



The Mayor is Almost Right

By Gary H. London, Senior Principal

PROVIDING STRATEGIC VISION, ANALYSIS, CAPITAL AND
DEAL ACCESS TO DEVELOPERS, INVESTORS, LENDERS,
ATTORNEYS AND PUBLIC AGENCIES FOR OVER 25 YEARS.

I applaud Mayor Faulconer for his focus on housing, as articulated in his recent State of the City address. While light in specifics, it speaks to the potential for a sea change in how we accommodate our housing needs in the City of San Diego.

The Mayor's bottom line is that we need to build housing. I will reinforce that by stating the obvious: there is no repealing the laws of supply and demand. We have a perpetual shortage in supply resulting in high housing costs. The only cure is to find ways to create new housing opportunities to accommodate population growth.

I believe that the construction of market rate housing shouldn't involve the public sector at all, except to entitle. While acknowledging the need for low income housing, and for curing the homeless epidemic, the fact remains that constructing a relatively few low-income housing units isn't going to diminish the need for a lot of market-rate housing.

Mayor Faulconer has generally proposed height and density built around and near transit. Sure, let's do that, particularly since the region is investing over \$2 billion to add a trolley corridor. We are "all in" already, so we ought to build the housing there.

But not just there. The Metropolitan Transit Authority tells us that an estimated 6% of commuters take public transit, either the bus or the trolley. Adding some housing will surely bolster the numbers, but to what? Ten percent? It does support the transportation plan. But that's a dent, not a solution.

The City is also significantly relaxing the parking requirements for new projects. That is a great thing, not just in the moment, but for the future when autonomous vehicles will be the norm. Most will not need a parking garage. Best to let the markets decide on parking needs. If people don't need the spaces, lenders and developers will not build them.

So, while you hone the legislation, Mr. Mayor, here is my laundry list of some other things to consider:

- Make the real test "proximity to jobs", not necessarily to transit. If people were able to live in greater quantities near job centers, they wouldn't need to congest the roads, nor rely on transit. Housing near jobs is the ultimate housing and transportation solution. Frankly, this ought to be a regional goal. The Mayor's message must be a jobs message. Make the economy the ultimate taste test. People are moving out because right-priced housing is not sufficiently available.
- Extend your height and density around transit to other neighborhoods. My top candidates? El Cajon Blvd. and University Ave. all the way east to the City border (in fact, ask La Mesa and El Cajon to participate). The corridors are wide, and they are well served by bus routes, if that is your test. While you are at it, add in the old

"Mesa" communities which are close to freeways, job centers and where the inventory is aging and horizontal.

- Maybe it's the year of Yimby's and not Nimbys, but rather than battering the Nimbys, we ought to update each community plan with the specific number of units which are required to be built in that community. And audit it every year. We need to generally write new entitlement rules which de-claw the aspects of the entitlement process which are limiting in terms of length of process and approval.
- Encourage a broader array of housing. In fact, our greatest housing needs currently and through the foreseeable future is for young families. Those are mostly not apartments and condos. If we can't build them single family homes in the City (we can and should in the unincorporated County, however) then a density increase allowing townhomes and rowhomes at 40 to the acre rather than 7 would be an ideal recipe to recapture this market, rather than force those families to Temecula. That is not much of a height increase.
- Get employers involved. Rather than relegate the housing delivery system only to the builders, why don't we offer up some carrot and stick rules to encourage employers to build, venture or finance housing for their employees? There are lots of ways. One recent example is the effort which Microsoft is making in Seattle to ensure decent housing for its non-tech employees.
- While the State of California seems to be in the mood of usurping the city's restrictive housing rules, it is now time to urge our state legislators and new Governor to reform CEQA. CEQA doesn't get to determine what is built, only where it cannot be built. The current role of CEQA is to turn off the spigot in places like San Diego and watch the housing supply turn on in places like Austin. CEQA ought to get back to curing environmental ills, not injuring our economy and spilling jobs and people out of state.

This is the biggest deal message from a Mayor in years. I would urge all San Diegans not to waste the moment. Let's get behind our Mayor, fine tune the proposal, and get started with our housing future.

Mr. London is the Senior Principal of London Moeder Advisors. He is a real estate economist and land use planner.



Contact Gary London:

Downtown:
825 10th Avenue
San Diego, CA 92101

North County:
2792 Gateway Road #104
Carlsbad, CA 92009

Phone: (619) 269-4010

Email:
glondon@londonmoeder.com