This document includes sample pages from

1) The San Diego Housing Element (8 pages)
2) A housing needs report from SCAG (5 pages)
3) A 21 Elements product from 2014 (6 pages)

The products are intended to generate conversation and new ideas.

City of San Diego General Plan
HOUSING ELEMENT
2021-2029

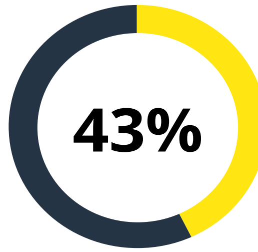
DEMOGRAPHICS

Demographic characteristics and trends influence housing demand and therefore housing needs. Current and forecast data from the American Community Survey, SANDAG, County, and San Diego Regional EDC show San Diego's population is different today than it was in 2013 (when the Housing Element was last updated) and will continue to grow and change dramatically in the next 15 years. Here are the top trends predicted to change San Diego in the next 15 years[12]:

- The population will grow by 26 percent (from 1,321,315 to 1,665,609) between 2012-2035.
- Seniors (people age 65 and older) will nearly double, while the proportion of working age (18 to 64 years old) residents will slightly drop.
- Hispanic residents will increase significantly, and Asian, Pacific Islander, American Indian, and Multiracial residents will also increase.
- The City will experience a significant increase in employees, as nearly 154,000 jobs are anticipated to be added between 2012-2035.

People

San Diego's population will grow by 26% between 2012-2035.



of the region's population is in the City.

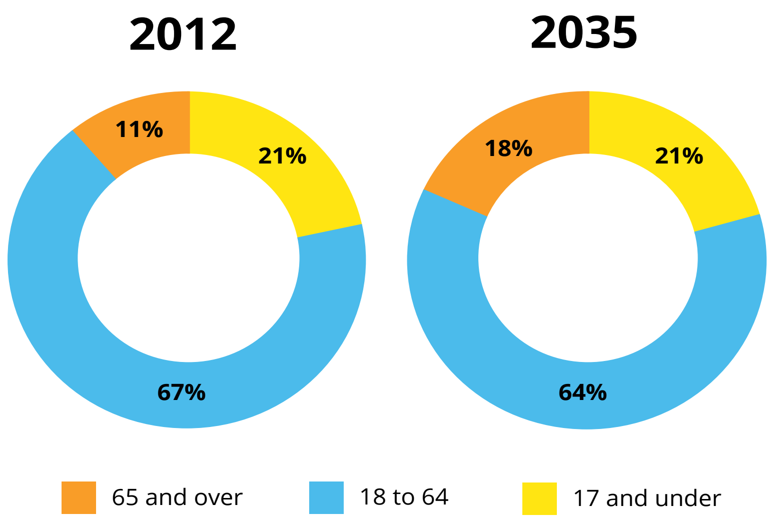
Many residents in the City are struggling to keep up with San Diego's rising cost of living. For example:

- The 2019 AMI in San Diego was $86,300, but many of the City's core industries pay average annual wages that are between 30 percent and 80 percent of AMI.[13]
- More than 50 percent of households earn below AMI.[14]
- Average monthly rents rose by 42 percent between 2012-2019.[15]

These challenges and the increasing costs of housing have negative impacts not just on the City's residents and households, but on the community, by destabilizing the economy and contributing to the factors that lead to homelessness.

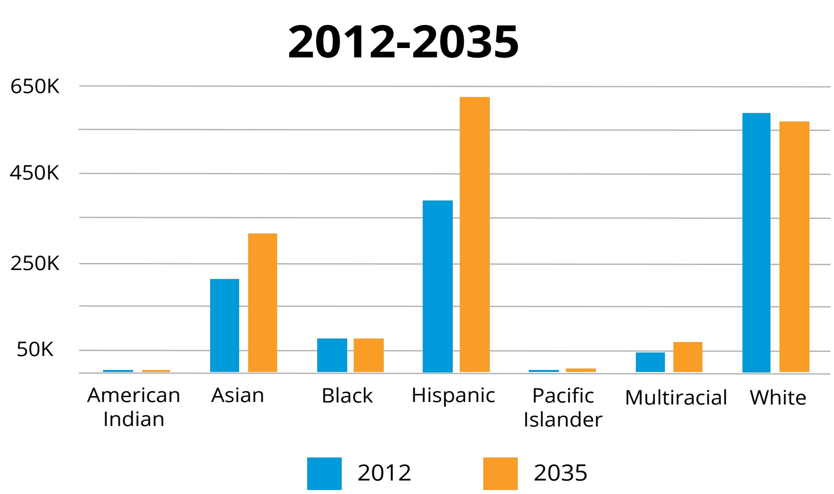
The following pages visualize demographic and socioeconomic data and indicate the broader topics and challenges this document seeks to address through various housing objectives and policies. Unless cited, all data in this section is from the American Community Survey, SANDAG, or the San Diego Regional Task Force on the Homeless.

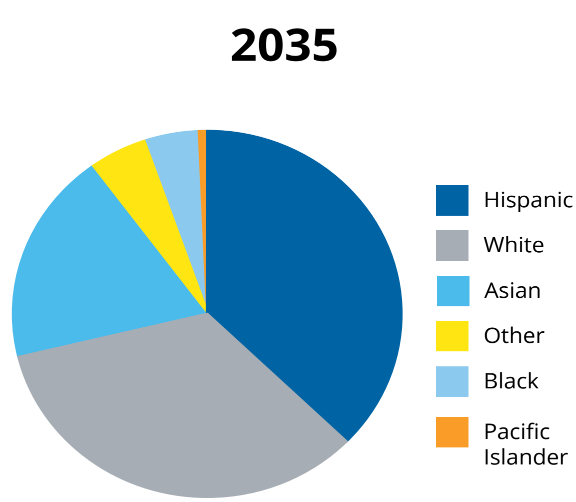
The data described and illustrated throughout this document is the most current data available at the time (dates and time periods vary) of compilation and is intended to provide estimates for comparative purposes. For the more detailed dataset used to inform this Housing Element, please see Appendix B – Demographics.



Seniors in **San Diego** will nearly **double** by 2035, while the **working population** will slightly **decline**.

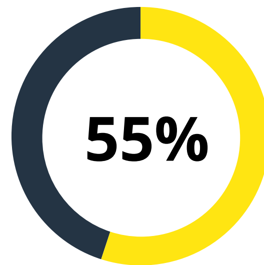
Diversity will **increase** between 2012-2035.





Jobs

The City is expected to add 153,700 jobs between 2012-2035.



of the region's jobs are in the City.

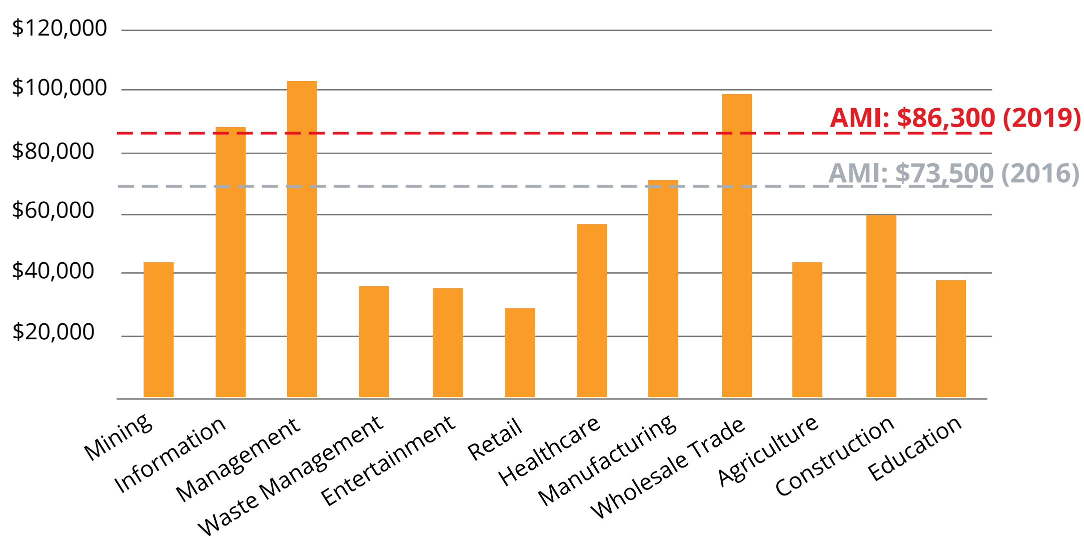
Despite steady job growth between 2012-2019 and an overall forecast for nearly 154,000 jobs by 2035, many industries in the City pay below AMI.[16] In a household where two adults are employed in, for example, retail and education jobs and make average salaries for their occupations, their combined pay would fall below AMI. Seven of the industries displayed in the chart below pay less than 60 percent of AMI. Low wages impact a household's ability to pay for housing, transportation, food, clothing, and healthcare. Adding jobs necessitates adding housing, but housing must be available and affordable to workers across all levels of income.

There will be 896,400 jobs in the City by 2035.

Area median income (AMI) was $86,300 in 2019.

Many industries pay wages below AMI.

Average Annual Income by Sector in San Diego (2016)



Construction +65%

Information Systems +41%

Finance & Real Estate +30%

*Growth projected by 2035

Unemployment dropped to 5.7% in 2017 from 9.2% in 2012.

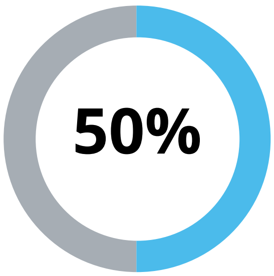
Professional, scientific, and technical services wages grew 43% between 2012-2016.

Management, utilities, and wholesale trade jobs pay the highest average annual wages.

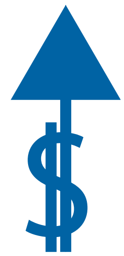
Similar to the national post-recession recovery, the unemployment rate in San Diego dropped between 2012-2017.[17] Over a similar period (2012-2016), wages increased significantly for professional, scientific, and technical services jobs and increased at least modestly for many industries.[18] The City continues to attract high-paying jobs in technology-related fields, but wages for low-skilled jobs have remained below AMI and have experienced little growth, despite continuing housing cost and rent increases.[19]

Administrative support, waste management, arts and entertainment, and retail jobs, which are the lowest paid sectors in the City, experienced only 1 to 3 percent increases in wages between 2012-2016.[20] Incomes will continue to fall below AMI, but low-skilled jobs are important for San Diego's economy, and housing should be available to households employed in every sector. The fastest growing industries in San Diego are anticipated to be construction, information systems, and finance and real estate between 2012-2035.[21]

Households



of households spend more than 30% of their income on housing



average rent prices increased by 46 percent between 2012-2019

Half of San Diego households are considered cost-burdened by their housing, since they spend more than 30 percent of their pay on either rent or mortgage payments.[22] This can result from different factors, such as half of households earning below AMI or average rent prices increasing by 46 percent between 2012-2019.[23] The more money a household spends on housing, the less money is available for healthcare, transportation, savings, and recreation.

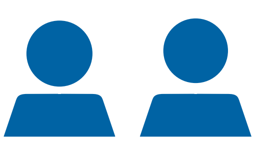
The housing market changes depending on economic, social, and cultural trends. Per 2016 census data, slightly more San Diegans were renters than homeowners, and more people lived in households comprised of families than lived alone or with roommates.[24]

53%

of housing in the City is renter-occupied.

47%

of housing in the City is owner-occupied.



40%

of households are comprised of non-related roommates or individuals living alone.

60%

of households are comprised of families, meaning people related to one another.

VACANCY

3.2%

of rental housing was estimated to be vacant in 2017.[18]

31,411

households were overcrowded or severely overcrowded in 2017.

56%

of existing homes are single-family.

2009

65%

of those living in owner-occupied units moved in prior to 2009.

Overcrowding—more than 1-1.5 persons per room in a household—affects a small percentage of San Diego's population, but more than 30,000 households were overcrowded or severely overcrowded in 2017.[25] That number could increase as families grow and people move to the City to find better paying jobs. If the rental vacancy rate remains low, overcrowding could increase, or households could be forced to leave the City to find more affordable housing.

The City experienced significant growth between the 1960s and 1990s; most of the City's housing stock was built during that timeframe. Some housing was built in the early 2000s, but only 3.6 percent of the City's housing stock was built in the past 10 years.[26]

Housing will need to be smaller and closer to jobs and amenities than previously, because younger generations are waiting longer to purchase homes and start families; the senior population will grow; and available vacant land will decrease. The City continues to implement the City of Villages strategy to add housing near transit, jobs, and other amenities, so San Diegans of all ages and household sizes can access needed resources without using a single occupancy vehicle.

CIRCA 2000

90%

of the City's housing stock was built prior to 2000.

60%

of households have only one or two persons.

MISSION IMPOSSIBLE?

MEETING CALIFORNIA'S HOUSING CHALLENGE

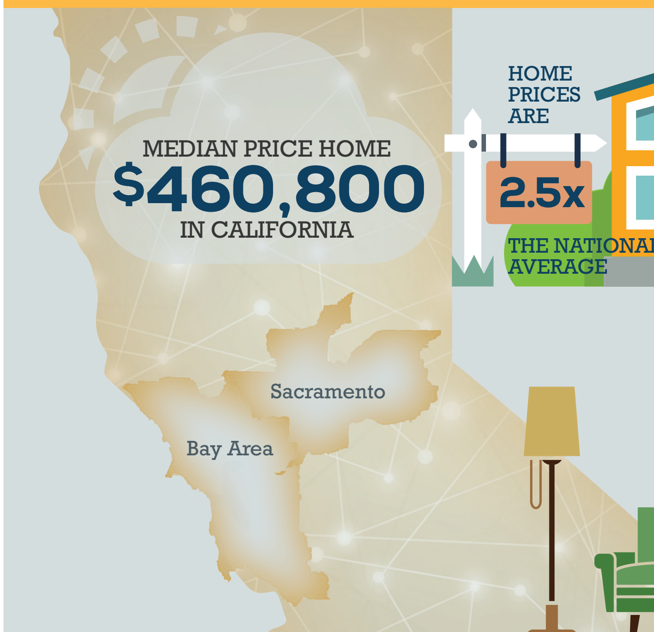
October/2016

SCAG™

INNOVATING FOR A BETTER TOMORROW

WE HAVE A CRISIS STATEWIDE

The housing crisis in California is due to a combination of both a housing shortage and a lack of affordability, and the problem is not limited to housing for low-income families.



MEDIAN PRICE HOME
$460,800
IN CALIFORNIA

HOME PRICES ARE **2.5x** THE NATIONAL AVERAGE

FROM 2000-2014

28%
MEDIAN RENT IN CALIFORNIA

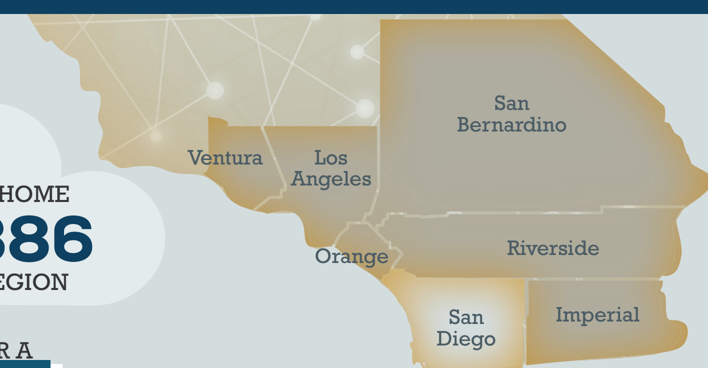
FOR RENT

MEDIAN HOUSEHOLD INCOME IN CALIFORNIA
8%

MORE THAN **60%** OF VERY LOW-INCOME FAMILIES SPEND OVER HALF OF THEIR INCOME ON HOUSING

HOME SWEET HOME

AFFORDABILITY IS A LOCAL AND REGIONAL PROBLEM



MEDIAN PRICE HOME
$507,886
IN THE SCAG REGION

TO SAVE FOR A TRADITIONAL **20%** DOWNPAYMENT

A FAMILY WOULD NEED TO SAVE ALMOST **$1,700** A MONTH

IN THE SCAG REGION, A HOUSEHOLD EARNING THE MEDIAN INCOME WOULD NEED TO SET ASIDE

34% OF THEIR GROSS INCOME

FOR **5** YEARS TO SAVE FOR THE DOWNPAYMENT OF A MEDIAN PRICE HOME

HOUSING SUPPLY HAS NOT KEPT UP WITH POPULATION GROWTH

1970-1980 › 1 NEW UNIT PER 1.74 PERSONS ADDED

1990-2000 › 1 NEW UNIT PER 4.52 PERSONS ADDED

A DROP IN HOME BUILDING

2010-2014 › 1 NEW UNIT PER 2.64 PERSONS ADDED

IT'S COMPOUNDED BY A DEMOGRAPHIC SHIFT

HOUSING SUPPLY + DEMANDS OF MILLENIALS SEEKING HOUSING = HOME + RENTAL PRICES

WHAT'S HOLDING UP NEW HOUSING CONSTRUCTION?

UNDER CONSTRUCTION

01 LACK OF FUNDING OR FISCAL INCENTIVES

Many jurisdictions do not have permanent funding to build housing. Subsidized housing may not produce enough revenue and other forms of land use may be preferred.

02 REGULATORY BARRIERS

There are a number of regulatory requirements, such as CEQA, that can delay or kill residential projects. They can also add to the cost of a project.

03 LOCAL ZONING REQUIREMENTS

Local zoning requirements, such as parking, can restrict the number of units or render them unaffordable for many.

04 NOT IN MY BACK YARD (NIMBYism)

Misinformation and fear can lead to community opposition to residental projects.

THE COST OF NOT HOUSING

The higher the housing costs, the lower the amount a family can use toward other costs. This can impact future savings, particularly for families that are close to poverty. High housing costs also mean less money that could be spent on local businesses, personal health or recreation.

DISPLACEMENT

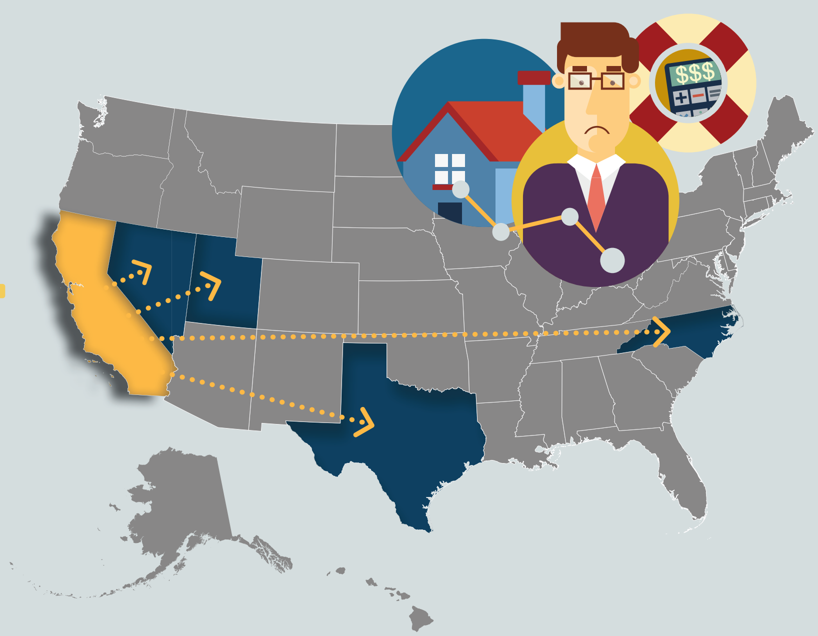
OVERCROWDING

OUTMIGRATION AND LOSS OF YOUNG TALENT

Due to stagnant wages or difficulties finding a secure entry-level or mid-level job, and rising costs in rent, millennials represent over half of the outmigration from the most expensive metro areas despite representing only a quarter of the population.

ECONOMIC IMPACTS

High housing costs also impact wider economic growth and are an increasing factor in decision-making for employers. A number of major employers are leaving the state or reducing operations, citing the lack of housing for their employees as one of the top reasons for leaving.



SNAPSHOT OF THE HOUSING CRISIS

Home & Rental Price Trends

So how bad is the California housing crisis? There are a number of metrics that illustrate to the current situation. One of the most widely used benchmarks is pricing, both home prices and rental prices.

The median housing price in California has increased by 51% over the past 20 years, reaching $460,800 in 2016. In contrast, the national median housing price reached $185,057 in 2016 and increased only 21% over the same period.

Housing prices within California also vary considerably by region. For example, in the Southern California Association of Governments (SCAG)[1] region, the median home price in the first half of 2016 was $507,886, an increase of over 58% over the past 20 years. This dramatic trend upward is reflected in other parts of the State. For example, the San Francisco Bay Area Metropolitan Transportation Commission (MTC)[2] has grown over 64% since 2016 with the most recent median housing price hitting $691,782 in the first six months of 2016.[3] For the nation, the median home price in 2016 was $239,900. Assuming a

1 The SCAG region represents six counties in Southern California: Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties.

2 The MTC region represents nine counties in the San Francisco Bay Area:Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

3 The SANDAG region covers San Diego County. The SACOG region covers 6 counties in Sacramento: El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties.

THE COST OF NOT HOUSING: REAL-LIFE STORIES

Name: Marisela Manzo

Resident of: San Bernardino County

Background: Ms. Manzo lives in the city of Fontana, and balances working a full-time job in nearby Rancho Cucamonga with being a student and a single mother to a young daughter. She is also a veteran of the United States Army, where she served for 8 years.

How is the housing crisis impacting her? "I've been trying to search for housing for about 2 years. I've struggled finding anything that's affordable in a decent neighborhood with a nice school system, somewhere I can bring up my daughter. I currently live with roommates, and with that there are a lot of privacy issues. I have to coordinate anything from a birthday party or to having guests over. I have to worry if my daughter is being too loud, or if I'm up too late and making too much noise because I'm doing homework. It makes it a struggle living with roommates and not having my own place."

Key Housing Trends in San Mateo County

A report by 21 Elements
2014

Key Findings

1. The **Millennial Generation**'s preferences will increasingly define the housing market in the coming decade. ---------- Page 2

2. As baby boomers age there will be a ***Silver Tsunami***. Ensuring safe, desirable options for aging seniors will require advance planning. ---------- Page 4

3. San Mateo County has a **Severe Workforce Housing Shortage** caused by years of rapid economic growth and slow housing growth. This trend is made worse by the increasing number of lower-income jobs. ---------- Page 6

4. San Mateo County, like California as a whole, has an **Increasingly Diverse Population** and the housing stock will need to meet the needs of these residents. ---------- Page 8

Key Finding 1: Millennial Generation

The Millennial (ages 20-34) generation's preferences will increasingly define the housing market in the coming decade.

The Millennial generation is a growing force in the housing and job market and their preferences will shape our communities in the future. Millennials have consistently expressed a preference for dense, mixed-use, walk-able and bike-able communities, according to studies by the Urban Land Institute and others. They want to live close to work, schools for their children, and public transportation. These amenities, in addition to safety and schools, are the top priorities for the Millennial generation.

The Millennial Generation refers to individuals between the ages of 20 and 34 years old.

138,000
Young adults in San Mateo County in 2015.

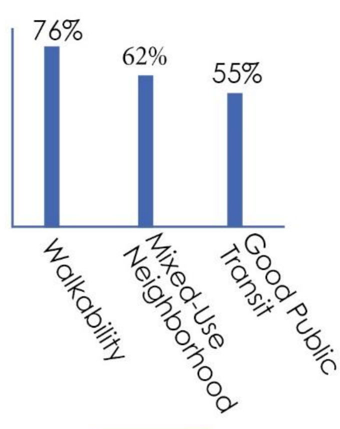
158,000
Young adults in San Mateo County in 2035.

14%
Increase in the young adult population from 2015-2035. In contrast, the population of those aged 35-59 will decrease.

Due to this generation's age and the recent recession, Millennials have been less likely to live on their own or own a home, but this is now changing (Harvard). As the economy improves, there will likely be a pent-up demand for housing among Millennials. Many studies have shown that Millennials rent apartments and buy homes at a rate less than previous generations. Instead, Millennials have moved in with their parents or choose to live with roommates. Many have speculated that Millennials may be a "generation of renters," as there is less stigma to renting for this generation (Washington Post). However, trends are complex and approximately 69 percent of Millennials expect their next move to be to a house they own (ULI).

Millennials are also value-conscious. They have less money than their older counterparts, in part because they have not had time to build up savings. They also must contend with higher rates of debt and a slow job market.

Housing Preferences



Urban amenities are very popular with Millennials (ULI)

Policy Options to Consider

- **Build complete communities,** walkable and close to transit.
- **Provide diversity in housing** for a variety of income-levels and family-sizes. Many Millennials delay marriage and are looking for one bedroom or even micro apartments.
- **Support first time home buyers.** Millennials will need support as they purchase their first home. Ensure that there are adequate first-time homebuyer education programs.

Key Finding: Silver Tsunami

As baby boomers age, there will be a "silver tsunami." Ensuring safe, desirable options for aging seniors will require advance planning.

The number of seniors in San Mateo County will increase dramatically over the next decade and a half, as the large baby boomer generation ages. The vast majority of seniors want to "age in place," or remain in their current home or in their community as long as possible (AARP).

Seniors have special housing needs as a result of limited income and mobility issues that should be explicitly addressed. Almost 20 percent of seniors live below the poverty line after adjusting for housing costs (Stanford). Many seniors live on fixed incomes, which limits their housing options and also puts them at risk of being displaced.

San Mateo County has the highest cost of living in California for seniors who both rent and own, according to a study by UCLA (DoH).

Seniors who rent are at particularly high risk for being displaced by increasing rents. Seniors in San Mateo County typically see their income reduce by half as they age from their 50s to their 80s (Claritas). Furthermore, seniors who own are often *house rich* but *income poor*.

Assuming national trends hold and 90 percent of seniors plan to stay in their home, a large number, more than ten thousand San Mateo County seniors, will be looking to move in

Senior Popuation Change

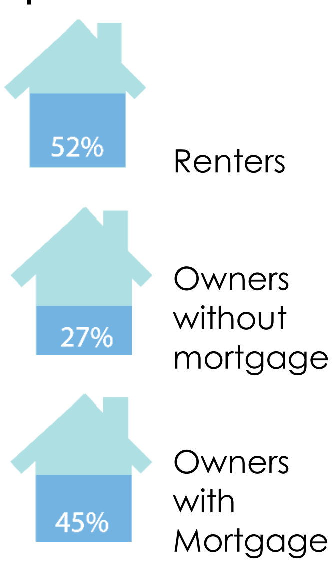
76%

2005 - 91,000
2025 - 160,000

By 2030, one quarter of San Mateo County residents will be over 65 (Stanford) the coming years (AARP). Many seniors prefer to trade down to a smaller home with less upkeep. Safety is also a significant concern for seniors, as are universal design features (like level entry).

Many seniors do not enjoy driving, and so walkability and the availability of nearby public transit are very important. Having a grocery store within a half mile of their home was the most important feature in a recent AARP survey.

Many seniors are house rich, but cash poor



Percent of seniors who are economically insecure

Policy Options to Consider

- **Assist seniors as they age in place** by providing key services, such as home modification assistance programs (low interest loans, construction management, etc.).
- **Support home sharing programs.** Home sharing, helping people with extra space find vetted roommates, is often the most cost effective way to help seniors stay in their homes. HIP Housing is a local nonprofit that facilitates home sharing.
- **Consider requiring universal design features** in new construction. Universal design calls for features, such as level-entry showers, which let everyone use a home, regardless of their physical ability.
- **Promote second units** (e.g. converted garages). Younger families will often use the space for an aging parent and seniors will often rent out the second unit (or the main home) for extra income.
- **Provide a diverse mix of housing options**, including affordable homes, small homes (for single person households), homes near transit, age restricted housing and other options.
- **Consider developing a senior housing plan**, bringing together various stakeholders to look at the issue in a comprehensive way.