

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS - LAND USE
WEDNESDAY, MAY 24, 2023**

MINUTE ORDER NO. 12

SUBJECT: OPTIONS FOR REMOVING BARRIERS TO HOUSING AND FACILITATING THE COUNTY'S STATUS AS A PROHOUSING JURISDICTION AND EXEMPTION TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (DISTRICTS: ALL)

OVERVIEW

The state and region are in the midst of a housing crisis. The growing housing shortage has acutely impacted communities of color and low-to-moderate income families. In an effort to address the barriers and address the housing shortage, the Board of Supervisors (Board) directed a wide range of actions to assist development in unincorporated communities, from modernizing regulations and streamlining permitting processes to waiving fees for certain types of housing, establishing a regional funding source and creating a Housing Blueprint to explore everything that the County of San Diego (County) can do to facilitate the production and provision of housing to all people at all income levels.

On February 7, 2023 (20), the Board directed staff to return in 90 days with additional recommendations to remove barriers, add resources, and expedite processes in building housing in unincorporated communities, and to facilitate the County's status as a Pro-housing jurisdiction, including the feasibility of adopting policies similar to the City of San Diego's Executive Order 2023-1 (Attachment A). The City of San Diego's Executive Order directed a series of actions related to affordable housing developments, including the liberal granting of incentives and fee waivers, prioritizing, and expediting plan and permit reviews, adding resources, and providing technical assistance to customers.

In response to the Board's direction, staff across the County organization worked together to identify short, mid, and long-term actions that could facilitate and remove barriers to housing, as well as resources needed to implement these actions. In some cases, staff provided options regarding which housing types the action should apply to, such as affordable housing only, affordable housing and housing within Vehicle Miles Traveled (VMT) efficient or infill areas (areas exempt from VMT analysis or mitigation), or to all housing, including workforce and moderate-income housing. These options were provided particularly where it affected the level of cost or resources needed to implement the respective action like expediting building plan reviews or waiving fees. Staff also evaluated which of these measures may have further implications and where additional stakeholder engagement is recommended prior to the Board taking action.

Today's action is a request for the Board to provide direction on which of these measures to implement now and any that staff should further evaluate and engage with stakeholders on before returning to the Board with recommendations. Staff also requests that the Board allocate resources to implement any actions directed.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. Find in accordance with Section 15061(b)(3) and 15378(b)(5) of the California Environmental Quality Act (CEQA) Guidelines that this action is exempt because it has no potential to result in either a direct physical change to the environment or a reasonably foreseeable indirect physical change to the environment.
2. Receive options for removing barriers to housing and provide direction on which actions to be implemented, which should involve further discussions with stakeholders, and which if any, should not be pursued.
3. If direction is provided to implement options with a one-time cost, in order to fund these one-time costs, authorize the Auditor and Controller to establish a fund balance commitment account within the General Fund and for the Office of Financial Planning to commit up to \$16,869,490 to the new fund balance commitment account based on unassigned General Fund, fund balance from the General Fund Reserve, which is currently below the minimum balance requirement, to promote the long-term fiscal health and stability of the County by aligning one-time expenditures with a one-time funding source. **(4 VOTES)**
4. If direction is provided to implement options that have a cost, direct the Chief Administrative Officer to establish appropriations and staffing in the Fiscal Year 2023-24 Operational Plan by inclusion in the CAO Recommended Operational Plan Change Letter.
 - a. The funding source for one-time costs will be the fund balance commitment established in Recommendation 3;
 - b. The funding source for ongoing costs will be: 1) fee revenue from current fee ordinances and 2) existing General Purpose Revenue that will be redirected from planned programs/services in the County that have been identified in the CAO Recommended Operational Plan.
5. In accordance with Board Policy A-87, Competitive Procurement, approve and authorize the Director, Department of Purchasing and Contracting, to enter into negotiations with the California Association of Environmental Health Administrators (CAEHA) for Environmental Health professional services to assist with expediting the review and approval of onsite wastewater treatment system plans, and subject to successful negotiations and determination of a fair and reasonable price, award an agreement for CAEHA Staffing Services for up to 1 year and 4 option years through June 30, 2028, and an additional six months if needed, and to amend the contract as needed to reflect changes to services and funding, subject to the approval of the Director of Environmental Health and Quality.
6. Waive Board Policy B-29: Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery for building permit fee waivers and grants for septic systems.

EQUITY IMPACT STATEMENT

Access to housing is important to all. Private property owners build the majority of housing, with the County playing a key role in the review and permitting of new housing. Housing affordability and attainability is a challenge many people have, with a greater burden placed on low-income and underserved communities. The items presented will remove barriers to housing, facilitating faster and increased housing production. Several items today are targeted at streamlining affordable housing as well as housing that is often more attainable.

SUSTAINABILITY IMPACT STATEMENT

These proposed actions are aligned with Sustainability Goal #2, assisting in providing just and equitable access to housing. These actions also promote the development of new housing in VMT Efficient Areas, which will result in lower carbon emissions, in alignment with Sustainability Goal #3, facilitating the transition to a green, carbon-free economy.

FISCAL IMPACT

Fiscal impact of these recommendations will vary based on the options directed by the Board, outlined in Tables 1.0, 2.0 and 3.0 (collectively, the Option Tables). Funds for this request are not included in the Fiscal Year (FY) 2023-24 CAO Recommended Operational Plan in Planning & Development Services (PDS), Department of Public Works (DPW), Department of Environmental Health & Quality (DEHQ) or the other departments identified in the Option Tables. Should the Board direct implementation of any of the options that have an associated cost or staffing, additional funding would be required beginning in FY 2023-24.

Available funding sources for these options include: 1) permit fee and/or deposit revenue collected pursuant to Board Policy B-29, *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery*; 2) existing General Purpose Revenue (GPR) or other ongoing revenue sources that will be redirected from other programs and will result in program impacts; and 3) one-time unassigned General Fund fund balance from the General Fund Reserve for one-time costs. The General Fund Reserve amount is currently below the minimum balance. In accordance with the San Diego County Code of Administrative Ordinances Section 113.1, *General Fund Balances and Reserves*, all appropriations of the General Fund Reserve below the minimum balance will require at least four votes of the Board.

If all short-term options are directed by the Board, estimated ongoing costs will total up to \$8,097,190 beginning in FY 2023-24, as detailed in Table 1.0. Of this amount, proposed funding sources include \$4,873,849 from existing ongoing GPR redirected from other programs and \$3,223,341 from permit/deposit revenue from customers. Estimated one-time costs in FY 2023-24 total \$10,464,490 which is proposed to be funded by General Fund, fund balance. Additional staff years total up to 45 in various departments as detailed in Table 1.0.

If all mid-term options are directed by the Board, no ongoing costs are anticipated. Estimated one-time costs total up to \$2,170,000 in FY 2023-24 as detailed in Table 2.0, and are proposed to be funded by General Fund, fund balance. There will be no additional staff years.

If all long-term options are directed by the Board, no ongoing costs are anticipated. Estimated one-time costs total up to \$4,235,000 in FY 2023-24, as detailed in Table 3.0 and are proposed to be funded by General Fund, fund balance. There will be no additional staff years.

If all options in total are directed by the Board, estimated ongoing costs will total \$8,097,190 beginning in FY 2023-24, with proposed funding sources including \$4,873,849 from existing ongoing GPR redirected from other programs and \$3,223,341 from permit/deposit revenue from customers. Estimated one-time costs will total \$16,869,490 and are proposed to be funded by General Fund, fund balance. There will be 45 additional staff years in various departments as detailed in the Option Tables.

If additional key areas are identified, staff would return to the Board for additional direction and a request for funding as needed.

A waiver of Board Policy B-29 would be required for building permit fee waivers and grants for septic systems since the proposed options do not cover all the operating costs. The total unrecovered cost per Board Policy B-29 is approximately \$7,900,000 for FY 2023-24 and would be funded with General Fund, fund balance, as proposed. Funding for unrecovered cost in all future years would need to be identified.

BUSINESS IMPACT STATEMENT

Removing barriers to housing will benefit the general public as well as the businesses that are part of the home development process, helping to create jobs and economic growth. Increased housing supply also benefits local businesses by having a more ample supply of housing for employees, which helps incentivize prospective candidates to select businesses in San Diego for employment and helps those already residing locally.

ACTION 12.1:

ON MOTION of Supervisor Vargas, seconded by Supervisor Anderson, the Board of Supervisors directed the Chief Administrative Officer to implement the following:

SHORT TERM ACTIONS (0 TO 12 MONTHS):

Action 1: Guaranteed Timelines for 100% Affordable Housing and Emergency Shelters

100% Affordable Housing:

- 30 Day Discretionary Review with CEQA Environmental Studies
- 5 Day Building Permit Plan Check
- 5 Day Septic Review

Emergency Shelters:

- 2 Day Building Permit Plan Check
- 5 Day Septic Review

This action will result in an ongoing cost of \$171,980 and 1 new staff.

Action 2: Guaranteed Timelines for VMT Efficiency and Infill Area Housing

VMT Efficiency and Infill Area Housing:

- 30 Day Discretionary Review with CEQA Environmental Studies
- 15 Day Building Permit Plan Check
- 15 Day Septic Review

This action will result in a total one-time cost of \$550,000, an ongoing cost of \$1,784,019 with and 10 new staff.

Action 3: Guaranteed Timelines: Workforce and Other Housing

Action 3a: Workforce Housing

Workforce Housing:

- 30 Day Discretionary Review including CEQA Environmental Studies
- 15 Day Building Permit Plan Check
- 30 Day Septic Review

This action will result in a total one-time cost of \$200,000 and an ongoing cost of \$763,935 and 4 new staff.

Action 4: Prioritization of Contracts to Support Housing

This action will result in 2 new staff with a cost \$413,000 funded by an existing Purchasing & Contracting fund.

Action 5: Process Improvements

- Action 5a: Completeness Certification

This action will be using existing GPR funds.

- Action 5b: Expand Standard Corrections

This action will be using existing GPR funds.

- Action 5c: Technology, and Data Enhancements

This action will result in a total one-time cost of \$1,200,000, an ongoing cost of 514,375 and 3 new staff.

Action 6: DEHQ Temporary Help: Sole Source Contracting Authority

This action will be funded through customer fees.

Action 7: Over-the-Counter Plan Review for Previously Approved Home Designs

No additional resources are needed to implement this action.

Action 8: Permit Liaison/Concierge Support for Applicants

This action will result in an ongoing cost of \$772,041 and 4 new staff.

Action 9: Tools and Guidance for Applicants: Submit Smart Video Series

This action will result in a one-time cost of \$100,000.

Action 10: Housing Legislation Outreach, Promotion, and Implementation

This action will result in an ongoing cost of \$587,097 and 3 new staff.

Action 11: Development Feasibility Analysis Liaisons (Economic Development)

This action will result in an ongoing cost of \$1,243,605 and 6 new staff.

Action 12: Ensure Implementation of the Housing Element

This action will result in an ongoing cost of \$1,097,751 and 6 new staff.

Action 13: Grading Ordinance Update

This action will result in a one-time cost of \$150,000.

Action 14: Flexibility for Infrastructure Requirements

Staff will prepare a timeline and cost based on stakeholder engagement Additional stakeholder engagement recommended before implementing.

AYES: Vargas, Anderson, Lawson-Remer, Desmond

ABSENT: (District 4 Seat Vacant)

ACTION 12.2:

ON MOTION of Supervisor Vargas, seconded by Supervisor Lawson-Remer, the Board of Supervisors directed the Chief Administrative Officer to implement the following:

MEDIUM-TERM ACTIONS (12 MONTHS TO 3 YEARS):

Action 1: Tiny Homes on Wheels

No additional resources are presently identified as being needed to implement the program.

Action 2: Prepare Pre-Approved Home Plans

This action will result in a one-time cost of \$100,000.

Action 3: Information Technology Upgrades – Phase II

This action will result in a one-time cost of \$1,200,000.

AYES: Vargas, Anderson, Lawson-Remer, Desmond

ABSENT: (District 4 Seat Vacant)

ACTION 12.3:

ON MOTION of Supervisor Vargas, seconded by Supervisor Anderson, the Board of Supervisors directed the Chief Administrative Officer to implement the following:

LONG-TERM ACTIONS (3 TO 5 YEARS):

Action 1: Prepare Programmatic EIR for Key Areas

This action will result in a one-time cost of \$3,000,000. Once the Development Feasibility Analysis is complete, allocate an additional \$1,200,000 for the Programmatic EIR to be accomplished in 18 months.

Action 2: Prepare Land Surveys

Action 6: Grading Ordinance Updates

Additional stakeholder engagement recommended before implementing.

Action 6a: Ministerial Permits in VMT Efficient and Infill Areas

This action will result in a one-time cost of \$250,000.

AYES: Vargas, Anderson, Lawson-Remer, Desmond

ABSENT: (District 4 Seat Vacant)

ACTION 12.4:

ON MOTION of Supervisor Vargas, seconded by Supervisor Anderson, the Board of Supervisors took the following actions:

1. Found the proposed actions are exempt from the California Environmental Quality Act (CEQA) per Section 15061(b)(3) of the CEQA Guidelines because it has no potential to result in either a direct physical change to the environment or a reasonably foreseeable indirect physical change to the environment.
2. Received options for removing barriers to housing and provided direction on which actions are to be implemented, which should involve further discussions with stakeholders, and which if any, should not be pursued.
3. Directed the Chief Administrative Officer to fund one-time costs associated with actions through projected general fund fund balance and continue to provide progress updates on these items.
4. Directed the Chief Administrative Officer to fund actions approved including enterprise-wide program and service reallocations through the Chief Administrative Office change letter process for the Recommended Op Plan Process.
5. In accordance with Board Policy A-87, Competitive Procurement, approved and authorized the Director, Department of Purchasing and Contracting, to enter into negotiations with the California Association of Environmental Health Administrators (CAEHA) for Environmental Health professional services to assist with expediting the review and approval of onsite wastewater treatment system plans, and subject to successful negotiations and determination of a fair and reasonable price, award an agreement for CAEHA Staffing Services for up to 1 year and 4 option years through June 30, 2028, and an additional six months if needed, and to amend the contract as needed to reflect changes to services and funding, subject to the approval of the Director of Environmental Health and Quality.

AYES: Vargas, Anderson, Lawson-Remer, Desmond

ABSENT: (District 4 Seat Vacant)

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter

