

Opening San Diego's Door to Lower Housing Costs

Presentation to
North San Diego Business Chamber
Business Advocacy Committee
September 21, 2016

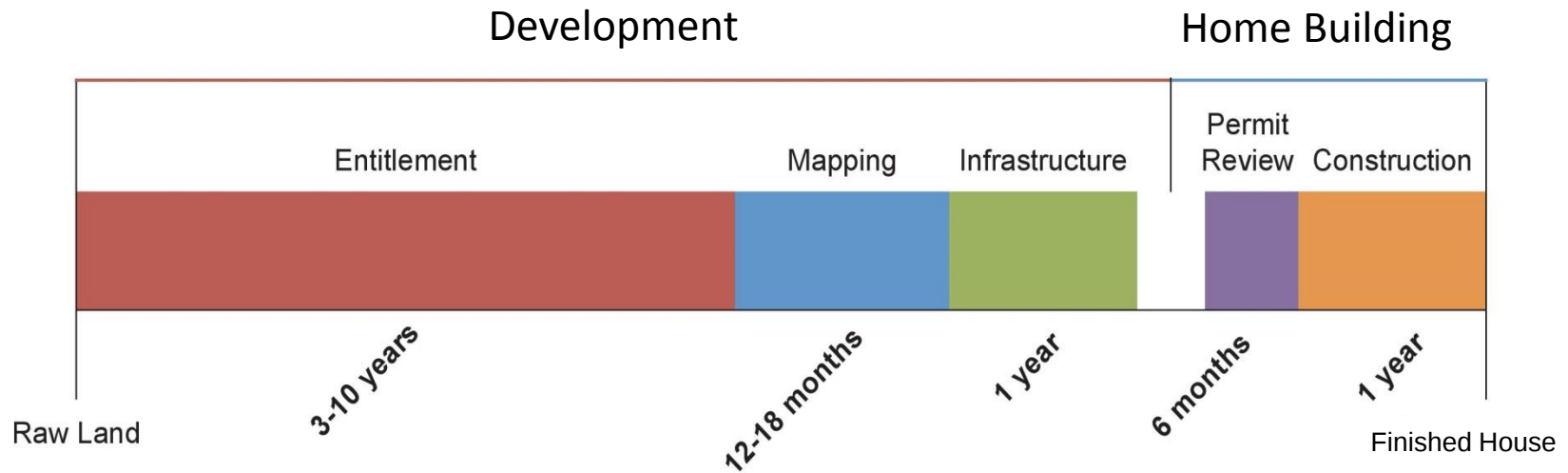
Lynn Reaser, Ph.D.
Fermanian Business & Economic Institute at PLNU

Housing and Regulatory Costs

- Scope
- Key Findings
- Economic Impact
- Policy Recommendations

Scope

Phases of Home Building*



*Phases frequently overlap

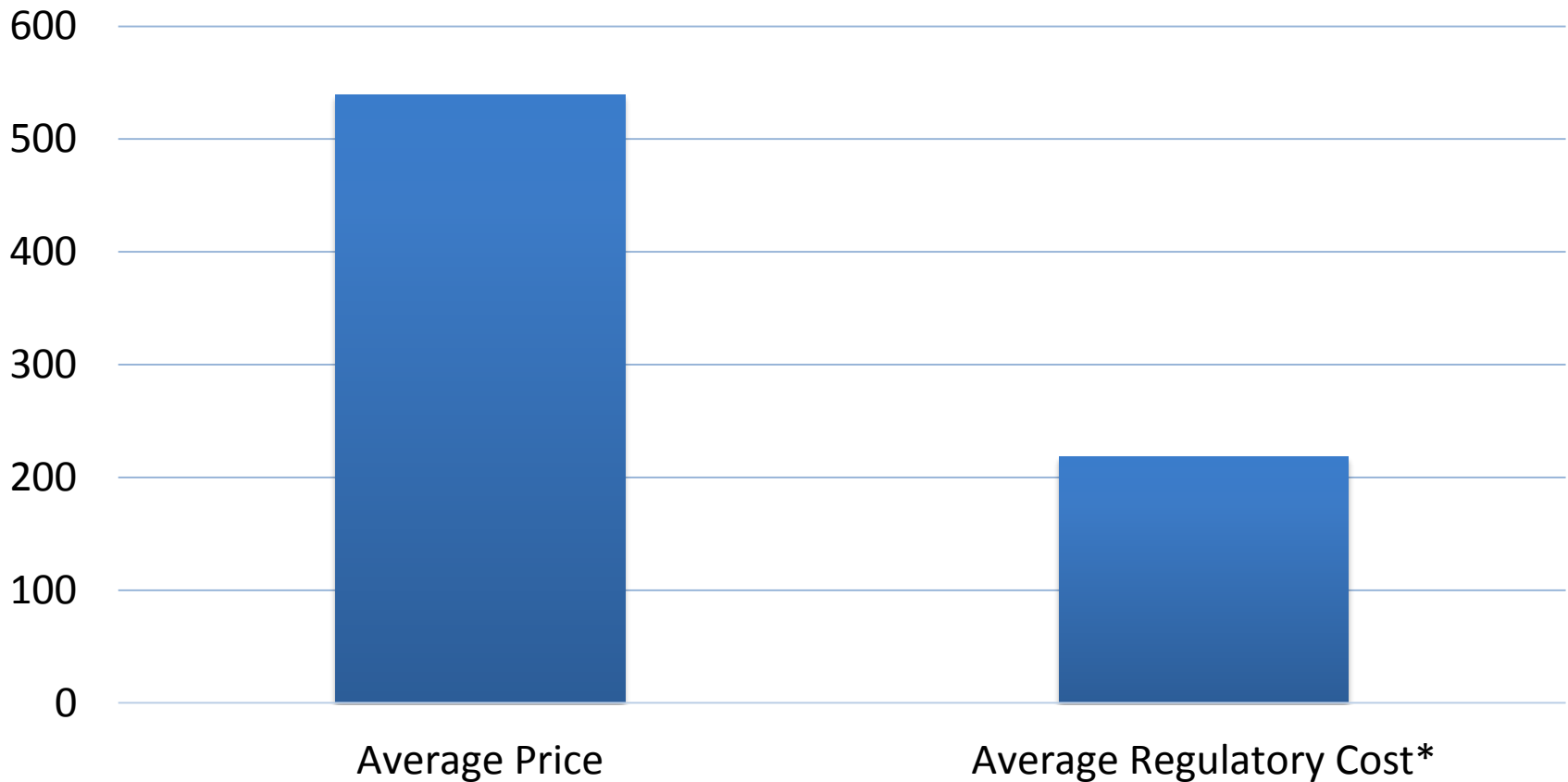
Regulatory Costs

- 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

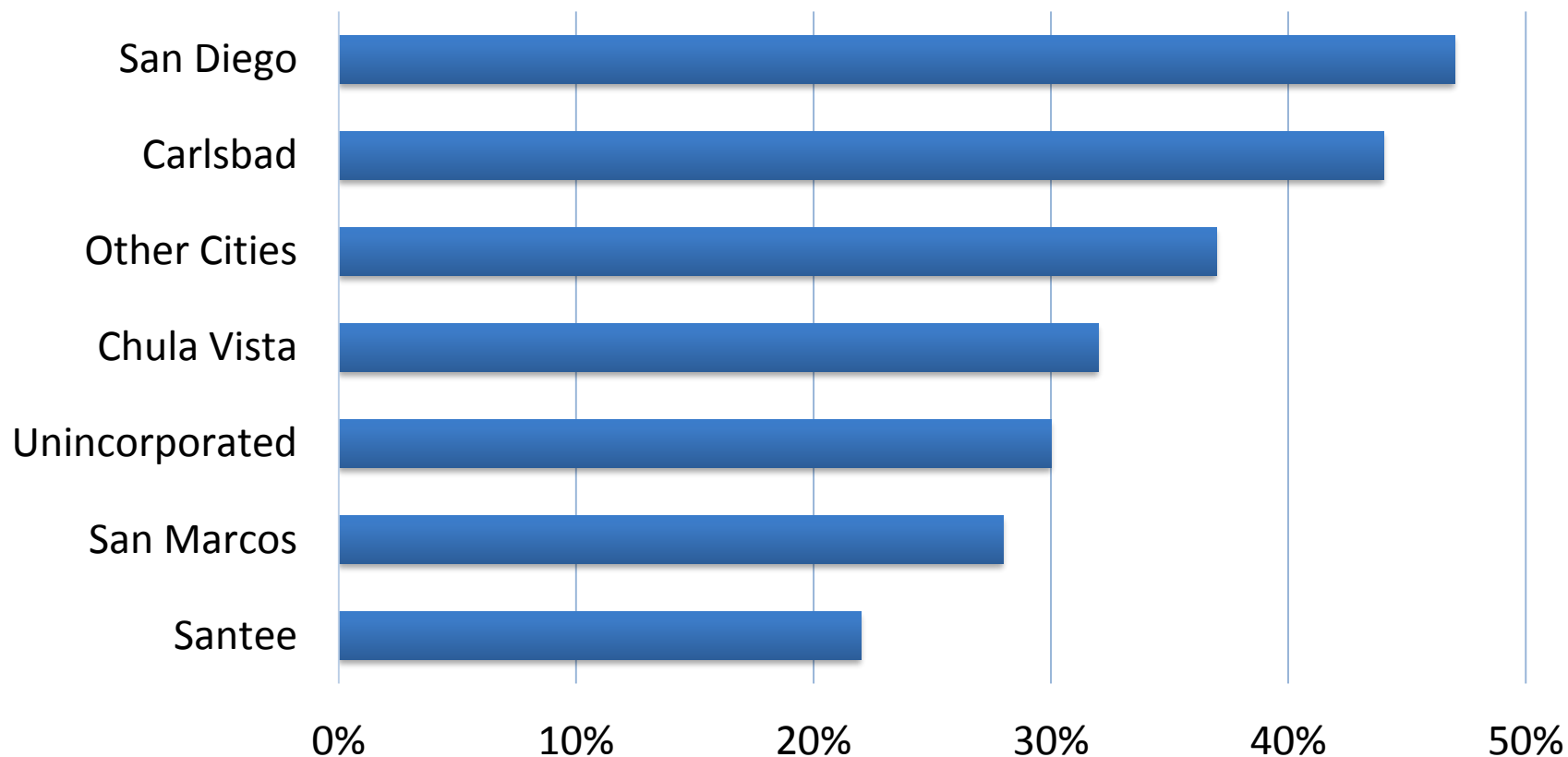
Thousands of dollars



*Weighted by total units rented or sold in 2013

Regulatory Costs Significant Share of Housing Prices in all San Diego Jurisdictions*

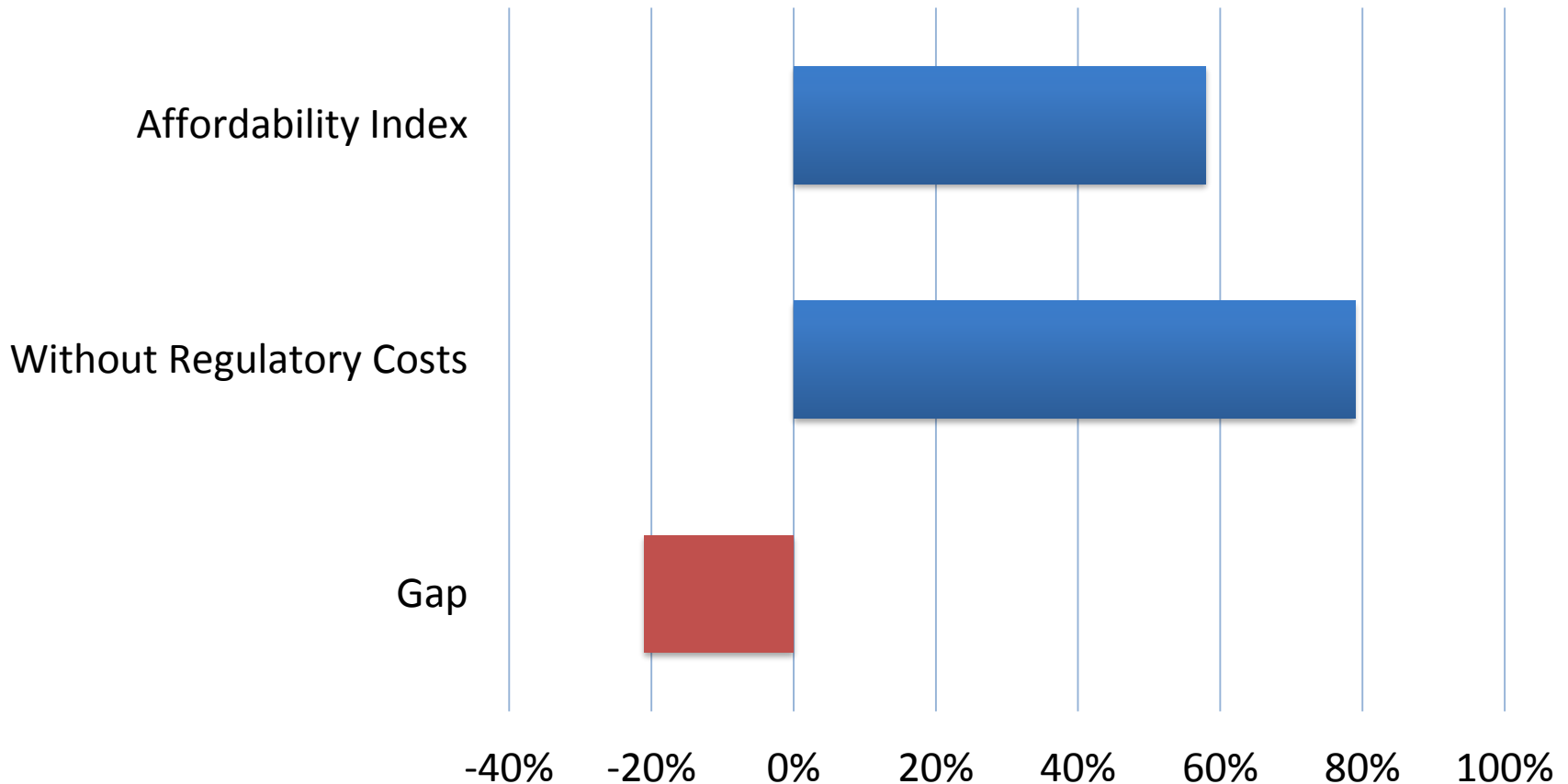
Percent



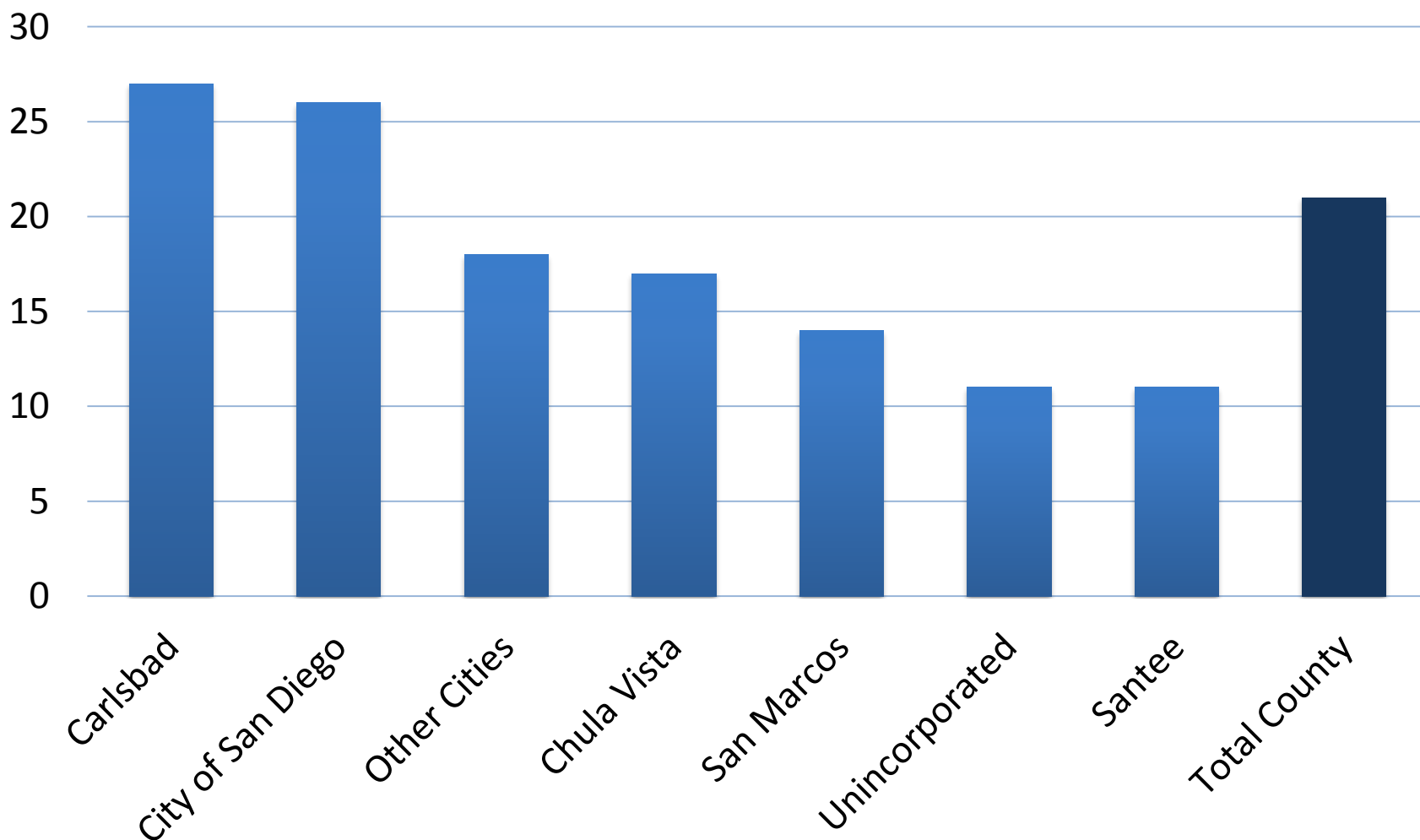
*Weighted average based on total sales and rentals

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

Percent

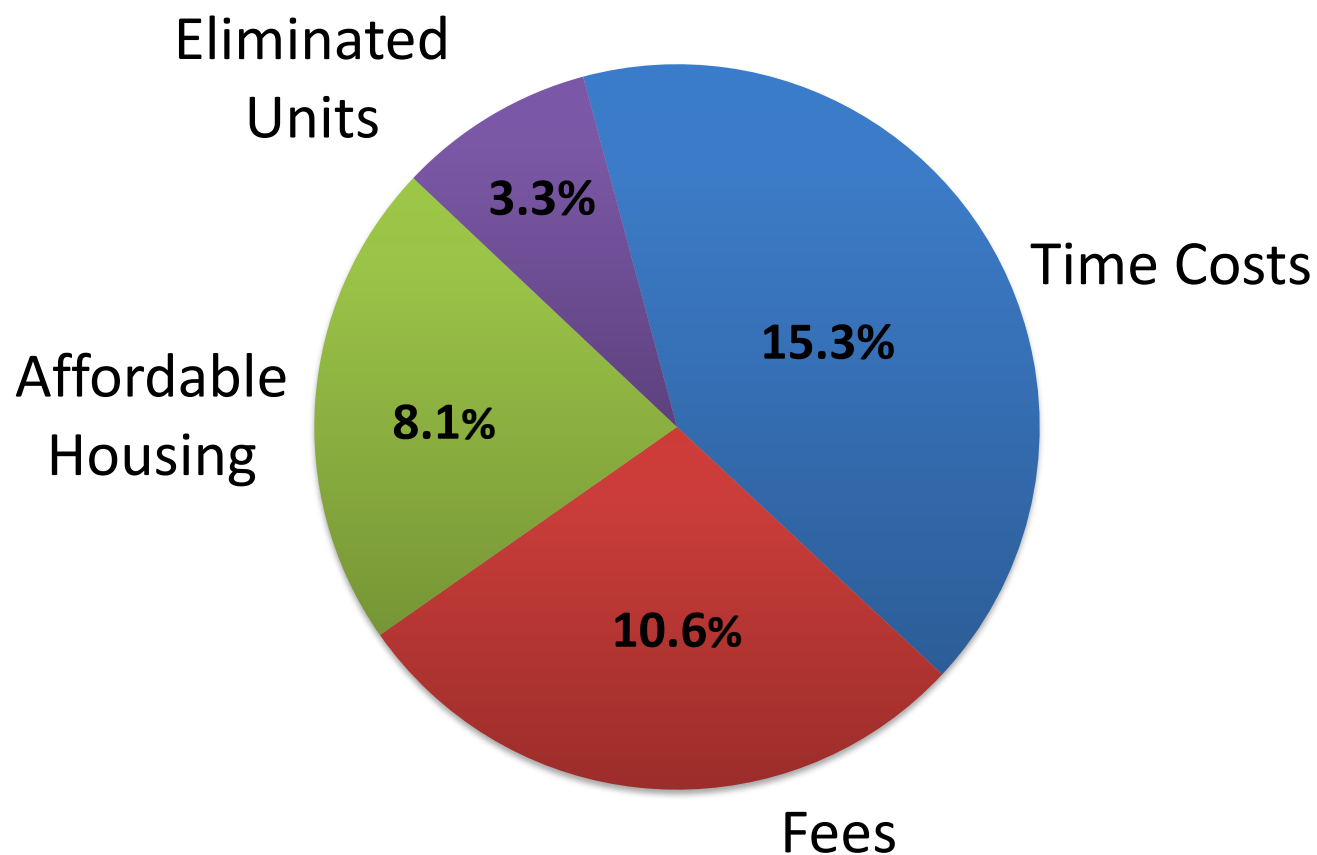


Households Priced Out of San Diego Housing Percent



Carlsbad Distribution of Regulatory Costs*

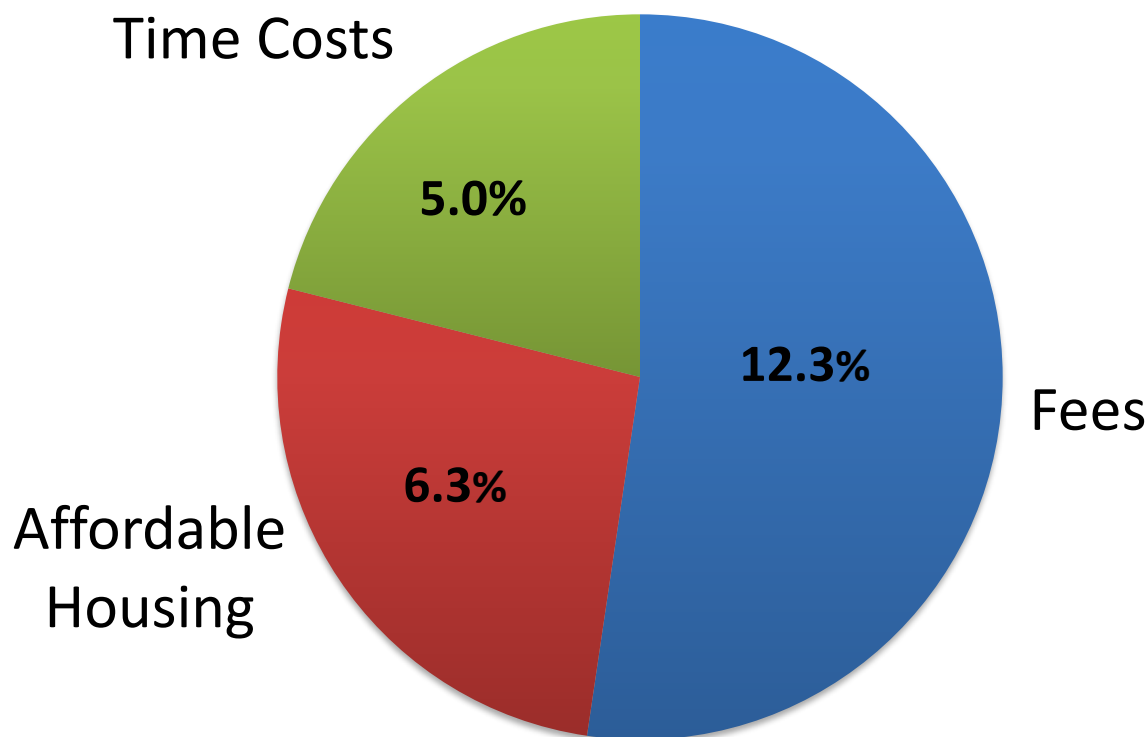
Percent



*\$450k-\$600k price segment

San Marcos Distribution of Regulatory Costs*

Percent

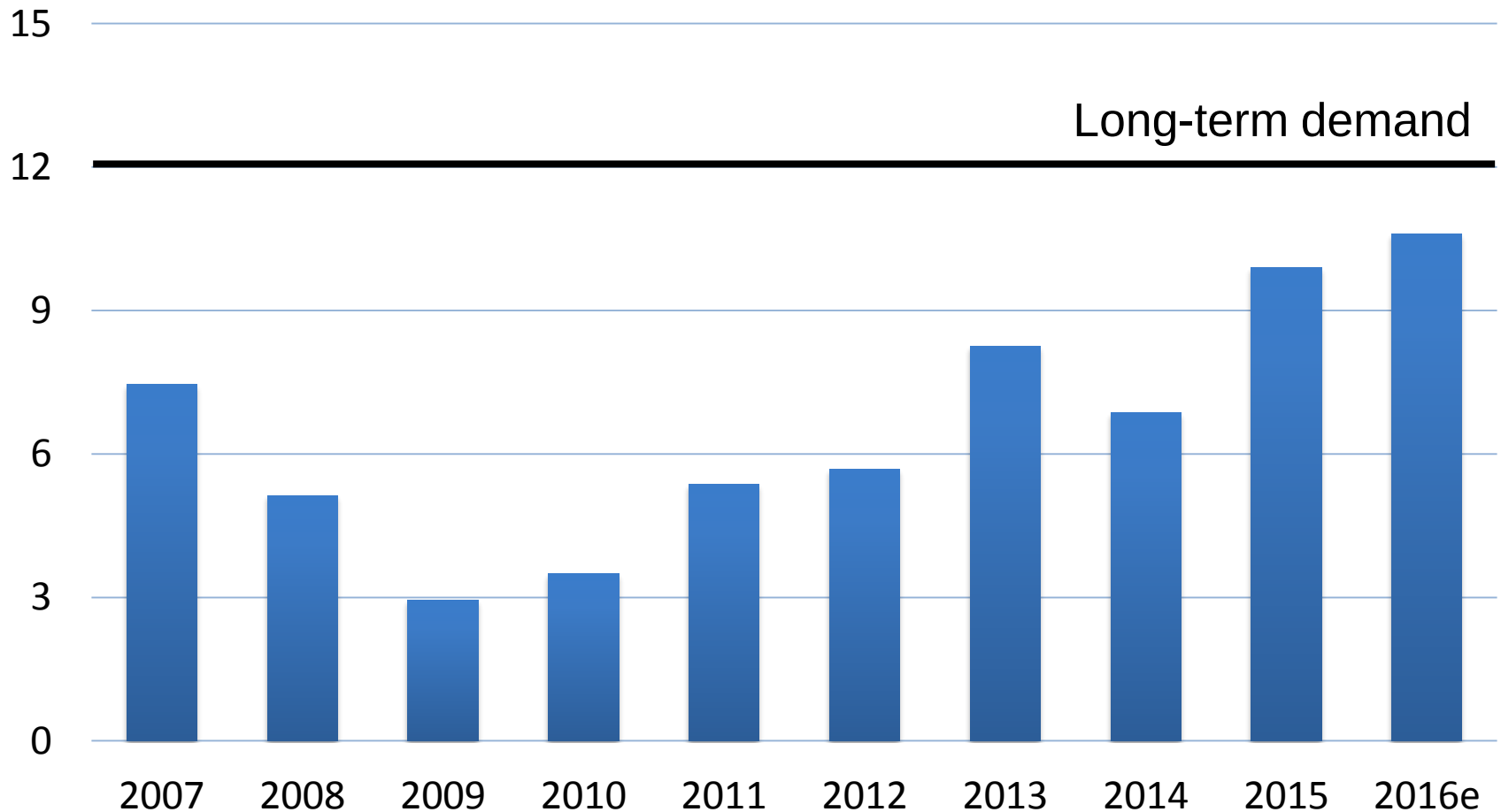


*\$450k-\$600k price segment

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

	Increase	Percent
Gross Regional Product, \$ billions	\$3.15	1.7%
Personal Income, \$ billions	\$2.54	1.5%
Employment	37,331	1.9%
Business Enterprises	1,372	1.7%

Policy Recommendations

Policy Recommendations

➤ Entitlements

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

Policy Recommendations

➤ 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

www.pointloma.edu/fbei
Main Office: 619.849.2692