



# COUNTY OF SAN DIEGO

## BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

### AGENDA ITEM

**DATE:** June 14, 2022

**TO:** Board of Supervisors

#### **SUBJECT**

**ADDRESSING THE HOUSING CRISIS: LEVERAGING GOVERNMENT-OWNED LAND THROUGH A PARTNERSHIP WITH THE SAN DIEGO FOUNDATION (DISTRICTS: ALL)**

#### **OVERVIEW**

San Diego County is in the throes of a housing crisis. In early 2022, San Diego became the least affordable metro area in the State.<sup>1</sup> Although the County of San Diego (“County”) is supporting the creation of more new homes in the past year than in the prior three years, production is still lagging behind demand. We can and must do more collectively. Our region has a current shortfall of 90,000 homes and needs to build another 90,000 homes by the end of the decade just to keep pace with population and job growth.<sup>2</sup> We are on track to build half that amount. We need to explore every avenue to accelerate our region’s capacity to build the housing we need.

The housing crisis is fundamentally connected to our climate crisis, and we can simultaneously tackle both by building the right housing in the right places. That means building sustainable infill homes near jobs, transit, and neighborhood amenities like parks, schools, and grocery stores, in order to protect our climate and preserve our open spaces and ecosystems.

As local agencies, we are well poised to leverage our own property to address the housing crisis. The County has thirteen affordable housing developments under construction and twenty-one developments in the pipeline. The County’s former Child Welfare Center in Linda Vista will be redeveloped into 127 homes for seniors and the former Family Justice Center in Downtown San Diego will be about 120 affordable homes, in addition to others that are in the pipeline. Even our

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<sup>1</sup> <https://www.sandiegouniontribune.com/columnists/story/2022-02-16/me-sd-smolens-affordable>

<sup>2</sup> [https://www.sandag.org/uploads/projectid/projectid\\_189\\_27782.pdf](https://www.sandag.org/uploads/projectid/projectid_189_27782.pdf)

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local transit agency is stepping up and building affordable housing at Trolley stops such as Grantville, Palm Avenue, and Beyer Boulevard.

Even though individual jurisdictions are stepping up on their own to build affordable housing, we are not implementing policies and programs with sufficient strategy and speed. That is why a Government Land Action Strategy that outlines how we will most effectively meet a goal of 10,000 homes on our government-owned land within our region will be beneficial. We will partner in this effort with The San Diego Foundation (TSDF), a community foundation, which will convene representatives from the county, all eighteen cities, and other government agencies to identify parcels that could be developed into affordable housing within three to five years. The convening will also include a discussion on barriers to construction, the most effective ways to facilitate the rapid construction of new homes on these parcels, and financing.

In addition to serving as a convening partner with the County, TSDF will seed this work with \$10 million as part of a Housing Impact Fund (Fund) to accelerate housing production and is committed to pursue raising another \$90 million. TSDF will determine how to spend the Funds with the County and other government agencies providing input on the Government Land Action Strategy. This effort will also build upon and align with existing regional equitable housing efforts, which will ensure that the Fund is aligned with the region's needs, goals, and vision for the creation of affordable housing. Any subsequent actions pertaining to County-owned land would be subject to our regular due diligence.

Today's action asks the Chief Administrative Officer to collaborate with TSDF to convene all local government agencies to identify parcels and structures suitable for affordable housing, support TSDF's creation of a Government Land Action Strategy, which will synthesize the parcel data assessment, include strategies and policies to accelerate affordable home construction, support the creation of innovative strategies and financing opportunities, and return with an initial update within 120 days.

**RECOMMENDATION(S)**

**SUPERVISOR NATHAN FLETCHER AND SUPERVISOR LAWSON-REMER**

1. Direct the Chief Administrative Officer to collaborate with The San Diego Foundation (TSDF) to collectively address our affordable housing crisis by leveraging government-owned land. As part of this effort, TSDF will convene appropriate government agencies, synthesize the results of the parcel analysis, identify potential policies and strategies, and determine appropriate financing mechanisms to meet our shared goal of 10,000 affordable homes.
2. Work with TSDF to convene all local government agencies to identify government-owned parcels developable for affordable housing within 3-5 years, which could include parcels that may not currently be owned by a local jurisdiction.
3. Support TSDF's creation of a Government Land Action Strategy, which will synthesize the parcel data assessment and include strategies and policies to efficiently accelerate home construction on government and agency parcels.

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4. Ensure programmatic and strategic alignment with existing regional equitable housing efforts, such as Senate Bill (SB) 1105 which seeks to develop a regional equitable housing finance agency. Key relevant priorities for alignment are discussed in the background.
5. Ensure consideration of existing County sustainability and climate priorities and efforts, including but not limited to enterprise and department sustainability plans, implementation of SB 743 which changes analysis of transportation impacts, efforts by the future Office of Sustainability and Environmental Justice, and implementation of the Regional Decarbonization Framework.
6. Support TSDF’s creation of a Housing Impact Fund, leveraging the resources TSDF has committed to raising, in which TSDF will determine eligibility for funding, financing mechanisms, and collaborate with County staff to unlock government-owned parcels for affordable housing.
7. Report back to the Board within 120 days with an initial update on County activities related to this effort and a second report back with an update in one year, and additional updates as appropriate.

**EQUITY IMPACT STATEMENT**

The housing crisis disproportionately impacts low-income San Diegans. Too many of our constituents are priced out of buying their first home, and with rent prices increasing, they are unable to afford rent. This action will ensure that we are maximizing the construction of more affordable housing and utilizing every creative idea we have at our disposal.

**FISCAL IMPACT**

There is no fiscal impact associated with today’s recommendations. There may be future impacts related to the implementation of an affordable housing strategy.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

San Diego County is in the throes of a housing crisis. In early 2022, San Diego became the least affordable metro area in the State.<sup>3</sup> Although the County of San Diego (“County”) is building more new homes in the past year than in the prior three years, production is still lagging behind demand. Our region has a current shortfall of 90,000 homes and needs to build another 90,000 homes by the end of the decade just to keep pace with population and job growth.<sup>4</sup> We are on track to build half that amount. We need to explore every avenue to accelerate our region’s capacity to build the housing we need.

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The housing crisis is fundamentally connected to our climate crisis, and we can simultaneously tackle both by building the right housing in the right places. That means building sustainable infill homes that near jobs, transit, and neighborhood amenities like parks, schools, and grocery stores, in order to protect our climate and preserve our open spaces and ecosystems.

Even though individual jurisdictions are stepping up on their own to build affordable housing, we are not implementing policies and programs with sufficient strategy and speed. That is why a Government Land Action Strategy that outlines how we will most effectively meet a goal of 10,000 homes on our government-owned land within our region will be beneficial. We will partner in this effort with The San Diego Foundation (TSDF), a community foundation, which will convene representatives from the County, all eighteen cities, and other government agencies to identify parcels suitable for affordable housing along with strategies for the rapid construction of new homes.

TSDF is a trusted leader in leveraging real estate assets to benefit our community because of its affiliation with the San Diego Charitable Real Estate Foundation (CREF). A supporting organization of TSDF, CREF is led by an impressive collection of some of San Diego's top real estate professionals and vets, advises and informs real estate assets for TSDF. TSDF also has extensive internal real estate expertise. Currently, TSDF manages more than \$1.3 billion in assets across seven different investment portfolios including real estate assets.

Also, TSDF has more than 45 years of experience in managing revolving funds with more than \$700 million in endowed assets. With a vision of Just, Equitable, and Resilient Communities, TSDF is motivated and positioned to partner with government agencies to operationalize a Government Land Action Strategy in conjunction with a Housing Impact Fund (Fund), which they will seed with \$10 million and have pledged to pursue raising another \$90 million. This effort aligns with similar TSDF initiatives to support housing in our region, including the San Diego Black Homebuyers Program in partnership with LISC (Local Initiatives Support Corporation) that provides down payment and/or closing cost assistance for eligible Black first-time homebuyers.

With more than 45 years of experience distributing more than \$1.3 billion in grants to the San Diego community, TSDF possesses the knowledge, infrastructure, public support, and community leadership necessary to operationalize this undertaking.

TSDF will convene all government agencies, including representatives from the County, to identify all government-owned land in the county and help identify constraints and opportunities at given sites. This in-depth analysis can help all agencies visualize the benefit of collectively tackling our housing crisis; the potential of multiple projects across multiple jurisdictions can help convey the aggregate benefits of leveraging government-owned land for affordable housing. A Government Land Action Strategy will be developed to help unlock the potential of government-owned land and will be based on the findings of the convening and input from local agency officials.

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As part of this Government Land Action Strategy, we can look to unlock opportunities such as:

- Constructing affordable and workforce housing.
- Leveraging the use of government-owned land and/or private sector land for land trusts. As an example, a land trust on school property could be developed, providing housing specifically for teachers or students at that school.
- Bridging existing funding gaps, including infrastructure and utility upgrades.
- Government agencies could acquire land in strategic areas of significant housing development for future affordable or missing middle housing development. As an example, the County purchased land in Ramona to create the Ramona Intergenerational Community Campus, which includes affordable homes for seniors, along with other community facilities.
- Development of regional housing finance models that provide sustained long-term financing to support a robust pipeline of equitable and environmentally friendly housing. For example, no fewer than four other regions in California are developing regional finance agency models with the ability to fund the development of tens of thousands of new homes. One such effort, Senate Bill (SB) 1105 (Hueso), aims to create a regional housing finance agency that can jumpstart the construction of affordable housing across the region. SB 1105 identifies key programmatic and strategic priorities including: (1) Affordability: a broad range of affordable and missing middle housing from 0-120% AMI, (2) Sustainability: alignment of housing development with regional VMT efficiency and Sustainable Communities Strategy smart growth areas, (3) Liveability: supporting mixed-use, walkable, inclusive communities with access to neighborhood amenities like grocery stores and parks, (4) Equity – to support diverse, inclusive communities that affirmatively further fair housing, and (5) quality jobs for working families who construct housing.
- Exploring innovative construction models including modular housing.
- Investigating a variety of disposition options, including ground leasing and mixed-use development.
- Creating good paying jobs.
- Other innovative ideas that could help bridge the gap for many working families who are struggling to find a home.

Additionally, we know that many of our cities likely need assistance. This includes maximizing density opportunities and making appropriate zoning changes for surplus land. Technical capacity and other incentives could be created. The Government Land Action Strategy should explore the requirements of the Surplus Lands Act and how we unlock the potential of these surplus lands.

As a first step in this process, TSDf will convene all local government agencies to develop an inventory of all government-owned land that would be developable in the next three to five years. From here, the coalition will be able to ascertain the potential number of homes that could be built on these parcels based on current zoning and other restrictions. We have a goal of being able to build 10,000 homes on these government-owned parcels but recognize there may be several barriers. From there, the convening will focus on barriers to development and explore policy,

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strategies, and financing solutions. TSDf will prioritize and determine how to spend the Funds based on these discussions. We understand that this process may take some time but would request an initial update in 120 days.

Any future use of County-owned property or agreements with other government agencies would require subsequent due diligence and approvals.

Today's action asks the Chief Administrative Officer to collaborate with TSDf to convene all local government agencies to identify parcels and structures suitable for affordable housing, support TSDf's creation of a Government Land Action Strategy, which will synthesize the parcel data assessment, include strategies and policies to accelerate affordable home construction, support the creation of innovative strategies and financing opportunities, and return with an initial update within 120 days.

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

These actions to address our housing crisis in San Diego County supports the Community and Equity Strategic Initiatives in the County of San Diego's 2022-27 Strategic Plan.

Respectfully submitted,



**CHAIR NATHAN FLETCHER**  
Supervisor, Fourth District



**SUPERVISOR LAWSON-REMER**  
Supervisor, Third District

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