement: Pedestrian Hybrid Beacon</td>
<td>CAPITAL: Improves pedestrian safety with the installation of the Pedestrian Hybrid Beacon using the 'Hawk Signal' at the project intersection.</td>
<td>$293,000</td>
<td></td>
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<td></td>
<td></td>
<td>PROJECT COMPLETE - JUNE 2015</td>
</tr>
<tr>
<td>19 San Diego</td>
<td>Microwave Bicycle Detection (The Intersector)</td>
<td>CAPITAL: Installs microwave-based bicycle detection devices at various intersections that distinguish between bicycles and vehicles and adjusts signal timing to better accommodate cyclists.</td>
<td>$200,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT COMPLETE - OCTOBER 2014</td>
</tr>
<tr>
<td>Grantee</td>
<td>Project</td>
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<tr>
<td>San Marcos</td>
<td>Bicycle and Pedestrian Master Plan</td>
<td>PLANNING: Identifies needed improvements to the existing network and new routes to provide bicycle and pedestrian connectivity.</td>
<td>$80,000</td>
<td></td>
<td></td>
<td></td>
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<td>PROJECT IS COMPLETE - JUNE 2015</td>
</tr>
<tr>
<td>San Marcos</td>
<td>San Marcos Boulevard Complete Street Multi-Way Boulevard</td>
<td>PLANNING: Project creates a multi-modal transportation corridor and prepares a set of Complete Street concepts for the future re-development of San Marcos Boulevard.</td>
<td>$124,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT COMPLETE - FEBRUARY 2015</td>
</tr>
<tr>
<td>Santee</td>
<td>San Diego River Trail - South Side of the San Diego River</td>
<td>CAPITAL: Improves trail by installing a Class I bike path with decomposed granite shoulders for pedestrians.</td>
<td>$281,750</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT IS COMPLETE - MAY 2015</td>
</tr>
<tr>
<td>Santee</td>
<td>Town Center Parkway/ Olive Lane/ Prospect Avenue Bike Project</td>
<td>CAPITAL: Improves safety for bicyclists by installing Class II bike lanes, narrowing vehicle lanes, adding bike lanes at intersections and adjusting video detection to detect bicycles.</td>
<td>$134,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT COMPLETE - MARCH 2014</td>
</tr>
<tr>
<td>Solana Beach</td>
<td>Comprehensive Active Transportation Strategy (CATS)</td>
<td>PLANNING: Comprehensive update of the bicycle master plan, and consideration of pedestrian facilities and traffic calming needs, especially around schools, transit and commercial neighborhoods.</td>
<td>$136,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT IS COMPLETE - JUNE 2015</td>
</tr>
<tr>
<td>Vista</td>
<td>Bicycle Master Plan</td>
<td>PLANNING: Updates the City of Vista's 2002 Bicycle Master Plan. Provides connections to neighboring bikeways in adjacent communities of Oceanside, Carlsbad, San Marcos, and unincorporated parts of the County.</td>
<td>$150,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PROJECT COMPLETE - JANUARY 2015</td>
</tr>
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### Status of Cycle 2A (FY 2016) TransNet/TDA Active Transportation Grant Program Projects

**Contracts Issued Summer 2015**

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<tr>
<td>1 Chula Vista</td>
<td>F Street Promenade Streetscape Master Plan</td>
<td>PLANNING: Provides a plan using Complete Street principles, and improves access to nearby recreational facilities, and promotes water conservation through improved landscaping features.</td>
<td>$491,000</td>
<td>08/14/15</td>
<td>08/14/18</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Del Mar</td>
<td>Pedestrian and Bike facilities along Camino del Mar, Jimmy Durante, and Vía de la Valle</td>
<td>CAPITAL: construct street, sidewalk, and bicycle lane improvements to create continuous, aligned sidewalks and improved bicycle lanes within public right-of-way for better mobility.</td>
<td>$812,000</td>
<td>07/14/15</td>
<td>01/14/17</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Escondido</td>
<td>4th Street Community Corridor</td>
<td>CAPITAL: Construct Class I and Class II bike facilities that connect the Escondido Creek Trail and Inland Rail Trail</td>
<td>$1,092,000</td>
<td>09/03/15</td>
<td>03/03/19</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Imperial Beach</td>
<td>Bicycle Parking Enhancements</td>
<td>CAPITAL: Construct streetscape improvements and Class II bike facility along 13th Street. Improvements will be implemented in conjunction with the adaptive reuse of two commercial warehouse structures into a commercial/retail-serving “Bikeway Village”</td>
<td>$1,800,000</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 National City</td>
<td>Division Street Road Diet</td>
<td>CAPITAL: Implement pedestrian improvements and install approximately 1 mile of Class II buffered bike lanes along Division Street</td>
<td>$875,000</td>
<td>08/21/15</td>
<td>05/21/17</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 National City</td>
<td>Euclid Avenue Bicycle and Pedestrian Enhancements</td>
<td>CAPITAL: Implement a road diet and provide approximately 1.7 miles of Class II buffered bike lane along Euclid Avenue between Cerevantes Avenue and East 24th Street</td>
<td>$425,000</td>
<td>08/21/15</td>
<td>05/21/17</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 County of San Diego</td>
<td>Active Transportation Plan</td>
<td>PLANNING: Prepare a comprehensive master plan and policy document for the unincorporated county area to guide the development and maintenance of active transportation infrastructure and supportive programs</td>
<td>$500,000</td>
<td>06/12/15</td>
<td>06/12/18</td>
<td>No</td>
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<tbody>
<tr>
<td>1 Carlsbad</td>
<td>Carlsbad Boulevard and Tamarack Avenue Pedestrian Improvement Project</td>
<td>CAPITAL: Provide enhanced facilities for pedestrians, transit users and bicyclists. The proposed project will establish a new standard for a pedestrian scramble, provide and demand actuated NTOR blank out signs, modify traffic detection to count cyclists and provide unique clearance times. Bicyclists will be provided with northbound and southbound bike boxes.</td>
<td>$192,100</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>2 Chula Vista</td>
<td>Walk + Bike Chula Vista Education Encouragement Awareness Campaign</td>
<td>SUPPORT: Creates a positive multimedia campaign, coordinates and promotes new walking and biking infrastructure projects to increase awareness on bicycle and pedestrian access, educate businesses and residents, and promote alternative transportation choices and improved safety in Chula Vista.</td>
<td>$100,000</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>3 Coronado</td>
<td>Coronado Comprehensive Active Transportation Strategy</td>
<td>PLANNING: Provides a complete multi-modal transportation network in Coronado that accommodates the needs of all users and modes. Specifically, the CATS will include a pedestrian master plan component, an updated bicycle master plan component, and the development of Safe Routes to School and traffic calming recommendations for the City of Coronado.</td>
<td>$90,000</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4 El Cajon</td>
<td>Be Safe, El Cajon</td>
<td>SUPPORT: Circulate San Diego and the City of El Cajon will initiate a multi-media, multi-lingual, multi-modal, and multi-faceted education, encouragement and awareness campaign to encourage active transportation and pedestrian safety for residents.</td>
<td>$50,000</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>5 Escondido</td>
<td>Escondido Creek Trail Signalized Bike/Pedestrian Crossing at El Norte Parkway Project</td>
<td>CAPITAL: Provides active transportation connectivity for the Escondido Creek Trail. Provides active transportation connectivity for the Escondido Creek Trail in accordance with the Escondido Creek Trail Master Plan. The project also includes a bridge that will provide a sidewalk, decorative fencing, safety barrier, bike lanes and buffers across the Escondido Creek.</td>
<td>$335,000</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>6 National City</td>
<td>Sweetwater River Bikeway/30th Street Bicycle Facility Improvements</td>
<td>CAPITAL: The project will provide nearly one mile of Class II and Class III bicycle facilities, per the City's Bicycle Master Plan. The bicycle facilities will complete a system gap in National City's bicycle network, directly linking the bike network to the regional Sweetwater River Bikeway.</td>
<td>$1,000,000</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>7 National City</td>
<td>National City Bicycle Parking Enhancements (Bike Parking)</td>
<td>BIKE PARKING: The Project will install bicycle racks throughout National City's bicycle network. The bicycle racks will provide cyclists with safe, secure, and convenient parking for end-of-trip storage and enhance regional and local bicycle networks.</td>
<td>$50,000</td>
<td>TBD</td>
<td>No</td>
<td>No</td>
<td>No</td>
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### Status of Cycle 3 (FY 2014 - 2016) TransNet /TDA Active Transportation Grant Program Projects

#### Projects Awarded July 24, 2015

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<tr>
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<tr>
<td>8 Oceanside</td>
<td>Bike/Bus Safety Public Outreach Project</td>
<td>$90,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>9 San Diego</td>
<td>Euclid and Market Complete Streets Master Plan</td>
<td>$300,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>10 Santee</td>
<td>Riverwalk Drive Crossing Project</td>
<td>$216,900</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>11 Santee</td>
<td>Citywide Bike Lanes Project</td>
<td>$156,000</td>
<td>TBD</td>
<td></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>12 Solana Beach</td>
<td>Stevens/Valley Avenue Corridor – Bicycle and Pedestrian Improvement Project</td>
<td>$420,000</td>
<td>TBD</td>
<td></td>
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<td>No</td>
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October 8, 2015

Susan Baldwin  
Regional Planner  
San Diego Association of Governments (SANDAG)  
401 B Street, Suite 800  
San Diego, CA 92101

Dear Ms. Baldwin,

Re: Request for a six (6) month extension to the project schedule for the Linda Vista Comprehensive Active Transportation Strategy (CATS).

The City of San Diego was awarded SANDAG Active Transportation grant funds for the Linda Vista CATS project. The purpose of the CATS is to develop a complete network that provides direct and convenient connections for residential areas, schools, employment centers, transit stations, public places, retail and any community destinations. The Plan is also designed to result in detailed project information for implementation of projects identified, a prioritization of projects for implementation, an implementation strategy, and a framework to develop CATS in other San Diego communities.

Michael Baker International (formerly RBF Consulting) is the consultant working with the City of San Diego in developing the CATS. Since project initiation, the existing conditions data has been collected, an inventory has been taken to understand the existing pedestrian, bicycle and transit network, a community workshop was held, and the community planning group has been provided project status updates throughout the project. The next step for the project is to develop a street typology network to begin assigning a mode priority for each street in the community. The street typologies will be used, along with other data to identify improvement areas to enhance pedestrian walkability, safety, accessibility and connectivity. Improvements will be identified and then prioritized, based on a prioritization criteria, for implementation. The street typology identification and the prioritization criteria are key factors in the development of the CATS and the foundation of future active transportation strategies.

Concurrently with the LVCATS, the City of San Diego is developing performance measures or measures of effectiveness (MOEs) to assess transportation facilities and help to identify improvement recommendations for all modes of travel in community plan updates and mobility studies. These MOE’s will include street typologies and prioritization criteria. In order to allow time to develop and use the Planning Department’s new multimodal MOE’s for the Linda Vista
CATS project, a 6 month project extension will be needed. Therefore, at this time, the City of San Diego respectfully requests that SANDAG grant a six month project extension.

The Linda Vista CATS project is on schedule and would have been complete by March 2016 as originally scheduled. However, the project will benefit from the multimodal MOE’s that are currently in development and incorporating the MOE’s into the LV CATS will realize project’s goal to create a framework to replicate CATS projects in other City of San Diego communities. Once the multimodal MOE’s are developed they will be used in all City of San Diego mobility studies and plans. The MOE’s are currently underway and are expected to be complete by December 2015. Once complete, project areas and multimodal corridors will be identified and the entire LV CATS project will be complete by September 2016. Attached is a revised schedule showing our commitment to complete the LV CATS project by September 2016.

If you have any questions regarding this request, please contact me at (619) 236-6173 or via email at magarcia@sandiego.gov.

Sincerely,

Melissa Garcia
Senior Planner

Attachment
1. Revised Schedule-Linda Vista CATS
SANDAG ACTIVE TRANSPORTATION GRANT PROGRAM  SCOPE OF WORK, SCHEDULE, AND BUDGET

Project Title: Linda Vista Planning Area Comprehensive Active Transportation Strategy (Pedestrian Master Plan Phase V)
Project Type (Planning, Education/Encouragement/Awareness, Bicycle Parking): Planning

Project Location/Limits:
The Project will develop a Comprehensive Transportation Strategy (CATS) for the Linda Vista Community Planning Area. The planning area is generally bounded on the south by Friars Road, on the west by Interstate 5 (I-5), on the north by Tecolote Road and Mesa College Drive, and on the east by State Route 163.

Project Description:
This project will develop a Comprehensive Active Transportation Strategy (CATS) for the Linda Vista Community Planning Area.

#### Task Description

<table>
<thead>
<tr>
<th>Task No.</th>
<th>Task Description</th>
<th>Deliverable/s</th>
<th>Start Date</th>
<th>Completion Date</th>
<th>SANDAG Funds</th>
<th>Matching Funds</th>
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</tr>
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<tbody>
<tr>
<td>1</td>
<td>Execute Grant Agreement</td>
<td>Grant Agreement</td>
<td>Jan. 2013</td>
<td>Mar. 2013</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>2</td>
<td>Select Consultant and Award Contract</td>
<td>RFP</td>
<td>Mar. 2013</td>
<td>Mar. 2014</td>
<td>$0</td>
<td>$0</td>
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</tr>
<tr>
<td>3</td>
<td>Create Public Outreach Plan and Materials to facilitate outreach. Conduct outreach throughout Project</td>
<td>Public Outreach Plan &amp; Materials</td>
<td>Mar. 2014</td>
<td>Mar. 2016</td>
<td>$15,000</td>
<td></td>
<td>$15,000</td>
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<tr>
<td>4</td>
<td>Review existing data and gather updated data, as needed, regarding pedestrian attractors (retail, schools, parks, recreation centers, religious institutions) and pedestrian detractors (collisions, slope, speed limits). Create new GIS maps to identify possible pedestrian, transit, bicycle, and school routes in order to create a network.</td>
<td>GIS Maps</td>
<td>Mar. 2013</td>
<td>Oct. 2013</td>
<td>$30,000</td>
<td>$0</td>
<td>$30,000</td>
</tr>
<tr>
<td>5</td>
<td>Establish criteria for project prioritization. The criteria will have an emphasis on creating a network of routes within the community to connect pedestrians and bicyclists with community facilities. Project prioritization will be used to prioritize improvements.</td>
<td>GIS Maps</td>
<td>Oct. 2013</td>
<td>Jan. 2016</td>
<td>$50,000</td>
<td>$0</td>
<td>$50,000</td>
</tr>
<tr>
<td>6</td>
<td>Conduct assessments, and identify needed improvement projects that address safety, accessibility, connectivity, and other issues. Draft project prioritization list utilizing prioritization criteria.</td>
<td>Presentation boards, electronic visual tools, fact sheets</td>
<td>Jan. 2014</td>
<td>Mar. 2016</td>
<td>$5,000</td>
<td>$0</td>
<td>$5,000</td>
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<tr>
<td>7</td>
<td>Review existing data and gather updated data, as needed, regarding pedestrian attractors (retail, schools, parks, recreation centers, religious institutions) and pedestrian detractors (collisions, slope, speed limits). Create new GIS maps to identify possible pedestrian, transit, bicycle, and school routes in order to create a network.</td>
<td>Identify specific projects and create easily understood digital project designs</td>
<td>Mar. 2014</td>
<td>June, 2016</td>
<td>$100,000</td>
<td>$0</td>
<td>$100,000</td>
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<tr>
<td>8</td>
<td>Community Workshop to gather input on proposed projects.</td>
<td>Presentation boards, electronic visual tools, fact sheets</td>
<td>June, 2015</td>
<td>April, 2016</td>
<td>$5,000</td>
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<tr>
<td>9</td>
<td>Finalize project prioritization and create detailed project description sheets and cost estimates for projects.</td>
<td>Detailed project descriptions</td>
<td>July, 2015</td>
<td>May, 2016</td>
<td>$50,000</td>
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<td>10</td>
<td>Draft and finalize Linda Vista Comprehensive Transportation Strategy.</td>
<td>Linda Vista CATS Document</td>
<td>Sept. 2015</td>
<td>September, 2016</td>
<td>$30,000</td>
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<tr>
<td>11</td>
<td>Create a CATS toolbox of components or concepts that can be replicated in other communities.</td>
<td>CATS Toolbox</td>
<td>Dec, 2016</td>
<td>September, 2016</td>
<td>$15,000</td>
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#### TOTALS

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<th>FY 2015</th>
<th>TOTAL</th>
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<td>$95,000</td>
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</tr>
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<td>Other (list source)</td>
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<td>$0</td>
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**PROJECT REVENUES**

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
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COMPETITIVE GRANT PROGRAM PROCEDURES

Applicability and Purpose of Policy

This Policy applies to all grant programs administered through SANDAG, whether from TransNet or another source, including but not limited to the Smart Growth Incentive Program, Environmental Mitigation Program, Bike and Pedestrian Program, Senior Mini Grant Program, Federal Transit Administration grant programs, and Active Transportation Grant Program.

Nothing in this Policy is intended to supersede federal or state grant rules, regulations, statutes, or contract documents that conflict with the requirements in this Policy. There are never enough government grant funds to pay for all of the projects worthy of funding in the San Diego region. For this reason, SANDAG awards grant funds on a competitive basis that takes the grantees’ ability to perform their proposed project on a timely basis into account. SANDAG intends to hold grantees accountable to the project schedules they have proposed in order to ensure fairness in the competitive process and encourage grantees to get their projects implemented quickly so that the public can benefit from the project deliverables as soon as possible.

Procedures

1. Project Milestone and Completion Deadlines

1.1. When signing a grant agreement for a competitive program funded and/or administered by SANDAG, grant recipients must agree to the project delivery objectives and schedules in the agreement. In addition, a grantee’s proposal must contain a schedule that falls within the following deadlines. Failure to meet the deadlines below may result in revocation of all grant funds not already expended. The final invoice for capital, planning, or operations grants must be submitted prior to the applicable deadline.

1.1.1. Funding for Capital Projects. If the grant will fund a capital project, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary construction contract must be awarded within two years following execution of the grant agreement, and construction must be completed within eighteen months following award of the construction contract. Completion of construction for purposes of this policy shall be when the prime construction contractor is relieved from its maintenance responsibilities. If no construction contract award is necessary, the construction project must be complete within eighteen months following execution of the grant agreement.

1.1.2. Funding for Planning Grants. If the grant will fund planning, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary consultant contract must be awarded within one year following execution of the grant agreement, and the planning project must be
complete within two years following award of the consultant contract. Completion of planning for purposes of this policy shall be when grantee approves the final planning project deliverable. If no consultant contract award is necessary, the planning project must be complete within two years of execution of the grant agreement.

1.1.3 Funding for Operations Grants. If the grant will fund operations, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary services contract for operations must be awarded within one year following execution of the grant agreement, and the operations must commence within six months following award of the operations contract. If no services contract for operations is necessary, the operations project must commence within one year of execution of the grant agreement.

1.1.4 Funding for Equipment or Vehicles Grants. If the grant will fund equipment or vehicles, the project must be completed according to the schedule provided in the grant agreement, but at the latest, any necessary purchase contracts for equipment or vehicles must be awarded within one year following execution of the grant agreement, and use of the equipment or vehicles for the benefit of the public must commence within six months following award of the purchase contract.

2. Project Milestone and Completion Deadline Extensions

2.1. Schedules within grant agreements may include project scopes and schedules that will identify interim milestones in addition to those described in Section 1 of this Policy. Grant recipients may receive extensions on their project schedules of up to six months for good cause. Extensions of up to six months aggregate that would not cause the project to miss a completion deadline in Section 1 may be approved by the SANDAG Executive Director. Extensions beyond six months aggregate or that would cause the project to miss a completion deadline in Section 1 must be approved by the Policy Advisory Committee that has been delegated the necessary authority by the Board. For an extension to be granted under this Section 2, the following conditions must be met:

2.1.1. For extension requests of up to six months, the grantee must request the extension in writing to the SANDAG Program Manager at least two weeks prior to the earliest project schedule milestone deadline for which an extension is being requested. The Executive Director or designee will determine whether the extension should be granted. The Executive Director’s action will be reported out to the Board in following month’s report of delegated actions.

2.1.2. A grantee seeking an extension must document previous efforts undertaken to maintain the project schedule, explain the reasons for the delay, explain why the delay is unavoidable, and demonstrate an ability to succeed in the extended time frame the grantee proposes.

2.1.3. If the Executive Director denies an extension request under this Section 2, the grantee may appeal within ten business days of receiving the Executive Director’s
response to the responsible Policy Advisory Committee by sending the appeal to
the SANDAG Program Manager.

2.1.4. Extension requests that are rejected by the Policy Advisory Committee will result in
termination of the grant agreement and obligation by the grantee to return to
SANDAG any unexpended funds within 30 days. Unexpended funds are funds for
project costs not incurred prior to rejection of the extension request by the Policy
Advisory Committee.

3. Project Delays and Extensions in Excess of Six Months

3.1. Requests for extensions in excess of six months, or that will cause a project to miss a
completion deadline in Section 1 (including those projects that were already granted
extensions by the Executive Director and are again falling behind schedule), will be
considered by the Policy Advisory Committee upon request to the SANDAG Program
Manager.

3.2 A grantee seeking an extension must document previous efforts undertaken to maintain
the project schedule, explain the reasons for the delay, explain why the delay is
unavoidable, and demonstrate an ability to succeed in the extended time frame the
grantee proposes. The grantee must provide the necessary information to SANDAG staff
to place in a report to the Policy Advisory Committee. If sufficient time is available, and
the grant utilized TransNet funds, the request will first be taken to the Independent
Taxpayer Advisory Committee (ITOC) for a recommendation. The grantee should make a
representative available at the meeting to present the information to, and/or answer
questions from, the ITOC and Policy Advisory Committee.

3.3 The Policy Advisory Committee will only grant an extension under this Section 3 for
extenuating circumstances that the grantee could not have reasonably foreseen.

4. Resolution and Execution of the Grant Agreement

4.1 Two weeks prior to the review by the Policy Advisory Committee of the proposed grants,
prospective grantees must submit a resolution from their authorized governing body
that includes the provisions in this Subsection 4.1. Failure to provide a resolution that
meets the requirements in this Subsection 4.1 will result in rejection of the application
and the application will be dropped from consideration with funding going to the next
project as scored by the evaluation committee. In order to assist grantees in meeting this
resolution deadline, when SANDAG issues the call for projects it will allow at least 90
days for grant application submission.

4.1.1 Grantee governing body commits to providing the amount of matching funds set
forth in the grant application.

4.1.2 Grantee governing body authorizes staff to accept the grant funding and execute
a grant agreement if an award is made by SANDAG.

4.2 Grantee’s authorized representative must execute the grant agreement within 45 days
from the date SANDAG presents the grant agreement to the prospective grantee for
execution. Failure to meet the requirements in this Subsection 4.2 may result in revocation of the grant award.

5. Increased Availability of Funding Under this Policy

5.1. Grant funds made available as a result of the procedures in this Policy may be awarded to the next project on the recommended project priority list from the most recent project selection process, or may be added to the funds available for the next project funding cycle, at the responsible Policy Advisory Committee’s discretion. Any project that loses funding due to failure to meet the deadlines specified in this Policy may be resubmitted to compete for funding in a future call for grant applications.

Adopted: January 2010
Amended: November 2014
HEALTHY COMMUNITIES TRANSFORMATION INITIATIVE

Introduction

The Healthy Communities Transformation Initiative (HCTI) is a pilot program of the federal Department of Housing and Urban Development (HUD) (Attachment 1). The project was developed to help inform planning and decision-making processes about the relationships between the physical, social, and economic environments, and public health. It has produced a web-based Healthy Communities Assessment Tool (HCAT) that incorporates a Healthy Communities Index that can be used to evaluate communities on how well they support health. The HCTI approaches the topic from the World Health Organization’s broad definition of health as a state of physical, emotional, and social well-being, not just the absence of disease.

Through extensive collaboration with the County Health and Human Services Agency (HHSA), SANDAG has considerable experience working with the connections between planning, the built environment, and health. With this experience, the San Diego region was invited to be one of four pilot sites for testing the HCAT. This report presents an overview of the HCTI and how SANDAG and local agencies and organizations are involved in the pilot program.

Discussion

Developing the Healthy Communities Assessment Tool

HUD has selected four localities as pilot sites for implementing the HCAT: the cities of Minneapolis, Albuquerque, and Providence, Rhode Island, and the San Diego region. The pilot sites were invited to participate in a National Advisory Panel that helped guide the development of the Healthy Communities Index, which in turn, influenced the development of the HCAT. The HCAT presents 42 indicators mapped at the neighborhood level, and summarizes their impact in the Healthy Communities Index. For the San Diego version of the HCAT, neighborhoods were defined by community planning areas where they existed. For cities without community planning areas, local planning department staff defined the neighborhoods, or in some cases, the data are simply reported for the entire city.

As a pilot project, the HCAT remains a work in progress. SANDAG staff is still developing some elements of the tool, and data for some of the 42 indicators are proving difficult to obtain, especially at the neighborhood level. Nevertheless, the project is moving forward with the approach that these issues will be documented as progress continues and will be reported to the HUD consultants. The pilot program was extended from May through November 2015. Local stakeholders have been testing the HCAT over that time and providing feedback to both SANDAG and HUD on its functionality and utility.
**Healthy Communities Assessment Tool Utilization in the San Diego Region**

HUD requested that each of the pilot sites establish a stakeholders group to assist in the implementation of this program. SANDAG has utilized the existing SANDAG Public Health Stakeholders Group and Community Based Organizations (CBOs) that were established to provide input on San Diego Forward: The Regional Plan for this purpose. From the Public Health Stakeholders Group, and through the Regional Planning Technical Working Group, SANDAG solicited local agencies and organizations to engage in testing the tool. The network of CBOs developed for the Regional Plan also was consulted and invited to participate. At this point, four agencies and organizations are directly engaged in utilizing the tool:

- The City of Chula Vista for its Healthy Chula Vista initiative
- The County of San Diego for its Active Transportation Plan, and potentially for future community plan updates
- Sweetwater Unified High School District
- Casa Familiar

Consultants for HUD have been to San Diego twice to provide an orientation and training on using the HCAT and explore how it can assist in local planning processes. The tool has been launched with a link on the SANDAG website. ([http://www.sandag.org/index.asp?classid=12&projectid=482&fuseaction=projects.detail](http://www.sandag.org/index.asp?classid=12&projectid=482&fuseaction=projects.detail)) The HCAT is paired on the website with the Healthy Communities Atlas that was developed under a contract with the County HHSA for the Healthy Works program.

**Next Steps**

HUD is currently working to transition the tool over to the pilot cities/regions, which means the tool will continue to be available in the San Diego region. For SANDAG, the HCAT is similar to, but distinct from, the Healthy Communities Atlas. Both provide on-line access to factors that affect public health displayed at a neighborhood level, or in the case of the Atlas, at a census block level. Both applications require a considerable amount of data that would need to be updated periodically for the applications to remain useful. Staff will evaluate both in terms of their utility and the level of effort to maintain them. One or both could be maintained, or parts of each could be combined into a single application. Consultation with the Regional Planning Technical Working Group and the Regional Planning Committee will be a part of that decision-making process. Ultimately, any proposed future funding for these tools will be presented to the SANDAG Board of Directors for consideration.

CHARLES “MUGGS” STOLL  
Director, Land Use and Transportation Planning Department

Attachment: 1. Healthy Communities Transformation Initiative

Key Staff Contact: Stephan Vance, (619) 699-1924, stephan.vance@sandag.org
Defining Healthy Communities
What makes a community healthy? Is it the number of people with disease? Or is community health a product of neighborhood factors, including quality parks and schools, good housing, accessible shops and services, efficient transportation, and safe, clean environments? Across the country, many communities are taking action to improve the health and well-being of their residents by promoting sustainable and healthy neighborhoods. Identifying the right indicators to track and evaluate neighborhood determinants of health can be challenging because there are very few reliable and standardized measures designed to address the range of physical and social determinants of health at the neighborhood level. As more communities take on the challenge of integrating health into community planning and development, there is an increasing need for a comprehensive, standard set of neighborhood-level indicators of health and well-being to help communities establish baseline conditions, prioritize investments, and evaluate progress towards community health goals.

The U.S. Department of Housing and Urban Development (HUD) is a leader in promoting community health by using housing as a platform for improving quality of life. HUD’s mission is “to create strong, sustainable, inclusive communities and affordable homes for all.” The Healthy Communities Transformation Initiative (HCTI) supports and advances this holistic vision of community health.

Healthy Communities Transformation Initiative (HCTI)
The Healthy Communities Transformation Initiative (HCTI), funded by HUD’s Office of Lead Hazard Control and Healthy Homes (OLHCHH), is designed to help improve the health systems and the physical, social, and economic service structures that support healthy living and healthy behaviors in our communities. Healthy Housing Solutions, Inc. (Solutions) is leading the team developing this initiative. Two key elements of the HCTI are development of the Healthy Communities Index (HCI) and Healthy Communities Assessment Tool (HCAT).

HUD launched the HCTI with the goal of developing a systematic, evidence-based approach to assist local jurisdictions assess the physical, social, and economic roots of community health, and identify actionable policy and program activities to improve residents’ health and quality of life. Many communities have started to integrate health into community development and planning, but until the HCTI, have lacked access to standardized, comprehensive and practical tools available to help them measure the most important community determinants of health. The HCI and HCAT provide standardized, evidence-based tools that communities can use as a starting point to identify and prioritize issues of greatest concern.

The main objective of the HCTI is to create a unified national effort that:
- Defines criteria and metrics for community health;
- Supports healthy communities research; and
- Showcases best and most promising practices for healthy communities.
The HCTI supports community efforts to improve neighborhood conditions and transform community health through the development and application of standardized healthy community indicators. Indicators were selected based upon their measurability, nexus to health, and relationship to established national public health objectives. All indicators were evaluated for their ability to be easily interpreted, scalability for a range of communities, and capacity to motivate and create actionable policy and program change.

The HCI indicators form the foundation of the HCAT, which is designed to be easily used so the HCI can be broadly applied in any community. In addition to facilitating use of the HCI to evaluate community health, the HCAT also features resources and tools to help communities set and achieve goals. These may include a Healthy Development Checklist of suggested health or development targets and a menu of policies strategies to advance community health objectives.

The HCI and HCAT are being piloted in four cities that have demonstrated an interest in and commitment to measuring and improving community health. The HCTI project team will provide technical assistance to organizations in the pilot cities as well as provide access to national experts and opportunities to help integrate healthy community criteria into local policies and programs. Additionally, the HCTI helps promote interagency collaboration and opportunities to define and expand a national commitment to creating healthy communities.

Solutions is leading a team of uniquely qualified partners (ICF International, the International City/County Management Association, the National Center for Healthy Housing, and the Urban Institute) and being guided by a panel of national experts in the development of these innovative tools to support a common vision of healthy communities. We encourage you to contact us for more information.
SAN DIEGO REGIONAL CLIMATE COLLABORATIVE

Introduction

The San Diego Regional Climate Collaborative (Collaborative) is a network for public agencies that serve the San Diego region to share expertise, leverage resources, and advance comprehensive solutions to facilitate climate change planning. Earlier this year, the Collaborative was honored by the U.S. Environmental Protection Agency at its annual Climate Leadership Award Ceremony as one of two organizations in the nation to receive the Innovative Partnerships Certificate. SANDAG is a founding member of the Collaborative and utilizes the network to support implementation of regional energy and climate planning initiatives.

Discussion

San Diego Forward: The Regional Plan (Regional Plan) describes ways the San Diego region is addressing climate change by reducing greenhouse gas emissions and preparing for climate impacts. The following actions to implement the Regional Plan relate to the SANDAG role in the Collaborative:

- Support the efforts of local jurisdictions to implement their Energy Roadmaps to save energy in their own operations and in their larger communities.

- Develop strategies to enhance our region’s ability to adapt to the consequences of climate change, including planning and design strategies to help communities cope with hazardous events, such as storms, heat waves, wildfires, or ongoing drought.

The Collaborative supports these actions by providing coordination for regional energy efficiency programs; organizing technical workshops, trainings, and quarterly meetings to share ideas; assisting members with funding applications and letters of support; and sharing resources, tools, science, and expertise on sea level rise and other adaptation areas.

Climate Collaborative Membership

SANDAG is a founding member and contributes funding to the Collaborative through its Local Government Partnership (LGP) with San Diego Gas & Electric (SDG&E). The other LGPs in the region are founding members and similarly contribute funding. These include: the Cities of Chula Vista and San Diego, Port of San Diego, and County of San Diego. Additional founding members include SDG&E, The San Diego Foundation, and University of San Diego.
Since its creation, several new members have joined the Collaborative, including the Cities of Del Mar, Encinitas, National City, and Oceanside; the San Diego County Regional Airport Authority; UC San Diego; San Diego State University Center for Regional Sustainability; Tijuana National Estuarine Research Reserve; CleanTECH San Diego; and San Diego Climate Science Alliance.

More information on the Collaborative can be found at: sdclimatecollaborative.org.

CHARLES “MUGGS” STOLL
Director of Land Use and Transportation Planning

Key Staff Contact: Allison Wood, (619) 699-1973, allison.wood@sandag.org
OPENING SAN DIEGO’S DOOR TO LOWER HOUSING COSTS
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LETTER TO THE READER

Since 2010, Point Loma Nazarene University’s (PLNU) Fermanian Business & Economic Institute (FBEI) has been actively engaged in providing consulting services to numerous individuals, for profit and non-profit businesses, government agencies, and organizations throughout the region, as well as nationally and internationally. In addition to being the Economic Forecasting Unit for California State Controller John Chiang for the past two years, other long standing partners and clients include, but are not limited to, San Diego Military Advisory Council (SDMAC), San Diego Zoo Global, Sempra Energy, Chain Link Fence Manufacturer’s Institute (CLFMI), The Corky McMillin Companies, National Association for Business Economics (NABE), Equinox, and San Diego Workforce Partnership.

In the following report, Opening San Diego's Door to Lower Housing Costs, we attempt to quantify and present an objective analysis of the cumulative economic impact of government fees, regulations, and requirements on the cost of new single and multi-family housing, including both purchased and rented units, in various jurisdictions in San Diego County. For the purposes of this report seven jurisdictions were analyzed: Carlsbad, Chula Vista, the City of San Diego, San Marcos, Santee, other incorporated cities as a group, and unincorporated areas in San Diego County. The overall market is divided in four price tiers. In addition to the regulatory impact, we also look at the ripple effects of the regulatory environment, including the effect on households priced out of the market, the overall implications for population, business formation, jobs, and economic growth. We analyze the economic benefits that could accrue from a relatively moderate reduction in the regulatory costs restricting housing access. Additionally, we develop a set of best practices and present a set of actionable recommendations to improve the regulatory process regarding plan use, entitlements, and permitting, while at the same time preserving public goals and objectives but at a lesser cost.

We would like to thank the developers, builders, investors, community groups, council members, staff, and others who assisted us with obtaining accurate and timely information to include in our research, analysis, and recommendations for this report.

We appreciate the opportunity to present this study to individuals, firms, government officials, and decision makers at all levels. Our desire is that the results of our work will have a positive impact on a local level and will be used by elected officials to effect change in our region.

Cathy L. Gallagher
Executive Director
Executive Editor, Opening San Diego’s Door to Lower Housing Costs
Fermanian Business & Economic Institute
Point Loma Nazarene University
ABOUT THE AUTHORS

Executive Editor:

**Cathy L. Gallagher** – Executive Director, Fermanian Business & Economic Institute
Ms. Gallagher has extensive business experience as owner, manager, operator of several small businesses on the east coast before joining PLNU 11 years ago. In her current role Ms. Gallagher is responsible for overall leadership of the Institute, planning and implementation of all strategic initiatives, and building awareness of the many programs, services, and resources that further its mission and goals. She works closely with for-profit and non-profit businesses, organizations, and individuals, nationally and internationally, to develop collaborative, strategic, and mutually beneficial partnerships furthering objectives and bringing actionable results.

*Ms. Gallagher provided editorial leadership of the Opening San Diego’s Door to Lower Housing Costs study, as well as oversight of the overall timeline and deliverables. She wrote the Letter to the Reader and Best Practices, and co-authored the Introduction.*

Primary Author

**Dr. Lynn Reaser, Ph.D.** – Chief Economist, Fermanian Business & Economic Institute
Dr. Reaser has an extensive background in finance and banking as the former Chief Economist for the Investment Strategies Group of Bank of America and as a Chief Economist for Barnett Bank and First Interstate Bank prior to that. In her role at the Institute, she provides actionable economic counsel to PLNU and its stakeholders, as well as to the overall business community. She leads the economic research team of the Institute and is highly proficient at analyzing economic data, modeling, and forecasting, with special attention given to providing clear and concise recommendations for the reader. Reaser is a leading spokesperson for the university, conducting interviews with newspapers, magazines, television, radio, wire services, and the internet on a variety of topics related to the economy. She speaks at national and international conferences and forecasting events throughout the year. Reaser currently serves as the Chief Economist for California State Controller John Chiang’s Council of Economic Advisors.

*Dr. Reaser provided oversight of the Opening San Diego’s Door to Lower Housing Costs study and was the lead author of the Executive Summary, Housing Regulation in the San Diego Region, The Economic Benefits of Regulatory Reform on Housing Access sections of the report, Recommendations, and Methodology sections with input from members of the team responsible for sub sections. Additionally, she co-authored the Introduction.*
Contributors

**Peggy Crane, M.S.** – Economist, Fermanian Business & Economic Institute
Professor Crane is a skilled business economist and highly regarded economics professor in San Diego for more than twenty years. She has been an author and accuracy checker for Cengage Learning and Prentice-Hall Publishers. Prior to her work in academia, Crane worked as a Financial Analyst and Economist for San Diego Gas and Electric Company and for Home Federal Savings and Loan, with an emphasis on performing detailed financial analyses on new and existing products, services, and functions in the organization, and preparing written and oral reports for senior management. Crane joined the economics team at the Institute two years ago after many years of teaching at PLNU.

*Professor Crane conducted interviews with planning officials, builders, and developers to validate information for the Opening San Diego’s Door to Lower Housing Costs study. She was also responsible for calculating, summarizing, and writing the summary of the vertical and time costs associated with building a house and a co-contributor on modeling, calculating, summarizing, and writing of the Housing Regulatory Costs Across Various Jurisdictions section.*

**Dieter Mauerman, MBA** – Business & Economic Research Associate, Fermanian Business & Economic Institute
Mr. Mauerman has worked as a business & economic researcher at the Institute for five years. His responsibilities include conducting field research, data acquisition and analysis, and creating communication and presentations of the results of research and analysis for client projects and studies. Mauerman manages and directs individuals and groups of MBA student researchers who assist with studies and projects for the Institute.

*Mr. Mauerman conducted interviews with planning officials, builders, and developers to validate information for the Opening San Diego’s Door to Lower Housing Costs study. He also provided oversight of data collection and research for the Opening San Diego’s Door to Lower Housing Costs study, was responsible for all exhibits included in the report, and was the primary author of the Developments 101: Building A House in San Diego section of the report.*
Mark Undesser, MBA – Researcher, Fermanian Business & Economic Institute
Mr. Undesser has significant experience as a researcher, business strategist, analyst, and corporate sales trainer. He specializes in developing creative solutions for addressing business challenges in both for profit and non-profit sectors. Undesser joined the research team of the Institute two years ago as an MBA student and continues to work as a research analyst for projects and studies.

Mr. Undesser was responsible for the compilation of data, quantitative analysis, and the build-out of the master spreadsheet to calculate cost percentages for the Opening San Diego's Door to Lower Housing Costs Study. He was also the primary author of the Fees, Entitlement Costs, and Mapping Costs sections of the report.

Nic Herbig, MBA – Researcher, Fermanian Business & Economic Institute
Mr. Herbig has worked in mortgage banking for the last few years, with Home Owners Association (HOA) issues in particular. He joined the economics team as an MBA student to assist with studies and projects.

Mr. Herbig conducted interviews with planning officials, builders, and developers to validate information and gather data for the Opening San Diego's Door to Lower Housing Costs. Additionally, he conducted research and analysis for various aspects of the project and was the primary author of the sections on Affordable Housing, and HOAs.

All authors participated in the planning process of the study and contributed to one or more sections, including the Recommendations and Methodology sections. Additionally, all participated in reviewing the data and findings, as well as the review of the final study.
Acknowledgements:

Laura Yoccabel-Dibble – Assistant Director, Fermanian Business & Economic Institute
Ms. Yoccabel-Dibble brings a strong background in management, events, operations, and marketing to her position at the Institute. She is responsible for planning, management, and execution of all events for the Institute. Additionally she manages the independent contractors and student assistants who assist with studies and projects for the Institute.

Ms. Yoccabel-Dibble provided scheduling, instruction, and management to student assistants involved in the project.

Jacy Romero – Researcher, Fermanian Business & Economic Institute
Ms. Romero assisted with data collection and research for the project.

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Ms. Meng assisted with data collection and research for the project.

Scott Andrews – Provided layout and design for the project.
The Fermanian Business & Economic Institute

The Fermanian Business & Economic Institute (FBEI) is a strategic unit of the Fermanian School of Business (FSB) at Point Loma Nazarene University (PLNU) that specializes in expert business and economic consulting, modeling, forecasting, studies, research, commentary, speeches, business plans, and related services to firms, organizations, and individuals nationally and internationally. The FBEI also provides the San Diego region with economic forecasting events, business and economic roundtables, and special projects.

Through our partnerships and in our work with clients, the FBEI represents the academic standards of the university by maintaining a clear unbiased approach and has a reputation for authoritative insight and expertise regarding issues of business, economics, and policy facing our region. In addition to being the Economic Forecasting Unit for California State Controller John Chiang, other clients include, San Diego Military Advisory Council (SDMAC), Chain Link Fence Manufacturer’s Institute (CLFMI), National Association for Business Economics (NABE), Sempra Energy, San Diego Zoo Global, and The Corky McMillin Companies.
EXECUTIVE SUMMARY

- The total cost of regulation amounts to about forty percent of the cost of housing across the various price segments in all of San Diego County.

- Regulatory costs vary considerably by jurisdiction across the region. Based on the weighted average of sales and rentals, the costs range from about $125,000 (22%) in Santee to about $282,00 (44%) in Carlsbad.

- Regulatory costs include the statutory fees of building permits, sewer connections, water, schools, drainage, traffic, and other elements. Those are only a part of the total. Other regulatory costs occur throughout the entitlement, mapping, development, permitting, and homebuilding phases of a project.

- The time involved in what is often a prolonged and complicated process represents a major cost driver and can add 15% or more to the price of a new house. Projects where a master plan is not already in place can require 12 or more years before the first house is ready for sale.

- This study indicates that approximately 21% of, or about 233,000, households throughout San Diego County are priced out of the market for owned or rented housing based on their current incomes. These individuals may have other assets they can use or may be able to secure financial assistance from family or friends. They may find options in the stock of existing housing, although new home prices will probably have an impact on that part of the market as well. If those options are not available, they may be forced to share housing with others in the region or find housing outside the area.
• A relatively modest 3% reduction in the regulatory cost of
San Diego’s housing could open up housing alternatives to
approximately 6,750 additional households in one year.

• The economic benefits of the resulting increase in homebuilding
would be substantial. After including all of the ripple or multiplier
effects, San Diego could realize a $3.1 billion gain in its gross
regional product (GRP) and a $2.5 billion gain in its total personal
income. An additional 37,000 jobs could be created.

• San Diego County’s recent trend of net domestic out-migration
of about 11,000 residents per year could be reversed to a net
positive inflow of about 7,000. This would add to other sources of
population growth (births minus deaths and foreign immigration).

• Regulatory reforms that could preserve public objectives, but at
much lower cost, include: establishing benchmarks for project and
permit approval times, replacing full cost recovery by a flat fee for
mapping costs, standardizing building codes for all jurisdictions in
the County, disallowing additional challenges and reviews once a
project is approved, and establishing a sliding scale for affordable
homebuilding requirements to recognize the importance of
economies of scale.

San Diego’s prime coastal location will always mean a relatively high base of land
values, but many dimensions of the regulatory process inflate housing prices
while accomplishing little or no benefit. Reasonable solutions can and should be
implemented to pare down the cost of housing, which has been the greatest single
challenge to the fulfillment of San Diego’s potential.
Regulatory Costs Drive 40% of Average New Housing Costs in San Diego

Thousands of dollars

<table>
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<th>Average Price</th>
<th>Average Regulatory Cost*</th>
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*Weighted by total units rented or sold in 2013

Source: FBEI

21% of San Diego Households Priced Out of the Market

Percent

Affordability Index

Without Regulatory Costs

Gap

21% of San Diego Households Priced Out of the Market

Source: FBEI

Economic Impact of 3% Average Reduction in Regulatory Costs

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Source: FBEI
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Housing represents one of the most important issues facing all San Diegans. For every $100 of spending, a typical household in the region spends nearly $40 on shelter. In contrast, food accounts for only about $12 of that $100 budget.

General agreement exists that housing should be safe, while a high quality of life is attained and the environment is protected. At the same time, housing should be affordable. These objectives often clash in practice. A plethora of regulations and their implementation, while well intentioned, may have aggravated San Diegan's access to housing.

This study is not presented as a sounding board for industry complaints against public regulations and officials. Rather, it seeks to understand the true expense of the regulatory process and to find ways to reduce those costs while achieving goals in the public's interest.

Seven jurisdictions were analyzed: Carlsbad, Chula Vista, the City of San Diego, San Marcos, Santee, other incorporated cities as a group, and unincorporated areas in San Diego County. The overall market is divided in four price tiers:

- $0-300k
- $300-450k
- $450-600k
- $600k +

For rental units, the price equivalents were calculated based on the comparable monthly and annual payments that would be required under conventional mortgage and lending standards. Both single-family and multi-family housing markets were investigated.
In 2013, sales and rentals totaled 4,040 new housing units throughout San Diego County. (See Exhibit 1.) Of this total, 55% were multi-family or attached housing. (See Exhibit 2.) Rentals accounted for 43% of the total new units that were absorbed into the marketplace or occupied.

Our study begins with an overview of the process of building a house in San Diego, including several aspects of the regulatory process. We explore the details and effects of each major type of regulation, the costs involved, and the impact on households in the seven jurisdictions studied in our report.

We then project the annual economic impact on the region if the regulatory process were reformed to reduce average regulatory costs by just 3%. The effects on gross regional product (GRP), personal income, employment, the number of business enterprises, population, and housing permits are presented for the aggregated region of San Diego County and its major jurisdictions.

Recommendations to help narrow the affordability gap due to the regulatory process, as well as a set of best practices, conclude our study and are presented as a set of actionable and practical steps to effect change in our region.

An overview of our methodology used to prepare the study and a full list of references are provided at the end of the report.
II. DEVELOPMENT 101: BUILDING A HOUSE IN SAN DIEGO

Constructing a residence in San Diego, whether a single-family house that might be bought or an apartment that might be rented, involves a complex process with many different elements. Significant amounts of time, planning, and resources are required between the point where a housing project is conceived and when a dwelling unit is delivered to the marketplace.

This process, including the interaction with various regulatory agencies, their staffs, policymakers, and the public, can be split into five distinct phases: entitlement, mapping, infrastructure, permit review, and construction. (See Exhibit 3.) Some of these elements frequently overlap. Since the entire process is very time consuming and can take several years to complete, projects will often switch ownership a few times before any structure is actually built. Different developers or builders acquire expertise based on a specific skill set or process in the entitlement, permitting, or building phases.

Exhibit 3

Phases of Home Building*

*Phases frequently overlap

Source: FBEI
Entitlement

The “raw” land available for development can come from three sources: vacant land, land that is being redeveloped from housing that was previously onsite, or land that is being converted from other uses, such as commercial, retail, or industrial. The entitlement phase involves:

- Taking a piece of land and securing approval for a master plan if not yet in place
- Making any necessary amendments to the master plan
- Securing an Environmental Impact Report (EIR) if required
- Developing mitigation plans for effects on elements ranging from water to traffic
- Drafting a tentative map for the particular project

For the purposes of this study we have used the term “master plan” to designate an area of land within a jurisdiction that has an entitlement approval already in place that allows for suitable development within the given area. A master plan entitlement is a greater and more specific level of entitlement than a City’s general plan. Specific plans, community plans, and sectional planning area plans (SPAs) all fall within the master plan definition of this study.

Many times a jurisdiction will have a master plan already in place. A master plan lays the basic ground work for how a community will be developed in the future. This includes assigning zoning requirements for certain areas, determining how certain areas will be used, and other dimensions. The whole process can take several years to complete and may face significant resistance from the public, special interest groups, and other national, state, and local agencies. Because of this high risk of opposition, financing options for a project in this stage are mostly limited to private investors requiring high returns.

Many times, particularly if a master plan has not yet been adopted, an EIR must be completed. The city often hires a consultant to complete the EIR and prevents any communication with the developer despite the fact that the developer is required to pay for the work and may possess valuable information. If this is the case, it is advantageous for the developer to hire his own consultant to complete an EIR because it provides the developer with the tools to defend his planned project.
If a master plan is already in place, the entitlement phase typically takes about 3 years. If a plan is not in place, the process will generally involve 8 to 10 years. Once a master plan, site plan, an EIR if necessary, and a tentative map have been completed and approved, the project moves on to the mapping phase.

The California Environmental Quality Act (CEQA) applies to most public agency decisions to carry out or approve both private and public projects. The objective of the CEQA process, enacted in 1970, is to disclose to decision makers and the public significant environmental effects of the proposed project and to identify ways to avoid or minimize those effects. For projects that may result in significant environmental impacts, CEQA requires preparation of an environmental impact report.

CEQA is not a substantive regulatory statute. Instead of prohibiting jurisdictions from approving projects with significant impacts, CEQA requires that the decision makers and public be fully informed about the impacts, allow public comment, and avoid or reduce the impacts when feasible.

A jurisdiction has certain, limited latitude in deciding whether impacts of a project are significant by adopting “Standards of Significance” thresholds. However, any significant thresholds must establish whether a project would cause a substantial or potentially substantial adverse change in the environment. In addition, jurisdictions have latitude in deciding who will prepare the CEQA analysis, including the jurisdiction staff, a jurisdiction consultant, or an applicant’s consultant. Regardless of who prepares the CEQA analysis, the jurisdiction ultimately is responsible for its contents and compliance with CEQA.

California is one of only 15 states that have a mandated environmental review process such as CEQA.

Most litigation involving a project entitlement process is based on CEQA. Project opponents typically claim the CEQA documents have failed to identify and analyze all environmental impacts. CEQA litigation abuse is well documented. The burden to bring a suit is small. When plaintiffs prevail in their CEQA litigation, they typically recover legal costs and fees. However, when project proponents and jurisdictions prevail, the ability to recover damages or fees from suits is severely limited.
Mapping

The mapping process generally takes less time and is less risky to potential investors and developers than the entitlement phase. Because of this, more financing options for a project are available at a lower cost to the developer or builder. The cost is still considerable. The services required to perform the mapping and engineering services can include civil engineers, soil consultants, planners, landscape architects, attorneys, and environmental consultants. Most of the work is done by consultants on a relatively tight timeframe.

The regulatory costs involve the review and processing of various documents by individual cities, including changes in plans for grading, drainage, landscaping, parks, and other issues. A number of rounds of changes, new approvals, and further changes are often experienced. The mapping stage typically requires about 12-18 months to complete.

Infrastructure

The development process involves providing grading, drainage, and other functions to prepare the site for building. It then entails installing all of the infrastructure necessary to convert raw land to finished lots. This phase includes building the water, power, sewer, and communications lines, as well as the streets, lighting, and other elements that are a critical part of a project. These various improvements to the raw land are the “horizontal” dimensions of the project. Additional requirements may be imposed beyond the improvements a builder would implement to meet the expected demands of a given community. These might include, for example, the construction of additional private or public parks and facilities.

Fee credits are sometimes given to partially offset the cost of public facilities like parks or trails. Such fee credits may trigger prevailing wage mandates (not included in this study because of ongoing litigation and changes in state law).

If a public park is not built for a development project, then park-in-lieue fees are required. These public open spaces may also require an endowment and perpetual management to maintain the area. Some jurisdictions may require off-site open space to be set aside as a condition of the project being approved. Many jurisdictions also are beginning to require private Home Owners Associations (HOA) parks and facilities for recreational purposes in addition to the public areas.

The entire development process, involving various improvements to the raw land, typically requires about 8-18 months, with the typical length equal to about a year.

Upfront infrastructure financing is a major problem, particularly in a tight credit market. Developers can face severe restrictions on bond financing and high infrastructure burdens before home sales occur.
**Permit Review and Construction**

The review of the housing permits required to begin construction averages about 6 months in most parts of San Diego County. Once the required permits are secured and all necessary fees paid, construction can begin. Regulatory impacts at the building phase can involve, for example, the requirement that certain building standards above those mandated by state law be met. These are the additional “vertical” costs of a project. A house can usually be built in about a year. (A single-family home can often be built in 3-6 months, while a multi-family unit will generally require a year to 18 months.)
Developers and builders face a labyrinth of regulatory hurdles as a project is moved from the conceptual phase to a dwelling that is ready for occupancy. The statutory fees required for a building permit are only one dimension. The difference between the expenses and procedures that might be posted on the official documents or websites of various jurisdictions and their actual implementation can often be significant. How various laws or regulations are interpreted or implemented can vary widely according to the particular public official involved with a specific project.

Seven different aspects of regulatory costs are analyzed in this section: entitlement costs, mapping costs, eliminated units, fees, affordable housing requirements, vertical construction costs, and time costs. In addition, the trend towards mandates for HOAs is discussed.

**Entitlement Costs**

Entitlement costs and time vary greatly depending on a variety of different factors, such as whether or not a master plan has been completed by the time the builder purchases the land. The entitlement phase differs from jurisdiction to jurisdiction and can range anywhere between two and ten years (an average of eight). The entitlement phase of a development with a completed master plan can be considerably less in some jurisdictions. The variation from jurisdiction to jurisdiction makes it difficult for the developer/builder to budget and plan for a project. Because capital is tied up for extended periods of time, a developer/builder must be financially strong to endure the regulatory process before he starts to see a return on investment many years later.

The entitlement process is not only the most time consuming compared with other elements but also carries the largest cost of capital. The average cost of capital is 18-20% for projects without a master plan. Projects with a master plan carry (on average) an 11% cost of capital. Either way, prolonged delays translate into millions of dollars in extra cost that ultimately increases the price of the house.

High rates of interest within the industry are necessary due to the inherent risks and delayed return associated with raw land development and the lack of access to financial markets. Private lenders require anywhere between a 20-22% Internal Rate of Return for initial entitlements and a 7-8% rate is typical from banks once a tentative map is in place.

Time delays are common due to bureaucracies that lengthen the time to final approval.
A conflict of interest exists within the system due to the fact that there is no incentive for municipalities to work more efficiently. City and county officials are paid by the hour instead of by some metric that rewards effective and efficient performance.

Redundancy within the system is another constraint that adds to housing costs. Even after a master plan is approved, that approval can easily be overturned at a later date if an official sees even a minor deviation from the plan. This frequently happens when employee turnover within the county/city results in the assignment of a new reviewer to a building project. The overturning of the initial approval leads to more delays.

Local policy “add-ons” to CEQA exist in the San Diego Municipal Code. These “add-ons” allow for additional appeals and public hearings on CEQA far beyond what CEQA requires. Every time an appeal or public hearing occurs, added regulatory costs are assumed by the developer, which is ultimately passed on to the consumer.

Within the City of San Diego for example, there are five different processing “levels” for project approval: 1) Staff Approval (ministerial), 2) Staff Approval with Appeal, 3) Hearing Officer (discretionary), 4) Planning Commission Approval (discretionary), and 5) City Council Approval (discretionary). Discretionary levels of approval require CEQA review which allows for challenges to the environmental determination. Except for Process 1 (Staff Approval), the remaining levels of approval involve a public process that may result in reversing a previous approval requiring the project to start over. A project may be approved by the Hearing Officer only to be appealed to the Planning Commission where the appeal is upheld, resulting in a project denial. The appeal process may add several months to over a year of additional time and cost which adds to the final expense of housing development.

Regardless of these challenges, some jurisdictions are easier to work with than others. The data on time cost suggest some jurisdictions have relatively quicker turn-around in the approval process. Of the seven jurisdictions we studied, Chula Vista, San Marcos, and Santee have the lowest time costs.

The most expensive component of the entitlement process arises from conducting the Environmental Impact Report (EIR). Time cost makes up the majority of this expense. Developers are highly motivated to ensure the EIR is done correctly because any time setbacks from a badly done EIR can be extreme. If a developer skips this process and is sued, all work must cease until the matter is resolved, however long it takes. Even if the city does its own EIR on a project, the developer is still motivated to do his own since the municipalities are not held liable for any damages. The sole burden of liability rests on the developer/builder.
On average, entitlement costs due to regulation are approximately $4,500 per unit and represent about 1% of the price of the home. This figure excludes time costs associated with regulatory delays in the entitlement process. Costs from delays are accounted for under the "Time Costs" section of this report. There are also some relatively minor statutory costs for entitlement paid at the time the building permit is issued. These costs are included under the "Fees" section of this report.

**Mapping Costs**

Mapping costs contain inefficiencies similar to entitlement costs. Delays occur every time an official adds new comments to the mapping plan. It is not atypical for new comments to be added even after the plan has been reviewed and approved several times. Due to this inefficiency, some jurisdictions (unincorporated) have created a "No Late Hits" policy. This process helps suppress relatively minor issues from causing major delays in the approval process. If an issue of major importance comes up, the comment is expedited to upper management or to a hearing. While this policy does help reduce inefficiencies, it does not guarantee that the developer will not experience other types of delays. As mentioned earlier, municipal employees have no incentive to complete their reviews in a timely manner because they are paid hourly and not incentivized to work more efficiently.

Another problem that adds to mapping costs is that infrastructure standards vary vastly. Different jurisdictions have different road building standards which lead to inefficiencies. The lack of a universal standard across the County makes executing the mapping phase much more difficult than it needs to be. Some cities allow developers to hire their own engineering consultants to help expedite the process. Other jurisdictions require city-hired consultants to sign off on plans. This adds additional costs to the developers because they wind up hiring their own engineers to ensure the work done by the city-hired consultants is accurate. This is crucial since the developer is held liable for any mistakes or errors, not the municipality. Even when a developer does hire a consultant, reconciling information between parties is extremely difficult because no communication is allowed between the city-hired consultant and developer’s consultant. This causes misunderstandings, frustration, and more costs.

On average, mapping costs due to regulation are approximately $4,000 per unit and represent about 0.89% of the price of the home. This figure excludes the time costs associated with delays at the mapping stage. Costs from delays are accounted for under the "Time Costs" category of this report. There are also some relatively minor statutory costs for mapping paid at building permit. These costs are included in the "Fees" section of this study.
Eliminated Units

A certain percentage of units are typically eliminated from a project early in the entitlement phase to meet various demands for more open space. While some of these requirements represent the implementation of federal and state laws, local jurisdictions may impose additional set-aside requirements. The cost of these potential units is ultimately borne by home buyers and renters.

In San Diego County, the share of eliminated units is under 5% in San Marcos, but is around 15% in Carlsbad and Chula Vista. (See Exhibit 4.) In the unincorporated areas of San Diego County, 10-15% of potential units are typically eliminated. In the City of San Diego, as much as a third of potential units can be cut out of a project’s potential.

The higher land values in such areas as Carlsbad and the City of San Diego mean a higher opportunity cost for each housing unit foregone or given up. The impact on housing prices of eliminated units is around 4% in the housing price range of $450,000 to $600,000 in both Carlsbad and the City of San Diego. In contrast, the impact on housing prices of mandated unit elimination is generally less than 0.5% in San Marcos.

Exhibit 4

Land Use Policies Eliminate Potential Housing

Share of potential units, percent

Source: FBEI
Fees

Statutory fees levied by a jurisdiction are most often collected at the time the building permit is issued. Most jurisdictional fee programs encompass two different types of fees.

The first include fees that are levied to offset the project’s impact on regional infrastructure. For the purpose of this study, we refer to these fees as “horizontal costs.” Horizontal related fees represent the largest component of total fees. Fees levied in this category include:

- Park fees
- School fees
- Water fees
- Sewer fees
- Drainage fees
- Transportation related fees
- Police, fire, library, and other public administration fees

Most of the fees associated with this category are created by the jurisdiction after adopting a study that analyzes current and projected infrastructure needs of the region, taking into account future growth projections and current infrastructure capacity. Under State law a jurisdiction is not allowed to levy a fee on future development to make up a city’s infrastructure deficit unless the project has a specific impact that caused the deficit. Because of this requirement, it is incumbent on the jurisdiction adopting an infrastructure study that results in developing a fee for new projects to clearly distinguish “unmet need” from “future need.”

The second type of fees levied under horizontal costs relates directly to the type and size of buildings that are to be constructed. These fees include:

- Plan check fees
- Building permit fees
- Trash recycling fees
- Inspections fees
- Seismic fees
On average, total fees amount to approximately $54,000 per unit and represent about 11.75% of the price of the home. Significant variation exists across jurisdictions and price segments. (See Exhibit 5.)

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Source: FBEI

Affordable Housing

Affordable housing mandates have been put in place to provide for those individuals and families deemed unable to afford market-rate housing within a specified location. The cost associated with the affordable housing requirements, in reference to project developers, can include the donation of developed land or payment of an in-lieu fee.

While in-lieu fees are generally available, they often are not cost effective and not used. They often are based on the cost of a median priced home currently for sale in the surrounding areas rather than the cost of an affordable housing unit.

Where the developer is forced to build, rather than pay in-lieu fees, a number of inefficiencies make the provision of affordable housing very expensive. Some jurisdictions require “like kind” affordable housing, such as for-sale affordable units or excessively large rental units. Examples include Vista and Encinitas.

The cost of affordable units may be very high as they are subject to special design requirements such as higher Title 24 requirements which are California’s Building Standards Code, include energy efficiency requirements. If the project is less than around 50 units, it also will often not operate efficiently and will have high operating expenses. The homebuilder will be required to both donate the site and often to pay in cash the remaining cost of the project if debt and tax credit equity are insufficient to fund the project.
The basic percentage of affordable housing units mandated is generally 10% of the number of market rate units developed, as seen in the City of San Diego, Chula Vista, and other incorporated cities within the County. The cities of Carlsbad and San Marcos have the highest threshold of 15%. The City of Santee and unincorporated areas of San Diego County do not have an affordable housing mandate in place at this time. (See Exhibit 6.)

In addition to these base numbers, it is common for each municipality to negotiate for a larger percentage of affordable housing units. This can increase the percentage of affordable units up to 12% or 18% of the number of market rate units depending on the municipality in question. For the scope of the study only the basic, most conservative numbers were utilized.

Due to the 15% requirement in San Marcos and Carlsbad, market rate homes in these communities bear the largest effects of the affordable housing mandate. The cost of the fully developed land and cash contributed by the developer in Carlsbad is passed on to the final sales price of the remaining units, which accounts for 8-9% of the total sales price. Attached homes priced from $300,000 to over $600,000 face a price premium of 8%, while detached units in the $450,000 and higher range experience a 9% increase in price. The City of San Marcos has a range of 6-7% in price premiums because of the affordable housing mandate across its various cost brackets.
**Vertical Construction Costs**

Vertical costs included in this study are defined as costs associated with requirements adopted by federal, state, and local governments to build any type of structure. The types of regulatory cost that typically impact vertical construction are storm water runoff requirements, building code requirements brought about by a change of the code, and Title 24, or energy efficiency requirements.

**Storm Water Requirements**

In 2000 the San Diego Regional Water Quality Control Board revised and adopted a new storm water permit that significantly increased the cost of all new construction. Implementation costs were approximately doubled at that time. The permit was revised again in 2007 and included measures that again doubled the cost for implementation over the prior requirement. In 2014 the permit was again revised and the new requirements mandated in the new additions are required to be implemented by December 2015. While costs to meet the new requirements are not completely refined at this time, early estimates are that they could impact cost approximately 200% above current requirements. In addition, they will require further land set asides to address water quality filtration requirements.

**Building Code Updates**

Most jurisdictions follow the International Building code, formally the Uniform Building Code. However, many jurisdictions have latitude as to when they adopt the new or revised code. This is an important consideration in the regulatory cost of building any type of projects as projects that are already in some phase of construction when a code is revised can see significant increase in time and cost associated with meeting new requirements.

**Title 24**

Title 24 of the California Code of Regulations (also known as the California Building Standards Code) is a compilation of three types of building criteria from three different origins:

- Building standards that have been adopted by state agencies without change from building standards contained in national model codes;  
- Building standards that have been adopted and adapted from the national model code standards to meet California conditions;  
- Building standards, authorized by the California legislature, that constitute extensive additions not covered by the model codes that have been adopted to address particular California concerns.”
Part 11 of Title 24 specifically addresses the California Green Building Standards Code (CALGreen Code) and was the first statewide green building code in the United States. Many builders throughout San Diego County incorporate features into their new residential construction projects that are at least 15% above current Title 24 standards. In some cities, such as Chula Vista, builders are required to do so.

One of the regulatory challenges faced by builders in San Diego County is that Title 24 requirements are updated on a triennial basis. For example, the most recently revised regulations were put into effect on July 1, 2014. Builders with projects that have not been completed at the time of one of these updates may find that they need to have their project repeatedly reviewed to meet any revised Title 24 requirements. These repeated reviews can be costly and ultimately raise the price of new homes.

California has one of the strictest energy efficiency requirements in the United States, despite being the state with the mildest climate. Over the last nine years the State of California has increased its Title 24 Standards by 55%. The Governor has set a goal for all residential construction to be net zero on energy usage by 2020. This means that a building’s annual energy consumption must equal its annual production of renewable energy. As these requirements have increased, builders have been challenged with finding new and cost effective ways of implementing the standards. When the regulations first were adopted, builders often increased insulation and included energy efficient appliances and lighting fixtures. However, with each subsequent update, the cost associated with fulfilling the requirements becomes disproportionate to the gain and builders have not been able to pass on this cost to the consumer.
It was determined that vertical costs due to regulatory requirements, on average, add approximately $2.65 per square foot for new homes built in San Diego County. For example, vertical costs for a detached home sold in Chula Vista in the $600,000 and up price range are approximately $10,300 as a result of Title 24 and other mandated energy efficiency enhancements. On the lower end, the vertical costs associated with an attached home sold in the $300,000 and less price range in the City of San Diego and in San Marcos are approximately $2,400 since the average square footage of these homes is significantly smaller. For the average new home built in San Diego County, vertical costs represent around 1% of the price of the home. (See Exhibit 7.)

### Exhibit 7

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>0-$300</th>
<th>$300-$450</th>
<th>$450-$600</th>
<th>$600-&gt;</th>
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<td>NA</td>
<td>$3,737</td>
<td>$4,592</td>
<td>$7,548</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>$3,066</td>
<td>$3,765</td>
<td>$6,553</td>
<td>$10,338</td>
</tr>
<tr>
<td>City of San Diego</td>
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<td>$2,843</td>
<td>$4,166</td>
<td>$8,357</td>
</tr>
<tr>
<td>Unincorporated</td>
<td>NA</td>
<td>$5,215</td>
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<td>$10,205</td>
</tr>
<tr>
<td>San Marcos</td>
<td>$2,390</td>
<td>$3,430</td>
<td>$6,458</td>
<td>$8,851</td>
</tr>
<tr>
<td>Santee</td>
<td>$3,593</td>
<td>$5,035</td>
<td>$7,619</td>
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<td>Other Cities</td>
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<td>$3,853</td>
<td>$7,150</td>
<td>$9,145</td>
</tr>
</tbody>
</table>

Source: FBEI
### Time Costs

Time cost is typically the largest cost associated with residential real estate development and it can have a profound impact on the types and locations of projects undertaken. Factors such as the existence of a master plan, environmental opposition, and local regulatory approval procedures can all greatly influence the overall cost of capital for a given project, which ultimately helps to determine whether or not homes will be built in a given area. (See Exhibit 8.)

One of the worst case scenarios in terms of time cost is for a residential development project to be proposed in an area where no master plan exists, particularly in a jurisdiction with an entitlement phase that is unusually lengthy as a result of convoluted regulatory approval practices. The high level of uncertainty and risk associated with the entitlement phase in areas where no master plan exists leads to the inability of developers to tap into financial markets until after a tentative map is completed, resulting in a cost of capital in this phase of approximately 18%. This high cost of capital coupled with an entitlement phase lasting nearly ten years in some jurisdictions results in a staggering overall cost of capital for such development projects.
Of the jurisdictions included in this study, Carlsbad and the City of San Diego are perceived to be particularly prone to high time costs under the circumstances outlined above. For example, attached homes built in Carlsbad in areas with no master plan were estimated to have average time costs ranging from $77,363 (17% of average home price) for homes in the $300,000 to $450,000 price range to $292,871 (34% of average home price) for homes in the $600,000 and up price range. Correspondingly, detached homes built in the City of San Diego in areas with no master plan in the $450,000 to $600,000 price range were estimated to have average time costs of $169,933 (30% of average home price). By comparison, attached and detached homes built in Chula Vista --- where all homes were built in master planned communities with a presumed cost of capital of 11% percent paid during a four year entitlement phase --- were estimated to have time costs of between 4% and 7% of the average home price.

(See Exhibit 9.)

Existing public policies encourage builders to build in less politically sensitive areas of the County and/or where a large master plan has already been approved. As one builder stated, "With greater time there is greater risk and higher cost. When considering the highest and greatest use, the shortest processing time is often considered heavily."
In 1978 California voters passed Proposition 13, which put a cap on the amount of property tax that could be levied by on real property. The cap set in the statute is 1.1% of assessed value, with a limit preventing a rise to no more than 2% annually. Since the enactment of Proposition 13, counties and cities in California have struggled to find ways to maintain infrastructure that was formally paid for by simply raising property taxes.

Two methods that have been initiated since 1978 have been the use of Infrastructure and Maintenance Financing Districts and the creation of Homeowners Associations (HOAs).

Community Facility Districts (CFDs) and Mello Roos Districts are means by which physical improvements or maintenance obligations for an area or project are financed through an issuance of a public bond offering. The bond is secured by a lien on the property within the district and each property is then charged an additional property tax amount. It is not uncommon for property tax percentage rates with a public finance district to be double that of a property without a district.

CFDs and Mellos districts have been used to finance roads, public utilities (water, sewer, drainage, and power), parks, and schools.

Homeowners Associations or Common Interest Developments (CIDs) have their genesis back to 1964 and were initially utilized for governance and maintenance of common interest subdivisions or condominiums. Under a Home Owners Association, each property is governed by a set of Conditions, Covenants and Restrictions (CC&Rs) that set forth rules, regulations, and obligations within the CID. They also determine a monthly amount that each property owner must pay for so that the association can meet those obligations.

What the development of HOAs does to the home buyer is price more individuals out of the market. HOA dues must be included in the debt/income ratio when applying for a mortgage, along with taxes and insurance for the home. Increased documentation may also need to be collected by the lender such as the CC&Rs, insurance policies, and the annual budget.
IV. HOUSING REGULATORY COSTS ACROSS VARIOUS JURISDICTIONS

The regulatory climate faced by builders and developers varies significantly across the various cities of San Diego and its unincorporated areas under the jurisdiction of the County. This study quantifies the total costs of regulation in its various dimensions in each area.

Overall Comparison

The total cost of regulation amounts to about 40% of the cost of housing across the various price segments in all of San Diego County. (See Exhibit 10.) Regulatory costs vary considerably by jurisdiction and by price segment across the region. For example, in the $300-450 thousand price segment (the segment representing the largest number of new housing units sold or rented in 2013), costs average about $169,000, equal to 43% of the average $392,000 home price. (See Exhibit 11.) As a percentage of average home prices or rental equivalents, the shares range from about 22% in Santee to a high of 47% in the City of San Diego. (See Exhibit 12.)
The ultimate impact of housing regulations falls on the households who cannot find accommodations to purchase or rent given their incomes. Some households may be able to pay for housing out of their accumulated wealth in the form of stocks, real estate, or other assets. Others may be able to borrow from family members or friends to be able to afford San Diego housing. Finding alternatives in the existing stock of housing may be another option, but increases in the price of new housing will put upward pressure on the prices of older or existing units as vacancy rates decline. Affordability is likely to deteriorate as home prices rise faster than wages. Households without these opportunities will be forced to share housing with others or leave a particular area in search for less expensive housing elsewhere.
This study estimates that about 27% of households in Carlsbad are priced out of housing by various regulations. In the City of San Diego, regulations have blocked about 26% of households from housing affordable according the distribution and levels of incomes in the area. In Santee and the unincorporated areas of San Diego County, the ratios are about 11%, which still represent large numbers of individuals. (See Exhibit 13.)
Carlsbad

Carlsbad has one of the highest regulatory cost burdens included in the price of housing at about 42% to 46% depending on the price segment. This burden is borne by homeowners and renters in all price segments of housing. (See Exhibit 14)

Exhibit 14

Carlsbad Regulatory Costs

<table>
<thead>
<tr>
<th></th>
<th>0-300</th>
<th>300-450</th>
<th>450-600</th>
<th>600-&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Price</td>
<td>$496,921</td>
<td>$781,432</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory Cost</td>
<td>$195,043</td>
<td>$337,983</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost % of Price</td>
<td>39.25%</td>
<td>43.25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attached</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Price</td>
<td>$447,990</td>
<td>$527,453</td>
<td>$860,000</td>
<td></td>
</tr>
<tr>
<td>Regulatory Cost</td>
<td>$189,256</td>
<td>$245,321</td>
<td>$480,746</td>
<td></td>
</tr>
<tr>
<td>Cost % of Price</td>
<td>42.25%</td>
<td>46.51%</td>
<td>55.90%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Weighted Price</td>
<td>$447,990</td>
<td>$523,739</td>
<td>$782,104</td>
<td></td>
</tr>
<tr>
<td>Total Weighted Regulatory Cost</td>
<td>$189,256</td>
<td>$239,206</td>
<td>$339,214</td>
<td></td>
</tr>
<tr>
<td>Cost % of Price</td>
<td>42.25%</td>
<td>45.67%</td>
<td>43.37%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Not all segments had new housing in 2013

Source: FBEI

Time costs represent the largest single driver of the regulatory total. For the $450-600 thousand price tier of housing, time costs account for approximately 47% of the total regulatory burden (See Figure 15.) and represent about 21% of the average home price in this bracket. The cost of financing the project through the entire process of various applications and approvals is substantial. The absence of a master plan in place for various projects and the city’s lengthy period for mapping approvals are principal factors driving this expense.

Carlsbad’s second largest element in its regulatory cost total involves the various fees that are imposed and collected when the building permit is issued. These fees add about 9% to the cost of housing. Another 8% of housing prices comes from the city’s requirements to provide affordable housing.

Exhibit 15

Carlsbad Distribution of Regulatory Costs*

Dollars per housing unit

- Time Costs 47.0%
- Eliminated Units 9.3%
- Affordable Housing 18.0%
- Fees 20.2%
- Other 5.5%

*$450-$600 Price Segment

Source: FBEI
Chula Vista

Across its various price tiers of housing, Chula Vista’s regulatory costs account for between 27% and 36% of average home prices. (See Exhibit 16.)

Exhibit 16

### Chula Vista Regulatory Costs

<table>
<thead>
<tr>
<th></th>
<th>0-300</th>
<th>300-450</th>
<th>450-600</th>
<th>600-&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Detached</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Price</td>
<td>$ 297,900</td>
<td>$ 394,279</td>
<td>$ 484,980</td>
<td>$ 747,969</td>
</tr>
<tr>
<td>Regulatory Cost</td>
<td>$ 117,721</td>
<td>$ 137,103</td>
<td>$ 153,725</td>
<td>$ 202,167</td>
</tr>
<tr>
<td>Cost % of Price</td>
<td>39.52%</td>
<td>34.77%</td>
<td>31.70%</td>
<td>27.03%</td>
</tr>
<tr>
<td><strong>Attached</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Price</td>
<td>$ 283,218</td>
<td>$ 370,850</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory Cost</td>
<td>$ 102,160</td>
<td>$ 116,591</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost % of Price</td>
<td>36.07%</td>
<td>31.44%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Weighted Price</td>
<td>$ 283,344</td>
<td>$ 375,274</td>
<td>$ 484,980</td>
<td>$ 747,969</td>
</tr>
<tr>
<td>Total Weighted Regulatory Cost</td>
<td>$ 102,294</td>
<td>$ 120,464</td>
<td>$ 153,725</td>
<td>$ 202,167</td>
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<tr>
<td>Cost % of Price</td>
<td>36.10%</td>
<td>32.10%</td>
<td>31.70%</td>
<td>27.03%</td>
</tr>
</tbody>
</table>

Source: FBEI

Fees are the largest component of regulatory costs, representing about half of those expenses. (See Exhibit 17.) For the $300-450 thousand price tier of housing, fees add about 17% to the average cost of housing.

Although time costs are not inconsequential and add about 5% to the typical price or rental equivalent of a new home, they are much less than in areas such as Carlsbad. The primary reason for this divergence is that master plans for developments are already in place.

Requirements to provide affordable housing are the third most important regulatory element. Although some households benefit from this provision, others face the likelihood of higher home costs.

Exhibit 17

### Chula Vista Distribution of Regulatory Costs*

<table>
<thead>
<tr>
<th>Category</th>
<th>Dollars per housing unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>16.7%</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>11.6%</td>
</tr>
<tr>
<td>Eliminated Units</td>
<td>7.5%</td>
</tr>
<tr>
<td>Other</td>
<td>10.2%</td>
</tr>
<tr>
<td>Fees</td>
<td>54.0%</td>
</tr>
</tbody>
</table>

*Source: FBEI

*$300-$450 Price Segment
Regulatory costs are relatively high in the City of San Diego, representing between 34% and 51% of the average cost of housing. (See Exhibit 18.)

For the $300-450 thousand price tier of housing, time costs are the largest component (See exhibit 19.) and add about 21% to the cost of housing. They are followed closely by fees, which add another 16%. The lack of an initial master plan for many projects developed in the City and a relatively long period involved in the mapping process are the primary drivers of time and financing expenses.

Requirements to provide affordable housing and land or units eliminated early in the entitlement process each add another 5% to the average price of housing.
San Marcos

Regulatory costs in the city of San Marcos typically represent about 27-29% of the cost of a new house. (See Exhibit 20.)

San Marcos Regulatory Costs

<table>
<thead>
<tr>
<th></th>
<th>0-300</th>
<th>300-450</th>
<th>450-600</th>
<th>600-&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Price</td>
<td>$438,990</td>
<td>$519,504</td>
<td>$783,084</td>
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<tr>
<td>Regulatory Cost</td>
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<td>$142,016</td>
<td>$217,051</td>
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</tr>
<tr>
<td>Cost % of Price</td>
<td>26.52%</td>
<td>27.34%</td>
<td>27.72%</td>
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</tr>
<tr>
<td>Attached</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Price</td>
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<td>$347,611</td>
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</tr>
<tr>
<td>Regulatory Cost</td>
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<td>$96,375</td>
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</tr>
<tr>
<td>Cost % of Price</td>
<td>28.95%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Weighted Price</td>
<td>$287,673</td>
<td>$356,688</td>
<td>$519,504</td>
<td>$783,084</td>
</tr>
<tr>
<td>Total Weighted Regulatory Cost</td>
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<td>$98,366</td>
<td>$142,016</td>
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<tr>
<td>Cost % of Price</td>
<td>28.95%</td>
<td>27.58%</td>
<td>27.34%</td>
<td>27.72%</td>
</tr>
</tbody>
</table>

For the City of San Marcos, fees are typically the largest cost component, (See Exhibit 21.) but significant variation exists across different price segments. For the $300-450 thousand price tier of housing, fees account for about 12% of a new home’s price.

The fact that master plans are widely in place in the City helps contain time costs substantially. For the $300-450 thousand price range, time costs are about $19,000 per home, which is about one fourth of the expense in Carlsbad. However, this is still a sizable expense to be borne by home owners and renters at about 5% of the total cost of housing. The requirement to provide affordable housing adds another 6% to the average price of housing.

San Marcos Distribution of Regulatory Costs

*Source: FBEI*
Santee

Santee’s regulatory costs account for less than one-quarter of a home’s price, one of the lowest ratios in the region, albeit still a sizable number. (See Exhibit 22.)

Exhibit 22

Santee Regulatory Costs

<table>
<thead>
<tr>
<th></th>
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<th>450-600</th>
<th>600-+</th>
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<td></td>
</tr>
<tr>
<td>Weighted Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory Cost</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cost % of Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attached</td>
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<td></td>
</tr>
<tr>
<td>Weighted Price</td>
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<tr>
<td>Regulatory Cost</td>
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<td></td>
<td>$138,830</td>
<td>$143,002</td>
</tr>
<tr>
<td>Cost % of Price</td>
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<td>21.52%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Weighted Price</td>
<td>$289,900</td>
<td>$375,650</td>
<td>$569,990</td>
<td>$664,416</td>
</tr>
<tr>
<td>Total Weighted Regulatory Cost</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost % of Price</td>
<td>23.29%</td>
<td>22.72%</td>
<td>24.36%</td>
<td>21.52%</td>
</tr>
</tbody>
</table>

Source: FBEI

In Santee, fees account for about half of total regulatory costs in the $600 thousand and over price range where the largest share of sales took place in 2013. (See Exhibit 23.) They contribute approximately 10% to the average price in that segment. Time costs are the second largest element, accounting for about 8% of a home’s price in that bracket. The absence of an initial master plan for many projects in the City is a substantial factor raising the time and financing component. Other elements, including vertical costs, eliminated units, and mapping, each add 2% or less to the price of housing in the area.

Exhibit 23

Santee Distribution of Regulatory Costs*

*600 -> Price Segment

Source: FBEI
Other Incorporated Cities

Regulatory costs in the other incorporated jurisdictions account for between 32% and 43% of the average price of a new home. (See Figure 24.)

<table>
<thead>
<tr>
<th></th>
<th>0-300</th>
<th>300-450</th>
<th>450-600</th>
<th>600-&gt;</th>
</tr>
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<tbody>
<tr>
<td><strong>Detached</strong></td>
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<td></td>
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<td>$821,617</td>
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<tr>
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<td>$171,625</td>
<td>$311,995</td>
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<tr>
<td>Cost % of Price</td>
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<td>32.17%</td>
<td>37.97%</td>
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<td><strong>Attached</strong></td>
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<tr>
<td>Regulatory Cost</td>
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<td>Cost % of Price</td>
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<td>40.67%</td>
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<td><strong>Total</strong></td>
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<td>Cost % of Price</td>
<td>42.62%</td>
<td>39.88%</td>
<td>32.17%</td>
<td>38.48%</td>
</tr>
</tbody>
</table>

Source: FBEI

Time costs and fees are typically the largest drivers of the regulatory component of home prices across most price tiers in many other cities located in San Diego County. In the $600 thousand price bracket (representing the largest share of 2013 sales) time costs add about 20% to the average home price. Fees trail at about 7%. (See Exhibit 25.)

Affordable housing requirements, initial set-asides resulting in a loss of potential units, and vertical costs also contribute to home prices in many jurisdictions.

Exhibit 25

Other Cities Distribution of Regulatory Costs*

- Time Costs 51.8%
- Affordable Housing 12.2%
- Fees 19.2%
- Other 5.5%
- Eliminated Units 11.3%

*Source: FBEI

$600-> Price Segment
In the unincorporated areas of San Diego County, regulatory costs increase the price of housing between around 20% and 30% depending on the price range. (See Exhibit 26.)

Fees and time or financing costs are the largest components of regulatory costs in the County’s unincorporated areas. (See Exhibit 27.) Despite the fact that most projects are built with a master plan already in place, the entitlement period is still typically a long 8-10 years in most areas. The period for securing mapping approvals is also relatively long in unincorporated areas under the jurisdiction of the County.

For the $600 thousand and up price bracket, time costs amount to about 20% of the average home price in unincorporated areas, fees follow at approximately 5%. Units lost to requirements for more vacant space or other uses represent the third largest component at about 4% of a home’s price.
V. THE ECONOMIC BENEFITS OF REGulatory REFORM ON HOUSING ACCESS

Approximately 58% of households in the total County of San Diego can afford to buy or rent a new home in the region based on current levels of income and the levels and structure of home prices in the region. As noted above, the options available to others include using accumulated assets; relying on the financial assistance of family members or friends; living with relatives, friends, or acquaintances; finding housing in the existing stock of units; or leaving the region to find less expensive housing elsewhere.

The analysis of this study shows that without the various costs of housing regulations, approximately 79% of households around the region could afford the average priced home. The “gap” is significant at 21% or approximately 233,000 households. (See Exhibit 28.)

It would be futile to argue that regulatory costs could be slashed to zero or even cut in a major way immediately. The economy does not even possess the capacity to suddenly ramp up the production of homes on a massive scale. In 2014, an estimated 9,000 building permits for new housing units are expected to be issued. Even during the boom housing years of the late 1980s, the maximum number of housing permits issued was about 44,000 in 1986.

However, a more gradual approach would appear to be politically, socially, and economically feasible. If average regulatory costs could be pared about 3.0%, an additional 6,749 of the households priced out of the market could financially qualify for the new housing market in one year.
Would the regulatory cost savings be passed on to consumers or retained by developers? While some temporary boost in profits might occur, competition and the increase in housing supply would push the savings to homebuyers in the form of lower housing costs. Some have argued that regulatory costs are not borne at all by consumers but instead lead to a reduction in the price that developers are willing to pay for raw land. This, however, can cause land to be diverted to other uses or held for the future. The subsequent reduction in the supply of residential land and housing units means higher costs to the consumer. Any reduction in regulatory expense would yield tangible benefits for potential homebuyers.

The elasticity or impact of regulatory reduction is nearly 1:1 with the current structure of home prices and income distribution. A three percent reduction in average housing costs should generate a nearly equal gain (2.9%) in households able to purchase or rent housing. These households would be accommodated with a companion expansion in homebuilding activity.

The annual economic benefits would be large. (See Exhibit 29.) San Diego County’s total economy could see a rise in its gross regional product (GRP) of $3.1 billion or 1.7%. This reflects not only the direct impact of increased construction activity but also the ripple or multiplier effects as those additional building dollars flow through the economy. Purchases all along the various supply chains and the additional consumer spending that takes place due to more jobs and pay feed the ripple impacts.

The region's total personal income would see a boost of $2.5 billion or 1.5% while employment would experience a gain of approximately 37,000 jobs. A large increase in construction workers would take place along with gains in positions in engineering, architecture, and real estate. The ripple effects would generate job gains in other areas of the economy, including retailing, wholesale trade, financial services, and health care. Along with the increases in economic activity, an addition of nearly 1,400 new businesses would be projected to be established.

### Exhibit 29

<table>
<thead>
<tr>
<th>Economic Impact of 3% Average Reduction in Regulatory Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
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<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Gross Regional Product, $ bil</td>
</tr>
<tr>
<td>Personal Income, $ bil</td>
</tr>
<tr>
<td>Employment</td>
</tr>
<tr>
<td>Business Enterprises</td>
</tr>
<tr>
<td>Population</td>
</tr>
<tr>
<td>Housing Permits</td>
</tr>
</tbody>
</table>

Source: FBEI
The expected 6,750 increase in building permits to a total of about 16,000 units would represent a jump of about 75% from the 9,000 level estimated for 2014 and put the total at the best level since 2004.

San Diego County’s total population could be expected to be about 18,000, or 0.6%, greater than would otherwise exist. During the last three years, net domestic outmigration has averaged about 11,000 per year. Lower housing prices could shift that number to a net inflow of approximately 7,000 residents per year. In 2001, net domestic immigration (from other parts of California and other states) equaled about 2,500, and in 1999 it exceeded 15,000.

All of the various cities and unincorporated areas would reap significant economic gains from reduced regulatory costs. (See Exhibit 30.) Allocating them in proportion to their share of the County’s total households demonstrates the widespread benefits of regulatory reform even on a relatively modest scale.

Reducing the number of households priced out of the market by various regulations by about 3% clearly makes only a small dent. Nevertheless, an annual increase of about 6,700 households into the market over the course of 15 years would close over forty percent of the current gap.

This analysis demonstrates the major economic benefits of easing the regulatory burden only modestly or at the margin. It also shows the economic costs of failing to address the issue.
VI. LAND SUPPLY AND DEMAND

Land Supply

One of the major factors contributing to the high cost of housing in San Diego County is the availability, or lack thereof, of suitable land inventory on which homes can be built. San Diego County encompasses 2.7 million acres of land. It is bordered by Camp Pendleton to the north, Mexico to the south, the Pacific Ocean to the west, and mountains to the east.

Currently, less than 16% of the County’s total acreage is considered “developed.” Most of the developed land is situated along the coastline and extends some 20 miles inland. The vast majority of acreage in the County (72%) is considered “undevelopable.” The reasons for this are several: much of the undevelopable land has mountainous terrain, it is subject to steep slope development regulations, and there is a lack of appropriate infrastructure. These reasons combine to leave the majority of this acreage non-accessible to development.

Within this “undevelopable” designation, there is significant acreage that is geographically suitable for development, but which has been designated as open space and/or open space preserve. San Diego County, as a whole enjoys, one of the most robust open space preserve systems in the country. Through the City’s and the County’s “MSCP” multiply species conservation plans (MSCPs) and Habitat management plans (HMPs), tens of thousands of acres have been set aside to preserve open space and wildlife. Much of this acreage is adjacent to developed land and would be suitable for development without this preserve designation.

While fulfilling valuable public objectives, this reduction in available land inventory has clearly had an inflationary effect on the cost of raw land as population and housing demand have continued to climb.

Housing Demand

According to the San Diego Association of Governments (SANDAG) 2010 Regional Growth Forecast, the household population in San Diego County will continue to rise to 4.2 million residents by 2050. This growth will create the need for an additional 400,000 housing units by 2050. This represents an additional 11,000 housing units each year for the next 36 years.

With the inability to look outward for land inventory, much of San Diego’s housing needs will have to be met looking inward. This means infill locations and redevelopment of existing neighborhoods. This densification of developed areas will change the character of housing stock in San Diego, moving away from traditional detached suburban homes to infill attached product.
Although, this new paradigm will not be growth outward, cost are expected to remain high as opportunities for this type of growth are difficult, often finding their own unique obstacles such as infrastructure deficits and neighborhood opposition.

With growth prospects for the region high and availability of suitable building sites low, it is inevitable that prices will continue to increase for housing in San Diego for the foreseeable future.
Traditionally, developers and homebuilders have been on a collision course with public officials charged with implementing housing policies. The public has been caught in the crosshairs and high home prices and rents have been the result.

This report calls for a new collaborative approach, which has historically been one of San Diego’s core strengths in the case of biotech and many of the other drivers of our economy. Improvements at the margin in the regulatory process could yield benefits to all those involved.

Our research concludes that improvements or standardization in key areas of the home building process could assist to achieve the objectives of the public and policy officials, but at a significantly lower cost.

Best Practices

Extensive interviews with builders and developers throughout the region revealed elements of “best practices”. Our research team has incorporated those elements and other information obtained from each jurisdiction to establish a broader set of best practices, those methods, practices, or processes that consistently deliver superior results. Additionally, best practices seek to use approaches and methods that minimize resources, refine an approach, and foster sustainability.

Information sharing and collaboration across jurisdictions will allow for the development of a standardized approach to best practices and a “win-win” for builders, developers, and customers by allowing for efficiencies throughout all of the phases of the home building process to improve the end result. Our hope is that these best practices will be a model for the future and will be utilized by not only the jurisdictions that we studied, but other jurisdictions in the region, and perhaps throughout the country.

- Expedite the turn around time and approvals for permits by creating a clear process and centralized location for information.

- Have a master plan in place to streamline the entire entitlement process to reduce political and litigation risks, and shrink time and financing costs.

- Develop a review process in each jurisdiction to foster accountability and ensure that policy and procedures established are being adhered to. This process should follow basic management principles.

- Encourage cross-jurisdiction collaboration to share information and ideas to continue to refine and enhance efficiency in the process.
• Implement a “No Late Hits” policy in the building approval process to prevent additional comments and challenges to be submitted after the map or final project has been approved.

• Establish uniform codes for road and green building across all jurisdictions, similar to practices in Santa Clara County.

• Standardize Title 24 requirements across the life of each development.

**The Entitlement Process**

Because of the long duration of the entitlement phase (3 to 10+ years) and the high cost of financing in this phase of a housing project (typically 18%), several regulatory improvements could have a substantial impact on lowering home prices.

• The compensation/incentive system governing city employees working in planning and development departments should be revamped from the current structure that implicitly rewards them for taking more time to process and approve plans. Benchmarks on approval times should be set and used in awarding bonuses for beating those benchmarks while checks for quality are carefully made.

• Once a master plan is approved, no more changes should be allowed. Reopening the process often results in new inspectors starting the process over again from the beginning.

• Jurisdictions should move forward to create master plans in order to expedite the development of future projects.

• Once the EIR has been approved, individuals or groups opposing it should be required to pay some of the costs associated with the opposition process. This could include a bond for the legal costs involved.

• Best practices should be studied in Arizona, Colorado, and Texas, where residential properties are being developed more quickly and efficiently.

• Litigation should be limited to the early stage of the development or building process. Legal challenges should only be allowed until the tentative or final map is approved. No further litigation should be allowed after that point on issues unless major revisions are made to the original plan.
• Efforts should be made to seek CEQA and tort reform in a way that balances costs versus benefits.

Mapping

The mapping process typically involves substantial redundancies and delays in securing a project’s approval. Several changes could be positive on a cost benefit basis.

• Allow all phases of the project to be grandfathered under the originally approved plan. This would prevent extended and costly reviews of elements previously endorsed.

• Mapping is completed by consultants and engineers who are licensed and warranted for the quality and precision of their work. They should be able to certify the quality of their work, avoiding the necessity of detailed reviews.

• Current practice is that cities conduct their own review process, with a full cost recovery of the time and staffing resources required to be paid by the builder/developer. This system should be replaced by a flat fee or fixed cost.

• A 30-day review process should be required and, if not met, result in compensation paid by the jurisdiction. Third party licensed architects should be allowed to conduct the review process. These reviewers or third parties should be able to communicate with the developer/builder to obtain key information or data.

• No additional comments should be allowed after the review process is completed. A “No Late Hits” policy should be implemented, with minor issues prohibited from causing project delays. Major issues should be elevated to senior government officials for resolution.

Various regulatory costs and delays in the process of developing raw land, securing the necessary permits for construction, and building the house can add substantially to the price of a home. Several recommendations could help reduce this cost.
Land Development and Building

- Standardize building codes for all jurisdictions within the County of San Diego. For example, standardizing road building codes could reduce inefficiencies and costs for developers.

- Fee credits should be given to partially offset the cost of public parks, trails, or facilities that may be mandated. Such credits should not trigger prevailing wage laws.

- Establish benchmarks for the processing and approval of permits. Publish data on the performance of different jurisdictions.

- Establish “one-stop” shops for all permits that must be secured for a housing project.

- Standardize Title 24 requirements across the various build-out phases of a development. This would avoid making it necessary for each phase to move through another review process.

- Repeal Section 112.0310 of the San Diego Municipal Code that allows unlimited appeals and public hearings on issues related to CEQA after the project has been approved and determined to be consistent with CEQA requirements. These appeals and hearings can delay projects for long periods of time and add substantially to costs even after CEQA standards have been achieved or exceeded.

Affordable Housing

Local efforts to provide more affordable housing could be improved to mitigate the impact on individuals and households who do not qualify for such accommodations.

- An in-lieu fee should be available as an alternative to building affordable housing units, especially for small projects.

- A sliding scale for affordable housing would help builders and developers who typically have economies of scale. Requiring 10% or more of small projects’ units to be affordable can be inefficient and costly.

- Incentives or expedited processing of building proposals should be given to projects exceeding affordable housing requirements.
• California’s Density Bonus Law allows developers to obtain more favorable local development requirements (ranging from allowing higher densities to reduced parking requirements.) Allow inclusionary and density bonus units to be built off site from the project that generates the requirement. Carlsbad allows this as long as the affordable units are built in the same quadrant of the city where the market rate housing is located.

• Allow inclusionary and density bonus units to be aggregated with other affordable units to achieve economies of scale.

• Create an affordable housing bank where market rate developers can “purchase” affordable units. Carlsbad allows this and it works well.

• Contribute or sell on favorable terms land that is owned by a city and is suitable for affordable housing. Accept payment out of the net cash flow from the project.

The above are intended to be illustrative of improvements to the regulatory process that could be made, yielding large dividends in terms of lower housing costs. The system is currently broken. A dialog and collaboration involving builders/developers and public officials should take place to find new and better systems for meeting the public’s demands for safety, quality of life, and environmental integrity at a reasonable price.
VIII. METHODOLOGY

This study involved three major modules:

• Data collection and estimation of all the dimensions of regulatory costs for the seven different jurisdictions in different price segments, for single-family and multi-family units, within those jurisdictions

• Development of a model to estimate the households priced out of the market in different segments and jurisdictions by housing regulations

• Estimation of the economic benefits that could accrue to the overall region and its constituencies of reducing the impact of regulation

The analysis covered seven jurisdictions in San Diego County: Carlsbad, Chula Vista, the City of San Diego, San Marcos, Santee, other incorporated cities as a group, and unincorporated areas in San Diego County. The overall market was divided in four price tiers:

• $0-300k
• $300-450k
• $450-600k
• $600k +

Both single-family and multi-family housing markets were investigated. Extensive and comprehensive data on total sales of new housing units, new rental units absorbed, square footage, prices, and rents for all of these segments was secured for 2013. Price equivalents for rents were calculated using a standard model determining the monthly and annual payments that would be required under current conventional mortgage terms and interest rates, insurance premiums, and local tax rates. The home prices consistent with the monthly and annual housing payments equal to the rental costs were then calculated.

Regulatory Costs

Data or estimates of seven different components of regulatory costs were secured: entitlement, mapping, fees, eliminated units, vertical costs, affordable housing, and time.
Entitlement, Mapping, and Fees

When calculating entitlement and mapping costs, estimates were based on professional opinions from the interviews with builders and developers active in various market geographies in the different areas of San Diego County. For entitlement costs, a typical expense is approximately $9,000 per unit per year over a three year period. Half of that cost ($4,500) goes towards regulation. For mapping costs, which usually span an 18-month period, a typical expense is approximately $9,000 per unit. About $5,000 per unit represents the fee paid to private consultants to create the project plan (maps, grading plans, and improvement plans). The regulatory cost component is about $4,000 per unit and represents the expense of reviewing and approving the mapping documents.

Fee data was based on an extensive collection of information from the builders and developers from the various jurisdictions. All fees were included, such as fees for drainage, sewer connection, water, schools, traffic, building permits, and other dimensions.

Once the data was categorized according to type of cost, a reality test was conducted to observe “cost behavior.” This was completed by first standardizing all values to make them comparable and then looking at cost as a percent of price. Once these ratios were calculated within the given price segments across all six cities explicitly studied, they were averaged and the standard deviation was studied.

All categories within the cost pool had a standard deviation less than 3.5% (most price segment categories had a standard deviation less than 1%) and thus these cost structures across all jurisdictions seem relatively stable.

Once cost to price ratios were calculated and analyzed for variation, cost projections were estimated for the other incorporated cities jurisdiction. Estimates were calculated by multiplying the average cost to price ratio across jurisdictions to the total weighted price in the corresponding price segment. These costs are accounted for under the category entitled “Fees.”
Elimination of Units

The elimination of units methodology began with the weighted average sales price and number of units sold for each price segment and jurisdiction. The number of units sold was divided by 1 minus the percent of eliminated units for each jurisdiction, arriving at the total number of potential units. The percent of eliminated units per jurisdiction was obtained during meetings between the FBEI and builders / developers in the city.

The number of actual units sold was subtracted from the potential units to arrive at the number of units eliminated. To determine the price at which to value the units eliminated, the average sales price for each price segment was multiplied by the finished lot to home price ratio to obtain the finished lot price. Both sales prices and finished-lot-to-home price ratio data were obtained from the builders and developers in the County. The finished lot price was then reduced by the total fees and estimated cost for mapping and entitlements obtained from the builders and developers in the county to obtain an estimate of land values. Downward adjustments to average fixed costs were made where negative land values were observed.

The estimated value of eliminated units was then divided by the actual number of units sold to arrive at the average cost of lost units across each price segment for each jurisdiction. The reasonableness of the estimates was checked by examining the ratio to average home prices.

Vertical Costs

The first step in the process was to determine the mean vertical cost per square foot across the County. Using the responses from questionnaires and subsequent interviews with major builders and developers, a spreadsheet was created to summarize the data. Some builders and developers had provided vertical cost data with per unit values and others had responded with per square foot values. Many survey respondents had also given a range of values, as opposed to just one single estimate of vertical costs.

Using the County-wide average for new homes of 2,550 square feet, the respondents’ data that had been provided per square foot was converted to per unit data. For those respondents who had given a data range, low and high values were noted in separate columns. Once all data was stated on a per unit basis, the mean of the low and high value columns were each determined. These means were converted back to a per square foot value, and then the mean between the low and high values was calculated to arrive at the overall mean vertical cost per square foot of $2.65.
Once the mean vertical cost had been determined, a new spreadsheet was created. A table was then created for each jurisdiction and for each of the four housing price ranges within those jurisdictions by housing type (detached or attached), noting the average square footage for each and multiplying that value by $2.65 per square foot to arrive at the vertical cost per unit for each jurisdiction/housing type/price range possibility.

As a check for reasonableness, on the same spreadsheet, a table was created containing the weighted average house price for each jurisdiction/housing type/price range. A third table was then created to calculate the vertical cost as a percentage of the weighted average house price for each possibility. In virtually all cases, the vertical cost to housing price ratio was approximately 1%.

**Affordable Housing**

The methodology used to obtain the cost associated with the affordable housing mandate began with the finished lot price for each price segment and jurisdiction. This was obtained by multiplying the weighted average sales price by the finished-lot-to-home price ratio for each segment and jurisdiction. Both the weighted average sales price and the finished lot to home price ratio data were obtained from the builders and developers.

The number of units sold for each price segment, also data obtained from the builders and developers, was divided by 1 minus the affordable housing requirement for that municipality (generally 10%-15%), yielding the total number of units possible if no mandate was in place. The potential units were reduced by the actual to arrive at the number of units eliminated.

To spread the cost of the land across the actual units, the price of the finished lot was multiplied by the number of units eliminated and then divided by the number of actual units sold. To see the impact of this cost, the fee was divided by the weighted average sales price for each segment in each jurisdiction.

A requirement of 10% was utilized for the other incorporated cities that were not individually included in the study.
**Time Costs**

The time cost calculation involved multiple steps. The first main step was to determine the average length of time it takes a builder/developer to complete each phase of the project (entitlements, mapping, infrastructure development, permit review, and building) for each jurisdiction, with and without a master plan, and the average cost of funds at each stage. This information was obtained from meetings that FBEI had with builders and developers. Fixed and variable costs for each phase were also obtained in this manner.

The next primary step involved creating a spreadsheet that summarized the general flow of funds at each phase and applying the appropriate cost of funds and length of the phase to determine the capital cost during that phase. Total capital cost was then determined by summing the results from the five phases (significant overlap of phases was assumed). The base case assumed that the land development phase overlapped both the mapping and permit review stages, resulting in only four distinct time periods. These calculations were made twice for each jurisdiction (once assuming that there was a master plan and once assuming that there was no master plan) by price range and by designation of attached or detached unit. In the cases where negative land values resulted, due to the preceding downturn in the real estate market, fixed costs were adjusted downward.

The final essential step in the process was to determine the weighted average cost of capital based upon the percentage of homes sold with a master plan in place and the percentage that had no master plan, for each jurisdiction by price range and attached or detached. The data on home sales of master plan versus no master plan was obtained directly from builders and developers based on building and sales activity for 2013. The resulting weighted average cost of capital for each case was then divided by the average home price in that case to ensure consistency.

**Housing Impact Model**

The model used to calculate the numbers of households priced out of different market segments in each jurisdiction was based partly on the methodology employed by the California Association of Real Estate in its calculation of its Housing Affordability Index (HAI).

For each price segment in each jurisdiction, the average income necessary to support the monthly and annual payments was used for the average priced home in that tier. Since the choice between ownership and renting is primarily a financial decision, no distinction was made in terms of the type of ownership.
The required downpayment was assumed to be 20%. Monthly payments and their annual equivalent were calculated for the sum of principal, interest, taxes, and insurance. Property tax rates as the different jurisdictions were obtained from the San Diego County Assessor’s Office. Mortgage interest rates were obtained from the latest readings from the Federal Housing Finance Board based on a composite of fixed and adjustable rate mortgages. A 30-year term was assumed. Monthly insurance payments were assumed to be .38 percent of the home price divided by 12. It was assumed that the monthly interest payment cannot exceed 30% of a household’s income in order for the prospective buyer to qualify for a loan.

The income distributions of households in each jurisdiction were obtained from the U.S. Census Bureau and SANDAG and converted into current dollars by FBEI. Calculations were then made as to the number of households who could uniquely qualify for a particular price segment of the housing market (could not afford higher prices and did not have to go lower). The sum was used as an estimate of the total share and number of households who could afford housing in each jurisdiction of these segments.

Calculations were then made in the same matter but with prices excluding the effect of regulations in each segment. The differences were then calculated to indicate the share and number of households priced out of housing in each jurisdiction by housing regulations.

**Economic Impact**

The economic benefits of regulatory reform were based on an analysis of a 3% reduction in the weighted average cost of regulation in each of the four housing price tiers for the total San Diego region. This percentage was based on an analysis of what the region’s homebuilding industry could reasonably accommodate and also by examining what might be reasonable in-migration patterns.

An estimate of the increase in sales was then based on the number of additional housing units that could be produced multiplied by the average price. The price used was net of the reduction in regulatory costs. This data was input into the IMPLAN© Model to trace through all of the direct and indirect economic effects. IMPLAN© is a widely used tool to conduct economic impact analysis.

Estimates of the impact on real GRP, personal income, and employment were secured. Implicit multipliers were analyzed for accuracy. The number of additional business establishments was estimated based on an analysis of the relationships between GRP, firm numbers, and population counts over time and in different areas. The relation between GRP and business establishments for San Diego was used as the final base for estimation.
Population estimates were based on the latest ratios of the number of individuals per household for different jurisdictions provided by the California Department of Finance, Demographic Research Unit.

Data, calculations, estimates, and results were checked throughout the process of the study to insure accuracy and consistency.
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The California Homebuilding Foundation invests in the future of homebuilding through: Endowments that provide scholarships and fund industry research; publishing current construction and new home statistics; presenting training seminars; and supporting high school courses that encourage young people to choose careers in the industry.
SAN DIEGO REGIONAL CLIMATE COLLABORATIVE

November 6, 2015
Regional Planning Committee

SANDAG Energy and Climate Planning

Regional Energy Strategy for the San Diego Region

City of San Marcos Energy Roadmap

San Diego Association of Governments
CLIMATE ACTION STRATEGY

FINAL
March 2016
SDG&E Local Government Partnership

- Partnership since 2010
- Energy Roadmap Program
  - Municipal retrofits
  - Energy and climate planning assistance
- San Diego Regional Energy Partnership
  - Energy efficiency programs
  - San Diego Regional Climate Collaborative

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- 3 Universities
- 2 Non-Profits
- 1 Utility
- 1 Philanthropic Entity
Advance Climate Planning

Demonstrate Local Leadership

Build Capacity

The Network

Templates & Best Practices

Trainings

A Comparative Analysis of Climate Action Plans in the San Diego Region

CivicSpark Project for the Port of San Diego and the San Diego Regional Climate Collaborative

Analysis performed by Laurel Ode
April 2015
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Green Infrastructure
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Coastal Storms and Sea Level Rise

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  - Imperial Beach
- Carlsbad,
  - Del Mar, County
- San Diego Bay

Other Local Initiatives
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- SDG&E
- Airport and Port

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Fermanian Business & Economic Institute

Regional Planning Committee
SANDAG

November 6, 2015

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www.pointloma.edu/fbei

INTRODUCTION

The Institute is a strategic unit of PLNU that specializes in a variety of consulting services dedicated to discovering insights that effect change for organizations around the globe. Our skilled team of consultants, economists, and researchers provide clients and partners with individualized, actionable results that support strategic decision-making.
Clients include:
National Association for Business Economics, California State Treasurer, Terrapin Bright Green, San Diego Military Advisory Council, San Diego Zoo Global, Sempra Generation, and many other private, public, and government organizations.

For information on how we can work together contact us:
Fermanian Business & Economic Institute @ PLNU

Opening San Diego’s Door to Lower Housing Costs

Regional Planning Committee
SANDAG
November 6, 2015

Lynn Reaser, Ph.D.
Fermanian Business & Economic Institute at PLNU
Housing and Regulatory Costs

- Scope
- Key Findings
- Economic Impact
- Policy Recommendations

Scope
Sales throughout the County
Percent

City of San Diego 50%
Chula Vista 19%
San Marcos 10%
Unincorporated 3%
Santee 2%
Carlsbad 7%
Other Cities 9%

Price Tiers

- $0-$300,000
- $300,000-$450,000
- $450,000-$600,000
- $600,000- above
Phases of Home Building*

*Phases frequently overlap

Regulatory Costs

- Entitlement
- Mapping
- Eliminated units
- Fees
- Affordable housing
- Vertical costs
- Time costs
Key Findings

Regulatory Costs Drive 40% of Average New Housing Costs in San Diego County
Thousands of dollars

*Weighted by total units rented or sold in 2013
Regulatory Costs Significant Share of Housing Prices in all San Diego Jurisdictions*

Percent

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>San Diego</td>
<td></td>
</tr>
<tr>
<td>Carlsbad</td>
<td></td>
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<tr>
<td>Other Cities</td>
<td></td>
</tr>
<tr>
<td>Chula Vista</td>
<td></td>
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<tr>
<td>Unincorporated</td>
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<td>San Marcos</td>
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<td>Santee</td>
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*Weighted average based on total sales and rentals

21% of San Diego Households are Priced Out of the Market

Percent

<table>
<thead>
<tr>
<th>Index</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>Affordability Index</td>
<td></td>
</tr>
<tr>
<td>Without Regulatory Costs</td>
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<tr>
<td>Gap</td>
<td></td>
</tr>
</tbody>
</table>

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Households Priced Out of San Diego Housing
Percent

Economic Impact
Homebuilding Below Underlying Demand
Building permits, San Diego County, thousands

Elasticity of Affordability to Regulatory Change

1 : 1
Regional Distribution of Economic Benefits from 3% Easing of Regulatory Impact

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Regional Product, $ bil</td>
<td>$3.15</td>
<td>1.7%</td>
</tr>
<tr>
<td>Personal Income, $ bil</td>
<td>$2.54</td>
<td>1.5%</td>
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<tr>
<td>Employment</td>
<td>37,331</td>
<td>1.9%</td>
</tr>
<tr>
<td>Business Enterprises</td>
<td>1,372</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Policy Recommendations
Policy Recommendations

- **Entitlements**
  - Set benchmarks for project approval times
  - Establish master plans
  - Prevent legal challenges after tentative or final map

- **Mapping**
  - Replace full cost recovery with flat fee
  - Allow communication with builder/developer
  - Grandfather all phases of project
Policy Recommendations

- **Land Development and Building**
  - Establish “one-stop” shops for permits
  - Standardize Title 24 requirements across building phases

Policy Recommendations

- **Affordable Housing**
  - Implement sliding scale
  - Allow inclusionary and density bonus units off-site
Conclusions

- Who is hurt?
- Collaboration vs. combat
- Change at the margin

Fermanian Business & Economic Institute

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