



CITY OF OCEANSIDE
OFFICE OF CITY MANAGER

August 3, 2023

Honorable Michael T. Smyth
Presiding Judge
San Diego County Superior Court
1100 Union Street, Tenth Floor
San Diego, CA 92101

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PRESIDING

Subject: City of Oceanside Response to Grand Jury Report *Housing in San Diego County*

Dear Judge Smyth:

In response to the 2022-2023 San Diego County Grand Jury Report titled *Housing in San Diego County*, the City of Oceanside hereby respectfully submits comments pertaining to the Grand Jury's Findings and Recommendations in compliance with California Penal Code Section 93305. Findings 1 and 2 of the Report do not pertain to the City of Oceanside and therefore are not addressed in this response.

Grand Jury Findings:

1. **Finding 3:** The following cities did not meet their housing allocations for all income categories: Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach and Vista.

City Response: Respondent agrees with the finding

2. **Finding 4:** The San Diego region failed to meet its housing allocations for each of the income categories identified by SANDAG in the fifth RHNA Cycle.

City Response: Respondent agrees with the finding

3. **Finding 5:** Specific plans are useful tools in spurring development, including housing development, and have been used by El Cajon and Chula Vista among others.

City Response: Respondent agrees with the finding

4. **Finding 6:** Both transit agencies in San Diego County (NCTD and MTS) have made land available for development and are actively developing projects that include housing, among other uses.

City Response: Respondent agrees with the finding

Grand Jury Recommendations

1. **23-01:** Consider, if they have not done so, using specific plans (as defined by the Governor's Office of Planning and Research) to facilitate the permitting and development of housing, particularly affordable housing, in their jurisdictions.

City Response: Recommendation has been implemented

- The City of Oceanside fully supports the use of Specific Plans as a means to facilitate housing development and has adopted multiple Specific Plans in recent decades resulting in the production of several thousand housing units. The following details recent and current Specific Plan activity:

- El Corazon Specific Plan (Adopted 2009): El Corazon is a 465-acre City-owned parcel planned for a mixture of land uses, including parks, habitat, civic services, commercial, and mixed-use residential development. The Specific Plan entitled 348 dwelling units as part of a phased development. These housing units have been completed or are currently under construction.

- Oceanside Transit Center (OTC) Specific Plan (In process): Proposed by Toll Brothers Apartment Living in partnership with NCTD, the OTC project includes a Specific Plan to establish a regulatory framework for the redevelopment of the 10-acre transit center. The proposed project includes 547 apartments with 15-percent reserved as affordable units, a new NCTD headquarters building, a hotel, commercial space, and parking structure. A City Council adoption hearing is anticipated in 2024.

- Smart and Sustainable Corridor Specific Plan (SSCP) (In process): Through the SSCP, the City will seek to channel future housing and employment growth into the City's major commercial corridors. The SSCP will identify ways to facilitate infill and redevelopment along Mission Avenue, Oceanside Boulevard, and Vista Way. The SSCP will also consider public transit improvements that better accommodate public transit and active transportation, consistent with "complete streets" principles and regional policies that seek to reduce reliance on the private automobile. The SSCP aligns with the Housing Element Sites Inventory which designates several commercial sites within the boundaries of the SSCP for mixed-use development, including affordable housing, at a density range of 35-43 dwelling units per acre. As a regulatory document, the SSCP is expected to incentivize housing development by streamlining the environmental review process for housing projects, identifying preferred growth areas for residential development, establishing objective development standards, and identifying infrastructure needs. A City Council adoption hearing is anticipated in 2024.

2. **23-02:** Consider working with school districts and community college districts within their jurisdictions to identify developable land for housing, particularly affordable housing.

City Response: Recommendation has been implemented

- The City recently coordinated with the Oceanside Unified School District to facilitate private sector redevelopment of two surplus school sites. Former Pacifica Elementary

School at 4991 Macario Drive is under entitlement review for a proposed 164 townhome project. The former Garrison Elementary School site at 333 Garrison Street is under a sale contract for a future residential development consisting of 100 townhomes and 32 detached units. Both developments would be subject to the City's Inclusionary Housing Ordinance which requires, among other options, a reservation of 10-percent of total units for affordable housing or payment of an Affordable Housing In-lieu Fee.

3. **23-03:** Consider working with religious institutions within their jurisdictions to identify land developable for housing, particularly affordable housing.

City Response: The recommendation will not be implemented because it is not warranted or is not reasonable

- The City supports this concept, but will not implement a formal program to coordinate with religious institutions to identify land developable for housing. The City's adopted 2021-2029 Housing Element, which identifies ample land to meet its current RHNA obligation, does not include such a policy or program. In recent years, City staff has provided guidance to local religious institutions interested in pursuing housing development. To date, no entitlement applications have been submitted for such proposals. The City will continue to offer technical assistance to religious institutions interested in housing development at appropriate sites.

4. **23-04:** Consider drafting revenue-generating legislation at the jurisdiction level, if feasible and legal e.g., the Seattle Jumpstart Tax. Monies generated by such a tax to fund or assist in funding the construction of housing, particularly affordable housing.

City Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

- The City's Inclusionary Housing policy, Chapter 14C of the Oceanside City Code, requires that all residential developments over three units in size reserve at least ten (10) percent of such housing units for sale to lower- and moderate-income households or, in the case of rental projects, reserve at least ten (10) percent of the units for low-income households. The City's Inclusionary Housing policy, however, also allows for the payment of an Inclusionary Housing In-lieu Fee, as an alternative to the production of affordable housing units.
- In December 2022, the Oceanside City Council approved a significant increase to its Inclusionary Housing In-lieu Fee from \$8.96 per square foot of new residential development to \$15 per square foot as of January 1, 2023. The fee will escalate to \$20 per square foot as of January 1, 2024. The use of these in-lieu fees are restricted and made available for the funding of affordable housing development, including covering predevelopment costs, the acquisition of land, and construction of affordable units to be made available for individuals or families of extremely low, very low or low-income levels. It's anticipated that this recent fee increase will generate substantial amounts of local revenue for the production of affordable housing, therefore achieving the same goal as the recommended form of local revenue generating legislation.
- Pursuant to Article XIIC of the California Constitution, all local taxes must be approved by a vote of the electorate and cannot be imposed by local legislative action

alone Government Code Section 66000 et seq (Mitigation Fee Act) sets forth procedural requirements for adopting and collecting capital facilities fees and exactions, and requires they be supported by a report establishing the relationship between the amount of any capital facilities fee and the use for which it is collected. Fees and exactions can have a cumulative impact to the cost and feasibility of developing all housing, as well as its affordability. As noted above, we believe the City's recent Increases to Its Inclusionary Housing In lieu Fee will generate substantial local revenue to assist in the production of affordable housing.

- In addition to the revenue collected through the City's Inclusionary Housing In-lieu Fee, AB 1657, a proposed State bond measure to fund affordable housing development, is being considered for the March 2024 ballot and could add another significant revenue stream to fund development without the need for additional local taxes or assessments.

5. **23-05:** Consider providing legislative support to re-introducing in the State legislature SB 1105, or similar legislation, to create a San Diego County agency that could raise revenue for housing.

City Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

- The City had concerns with SB 1105 (Hueso) as it conflicted with elements of the City's legislative platform related to the concept of local control. Under the proposed legislation, there would have been a potential lack of local representation on the Regional Agency that would have been created, in part, for the purpose of issuing debt or levying taxes to fund affordable housing developments. Based on our understanding of this legislation, the Agency Board would have had the ability to levy taxes on Oceanside property owners for housing projects outside of the City's boundaries. Because of these provisions, the City could not support the legislation's framework. The City would consider supporting similar legislation in the future as long as adequate protections for local control were in place.

6. **23-06:** Consider providing legislative support to SB 4, which is currently before the legislature. This bill makes it easier to provide affordable housing on land owned by religious institutions.

City Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

- The City is currently updating its General Plan to focus future housing growth within the City's primary transit corridors as part of the Smart and Sustainable Communities Specific Plan. SB 4 could potentially induce housing growth outside of smart growth opportunity areas within the City and place affordable housing in areas not served by public transit or essential services. Furthermore, the City's Housing Element identifies adequate sites to accommodate its RHNA obligation within the boundaries of the Smart and Sustainable Corridors Specific Plan. The City recently amended its Zoning Ordinance to comply with AB 1397 by allowing by-right approval of housing developments that set aside 20 percent of their units as affordable to lower income housing on commercial sites within the Smart and Sustainable Corridors Specific Plan.

7. **23-08:** Continue working with the North County Transit to identify land suitable for development of housing, particularly affordable housing, at major transit stops including trolley and bus lines as appropriate.

City Response: Recommendation has been implemented

- The City works closely with NCTD to identify land suitable for housing development. In 2022, NCTD, in partnership with Toll Brothers Apartment Living, submitted an entitlement application with a Specific Plan to redevelop the Oceanside Transit Center (OTC), including the addition of 547 apartments with 15-percent reserved as affordable units. The proposal also includes the relocation of NCTD's headquarters to OTC and redevelopment of the existing headquarters site at 810 Mission Avenue site into a mixed-use development with 206 multi-family units.

City staff is currently coordinating with NCTD to explore the development potential of four NCTD Sprinter train stations located at Coast Highway, Crouch Street, Rancho Del Oro Drive, and Melrose Drive. It's anticipated that any future development of these sites would include a significant affordable housing component.

If you have any questions, please contact Leilani Hines, Housing and Neighborhood Services Director at (760) 435-3377 or lhines@oceansideca.org.

Sincerely,



Jonathan Borrego
City Manager

Cc: Mayor and City Council
City Attorney