## 3.1 Needs Assessment

The City strives to achieve a balanced housing stock that meets the varied needs of all income segments of the community. To understand the City's housing needs, the nature of the existing housing stock and the housing market are comprehensively evaluated. This section of the Housing Element discusses the major components of housing needs in Encinitas, including population, household, economic and housing stock characteristics. Each of these components is presented in a regional context, and, where relevant, in the context of other nearby communities. This assessment serves as the basis for identifying the appropriate goals, policies, and programs for the City to implement during the 2010-2021 Housing Element cycle.

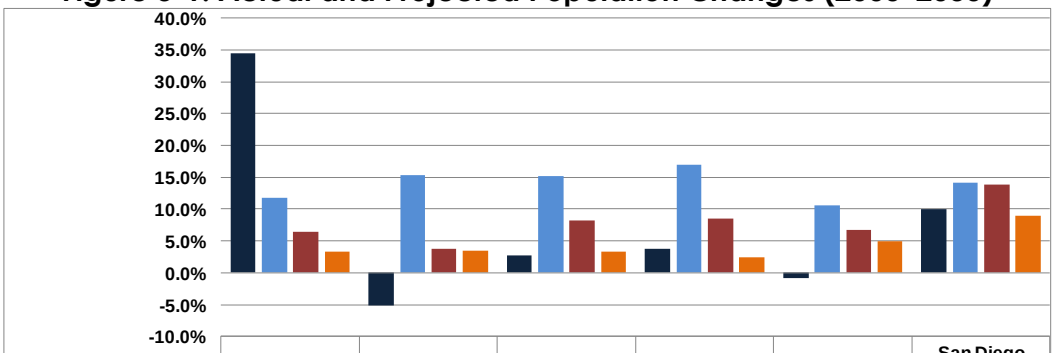
### A. Population Characteristics

Understanding the characteristics of a population is vital in the process of planning for the future needs of a community. Population characteristics affect the type and amount of housing need in a community. Issues such as population growth, race/ethnicity, age, and employment trends are factors that combine to influence the type of housing needed and the ability to afford housing. The following section describes and analyzes the various population characteristics and trends that affect housing need.

#### *1. Population Growth*

According to the U.S. Census the population in the region has steadily increased over time. In 1990, the San Diego regional population was 2,298,016. In 2000, the population of region was 2,813,833. This represents about a 2.2 percent annual change in the population growth rate. The U.S. Census reported a population count of 3,095,313 in 2010 showing that the growth rate increased 1.1 percent annually over the last ten-years. During this same ten-year time period, Encinitas' population grew at a slower rate than the region as a whole, increasing 0.3 percent annually, from 58,014 in 2000 to 59,518 in 2010. Figure 3-1 shows the actual changes in population for North San Diego County coastal cities and the County, as well as projected population growth.

**Figure 3-1: Actual and Projected Population Changes (2000–2030)**




| | Carlsbad | Del Mar | Encinitas | Oceanside | Solana Beach | San Diego County |
|---|---|---|---|---|---|---|
| 2000-2010 (Actual) | 34.5% | -5.2% | 2.7% | 3.8% | -0.9% | 10.0% |
| 2010-2020 (Projected) | 11.7% | 15.3% | 15.2% | 17.0% | 10.6% | 14.2% |
| 2020-2035 (Projected) | 6.5% | 3.7% | 8.2% | 8.6% | 6.8% | 13.9% |
| 2035-2050 (Projected) | 3.3% | 3.4% | 3.3% | 2.4% | 4.9% | 8.9% |

Source: Bureau of the Census (2000 and 2010) and SANDAG Series 12 Regional Growth Forecast Update (2010).

The purpose of regional growth forecasting is primarily to provide a starting point for regional planning. It is also one of the first steps in developing a Regional Transportation Plan. For this reason, a growth forecast is updated every four years. According to recently adopted SANDAG forecasts (Series 11 and Series 12) the region will grow by approximately one million people by the year 2050. (This was based on the best information on population, housing and employment trends available when the forecasts were being developed.) Although one million people represents a significant amount of growth, the region's growth rate is actually slowing down (the annual rate of growth is slightly above one percent). Under current plans and policies, it is likely that the San Diego region is expected to increase by an additional 36 percent while Encinitas is expected to increase by 18 percent.

It is important to note that the growth forecasts are not prescriptions for the future; rather it simply portrays likely outcomes. Shortly after the SANDAG Board of Directors accepted the Series 12 Regional Growth Forecast in February 2010, the 2010 Census data was released, reporting much smaller population growth within the San Diego region compared to previous estimates by the State Department of Finance. In some communities, the population actually decreased between the 2000 Census and the 2010 Census. Therefore, the growth projections by SANDAG did not occur at levels previously reported.

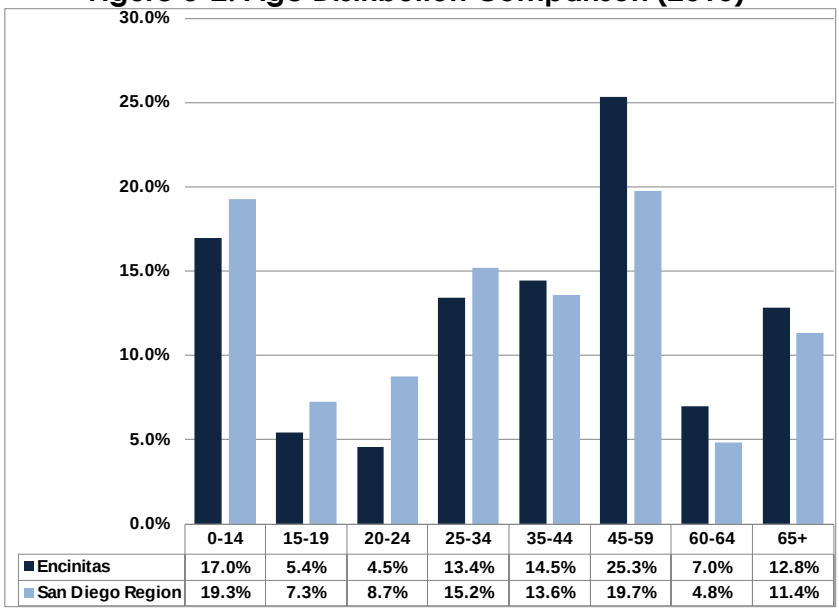
Despite this overestimation, we can still expect solid population growth and housing demand pressures. SANDAG is currently preparing an update to its 2050 Regional Growth Forecast (and is preparing a Series 13 forecast) and shows a growth of 6,660 persons by 2050 in the City. This numeric change results in a citywide population growth of about 11.2 percent total, which is about 7 percent less than previously forecasted in the Series 12 forecast. However, since population growth is expected to continue and to still outpace home construction, an imbalance will result and lead to an increase in household size (the number of persons per household), a decrease in vacancy rates, and an increase in the amount of interregional commuting.

## 2. *Age Characteristics*

Housing demand within the market is often determined by the preferences of certain age groups. Traditionally, both the young adult population (20 to 34 years of age) and the elderly population tend to favor apartments, low- to moderate-cost condominiums, and smaller single family units. Persons between 35- and 65-years old often provide the major market for moderate to high-cost apartments and condominiums and larger single family units because they tend to have higher incomes and larger sized households.

In 2000, the median age in Encinitas was 37.8, approximately four years older than the regional median age of 33.2. By 2010, the median age in Encinitas increased to 41.5, 6.9 years above the regional average of 34.6 years. Figure 3-2 shows that in 2010, the largest proportion of the population in the City was aged 45 to 59 years, accounting for 25 percent of the population, and followed by those aged zero to 14 and 35 to 44. Figure 3-2 also compares resident age in Encinitas to that of the region. San Diego County's age distribution shows a younger population. According to the 2010 Census, 21 percent of the population was under 18 years of age, similar to the 2000 Census profile.

**Figure 3-2: Age Distribution Comparison (2010)**




| | 0-14 | 15-19 | 20-24 | 25-34 | 35-44 | 45-59 | 60-64 | 65+ |
|---|---|---|---|---|---|---|---|---|
| Encinitas | 17.0% | 5.4% | 4.5% | 13.4% | 14.5% | 25.3% | 7.0% | 12.8% |
| San Diego Region | 19.3% | 7.3% | 8.7% | 15.2% | 13.6% | 19.7% | 4.8% | 11.4% |

Source: Bureau of the Census (2010)

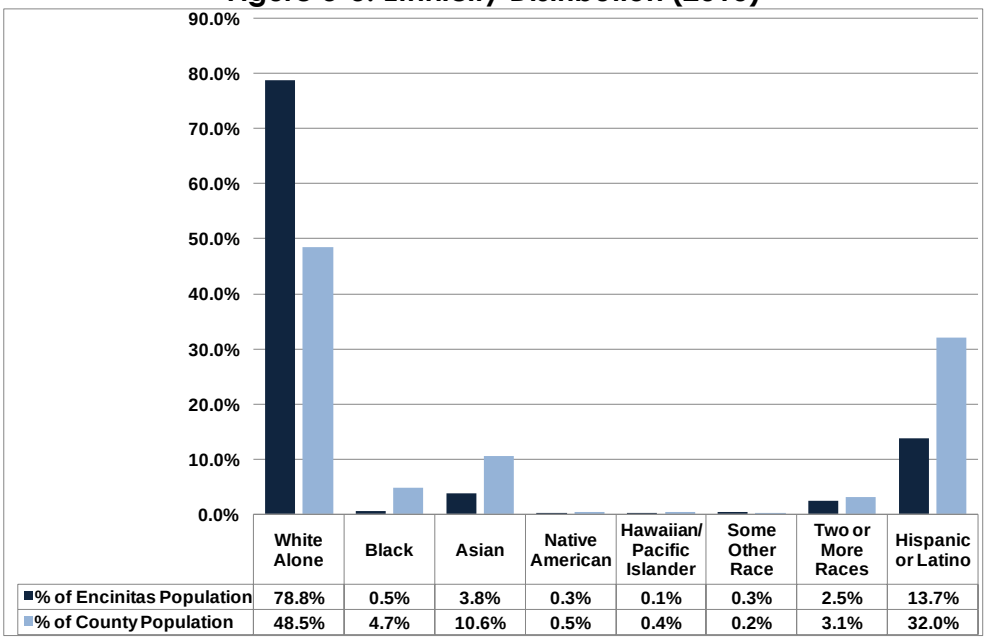
California is projected to be one of the fastest growing states in the nation. In 1990, California comprised 12 percent of the nation's population and is expected to have 14 percent of the nation's population by 2020. In California, those persons of retirement age (i.e. 65 years and older) is expected to grow more than twice as fast as the total population and this growth will vary by region. This means that people are living longer, and the number of older persons is increasing. This trend is also evident in

Encinitas, where the senior-aged section of the population is expected to double by the year 2035, as shown in Section E, Special Needs Groups.

### 3. *Race/Ethnicity Characteristics*

Figure 3-3 shows that according to the 2010 Census, the Encinitas population was predominantly White (79 percent). Approximately 14 percent of the Encinitas population was Hispanic and four percent were Asian. San Diego County was more diverse with 49 percent of the population being White, 32 percent Hispanic and 11 percent Asian. The race/ethnic composition of City residents has remained stable in Encinitas compared to the 2000 Census, with the proportion of Asian residents increasing slightly and the proportion of Hispanic residents decreasing slightly. Countywide, the Hispanic population increased from 27 percent to 32 percent and the White population decreased from 55 percent to 49 percent.

**Figure 3-3: Ethnicity Distribution (2010)**

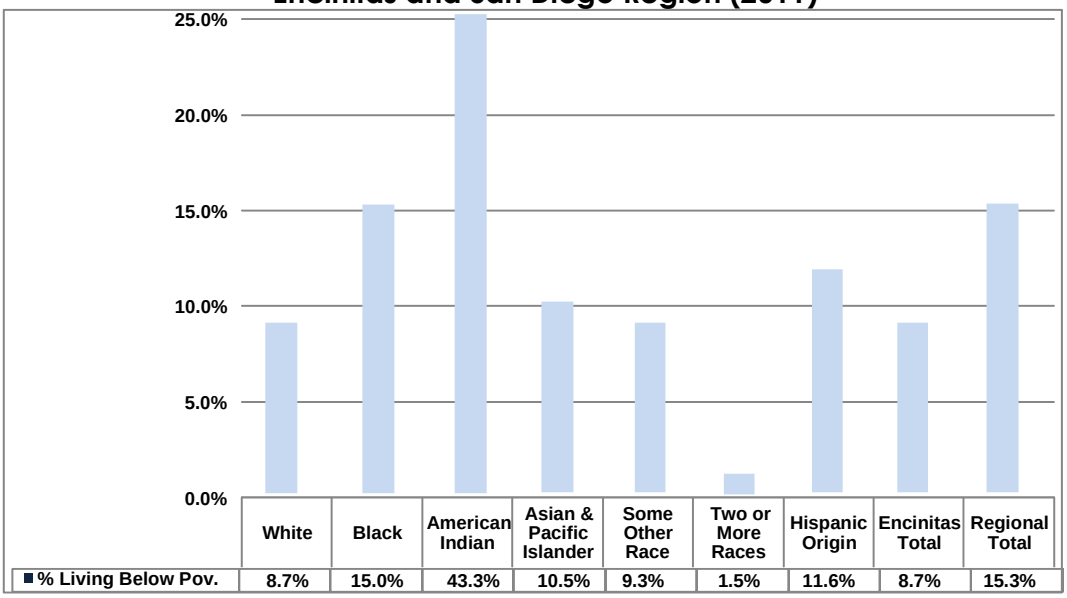



| | White Alone | Black | Asian | Native American | Hawaiian/ Pacific Islander | Some Other Race | Two or More Races | Hispanic or Latino |
|---|---|---|---|---|---|---|---|---|
| % of Encinitas Population | 78.8% | 0.5% | 3.8% | 0.3% | 0.1% | 0.3% | 2.5% | 13.7% |
| % of County Population | 48.5% | 4.7% | 10.6% | 0.5% | 0.4% | 0.2% | 3.1% | 32.0% |

Source: Bureau of the Census (2010).

The racial and ethnic composition of a population may affect housing needs because of cultural preferences associated with different racial/ethnic groups. Cultural influences may reflect preference for a specific type of housing. Research has shown that some cultures (e.g. Hispanic and Asian) tend to maintain extended families within a single household. This tendency can lead to overcrowding or an increased demand for larger housing units. Ethnicity also tends to correlate with other characteristics such as location choices, mobility, and income, as shown in Figure 3-4. In Encinitas, residents of American Indian, Black, Hispanic origin, and Asian and Pacific Islander have the highest levels of poverty. However, the overall Encinitas poverty level of 8 percent is lower than the San Diego regional total of 15 percent.

**Figure 3-4: Poverty Status by Race/Ethnicity, Encinitas and San Diego Region (2011)**




| | White | Black | American Indian | Asian & Pacific Islander | Some Other Race | Two or More Races | Hispanic Origin | Encinitas Total | Regional Total |
|---|---|---|---|---|---|---|---|---|---|
| % Living Below Pov. | 8.7% | 15.0% | 43.3% | 10.5% | 9.3% | 1.5% | 11.6% | 8.7% | 15.3% |

Source: ACS 5-year Estimates (2011).

## B. Employment Market

Employment has an important impact on housing needs. Incomes associated with different jobs and the number of workers in a household determines the type and size of housing a household can afford. In some cases, the types of jobs themselves can affect housing needs and demand (such as in communities with military installations, college campuses, and large amounts of seasonal agriculture). Employment growth typically leads to strong housing demand, while the reverse is true when employment contracts.

### *1. Employment*

To achieve a better balance between jobs and housing, it is important to consider the employment characteristics of a region. In the San Diego region, employment growth out-paced population growth between 1990 and 2000. The decade recorded a gain of more than 188,865 jobs, an increase of 16 percent, while population increased by 315,817 people, a growth rate of 13 percent.[1]

Table 3-5 shows that in 2000 over 1.38 million San Diego region residents were employed. Regionwide, this figure represents an increase (16 percent) from 1990. During the same time period, the number of workers living in Encinitas increased by three percent, from 22,867 residents employed to 24,240. Table 3-5 also shows employment level growth in North County San Diego from 2000 to 2010, despite the recession that covered the latter part of the decade.

[1] Source: SANDAG Evaluating Economic Prosperity in the San Diego Region: 1998 Update, page 56.

**Table 3-5: Employment Levels (1990 -2010)**

| Jurisdiction | 1990 | 2000 | 2010 | 1990-2000 Percent Change | 1990-2010 Percent Change |
|---|---|---|---|---|---|
| Carlsbad | 34,207 | 50,787 | 57,324 | +48.5% | 67.5% |
| Del Mar | 2,900 | 3,842 | 3,940 | +32.5% | 35.8% |
| Encinitas | 22,867 | 24,240 | 26,061 | +3.0% | 13.9% |
| Oceanside | 31,968 | 39,610 | 44,540 | +23.9% | 39.3% |
| Solana Beach | 8,040 | 8,870 | 9,569 | +10.3% | 19.0% |
| San Diego Region | 1,195,811 | 1,384,676 | 1,238,720 | +15.8% | 3.6% |

Source: SANDAG Employment Inventories (1990, 2000 and 2010).

Table 3-6 shows that between 2000 and 2030, Encinitas is projected to gain approximately 5,496 new employment opportunities (i.e. the number of workers with jobs), which represents an increase of 23 percent. This represents the third highest percentage increase in employment in the North County coastal cities. Regionwide, approximately 439,354 new employment opportunities will be generated, representing an increase of 32 percent. As noted previously, SANDAG is currently preparing an update to its regional forecasting model. The updated employment forecast numbers for the City are 27,276 workers in 2020, 28,364 workers in 2035, and 29,542 workers by 2050, which is a numeric change of 3,899 jobs. This projected change in employment is considerably less than previously forecasted in the previous model (Table 3-6 shows 29,726 in Year 2030).

**Table 3-6: Projected Change in Number of Workers (2000-2030)**

| Jurisdiction | Total Employment | | | | | |
|---|---|---|---|---|---|---|
| | 2000 | 2010 | 2020 | 2030 | Number Change 2000-2030 | Percent Change 2000-2030 |
| Carlsbad | 50,787 | 57,324 | 65,656 | 79,188 | +28,401 | +56% |
| Del Mar | 3,842 | 3,940 | 4,071 | 4,232 | +390 | +10% |
| Encinitas | 24,240 | 26,061 | 28,337 | 29,736 | +5,496 | +23% |
| Oceanside | 39,610 | 44,540 | 51,381 | 62,409 | +22,799 | +58% |
| Solana Beach | 8,870 | 9,569 | 9,913 | 10,314 | +1,444 | +16% |

Source: SANDAG, Current Demographic and Socio-Economic Estimates (2014).

Table 3-7 shows that the largest numerical gains in employment in Encinitas between 2000 and 2030 will occur in the services, retail trade, and government sectors.

**Table 3-7: Projected Change in Civilian Employment by Industry (2000-2030)**

| Industry | 2000 | 2010 | 2020 | 2030 | 2000-2030 Change | |
|---|---|---|---|---|---|---|
| | | | | | Number | Percent |
| Manufacturing | 349 | 352 | 352 | 354 | +5 | +1% |
| Transp., Comm. & Utilities | 180 | 201 | 220 | 237 | +57 | +32% |
| Wholesale Trade | 416 | 426 | 480 | 514 | +98 | +24% |
| Retail Trade | 6,168 | 6,547 | 7,133 | 7,533 | +1,365 | +22% |
| Finance, Ins. & Real Estate | 753 | 858 | 999 | 1,075 | +322 | +43% |
| Services | 9,008 | 9,929 | 11,176 | 11,927 | +2,919 | +32% |
| Government | 2,289 | 2,637 | 2,841 | 2,927 | +638 | +28% |
| Other[1] | 5,077 | 5,111 | 5,136 | 5,169 | +92 | +2% |
| **Total Civilian Employment** | **24,240** | **26,061** | **28,337** | **29,736** | **5,496** | **+23%** |

Notes:
1. Employment in agriculture, mining, and construction industries, and self-employed and domestic workers.
Source: SANDAG Regionwide Forecast (2030).

Table 3-8 shows the industries that Encinitas residents were employed in compared to San Diego County residents in 2006-2008, as well as the mean annual wage in the first quarter of 2010. Encinitas residents were employed by a variety of industries with 19 percent working in education services, health care and social assistance and 18 percent in professional, scientific, management and waste management services. Approximately ten percent also worked in the arts, entertainment, recreation, accommodations and food service industries, as well as ten percent in retail trade and finance. Together these industries account for 67 percent of the employment of Encinitas residents. Those working in the professional industries were earning between $72,840 and $113,870 and those in the education services category were earning between $30,480 and $86,425. These industries employed 38 percent of the labor pool. The industries that employed San Diego County residents were similarly distributed.

**Table 3-8: Number of Workers by Industry (2000-2010)**

| Industry | Encinitas | San Diego County | Mean Annual Wage in the Region (San Diego MSA) |
|---|---|---|---|
| Agriculture, Forestry, Fishing, Hunting and Mining | 0.3% | 0.6% | $27,777 |
| Construction | 7.2% | 7.8% | $50,274 |
| Manufacturing | 8.4% | 9.1% | $33,600 |
| Wholesale Trade | 3.5% | 2.9% | $65,599 |
| Retail Trade | 9.5% | 10.9% | $37,650 |
| Transportation, Warehousing and Utilities | 2.3% | 3.7% | $31,976 |
| Information | 2.8% | 2.7% | $79,899 |
| Finance and Insurance, Real Estate, Rental and Leasing | 9.5% | 7.8% | $70,103 |
| Professional, Scientific, Management and Waste Management Services | 18.3% | 14.1% | $72,840-$113,870 |
| Education Services, Health Care and Social Assistance | 19.3% | 19.1% | $30,481-$86,425 |
| Arts, Entertainment and Recreation, Accommodations and Food Service | 10.5% | 10.7% | $22,211-$55,851 |
| Other Services, Except Public Administration | 5.3% | 5.3% | $26,030-$47,927 |
| Public Administration | 3.1% | 5.3% | $94,926 |
| **Total Mean Annual Wage** | **100%** | **100%** | **$49,439** |

Source: American Community Survey (2005-2009) and California Employment Development Department (2010).

Even though Encinitas residents currently benefit from employment in higher income industries such as finance, professional and management, etc., the community has a low jobs-to-housing ratio. In the SANDAG RHNA Plan, the region reported the City as having a jobs-to-housing ratio of 0.42; however, it appears that the City's calculation is closer to 0.75. Regardless of the resulting computation, the ratio is low and is further compounded by the fact that the City does not have an employment base that matches its resident profile. Therefore, many Encinitas residents have to find work somewhere within the region or beyond. This contributes to more cars on the road. This topic is addressed in the next section.

Based on the 2007-2011 ACS (Workers), there are 23,489 workers living in the City, but there are only 19,791 jobs. This represents a 1.19 worker-to-jobs ratio, which indicates that there are more workers than jobs available jobs in the City. The 2011 ACS also reported an unemployment rate of 6.5 percent for all persons in the civilian workforce. Nearly 20 percent of all persons between the ages of 16 and 24 were unemployed. In terms of unemployment, Encinitas outperformed both the nation as a whole and the State of California. The City's unemployment rate was significantly lower than the national rate of 8.7 percent and state rate of 10 percent.

### 2. *Commuting Patterns*

Commuting patterns demonstrate the relation of housing to employment opportunities and are a component in the allocation of growth to localities. As a result of the increase in the economic base, employment levels, and physical separation of housing and employment sites, the number of people commuting to work has increased.

Table 3-9 shows that in 2010, 77 percent of Encinitas residents drove alone to work, three percent more than region wide. Just over seven percent of Encinitas residents carpooled, and approximately two percent walked, and fewer than two percent used a form of public transportation. Eleven percent of Encinitas residents worked from home.

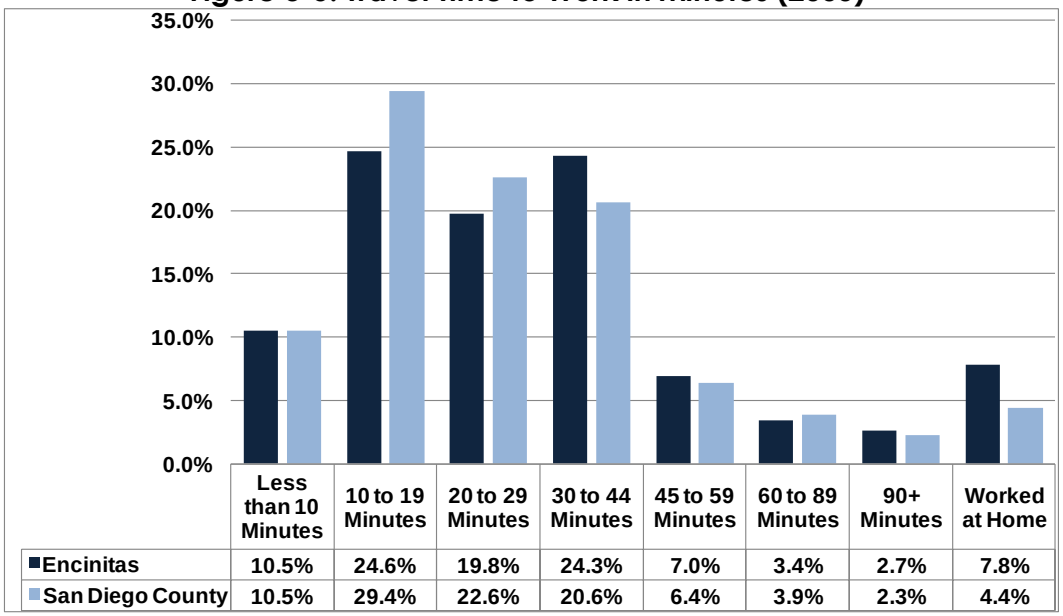
**Table 3-9: Means Of Transportation To Work (2010-2012)**

| Means of Transportation | Encinitas | | San Diego Region | |
|---|---|---|---|---|
| | #of Workers 16+ | % of Total | #of Workers 16+ | % of Total |
| Car, Truck, or Van – Drove Alone | 21,781 | 75% | 1,083,870 | 76% |
| Car, Truck, or Van – Carpooled | 2,104 | 7.5% | 141,733 | 10% |
| Public Transportation | 421 | 1.5% | 42,934 | 1.5% |
| Motorcycle | 56 | 0% | 4,443 | 0% |
| Bicycle | 207 | 1% | 7,591 | 1% |
| Walked | 615 | 2% | 38,116 | 3% |
| Other means | 640 | 2% | 13,954 | 1% |
| Worked at home | 3,384 | 11% | 87,862 | 6% |
| **Total** | **29,208** | **100%** | **1,380,578** | **100%** |

Source:2010-2012 ACS and derived "other means" to include bike and motorcycle rates based on precedent data sources including the 2000 Census.

Figure 3-5 shows the average travel time for workers age 16 and over in Encinitas and the San Diego region in 2000. Average travel times for Encinitas residents did not vary greatly from those in the region as a whole. Approximately 35 percent of Encinitas residents had travel times to work under 20 minutes while 40 percent of San Diego residents faced the same travel time. Please note that the average travel time segments were not recorded in the 2010 Census and is not available in the most recent three-year ACS estimates. However, based on the 2010-2012 ACS, the average commute time for Encinitas residents is a little over 24 minutes.

**Figure 3-5: Travel Time to Work in Minutes (2000)**




| | Less than 10 Minutes | 10 to 19 Minutes | 20 to 29 Minutes | 30 to 44 Minutes | 45 to 59 Minutes | 60 to 89 Minutes | 90+ Minutes | Worked at Home |
|---|---|---|---|---|---|---|---|---|
| Encinitas | 10.5% | 24.6% | 19.8% | 24.3% | 7.0% | 3.4% | 2.7% | 7.8% |
| San Diego County | 10.5% | 29.4% | 22.6% | 20.6% | 6.4% | 3.9% | 2.3% | 4.4% |

Source: Bureau of the Census (2000).

Commuting can be more expensive than people realize. Not only do the true costs of commuting include the most recognized costs such as owning a car (finance payments, insurance, maintenance, etc.) and driving (gas, etc.), but there are also significant personal costs (i.e. mental and physical health, etc.), infrastructure improvements and roadway maintenance costs, environmental impacts (i.e. air quality, greenhouse gas emissions and noise), as well as community impacts (i.e. public safety, visual and aesthetic impacts, etc.).

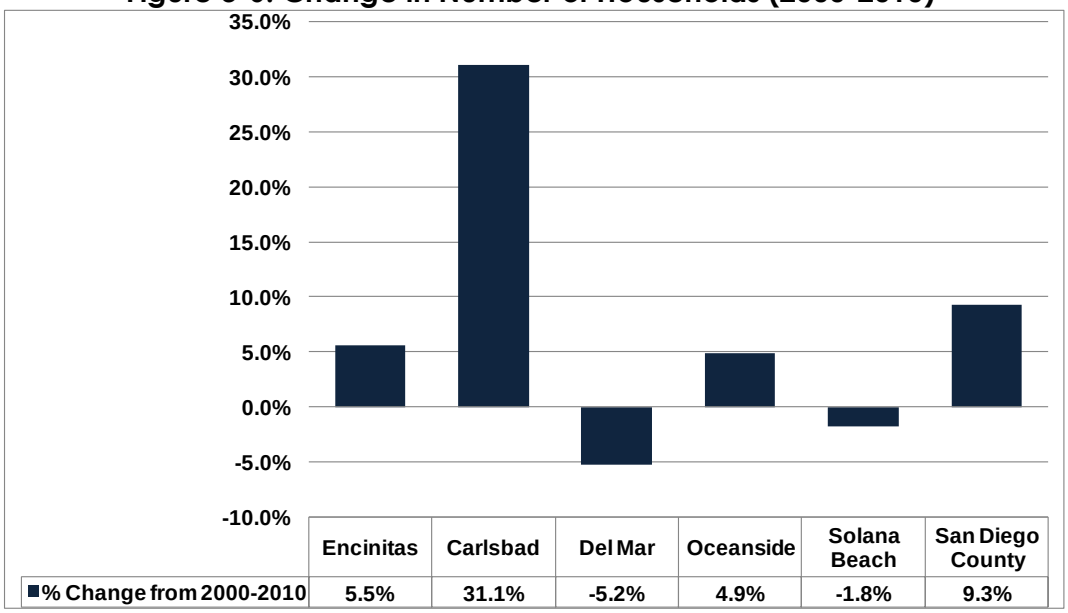
## C. Household Characteristics

The Census defines a household as all persons who occupy a housing unit, which may include single persons living alone, families related through marriage or blood and unrelated individuals living together. Persons living in retirement or convalescent homes, dormitories or other group living situations are not considered households. Information on household characteristics is important to understand the growth and changing needs of a community.

Many household characteristics may contribute to the diverse need for housing, some of which are described in this section: projected households, household type, household size, and household income. According to the 2010 Census, there were 1,086,865 households (also known as occupied housing units) in San Diego County. Of these, 24,062 households, or approximately two percent, were located in Encinitas. (Please note that the total number of households will vary depending on the source and when the data was captured.)

Figure 3-6Figure 3-6 shows that between 2000 and 2010, the number of households in the San Diego region grew by 92,188, a gain of approximately nine percent. During this time period, the number of households in Encinitas grew by about six percent. The City will continue to account for approximately two percent of the region's households. Based on Current Demographic and Socio-Economic Estimates published by SANDAG (2014), there are about 24,425 households in the City and 1,105,120 households in the region.

**Figure 3-6: Change in Number of Households (2000-2010)**




| | Encinitas | Carlsbad | Del Mar | Oceanside | Solana Beach | San Diego County |
|---|---|---|---|---|---|---|
| % Change from 2000-2010 | 5.5% | 31.1% | -5.2% | 4.9% | -1.8% | 9.3% |

Source: Bureau of the Census (2000 and 2010).

### *1. Household Type and Size*

Different household types generally have different housing needs. Seniors or young adults usually comprise the majority of the single-person households and tend to reside in apartments, condominiums or smaller single-family homes. Families with children often prefer single-family homes.

Household size is a significant factor in housing demand. Often, household size can be used to predict the unit size that a household will select. For example, small households (one and two persons per household) traditionally can find suitable housing in units with zero to two bedrooms while larger households (three or more persons per household) can usually find suitable housing in units with three to four bedrooms. People's choices, however, also reflect preference and economics. Thus, many small households prefer, and obtain, large units. Household size also is related to choice of locations.

Table 3-10 shows that Encinitas households mostly consist of families (63 percent). Approximately one-third of the City's family-households had children, according to the 2010 Census. The greatest change from 2000 to 2010 was the 21-percent decrease in other non-families (unrelated persons living together), and a 16-percent increase in married couples without children.

**Table 3-10: Changes in Household Types (2000–2010)**

| Household Types | 2000 | | 2010 | | Change | |
|---|---|---|---|---|---|---|
| | # | % | # | % | # | % |
| Families | 14,283 | 62.6% | 15,044 | 62.5% | +761 | +5.3% |
| Married with Children | 5,450 | 23.9% | 5,172 | 21.5% | -278 | -5.1% |
| Married without Children | 5,982 | 26.2% | 6,941 | 28.8% | +959 | +16.0% |
| Other Families | 2,851 | 12.5% | 2,931 | 12.2% | +80 | +2.8% |
| Non-Families | 8,547 | 37.4% | 9,038 | 37.5% | +491 | +5.7% |
| Single | 5,864 | 25.7% | 6,303 | 26.2% | +439 | +7.5% |
| Other Non-Families | 2,683 | 11.8% | 2,118 | 8.8% | -565 | -21.1% |
| **Total Households** | **22,830** | **100.0%** | **24,082** | **100.0%** | **+1,252** | **+5.5%** |

Source: Bureau of the Census (2000 and 2010).

In 2010, the average number of persons per household in the San Diego region ranged from 2.1 to 3.5, with a region wide average of 2.8 persons per household. Encinitas had an average of 2.6 persons per household, representing a small increase from 2000, when 2.5 persons per household was reported. Table 3-11 compares household size in Encinitas to household size in the surrounding North County coastal cities. Household size varied among the cities, with Del Mar having the lowest in the County. SANDAG estimates that average household size in the region will increase slightly over the next 20 years.

**Table 3-11: Average Persons per Household North County Coastal Cities and San Diego Region (2010)**

| Jurisdiction | Average Household Size (2010) | Projected Average Household Size (2030) |
|---|---|---|
| Carlsbad | 2.55 | 2.61 |
| Del Mar | 2.09 | 2.17 |
| Encinitas | 2.61 | 2.68 |
| Oceanside | 2.94 | 2.98 |
| Solana Beach | 2.34 | 2.38 |
| San Diego Region | 2.84 | 2.87 |

Source: California Department of Finance (2010) and SANDAG Regional Forecast Update (2030).

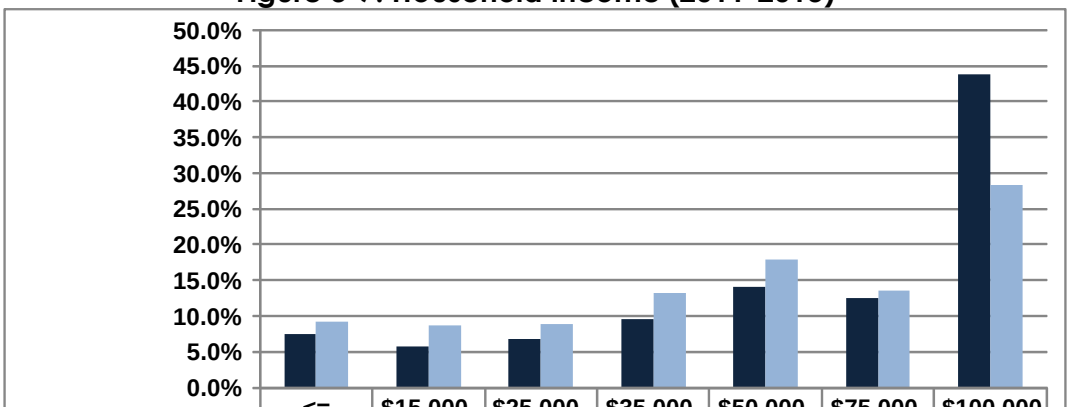
### 2. *Household Income*

Income levels influence the range of housing prices within a community and the ability of the population to afford housing. As household income increases, the more likely that household is to be a homeowner. As household income decreases, households tend to pay a disproportionate amount of their income for housing and the number of persons occupying unsound and overcrowded housing increases.

Household incomes in Encinitas tend to be higher than those in the region as a whole. In 1990, the Encinitas median household income was $46,614 - and the regional median income was $35,028. The reported median income for the City was approximately 33 percent higher than the region. In 2000, the City's median household income was $64,821 and the San Diego County median household's income was $47,268. The reported median income was approximately 37 percent higher than the regional average. The 2010 median household income in Encinitas was $85,350, compared to $44,772 in the County. This represents a difference of about 90 percent. When tracking the physical income split at the city level against the rest of the region over the past 25 years, the disparity has grown tremendously (from 33 percent to over 90 percent).

Figure 3-7 compares household income in Encinitas and in the San Diego region between 2005 and 2009. Approximately 60 percent of Encinitas households had incomes over $75,000, about 18 percentage points more than region-wide. The biggest discrepancy occurred within the high income bracket ($100,000 or more). Approximately 44 percent of Encinitas households were in the $100,000 or more group, compared to 28 percent region-wide.

**Figure 3-7: Household Income (2011-2013)**




| | <= $14,999 | $15,000-$24,999 | $25,000 - $34,999 | $35,000-$49,999 | $50,000-$74,999 | $75,000-$99,999 | $100,000 + |
|---|---|---|---|---|---|---|---|
| Encinitas | 8.3% | 6.4% | 5.8% | 7.4% | 12.3% | 14.0% | 46.0% |
| San Diego County | 11.1% | 8.9% | 9.0% | 12.4% | 17.3% | 12.6% | 28.7% |

Source: Bureau of the Census, American Community Survey (2011-2013).

Table 3-12 compares median income in Encinitas to the other North County coastal cities and the region. Median household income in Encinitas was one of the highest in the region.

**Table 3-12: Median Household Income (2014)**

| Jurisdiction | Median Household Income Adjusted Inflation $ 2010 | Percent Above/Below Regional Median |
|---|---|---|
| Carlsbad | $90,668 | +34% |
| Del Mar | $125,625 | +85% |
| Encinitas | $92,020 | +36% |
| Oceanside | $67,025 | 0% |
| Solana Beach | $101,641 | +50% |
| San Diego Region | $67,753 | 0% |

Source: SANDAG, Current Demographic and Socio-Economic Estimates (2014).

The State and Federal government classify household income into several groupings based upon the relationship to the San Diego Region Area Median Income (AMI), adjusted for household size. The State of California utilizes the following income groups:

- Extremely Low: 0-30% AMI
- Very Low: 31-50% AMI
- Low: 51-80% AMI
- Moderate: 81-120% AMI
- Above Moderate: 120%+ AMI

In 2011, a majority of Encinitas households earned moderate or above moderate incomes (Table 3-13) while just under one-third (32 percent) of Encinitas households earned low, very low or extremely low incomes.

**Table 3-13: Household Income Levels (2011)**

| Income Level | Renter-Households | Owner-Households | Total Households | Percent of Households |
|---|---|---|---|---|
| Extremely Low Income (0-30% AMI) | 1,305 | 1,060 | 2,365 | 10.3% |
| Very Low Income (31-50% AMI) | 985 | 850 | 1,835 | 8.0% |
| Low Income (51-80% AMI) | 1,415 | 1,735 | 3,150 | 13.7% |
| Moderate and Above Moderate (>80% AMI)[1] | 4,320 | 11,380 | 15,700 | 68.1% |
| **Total** | **8,025** | **15,025** | **23,050** | **100.0%** |

Source: CHAS, based on 2007-2011 ACS (5-year estimates).
Note 1: HUD programs are available only to households with incomes at or below 80% AMI. Therefore, the CHAS data groups all households above that income threshold into one income group.

The income disparity that has been reported in the section is a significant issue – and one that will not likely correct itself. Based off of SANDAG forecast modeling, in the Year 2035 the median household income will be at $93,068, which is only 103 percent above today's estimate of $90,868 (source: SANDAG). About 29.7 percent of the City's households will be making less than $60,000.

**D. Housing Problems**

The Comprehensive Housing Affordability Strategy (CHAS) developed by the Census for HUD provides detailed information on housing needs by income level for different types of households in Encinitas. Detailed CHAS data based on the 2007-2011 ACS is displayed in Table 3-14. Housing problems considered by CHAS include:

- Units with physical defects (lacking complete kitchen or bathroom);
- Overcrowded conditions (housing units with more than one person per room);
- Housing cost burden, including utilities, exceeding 30 percent of gross income; or
- Severe housing cost burden, including utilities, exceeding 50 percent of gross income.

The types of problems vary according to household income, type, and tenure. Some highlights include:

- In general, renter-households had a higher level of housing problems (48 percent) compared to owner-households (41 percent).
- Large renter-families had the highest level of housing problems regardless of income level (78 percent).
- Very low income (82 percent) and low income households (77 percent) had the highest incidence of housing problems.

**Table 3-14: Housing Assistance Needs of Lower Income Households (2011)**

| Household by Type, Income, and Housing Problem | Renters | | | | Owners | | | Total Households |
|---|---|---|---|---|---|---|---|---|
| | Elderly | Small Families | Large Families | Total Renters | Elderly | Large Families | Total Owners | |
| Extremely Low Income (0-30% AMI) | 200 | 445 | 0 | 1,305 | 405 | 25 | 1,060 | 2,365 |
| % with any housing problem | 82.5% | 65.2% | -- | 65.9% | 67.9% | 100.0% | 77.4% | 71.0% |
| % with cost burden >30% | 82.5% | 65.2% | -- | 65.9% | 66.7% | 80.0% | 76.3% | 70.6% |
| % with cost burden > 50% | 82.5% | 65.2% | -- | 60.5% | 51.9% | 80.0% | 70.3% | 64.9% |
| Very Low Income (31-50% AMI) | 165 | 370 | 60 | 985 | 375 | 0 | 850 | 1,835 |
| % with any housing problem | 81.8% | 100.0% | 100.0% | 93.4% | 44.0% | -- | 67.6% | 81.5% |
| % with cost burden >30% | 78.8% | 98.6% | 100.0% | 92.4% | 44.0% | -- | 67.1% | 80.7% |
| % with cost burden >50% | 69.7% | 63.5% | 58.3% | 70.1% | 28.0% | -- | 51.8% | 61.6% |
| Low Income (51-80% AMI) | 245 | 535 | 15 | 1,415 | 625 | 155 | 1,735 | 3,150 |
| % with any housing problem | 91.8% | 86.9% | 100.0% | 87.3% | 44.8% | 80.6% | 68.0% | 76.7% |
| % with cost burden >30% | 85.7% | 86.9% | 100.0% | 86.2% | 44.8% | 80.0% | 68.0% | 76.2% |
| % with cost burden > 50% | 65.3% | 33.6% | 0.0% | 36.0% | 24.8% | 77.4% | 47.3% | 42.2% |
| **Total Households** | **1,020** | **3,305** | **180** | **8,025** | **4,070** | **1,035** | **15,025** | **23,050** |
| % with any housing problem | 66.2% | 41.8% | 77.8% | 47.8% | 33.8% | 51.2% | 40.9% | 43.3% |

Source: CHAS, based on 2007-2011 ACS (5-year estimates).

### *1. Overcrowding*

The combination of low incomes and high housing costs has forced many households to live in overcrowded housing conditions. "Overcrowding" is generally defined as a housing unit occupied by more than one person per room in house (including living room and dining rooms, but excluding hallways, kitchen, and bathrooms). Under State law a housing unit is considered overcrowded if there is less than 120 square feet of livable space (all space except the bath, kitchen and hallways) for the first two people and less than an additional 50 square feet for each additional person. Overcrowding can indicate that a community does not have an adequate supply of affordable housing, especially for large families.

According to the Census, between 1990 and 2000, overall overcrowding remained the same in Encinitas; however, severe overcrowding slightly increased from 2.3 percent to 2.8 percent. As Table 3-15 shows, nearly five percent of the households in Encinitas were overcrowded in 2000, inclusive of the three percent that were severely overcrowded. Overcrowding was more prevalent among renter-households than owner-households, as rental units are typically smaller in size and renter-households typically have lower incomes. The greatest increases were among renter-households from nine percent overcrowding in 1990 to nearly ten percent in 2000 and five percent severe overcrowding to six percent. The percentage of people defined as being overcrowded is relatively low – and since this time, overcrowding appears to have even fallen further. Based on the 2008-2012 American Community Survey, 5-Year Estimates, about 378 households in Encinitas have overcrowded conditions. Only 1.7 percent of households have more than one occupant per room and only 0.4 percent has more than 1.5 occupants per room.

**Table 3-15: Overcrowded Housing Units (1990-2010)**

| Overcrowding | Owner Households | | Renter Households | | Total Households | |
|---|---|---|---|---|---|---|
| | Number | % of Owners | Number | % of Renters | Number | % of Total |
| 1990 | | | | | | |
| Total Overcrowded (>1.0 persons/room) | 252 | 2.0% | 710 | 9.0% | 962 | 4.6% |
| Severely Overcrowded (>1.5 persons/room) | 81 | 0.6% | 398 | 5.0% | 479 | 2.3% |
| 2000 | | | | | | |
| Total Overcrowded (>1.0 persons/room) | 297 | 2.0% | 783 | 9.6% | 1,080 | 4.7% |
| Severely Overcrowded (>1.5 persons/room) | 164 | 1.1% | 483 | 5.9% | 647 | 2.8% |
| 2010 | | | | | | |
| Total Overcrowded (>1.0 persons/room) | 250 | 1.7% | 233 | 2.9% | 488 | 2.1% |
| Severely Overcrowded (>1.5 persons/room) | 34 | 0.1% | 84 | 1.0% | 118 | 0.5% |

Source: Bureau of the Census (1990, 2000, Fact Finder: 2010 ACS).

### 2. *Overpayment (Cost Burden)*

Measuring the portion of a household's gross income that is spent for housing is an indicator of the dynamics of demand and supply. This measurement is often expressed in terms of "over payers": households paying an excessive amount of their income for housing, therefore decreasing the amount of disposable income available for other needs. This indicator is an important measurement of local housing market conditions as it reflects the affordability of housing in the community. Federal and state agencies use overpayment indicators to determine the extent and level of funding and support that should be allocated to a community. State and federal programs typically define over-payers as those lower income households paying over 30 percent of household income for housing costs. A household is considered

experiencing a *severe* cost burden if it spends more than 50 percent of its gross income on housing.

Table 3-16 shows that in the 2008-2012 American Community Survey, 5-Year Estimates, 51 percent of households in the San Diego region were paying over 30 percent of their income toward monthly owner housing costs. Similarly in Encinitas, nearly 48.6 percent of all households were overpaying monthly owner costs. Renters were more likely to overpay than owners; in the region 57.9 percent of renters overpaid, compared to 50.1 percent in Encinitas.

**Table 3-16: Overpayment (2008-2012)**

| | Renters | | | Owners | | |
|---|---|---|---|---|---|---|
| | **Total** | **Paying 30%+** | **% Paying 30%+** | **Total** | **Paying 30%+** | **% Paying 30%+** |
| Carlsbad | 13,875 | 7,846 | 56.6% | 20,131 | 9,608 | 47.7% |
| Del Mar | 946 | 389 | 41.1% | 722 | 482 | 66.8% |
| Encinitas | 7,528 | 3,774 | 50.1% | 11,525 | 5,608 | 48.6% |
| Oceanside | 23,074 | 14,027 | 60.8% | 24,935 | 13,384 | 53.6% |
| Solana Beach | 2,061 | 1,128 | 54.7% | 2,254 | 1,055 | 46.8% |
| San Diego Region | 459,746 | 266,234 | 57.9% | 437,488 | 235,036 | 51.3% |

Note: Households do not equal total presented in other tables because housing costs were not computed for all households.
Source: Fact Finder: 2008-2012 American Community Survey.

To provide some context to overpayment and what it means to a household's living costs, in the region the selected monthly owner costs are $2,470 and the gross rent is $1,282. In Encinitas, the total cost of housing is higher. Monthly costs are $2,915 for housing units with a mortgage and gross rent is $1,671. Higher costs impact the overall cost burden of housing and the extent to which a family's income can cover the purchase price of a home or listed rent.

The prevalence of overpayment varies significantly by income, tenure, household type, and household size. Table 3-17 provides more overpayment detail by income group for Encinitas. Over 76 percent of the lower income households were overpaying versus 27 percent for the moderate and above moderate households.

**Table 3-17: Overpayment by Tenure and Income Level, Encinitas (2011)**

| Household Income Group | Total Renters | Total Owners | Total |
|---|---|---|---|
| Extremely Low (<=30% MFI) | 1,305 | 1,060 | 2,365 |
| Cost Burden >30% | 860 | 809 | 1,669 |
| %Cost Burden >30% | 65.9% | 76.3% | 70.6% |
| Very Low (>30% to <=50% MFI) | 985 | 850 | 1,835 |
| Cost Burden >30% | 910 | 570 | 1,480 |
| %Cost Burden >30% | 92.4% | 67.1% | 80.7% |
| Low (>50% to <=80% MFI) | 1,415 | 1,735 | 3,150 |
| Cost Burden >30% | 1,220 | 1,179 | 2,399 |
| %Cost Burden >30% | 86.2% | 68.0% | 76.2% |
| Moderate & Above Moderate (>80% MFI) | 4,320 | 11,380 | 15,700 |
| Cost Burden >30% | 705 | 3,495 | 4,200 |
| %Cost Burden >30% | 16.3% | 30.7% | 26.8% |
| **Total** | **8,025** | **15,025** | **23,050** |
| Cost Burden >30% | 3,695 | 6,053 | 9,748 |
| %Cost Burden >30% | 46.0% | 40.3% | 42.3% |

Note: Totals may not be exact due to rounding. Please note the Census Bureau uses a special rounding scheme for special tabulations such as these. Therefore, totals may not match other census datasets.
Source: CHAS, based on 2007-2011 ACS.

According to the ACS data, between 2007 and 2011, 46 percent of renter-occupied households in Encinitas spent more than 30 percent of their household income on housing. By contrast, a slightly lower percentage of owner-households (40 percent) overpaid for housing.

Housing costs are indicative of housing accessibility. Typically, if housing demand exceeds housing supply, housing costs will rise. As documented earlier, housing costs in Encinitas tend to be higher than the San Diego region. Generally applied to the most basic price index, it is fairly evident that higher income families in Encinitas spend a higher proportion of their earnings on housing costs and have proportionally less disposable income for goods and services. In 1990, the City's median household value was $285,891. At the same time, the household median income was $46,614. Today (2014), the median value of a home in Encinitas is $769,000 and the median income of a household is $92,020. This change corresponds to a 269 percent increase in home values and a 197 percent increase in household income. Even though Encinitas residents benefit from higher median income levels (i.e. the Encinitas median income is 36 percent higher than the regional median income level), Encinitas residents pay much more for their housing. The median priced home in Encinitas is 24 percent higher than the North County Coastal Median of $619,000 and 68 percent more than housing prices in the region. Depending on the interest rate and/or down-payment and non-mortgage debt, it is reasonably expected that a household would need to earn between $150,000 and $175,000 in order to purchase a home at the City's listed median price. Based on this median price and in consideration of the household incomes of residents, only about 28 percent of existing residents (those making over $150,000) can afford to buy a median-priced home.

The Center for Policy Initiatives published a 2014 year-end report, "*Making Ends Meet*" quantifying the harsh reality that many San Diegans live on incomes above the official poverty measure, but below self-sufficiency. The analysis is based on the Self-Sufficiency Standard rather than the Federal Poverty Threshold because it includes county-specific costs such as housing, transportation, child care, food and taxes, etc. The study found that the cost of a basic lifestyle without public or private assistance is beyond the reach of 38 percent of all working age households in San Diego County. While costs vary substantially by place, such as housing and child care, geographically-specific levels for housing costs put tremendous strain on a household's most basic expenses.

## E. Special Needs Groups

Certain segments of the population may have more difficulty in finding decent, affordable housing due to their special needs. Special circumstances may be related to one's employment and income, family characteristics, disability and household characteristics, among other factors. Consequently, certain residents in Encinitas may experience higher incidences of housing cost burden, overcrowding or other housing problems. The special needs groups analyzed include the elderly, people with disabilities, homeless people, single parents, farm workers, large households, and students (Table 3-18). Many of these groups overlap, for example many farm workers are homeless, and many elderly people have a disability of some type. The majority of these special needs groups would be assisted by an increase in affordable housing, especially housing located near public transportation and services. Table 3-19 provides a list of services and facilities available to assist households/persons with special needs. Several of these agencies routinely receive funding from the City of Encinitas Community Development Block Grant (CDBG) program.

**Table 3-18: Special Needs Groups in Encinitas (2010)**

| Special Needs Group | # of People or Households | Number of Owners | % of Owners | Number of Renters | % of Renters | % of Total Households or Population |
|---|---|---|---|---|---|---|
| Households with Seniors | 5,501 | - | - | - | - | 22.8% |
| Senior Headed Households | 4,902 | 3,616 | 73.8% | 1,286 | 26.2% | 20.4% |
| Seniors Living Alone | 2,118 | 1,190 | 56.2% | 928 | 43.8% | 8.8% |
| Persons with Disabilities[1] | 7,497 | - | - | - | - | 12.9% |
| Large Households | 1,740 | 1,153 | 66.3% | 587 | 33.7% | 7.2% |
| Single-Parent | 1,440 | - | - | - | - | 6.0% |
| Female Headed Households | 5,503 | - | - | - | - | 22.9% |
| Female Headed Households with children | 974 | - | - | - | - | 4.0% |
| People Living in Poverty[1] | 4,220 | - | - | - | - | 7.3% |
| Farmworkers[1] | 103 | - | - | - | - | 0.2% |
| Homeless | 184 | - | - | - | - | 0.3% |

1. 2010 Census does not contain updates to these variables; 2000 Census data is used.
Source: Bureau of the Census (2000 and 2010) and Regional Housing Task Force on the Homeless (2010).

**Table 3-19: Services for Special Needs Populations (2010)**

| Special Needs Services | Program | Details | Location |
|---|---|---|---|
| Emergency Shelters | Catholic Charities, La Posada de Guadalupe | 50 beds for homeless men | Carlsbad |
| | Community Resource Center Libre! | 36 beds for women with children, victims of domestic violence; motel vouchers | Encinitas |
| | Encinitas Social Services | General Population | Encinitas |
| | Brother Benno's Foundation, Good Samaritan Shelter | 12 beds for homeless men | Oceanside |
| | Brother Benno's Foundation, House of Martha Ann Mary | 6 beds for women with children, victims of domestic violence | Oceanside |
| | M.I.T.E. North County Detox | 6 beds for adults, substance abuse treatment | Oceanside |
| | Women's Resource Center | 26 beds for women with children, victims of domestic violence | Oceanside |
| Permanent Supportive Housing | CHW – Marisol Apartments | 21 beds for HIV/AIDS patients | Undisclosed |
| | CHW-Old Grove | 4 beds for HIV/AIDS patients | Undisclosed |
| | CHW-Old Grove | 40 beds for farm/day laborers | Undisclosed |
| | Fraternity House, Inc. – Michelle's House | 12 HIV/AIDS patients | Vista |
| | North County Solutions for Change – Solutions Family Center | 40 homeless families with children | Vista |
| Transitional Housing/Shelters | MHS – Family Recovery Center | 90 Women with children and substance abuse treatment | Oceanside |
| | Women's Resource Center, Transition House | 61 Women with children | Oceanside |
| | Women's Resource Center | 26 Women with children, victims of domestic violence | Oceanside |
| | YMCA Oz North Coast | 10 Homeless Youth | Oceanside |
| Services for the Homeless and At-Risk Families | North Coastal Mental Health | Homeless severely mentally ill | Regional |
| | North County Lifeline – Hotel Vouchers | General homeless | Oceanside |
| | North County Community Services Food Bank | Food distribution | San Marcos |
| | Interfaith Community Services (Winter Shelter) | 100 General homeless | Escondido |
| | Salvation Army Adult Rehab Center | Drug/alcohol abuse | San Diego |
| | Second Chance | Drug/alcohol abuse | San Diego |
| | Stepping Stone | Drug/alcohol abuse | San Diego |
| Senior/Disabled Services | Access Center, Inc. | Independent living assistance | Vista |
| | Serving Seniors-Senior Community Centers | Meals, health and wellness | Regional |

Source: City of Encinitas

The following section provides a detailed discussion of the housing needs facing each particular group as well as programs and services available to address their housing needs.

### *1. Elderly*

Many senior-headed households have special needs due to their relatively low incomes, disabilities or limitations, and dependency needs. Specifically, people aged 65 years and older often have four main concerns:

- *Housing:* Many seniors live alone and may have difficulty maintaining their homes.
- *Income:* People aged 65 and over are usually retired and living on a limited income.
- *Health care:* Seniors are more likely to have high health care costs.
- *Transportation:* Many of the elderly rely on public transportation; especially those with disabilities.

In 1990, there were 5,074 persons in this age category (9.1 percent of citywide total). In 2000, there were 6,064 persons (10.4 percent). Table 3-20 shows that 8,393 persons were age 65 and over in Encinitas in 2010. This accounted for about 14 percent of the City's total residents, higher than the percentage share in the region as a whole. Based on the most recently adopted SANDAG forecast model, by the Year 2035, the senior-aged population will be 16,810, which is expected to be about 22.6 percent of the citywide total. This forecast represents a 200 percent increase from 2010, and a 2.9 percent annual growth rate. The numbers of persons 65 years of age and older is growing drastically and while many in this "age wave" have the financial resources they need, many do not. For those who have only small pensions, social security and a few assets, the limited income of many elderly persons often makes it difficult for them to find affordable housing. In the San Diego region, the elderly spend a higher percentage of their income for food, housing, medical care, and personal care than non-elderly families. Many single elderly persons need some form of housing assistance. In 2010, nine percent of the San Diego region's residents aged 65 and over were living in poverty. At the same time, approximately 6.5 percent of the City's elderly population was living in poverty.

**Table 3-20: Persons Age 65 and Over (2010)**

| Jurisdiction | Total | Age 65+ | Percent Age 65+ |
|---|---|---|---|
| Carlsbad | 105,328 | 14,798 | 14.0% |
| Del Mar | 4,161 | 866 | 20.8% |
| Encinitas | 59,518 | 8,393 | 14.1% |
| Oceanside | 167,086 | 21,501 | 12.9% |
| Solana Beach | 12,867 | 2,404 | 18.7% |
| San Diego Region | 3,095,313 | 351,425 | 11.4% |

Source: Bureau of the Census (2010).

**Table 3-21: Elderly Households by Tenure and Income Level Encinitas (2011)**

| Household by Type, Income and Housing Problem | Renters | | Owners | | Total Households |
|---|---|---|---|---|---|
| | Elderly Renters | Total Renters | Elderly Owners | Total Owners | |
| Household Income <=30% AMI | 200 | 1,305 | 405 | 1,060 | 2,365 |
| % with any housing problems | 82.5% | 65.9% | 67.9% | 77.4% | 71.0% |
| % Cost Burden >30% | 82.5% | 65.9% | 66.7% | 76.3% | 70.6% |
| % Cost Burden >50% | 82.5% | 60.5% | 51.9% | 70.3% | 64.9% |
| Household Income >30 to <=50% AMI | 165 | 985 | 375 | 850 | 1,835 |
| % with any housing problems | 81.8% | 93.4% | 44.0% | 67.6% | 81.5% |
| % Cost Burden >30% | 78.8% | 92.4% | 44.0% | 67.1% | 80.7% |
| % Cost Burden >50% | 69.7% | 70.1% | 28.0% | 51.8% | 61.6% |
| Household Income >50 to <=80% AMI | 245 | 1,415 | 625 | 1,735 | 3,150 |
| % with any housing problems | 91.8% | 87.3% | 44.8% | 68.0% | 76.7% |
| % Cost Burden >30% | 85.7% | 86.2% | 44.8% | 68.0% | 76.2% |
| % Cost Burden >50% | 65.3% | 36.0% | 24.8% | 47.3% | 42.2% |
| Household Income >80% AMI | 410 | 4,320 | 2,665 | 11,380 | 15,700 |
| % with any housing problems | 36.6% | 19.0% | 24.6% | 31.4% | 28.0% |
| % Cost Burden >30% | 30.5% | 16.3% | 24.4% | 30.7% | 26.8% |
| % Cost Burden >50% | 12.2% | 3.6% | 7.7% | 9.1% | 7.5% |
| **Total Households** | **1,020** | **8,025** | **4,070** | **15,025** | **23,050** |
| % with any housing problems | 66.2% | 47.8% | 33.8% | 40.9% | 43.3% |
| % Cost Burden >30 | 61.8% | 46.0% | 33.5% | 40.3% | 42.3% |
| % Cost Burden >50 | 48.0% | 26.7% | 16.6% | 20.2% | 22.5% |

Notes:
Any housing problems: cost burden greater than 30% of income and/or overcrowding and/or without complete kitchen or plumbing facilities.
Other housing problems: overcrowding (1.01 or more persons per room) and/or without complete kitchen or plumbing facilities.
Elderly households: 1 or 2 person household, either person 62 years old or older.
Source: CHAS, based on 2007-2011 ACS.

Table 3-21 shows elderly households broken down by tenure and income level. A higher proportion of elderly renter-occupied households had housing problems (66 percent) than non-elderly renter-occupied households (48 percent). Housing problems are defined as overpayment (cost burden) greater than 30 percent of income and/or overcrowding and/or without complete kitchen or plumbing facilities. Additionally, 62 percent of elderly renter-occupied households were paying more than 30 percent of their income for housing compared with 46 percent of all renter households. Elderly owner-occupied households, on the other hand, tend to be better off than all households as a group. Just over one-third (34 percent) had any housing problem compared with 41 percent of all owner-occupied households. Likewise, just over one-third (34 percent) were paying more than 30 percent of their income towards housing versus 40 percent of all owner-occupied households.

### 2. *Persons with Disabilities*

According to the Census, a person is considered to have a disability if he or she has difficulty performing certain functions (seeing, hearing, talking, walking, climbing stairs, and lifting and carrying), or has difficulty with certain social roles (for example, doing school work for children, working at a job, and around the house for adults). A person, who is unable to perform one or more activities, uses an assistive device to get around, or who needs assistance from another person to perform basic activities is considered to have a severe disability.

According to the 2009-2013 ACS, approximately seven percent of Encinitas residents over five years of age had a disability. Whereas only 2.4 percent of the population under 18 years of age had a disability, 28.9 percent of the population 65 years and over had a disability – demonstrating that the likelihood of having a disability increases with age. And among persons with a disability, the likelihood that the disability will be severe also increases with age.

Among the difficulties tallied, ambulatory difficulties were the most prevalent (38 percent), followed by hearing and independent living difficulties (37 percent each), and cognitive difficulties (35 percent) (Table 3-22). Ambulatory difficulties (57 percent) and hearing and independent living difficulties (47 percent each) were most prevalent among residents 65 years and over.

**Table 3-22: Disabilities Tallied by Age and Type (2013)**

| Disability Type | Age 5 to 17 | Age 18 to 64 | Age 65+ | Total |
|---|---|---|---|---|
| With a hearing difficulty | 31 | 483 | 1,058 | 1,572 |
| With a vision difficulty | 13 | 276 | 443 | 732 |
| With a cognitive difficulty | 173 | 585 | 717 | 1,475 |
| With an ambulatory difficulty | 38 | 715 | 1,285 | 2,038 |
| With a self-care difficulty | 38 | 227 | 580 | 845 |
| With an independent living difficulty | -- | 502 | 1,049 | 1,551 |
| **Total** | **213** | **1,750** | **2,247** | **4,210** |

Notes:
Persons under 5 years of age are not included in this table.
Persons may have multiple disabilities.
Source: 2009-2013 American Community Survey.

Four factors—affordability, design, location, and discrimination—significantly limit the supply of housing available to households of persons with disabilities. The most obvious housing need for persons with disabilities is housing that is adapted to their needs. Most single-family homes are inaccessible to people with mobility and sensory limitations. Housing may not be adaptable to widened doorways and hallways, access ramps, larger bathrooms, lowered countertops, and other features necessary for accessibility. Location of housing is also an important factor for many persons with disabilities, as they often rely upon public transportation to travel to necessary services and shops. "Barrier free design" housing, accessibility modifications, proximity to services and transit, and group living opportunities are important in serving this group.

Incorporating barrier-free design in all new multi-family housing is especially important to provide the widest range of choices for the disabled. (Please see the section on Constraints for an expanded discussion.)

Housing advocacy groups report that people with disabilities are often the victims of discrimination in the home buying market. People with disabilities, whether they work or receive disability income are often perceived to be a greater financial risk than persons without disabilities with identical income amounts. The 2000 Census reported that 10.7 percent of persons with disabilities in Encinitas were living below the poverty level. It also estimated that 48 percent of people with disabilities between the ages of 16 and 64 years in the City were not employed.

A recent change in State law requires that the Housing Element discuss the housing needs of persons with developmental disabilities. As defined by federal law, "developmental disability" means a severe, chronic disability of an individual that:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments;
- Is manifested before the individual attains age 18 (Note: State of California has a manifestation age of 18 years of age, Federal is 22 years);
- Is likely to continue indefinitely;
- Results in substantial functional limitations in three or more of the following areas of major life activity: a) self-care; b) receptive and expressive language; c) learning; d) mobility; e) self-direction; f) capacity for independent living; or g) economic self- sufficiency;
- Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

The Census does not record developmental disabilities. According to the U.S. Administration on Developmental Disabilities, an accepted estimate of the percentage of the population that can be defined as developmentally disabled is 1.5 percent. This equates to 893 persons in the City of Encinitas with developmental disabilities based on the 2010 Census population. The San Diego Regional Center, which provides services for persons with developmental disabilities, publishes client statistics for its four area offices. The City of Encinitas is served by the North County office in San Marcos. As of January 2011, the North County office serves 2,774 persons. The Encinitas population represents about seven percent of the North County population. Therefore, it can be generally estimated that about 195 clients served by the North County area office of the Regional Center are Encinitas residents.

Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before

adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

### *3. Large Households*

Large households are identified as a group with special housing needs because of the limited availability of adequately sized, affordable housing units. Large households often have lower incomes and frequently live in overcrowded smaller dwelling units, which can result in accelerated unit deterioration. Table 3-23 compares the number of large households in Encinitas to that in the region as a whole. In 2010, 7.2 percent of households in Encinitas consisted of five or more persons, compared to almost 14 percent region-wide.

**Table 3-23: Large Households Encinitas and San Diego Region (2010)**

| Jurisdiction | Persons in Household | | | Total Households |
|---|---|---|---|---|
| | 5 | 6 | 7+ | |
| Encinitas | 1,111 | 357 | 272 | 1,740 |
| Percent of Total | 4.6% | 1.5% | 1.1% | 7.2% |
| San Diego Region | 80185 | 36149 | 32447 | 148,781 |
| Percent of Total | 7.4% | 3.3% | 3.0% | 13.7% |

Source: Bureau of the Census (2010).

As shown in Table 3-24, a greater percentage of larger households had housing problems (55 percent) than all households (43 percent) in 2011. Housing problems can be defined as cost burden (overpayment) greater than 30 percent of income and/or overcrowding and/or without complete kitchen or plumbing facilities. Renter-occupied large households (as a group) tend to have more housing problems than owner-occupied large households. The majority of renter-occupied large households (79 percent) had one or more housing problems, while just over half of the larger owner-occupied households (51 percent) had one or more housing problems.

**Table 3-24: Large Households by Tenure and Income Level, Encinitas (2011)**

| Household by Type, Income, & Housing Problem | Renters | | Owners | | Total Households |
|---|---|---|---|---|---|
| | Large Related (5 or more members) | Total Renters | Large Related (5 or more members) | Total Owners | |
| Household Income <=30% AMI | 0 | 1,305 | 25 | 1,060 | 2,365 |
| % with any housing problems | -- | 65.9% | 100.0% | 77.4% | 71.0% |
| % Cost Burden >30% | -- | 65.9% | 80.0% | 76.3% | 70.6% |
| % Cost Burden >50% | -- | 60.5% | 80.0% | 70.3% | 64.9% |
| Household Income >30 to <=50% AMI | 60 | 985 | 0 | 850 | 1,835 |
| % with any housing problems | 100.0% | 93.4% | -- | 67.6% | 81.5% |
| % Cost Burden >30% | 100.0% | 92.4% | -- | 67.1% | 80.7% |
| % Cost Burden >50% | 58.3% | 70.1% | -- | 51.8% | 61.6% |
| Household Income >50 to | 15 | 1,415 | 155 | 1,735 | 3,150 |

| | | | | | |
|---|---|---|---|---|---|
| <=80% AMI | | | | | |
| % with any housing problems | 100.0% | 87.3% | 80.6% | 68.0% | 76.7% |
| % Cost Burden >30% | 100.0% | 86.2% | 80.0% | 68.0% | 76.2% |
| % Cost Burden >50% | 0.0% | 36.0% | 77.4% | 47.3% | 42.2% |
| Household Income >80% AMI | 105 | 4,320 | 855 | 11,380 | 15,700 |
| % with any housing problems | 61.9% | 19.0% | 44.4% | 31.4% | 28.0% |
| % Cost Burden >30% | 47.6% | 16.3% | 41.5% | 30.7% | 26.8% |
| % Cost Burden >50% | 0.0% | 3.6% | 10.5% | 9.1% | 7.5% |
| **Total Households** | **180** | **8,025** | **1,035** | **15,025** | **23,050** |
| % with any housing problems | 77.8% | 47.8% | 51.2% | 40.9% | 43.3% |
| % Cost Burden >30 | 69.4% | 46.0% | 48.2% | 40.3% | 42.3% |
| % Cost Burden >50 | 19.4% | 26.7% | 22.2% | 20.2% | 22.5% |

Note: Any housing problems: cost burden greater than 30% of income and/or overcrowding and/or without complete kitchen or plumbing facilities.
Source: CHAS, based on 2007-2011 ACS

### *4. Single-Parent Households*

Single parents with dependent children represent another important group with special housing needs. Single-parent households often require special consideration and assistance because they tend to have lower incomes and a greater need for day care, health care, and related facilities. Table 3-25 shows that in 2010, Encinitas had 1,440 single-parent households. Of these, the majority (68 percent) were female-headed households.

**Table 3-25: Single-Parent Households Encinitas and San Diego Region (2010)**

| | Total HHs | Single-Parent HHs | Percent Total HHs | Female-Headed HHs with Children | Percent Single-Parent HHs |
|---|---|---|---|---|---|
| Encinitas | 24,082 | 1,440 | 6.0% | 974 | 67.6% |
| San Diego Region | 1,086,865 | 94,380 | 8.7% | 68,123 | 72.2% |

HHs = Households
Source: Bureau of the Census (2010).

### *5. Residents Living in Poverty*

Families, particularly female-headed families, are disproportionately affected by poverty. In 2000, seven percent of the City's total residents (4,220 persons) were living in poverty. Approximately 14 percent of female-headed families with children, however, had incomes below the poverty level. The 2011-2013 ACS reports also reports 8.4 percent of the city population and almost 17.6 percent of the female-headed families living below the poverty status. Relative to the poverty status of households in the last 12-months, based on the 2011-2013 ACS, 11,416 households were at 200 percent of the poverty level.

### 6. *Homeless*

Throughout the country and the San Diego region, homelessness has become an increasingly important issue. Factors contributing to the rise in homelessness include a lack of housing affordable to low and moderate income persons, increases in the number of persons whose incomes fall below the poverty level, reductions in public subsidies to the poor, and the de-institutionalization of the mentally ill.

State law (Section 65583(1) (6)) mandates that municipalities address the special needs of homeless persons within their jurisdictional boundaries. "Homelessness" as defined by the U.S. Department of Housing and Urban Development, describes an individual (not imprisoned or otherwise detained) who:

- Lacks a fixed, regular, and adequate nighttime residence; and
- Has a primary nighttime residence that is:
- A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
- An institution that provides a temporary residence for individuals intended to be institutionalized; or
- A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

This definition does not include persons living in substandard housing, (unless it has been officially condemned); persons living in overcrowded housing (for example, doubled up with others), persons being discharged from mental health facilities (unless the person was homeless when entering and is considered to be homeless at discharge), or persons who may be at risk of homelessness (for example, living temporarily with family or friends.)

The Regional Task Force on the Homeless (RTFH) is San Diego County's leading resource for information on issues of homelessness. Established in 1985, the Task Force promotes a regional approach as the best solution to ending homelessness in San Diego County. The Task Force is a public/private effort to build a base of understanding about the multiple causes and conditions of homelessness. According to the Task Force, the San Diego region's homeless population can be divided into two general groups: (1) urban homeless, and (2) rural homeless, including farm workers and day laborers who primarily occupy the hillsides, canyons and fields of the northern regions of the county. It is important to recognize that homeless individuals may fall into more than one category (for example, a homeless individual may be a veteran and a substance abuser), making it difficult to accurately quantify and categorize the homeless.

Since the homeless population is very difficult to quantify, Census information on homeless populations is often unreliable, due to the difficulty of efficiently counting a population without permanent residences. The Task Force compiles data from a physical Point-In-Time (PIT) count of sheltered (emergency and transitional) and street

homeless persons. The 2011 and 2015 counts were conducted in January of each respective calendar year and the results are shown in Table 3-26. Oceanside, Carlsbad, and Encinitas had the largest homeless populations of the North County Coastal cities. In 2011, of the 184 homeless persons in Encinitas, 50 were sheltered and 134 were unsheltered. In 2014, 43 were sheltered and 80 were unsheltered; meaning however, that an overall reduction was achieved.

There is not data presently available documenting the increased level of demand for shelter in Encinitas during particular times of year. Due to the mild climate, the only time of year when increased demand may be a factor is during the winter months (November to March), when homeless persons may be attracted to the City's mild climate. The biennial homeless count always takes place in the last week of January, a period when demand for shelter typically is at the highest. Since the year-round need described in this section is based on that annual count, the need for emergency shelter either year-round or seasonally is not likely to be greater than that found during the biennial homeless count.

**Table 3-26: Homelessness in North County Coastal Cities and the San Diego Region (2011 and 2015)**

| Jurisdiction | 2011 Total | 2015 Total |
|---|---|---|
| Carlsbad | 83 | 88 |
| Del Mar | 11 | 0 |
| Encinitas | 184 | 123 |
| Oceanside | 452 | 420 |
| Solana Beach | 7 | 3 |
| San Diego Region | 9,020 | 8,529 |

Source: Regional Housing Task Force on the Homeless (2011 and 2015).

### *7. Agricultural Workers*

Due to the high cost of housing and low wages, a significant number of migrant farm workers have difficulty finding affordable, safe and sanitary housing. According to the State Employment Development Department, the average farm worker earned between $19,000 and $30,000 annually.[2] This limited income is exacerbated by their tenuous and/or seasonal employment status. It is estimated that there are between 100 and 150 farm worker camps located throughout the San Diego region, primarily in rural areas. These encampments range in size from a few people to a few hundred and are frequently found in fields, hillsides, canyons, ravines, and riverbeds, often on the edge of their employer's property. Some workers reside in severely overcrowded dwellings, in packing buildings, or in storage sheds.

[2] State Employment Development Department, Occupational Employment (May 2009) and Wage Data (1st Quarter, 2010).

Farm workers needs also are difficult to quantify due to the fear of job loss and the fear of authority. Thus, farm workers are given low priority when addressing housing needs, and often receive the least hospitable housing. The San Diego County Regional Task Force on the Homeless estimates that there are at least 2,300 farm workers and migrant day laborers who currently experience homelessness in the San Diego region.

Table 3-27 shows that there are approximately 207 Encinitas residents were employed in agriculture, accounting for less than two percent of the region's agricultural workforce and less than one percent of the City's employment base. Among the homeless population in Encinitas, 70 are estimated to be farmworkers and day laborers.

**Table 3-27: Agricultural Workers (2008-2012)**

| Jurisdiction | Agricultural and Mining Workers | Percent of Total Employment | Percent of Regional Ag. Employment |
|---|---|---|---|
| Carlsbad | 119 | 0.3% | 0.96% |
| Del Mar | N/A | N/A | N/A |
| Encinitas | 207 | 0.7% | 1.67% |
| Oceanside | 1,120 | 1.5% | 9.08% |
| Solana Beach | 35 | 0.6% | 0.28% |
| San Diego Region | 12,328 | 0.9% | 100% |

Source: Fact Finder: 2008-2012 American Community Survey

Farm employment in Encinitas is almost exclusively related to horticultural operations, and in particular, the flower growing industry. In general, the employees in the City's horticultural industry are reported to be skilled to highly skilled, long-term workers with established roots in the community. The City's flower growing operations report that they employ a stable, year-round labor force.

To the extent that low-income agricultural works may desire to live in Encinitas, their need for affordable housing would be similar to that of other lower income persons, and affordable housing in the City would serve farmworkers as well as others employed in low-wage jobs. Therefore, provisions required by State law regarding employee housing may also assist farmworkers.

### *8. Migrant Day Laborers*

In Encinitas and other North County locales, numerous Hispanic immigrants seek work as day laborers. Because of the City's proximity to the Mexican border and its location along a major transportation route, Encinitas provides a convenient temporary place to seek work before moving on to industrial or agricultural jobs further north. The availability of jobs, including temporary day-jobs, and the number of open spaces which can be utilized as transient camp sites, make Encinitas attractive to these workers.

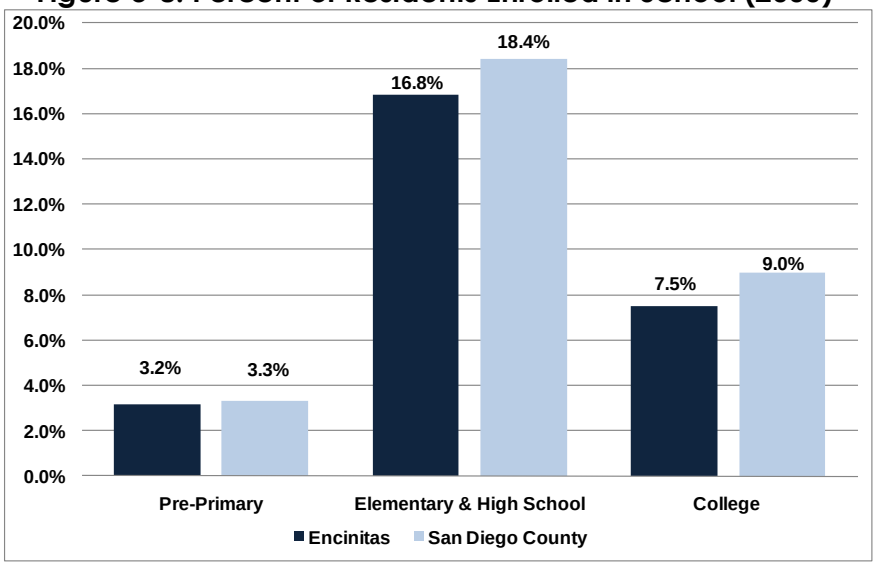
A particular problem in providing funds to farm workers and day laborers is that U.S. Department of Housing and Urban and Development (HUD) funds cannot be used to assist persons who are not legally in the United States. Although verification of legal residency is not needed to assist persons in affordable units, all tenant–based programs require legal residency.

### 9. *Students*

The need for student housing is another significant factor affecting housing demand. Although students may produce only a temporary housing need (but the need is on-going as long as the educational institution is in session), the impact upon housing demand is critical in areas that surround universities and colleges. Typically, students are low income and are, therefore, affected by a lack of affordable housing, especially within easy commuting distance from campus. They often seek shared housing situations to decrease expenses, and can be assisted through roommate referral services offered on and off campus. The lack of affordable housing also influences choices students make after graduation, often with a detrimental effect upon the region's economy. College graduates provide a specialized pool of skilled labor that is vital to the economy; however, the lack of affordable housing often leads to their departure from the region.

Figure 3-8 shows that in 2000, approximately eight percent of Encinitas residents were enrolled in college, a lower percentage than the region as a whole. Although Mira Costa Community College is located in Encinitas, no housing is designated for students on campus. Community colleges typically do not provide housing because they are colleges that serve the educational needs of students already residing in the local community.

**Figure 3-8: Percent of Residents Enrolled in School (2000)**




Source: Bureau of the Census (2000).

Based on the 2008-2012 American Community Survey, 5 Year Estimates, the percent of residents enrolled in college dropped from 7.5 percent to 6.2 percent. The percent of elementary and high school students dropped quite considerably during this same time period, moving from 16.8 percent in 2000 to 8.0 percent. The percentage of residents enrolled in nursery school, preschool and kindergarten was fairly consistent with what was reported in 2000, at 3.1 percent.

Decreasing birthrates and fewer child-bearing families will mean a smaller school-aged population in the City. And this trend is evident in Encinitas. In 2010, there were 12,120 persons in the City that were of school age (i.e. under the age of 18 years). This represents about 20.3 percent of the total City population. Based on regional forecasting models, in the year 2035 it is forecasted that there will be 13,893 persons under the age of 18, or 18.7 percent of the total population (74,273). In the year 2050, it is forecasted that there will be 13,681persons, or 17.8 percent of a 76,659 total population.

## F. Housing Stock Characteristics

A community's housing stock is defined as the collection of all housing units located within the jurisdiction. The characteristics of the housing stock, including growth, type, age and condition, tenure, vacancy rates, housing costs, and affordability are important in determining the housing needs for the community. This section details the housing stock characteristics of Encinitas to identify how well the current housing stock meets the needs of current and future residents of the City.

### *1. Housing Growth*

Table 3-28 shows that between 2000 and 2010, Encinitas' housing stock increased by four and a half percent. In comparison, the adjacent Carlsbad had the greatest amount of growth with a 29.6 percent increase in units.

**Table 3-28: Housing Unit Growth (2000 and 2010)**

| Jurisdiction | 2000 | 2010 | Percent Change 2000-2010 |
|---|---|---|---|
| Carlsbad | 33,812 | 43,844 | 29.6% |
| Del Mar | 2,557 | 2,542 | 0.6% |
| Encinitas | 23,829 | 24,877 | 4.4% |
| Oceanside | 59,583 | 64,758 | 8.6% |
| Solana Beach | 6,456 | 6,521 | 1.0% |
| San Diego Region | 1,040,149 | 1,149,426 | 10.5% |

Source: Bureau of the Census (2000 and 2010).

### 2. *Projected Housing Units*

Table 3-29 shows that between 2010 and 2020, Encinitas is projected to gain four percent in housing. Region-wide, approximately eight percent more units will be added to the housing stock. Between 2010 and 2030 Encinitas will experience an increase of six percent in housing stock and approximately 16 percent more units will be added in the region. All of the North County coastal cities will have slower rates of housing growth compared to the region between 2010 and 2030.

**Table 3-29: Housing Unit Growth (Forecasted to 2030)**

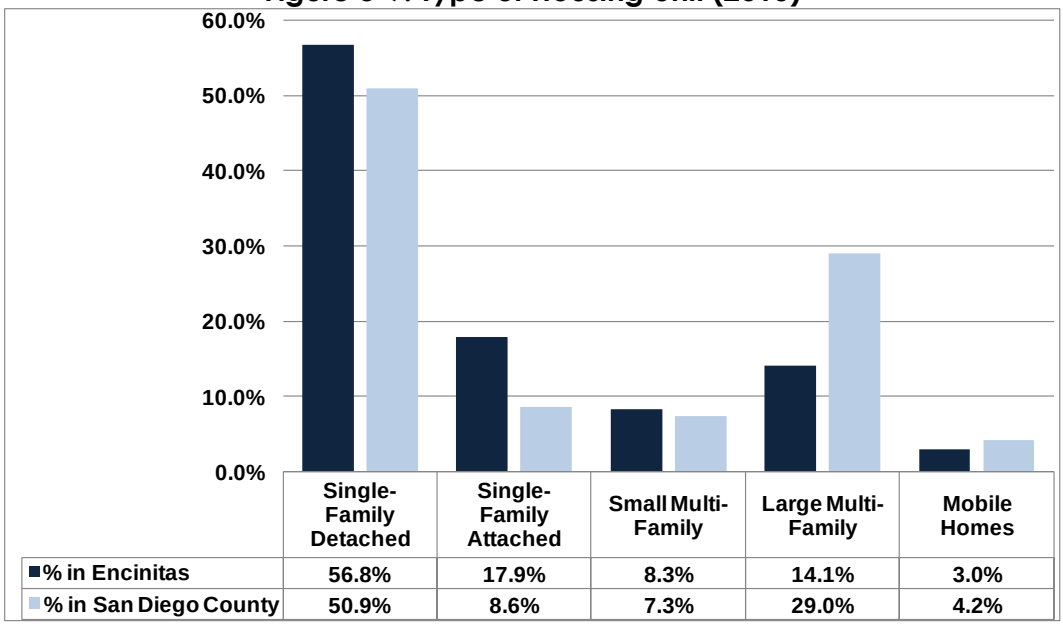
| Jurisdiction | 2020 | 2030 | Percent Change 2000-2010 | Percent Change 2010-2030 |
|---|---|---|---|---|
| Carlsbad | 48,975 | 50,728 | 9.6% | 13.6% |
| Del Mar | 2,597 | 2,611 | 0.0% | 0.6% |
| Encinitas | 26,934 | 27,174 | 4.6% | 5.6% |
| Oceanside | 69,837 | 70,674 | 8.4% | 9.7% |
| Solana Beach | 6,564 | 6,593 | 0.4% | 0.8% |
| San Diego Region | 1,254,647 | 1,354,088 | 7.7% | 16.3% |

As noted previously, SANDAG is currently preparing an update to its regional forecasting model. The updated housing unit growth takes the City from 24,082 household units in 2010 to 25,530 units by 2050, which is less than the 2030 forecast.

### 3. *Housing Type*

Figure 3-9 shows that in 2010, the largest percentage (57 percent) of housing units in Encinitas was single-family detached units. Approximately 18 percent were single-family attached units, eight percent were small multi-family developments with two to four units, 14 percent were large multi-family developments with five or more units, and three percent were mobile homes/trailers.

**Figure 3-9: Type of Housing Unit (2010)**




Source: California Department of Finance (2010).

Table 3-30 shows that the percentage of both single- and multi-family housing units in Encinitas is projected to fluctuate slightly, while the percentage of mobile homes slightly decreases. This figure may be misleading because SANDAG forecasts mobile homes by determining the region's mobile home growth rate and applying it to each jurisdiction. Also, as noted previously, SANDAG is currently preparing an update to its regional forecasting model. The numbers presented in this section rely on data available through the Series 12 forecast and Department of Finance estimates for 2010.

**Table 3-30: Projected Housing Unit by Type (2010-2030)**

| Housing Type | 2010 (D.O.F. Estimate) | % of 2010 Total | 2020 (Projected) | % of Total | 2030 (Projected) | % of Total |
|---|---|---|---|---|---|---|
| Single-Family | 19,281 | 74.6% | 19,987 | 74.2% | 19,994 | 73.6% |
| Multi-Family | 5,785 | 22.4% | 6,160 | 22.9% | 6,387 | 23.5% |
| Mobile Homes | 770 | 3.0% | 787 | 2.9% | 793 | 2.9% |
| **Total Housing** | **25,836** | **100%** | **26,934** | **100%** | **27,174** | **100%** |

Note: The number of housing units estimated by the Department of Finance deviates from the 2010 Census slightly. However, the 2010 Census does not contain information on housing type.
Source: California Department of Finance (2010) and SANDAG Regionwide Forecast (2030).

### *4. Housing Availability and Tenure*

Housing tenure and vacancy rates are important indicators of the supply and cost of housing. Housing tenure refers to whether a unit is owned or rented. Tenure is an important market characteristic because it is directly related to housing types and turnover rates. The tenure distribution of a community's housing stock can be an indicator of several aspects of the housing market, including the affordability of units, household stability and residential mobility among others. In most communities, tenure

distribution generally correlates with household income, composition and age of the householder.

In 2010, 59 percent of the housing units in Encinitas were owner-occupied, while 35 percent were renter-occupied (Table 3-31). This represents a decrease in the homeownership rate from 2000. As shown in the following table, owner-occupied households had a slightly higher average household size than renters. Approximately 69 percent of the rental units were occupied by one- and two-person households compared to 58 percent of owner-households.

Please note that in some of these tables, 2010 estimates were utilized, which are consequentially higher than 2010 U.S. Census counts. As noted previously, SANDAG is currently preparing an update to its regional forecasting model based on revised assumptions. The numbers presented in this section rely on data available through the Series 12 forecast and Department of Finance estimates for 2010 (as the best planning data available).

**Table 3-31: Housing Unit Tenure (2000-2010)**

| Tenure | 2000 | | 2010 D.O.F. Estimate | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| Owner-Occupied | 14,644 | 61.4% | 15,187 | 59.0% |
| Renter -Occupied | 8,190 | 34.3% | 8,895 | 34.6% |
| Vacant | 1,033 | 4.3% | 1,658 | 6.4% |
| **Total** | **23,867** | **100.0%** | **25,740** | **100.0%** |

Source: Bureau of the Census (2000 and 2010).

**Table 3-32: Tenure by Household Size (2010)**

| Tenure | % of Total Owner-Occupied Units | % of Total Renter-Occupied Units |
|---|---|---|
| 1-Person | 20.3% | 36.3% |
| 2-Person | 38.0% | 32.9% |
| 3-Person | 17.6% | 14.7% |
| 4-Person | 16.6% | 9.5% |
| 5 or more Person | 7.5% | 6.6% |
| **Total** | **100.0%** | **100.0%** |
| Average Household Size | 2.57 | 2.24 |

Source: Bureau of the Census (2010).

Vacancy rates are an important housing indicator because they indicate the degree of choice available. High vacancy rates usually indicate low demand and/or high supply conditions in the housing market. Too high of a vacancy rate can be difficult for owners trying to sell or rent. Low vacancy rates usually indicate high demand and/or low supply conditions in the housing market. Too low of a vacancy rate can force prices up making it more difficult for low and moderate income households to

find housing. Vacancy rates between two to three percent are usually considered healthy for single-family housing; and five to six percent for multi-family housing. However, vacancy rates are not the sole indicator of market conditions. They must be viewed in the context of all the characteristics of the local and regional market.

According to the 2010 Census, the overall vacancy rate in Encinitas was 6.4 percent (Table 3-33). However, almost 40 percent of the vacant units were vacation homes that were seasonally occupied. Vacant rental units represented about 1.9 percent of all units in the City (or 5.3 percent of all rental units) and vacant ownership units represented about 0.6 percent of all units (or one percent of all ownership units). Overall, the vacancy rates reflect a relatively healthy housing market.

**Table 3-33: Vacancy Rates in Encinitas (2010)**

| | Number | Percent of Total | Percent of Vacant |
|---|---|---|---|
| Total Housing Units | 24,877 | 100.0% | -- |
| Total Occupied Units | 23,295 | 93.6% | -- |
| Total Vacant Units | 1,582 | 6.0% | -- |
| **Vacant (Available)** | | | |
| For Rent | 498 | 1.9% | 30.0% |
| For Sale | 161 | 0.6% | 9.7% |
| **Vacant (Unavailable)** | | | |
| Rented or Sold | 77 | 0.3% | 4.6% |
| Seasonal | 661 | 2.6% | 39.9% |
| Other | 261 | 1.0% | 15.7% |

Source: Bureau of the Census (2010).

Additional vacancy information was obtained for spring 2010 from the San Diego County Apartment Association (SDCAA) and is shown in Table 3-34. Vacancy rates in Encinitas were higher than the neighboring communities and the City and County of San Diego.

**Table 3-34: Vacancy Rates by Community and Property Age**

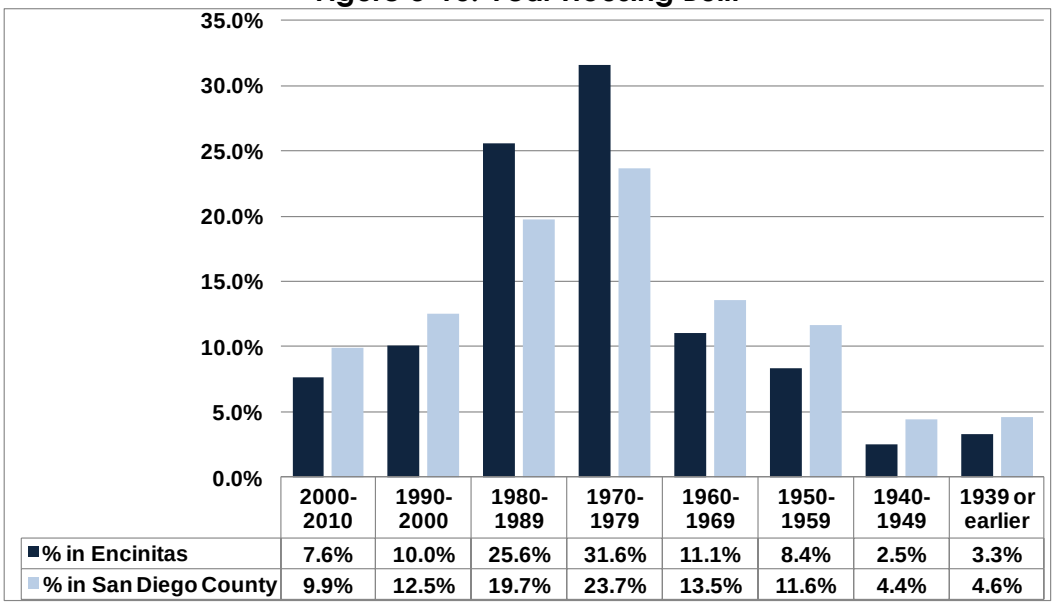
| Jurisdiction | Combined Property Ages | | | Over 25 Years | | | Six to 25 Years | | | Less Than 6 Years | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | % Vacant | Total Units | # Vacant | % Vacant | Total Units | # Vacant | % Vacant | Total Units | # Vacant | % Vacant | Total Units | # Vacant |
| Encinitas | 6.5% | 464 | 30 | 7.2% | 376 | 27 | 2.8% | 71 | 2 | 5.9% | 17 | 1 |
| Carlsbad | 4.2% | 1,577 | 66 | 4.6% | 351 | 16 | 4.5% | 925 | 42 | 2.7% | 301 | 8 |
| Del Mar | 5.8% | 260 | 15 | 5.8% | 260 | 15 | -- | -- | -- | -- | -- | -- |
| Oceanside | 5.9% | 2,074 | 122 | 7.5% | 586 | 44 | 3.0% | 1,267 | 38 | 18.1% | 221 | 40 |
| Solana Beach | 4.9% | 326 | 16 | 4.9% | 325 | 16 | -- | -- | -- | 0.0% | 1 | 0 |
| North County Region | 5.3% | 9,323 | 495 | 5.8% | 3,140 | 182 | 4.7% | 5,641 | 263 | 9.2% | 542 | 50 |
| City of San Diego | 5.2% | 24,275 | 1,258 | 5.2% | 9,328 | 483 | 5.4% | 13,837 | 742 | 3.0% | 1,109 | 33 |
| County of San Diego | 4.6% | 25,814 | 1,192 | 4.2% | 12,710 | 535 | 4.8% | 12,490 | 601 | 9.1% | 614 | 56 |

Source: San Diego County Apartment Association Survey (Spring 2010).

### *5. Housing Age and Condition*

Housing age can be an important indicator of housing condition within a community. Like any other tangible asset, housing is subject to gradual physical or technological deterioration over time. If not properly and regularly maintained, housing can deteriorate and discourage reinvestment, depress neighboring property values, and eventually impact the quality of life in a neighborhood. Many federal and state programs also use the age of housing as one factor in determining housing rehabilitation needs. Typically, housing over 30 years of age is more likely to have rehabilitation needs that may include new plumbing, roof repairs, foundation work and other repairs. In Encinitas, approximately 57 percent of the housing stock may potentially require some improvements based on the age of the structures, as shows in Figure 3-10. Approximately 25 percent of the housing stock is approaching 50 years of age or older and are more likely to require major rehabilitation. Housing that is not maintained can discourage reinvestment, depress neighboring property values, and can negatively impact the quality of life in a neighborhood. Improving housing is an important goal of the City. The age of the City's housing stock indicates a potential need for continued code enforcement, property maintenance and housing rehabilitation programs to stem housing deterioration. Overall, however, given the moderate to higher incomes of residents, deferred maintenance is not a prevalent issue in the City. Property owners typically take pride in maintaining their homes and many have the financial means to do so.

**Figure 3-10: Year Housing Built**




| | 2000-2010 | 1990-2000 | 1980-1989 | 1970-1979 | 1960-1969 | 1950-1959 | 1940-1949 | 1939 or earlier |
|---|---|---|---|---|---|---|---|---|
| % in Encinitas | 7.6% | 10.0% | 25.6% | 31.6% | 11.1% | 8.4% | 2.5% | 3.3% |
| % in San Diego County | 9.9% | 12.5% | 19.7% | 23.7% | 13.5% | 11.6% | 4.4% | 4.6% |

Source: California Department of Finance (2010).

*Lacking Plumbing and Kitchen Facilities*
A city can estimate the number of substandard housing units within its jurisdiction using a number of sources of information, such as data collected by the Census Bureau. The 2005-2009 ACS reports 61 units in Encinitas were lacking complete plumbing facilities and 160 units lacking complete kitchens.

*Value of Housing*
The value of housing is another potential indicator of housing stock condition. In 2000, the median housing cost in Encinitas was $353,300. Those units below $50,000 in value can be assumed to have significant deterioration. According to Census 2000 data, 28 units, or 0.2 percent of the housing stock, were valued at less than $50,000.

*Pre-1940 Housing*
The U.S. Department of Housing and Urban Development (HUD) may consider units substandard if they were built before 1940 and have a value less than $35,000. Figure 3-10 shows that 835 units in Encinitas were built before 1940, approximately three percent of the total housing in the City. Regionwide, five percent of units were built before 1940 (see Figure 3-10).

*Substandard Housing*
Of course, the information presented above only can give indirect indication of housing conditions. Obviously the City has a minimal number of units in need of repair and/or rehabilitation, especially given the high percent of units that have been recently constructed. Based upon a combination of previous "windshield surveys", observations and experiences of the code enforcement and planning staff, and indicators from other surveys, the City has estimated that approximately 50-100 units would fall into this category, although most, if not all, meet minimum housing and

building code requirements. These numbers and the need to upgrade units that were not necessarily substandard, help establish the Quantified Objectives in this Housing Element.

### 6. *Housing Costs and Affordability*

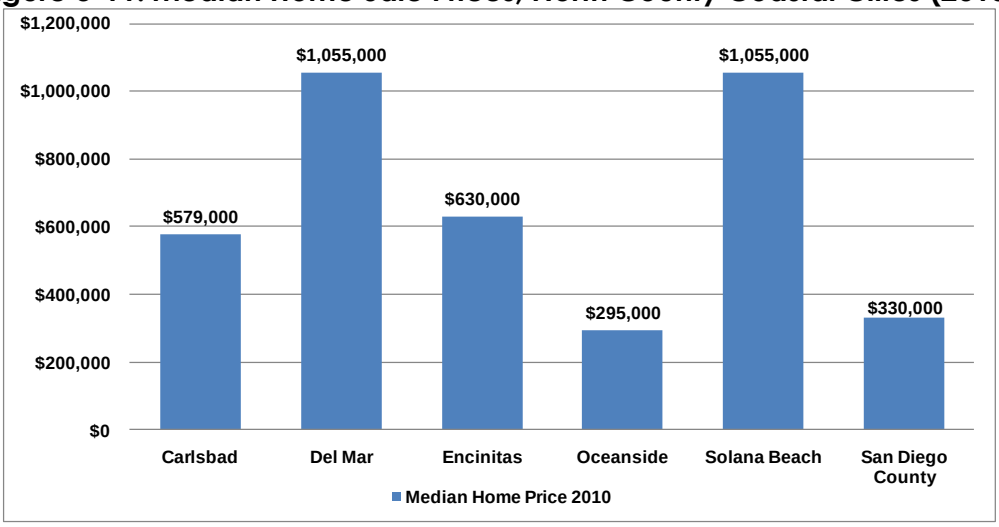
Housing costs are indicative of housing accessibility to all economic segments of the community. Typically, if housing supply exceeds housing demand, housing costs will fall. If housing demand exceeds housing supply, housing costs will rise. In Encinitas, housing costs tend to be higher than in the San Diego region. The high cost of housing can be attributed to factors such as higher land costs and coastal location. This section summarizes the cost and affordability of the housing stock to Encinitas residents.

*Homeownership Market*
The median household value in 1990 was $285,891. The median household value increased 124 percent to $353,655 by 2000. The median value increased another 193 percent to $683,000 from 2000 to 2010. The overall change from 1990 to 2010 was 239 percent.

The financial crisis of 2007-2008 was considered by many economists as one of the worst recessions since the Great Depression of the 1930s. It resulted in the collapse of many financial organizations and institutions; and in many areas the housing market also suffered. The median price paid for a home in California in June 2013 was $363,000, up 29 percent from $281,000 in June 2012. In spring 2007, the median peaked at $484,000. The post-peak trough was $221,000 in spring 2009. This shows that in a two-year period, median household values decreased about 46 percent throughout the State.

Just after this post-peak trough, median home prices in the North Coastal areas of San Diego ranged from $295,000 in Oceanside to $1,055,000 in Del Mar and Solana Beach. Encinitas' median home price fell in the middle at $630,000, still significantly higher than the San Diego County median price of $330,000.

**Figure 3-11: Median Home Sale Prices, North County Coastal Cities (2010)**




Source: DQNews (2011).

Median home sale prices in Encinitas rose ten percent between 2009 and 2010. Other northern San Diego cities saw similar increases in home prices. Since this time, building activity for residential structures has been continually increasing, and there have been consecutive gains in year-over-year sales prices. Gains in the last three years have helped to pull the local market out of the post-recession price weakness. (Sales prices have appreciated about 20 to 30 percent over the last 5 years in San Diego region.) As of the summer 2014, the median priced home in Encinitas is $769,000, which is 24% higher than the North County Coastal median of $619,000.

**Table 3-35: Changes in Median Home Sale Prices (2009-2010)**

| Jurisdiction | 2009 | | 2010 | | Percent Change in Median Sale Price |
|---|---|---|---|---|---|
| | Number Sold | Price | Number Sold | Price | |
| Carlsbad | 1,495 | $555,000 | 1,647 | $579,000 | 4.3% |
| Del Mar | 178 | $1,100,000 | 166 | $1,055,000 | -4.1% |
| Encinitas | 519 | $575,000 | 550 | $630,000 | 9.6% |
| Oceanside | 2,758 | $273,000 | 2,438 | $295,000 | 8.1% |
| Solana Beach | 211 | $888,750 | 285 | $1,055,000 | 18.7% |
| San Diego County | 37,778 | $310,000 | 36,414 | $330,000 | 6.5% |

Source: DQNews (2011).

*Rental Market*

The primary source for renter costs in the San Diego region is the San Diego County Apartment Association (SDCAA). SDCAA conducts two surveys of rental properties per year. For the spring 2010 survey, 6,000 surveys were sent out to rental property owners and managers throughout San Diego County. Responses were received from 50,089 units. Although this survey sampled a broad variety of rental housing, it was not a scientific sampling.

**Table 3-36: Average Monthly Rent (2010)**

| Zip Code | Unit Type | Spring 2010 Units/Properties Surveyed | Spring 2010 Monthly Rent | Spring 2010 Rent/Sq. Foot | Fall 2009 Monthly Rent | Spring 2009 Monthly Rent |
|---|---|---|---|---|---|---|
| Encinitas 92023, 92024 | Studio | 4/2 | $760 | $1.90 | $766 | $858 |
| | 1 BR | 143/6 | $1,380 | $1.75 | $1,252 | $1,349 |
| | 2 BR | 306/11 | $1,527 | $1.49 | $1,534 | $1,554 |
| | 3+ BR | 1/8 | $1,943 | $1.26 | $1,838 | $2,025 |
| Carlsbad 92008, 92009, 92010, 92011 | Studio | 78/7 | $911 | $2.11 | $883 | $863 |
| | 1 BR | 326/17 | $1,176 | $1.88 | $1,171 | $999 |
| | 2 BR | 849/20 | $1,664 | $1.67 | $1,658 | $1,842 |
| | 3+ BR | 324/10 | $1,795 | $1.63 | $1,944 | $1,906 |
| Del Mar 92014 | Studio | 10/1 | $1,363 | $2.99 | -- | $1,388 |
| | 1 BR | 105/6 | $1,592 | $2.15 | $1,177 | $1,693 |
| | 2 BR | 143/8 | $1,820 | $1.83 | $1,497 | $1,998 |
| | 3+ BR | 2/2 | $2,473 | $1.49 | $2,616 | $2,598 |
| Cardiff by the Sea 92007 | Studio | 0/0 | -- | -- | $1,500 | $1,400 |
| | 1 BR | 0/0 | -- | -- | $1,600 | $1,550 |
| | 2 BR | 0/0 | -- | -- | $1,800 | $1,800 |
| | 3+ BR | 0/0 | -- | -- | $1,725 | -- |
| Oceanside 92049, 92050, 92051, 92052, 92054, 92056, 92057, 92058 | Studio | 19/4 | $796 | $2.16 | $792 | $751 |
| | 1 BR | 876/23 | $1,072 | $1.54 | $1,040 | $1,005 |
| | 2 BR | 1,053/32 | $1,297 | $1.36 | $1,191 | $1,358 |
| | 3+ BR | 126/15 | $2,338 | $1.39 | $1,867 | $1,678 |
| Solana Beach 92075 | Studio | 28/1 | $1,038 | $2.31 | $1,307 | $1,126 |
| | 1 BR | 149/3 | $1,350 | $2.07 | $1,389 | $1,360 |
| | 2 BR | 140/3 | $1,624 | $1.75 | $1,538 | $1,580 |
| | 3+ BR | 9/2 | $2,253 | $1.84 | $4,200 | $2,060 |
| City of San Diego | Studio | 1,444/93 | $958 | $2.23 | -- | -- |
| | 1 BR | 9,183/365 | $1,284 | $1.87 | -- | -- |
| | 2 BR | 12,004/506 | $1,593 | $1.60 | -- | -- |
| | 3+ BR | 1,644/218 | $1,841 | $1.55 | -- | -- |
| County of San Diego (including City of San Diego) | Studio | 2,300/146 | $967 | $2.13 | -- | -- |
| | 1 BR | 18,630/619 | $1,161 | $1.70 | -- | -- |
| | 2 BR | 25,536/900 | $1,444 | $1.50 | -- | -- |
| | 3+ BR | 3,623/418 | $1,735 | $1.45 | -- | -- |

Source: San Diego County Apartment Association Survey (2010).

The table shows that in the spring of 2010, average monthly rents in Encinitas ranged from $760 for a studio apartment to $1,943 for a three-bedroom apartment. Apartment rents in Encinitas tend to be comparable to those in the City and County of San Diego. More information on rent rates in the City is provided in Housing Resources Section of this Housing Element.

*Affordability by Income Level*
Although California is expected to experience an expanding economy over the next several years, lower overall wages associated with the expanding service and information sectors of the economy portend an increasing affordability problem. Housing affordability can be inferred by comparing the cost of renting or owning a home in the City with the maximum affordable housing costs for households at different income levels. Taken together, this information can generally show who can afford what size and type of housing and indicate the type of households most likely to experience overcrowding and overpayment.

The federal Department of Housing and Urban Development (HUD) conducts annual household income surveys nationwide to determine a household's eligibility for federal housing assistance. Based on this survey, the California Department of Housing and Community Development (HCD) developed income limits that can be used to determine the maximum price that could be affordable to households in the upper range of their respective income category. Households in the lower end of each category can afford less by comparison than those at the upper end. The maximum affordable home and rental prices for residents in San Diego County are shown in Table 3-37.

Table 3-37 shows the maximum amount that a household can pay for housing each month without incurring a cost burden (overpayment). This amount can be compared to current housing asking prices and market rental rates in the previous tables to determine what types of housing opportunities a household can afford.

*Extremely Low income Households*
Extremely low income households earn 30 percent or less of the County area median income – up to $16,500 for a one-person household and up to $25,450 for a five-person household in 2010. Extremely low income households cannot afford market-rate rental or ownership housing in Encinitas without assuming a cost burden.

*Very Low income Households*
Very low income households earn between 31 percent and 50 percent of the County area median income – up to $27,500 for a one-person household and up to $42,400 for a five-person household in 2010. A very low income household can generally afford homes offered at prices between $77,000 and $104,800, adjusting for household size. Given the costs of ownership housing in Encinitas, very low income households would not be able to afford a home in the City. Similarly, very low income renters could not afford appropriately-sized market-rate rental units in Encinitas. After deductions for utilities, a very low income household at the maximum income limit can afford to pay approximately $617 to $946 in monthly rent, depending on household size.

*Low income Households*
Low income households earn between 51 percent and 80 percent of the County's area median income - up to $44,000 for a one-person household and

up to $67,850 for a five-person household in 2010. The affordable home price for a low income household at the maximum income limit ranges from $135,000 to $194,000. After deductions for utilities, a one-person low income household could afford to pay as much as $1,029 in rent per month and a five-person low income household could afford to pay as much as $1,582.

*Moderate income Households*

Moderate income households earn between 81 percent and 120 percent of the County's Area Median Income – up to $97,850 depending on household size in 2010. The maximum affordable home price for a moderate income household is $240,000 for a one-person household and $357,000 for a five-person family. Even moderate income households in Encinitas will have trouble purchasing adequately-sized homes. The maximum affordable rent payment for moderate income households is between $1,514 and $2,332 per month. Appropriately-sized market-rate rental housing is generally affordable to households in this income group.

## Table 3-37: Affordable Housing Cost (2010)

| Annual Income | | Affordable Housing Cost | | Utilities, Taxes and Insurance | | | Affordable Price | |
|---|---|---|---|---|---|---|---|---|
| | | Rent | Purchase | Rent | Sale | Taxes/ Insurance | Sale | Rent |
| Extremely Low Income (30% of Area Median Income) | | | | | | | | |
| 1-Person | $16,500 | $413 | $413 | $71 | $112 | $83 | $38,322 | $342 |
| 3-Person | $21,200 | $530 | $530 | $90 | $174 | $106 | $43,947 | $530 |
| 4-Person | $23,550 | $589 | $589 | $99 | $205 | $118 | $46,760 | $589 |
| 5-Person | $25,450 | $636 | $636 | $114 | $252 | $127 | $45,178 | $522 |
| Very Low Income (50% of Area Median Income) | | | | | | | | |
| 1-Person | $27,500 | $688 | $688 | $71 | $112 | $138 | $76,996 | $617 |
| 3-Person | $35,350 | $884 | $884 | $90 | $174 | $177 | $93,696 | $794 |
| 4-Person | $39,250 | $981 | $981 | $99 | $205 | $196 | $101,958 | $882 |
| 5-Person | $42,400 | $1,060 | $1,060 | $114 | $946 | $212 | $104,771 | $946 |
| Low Income (80% Area Median Income) | | | | | | | | |
| 1-Person | $44,000 | $1,100 | $1,100 | $71 | $112 | $220 | $135,007 | $1,029 |
| 3-Person | $56,550 | $1,414 | $1,414 | $90 | $174 | $283 | $168,231 | $1,324 |
| 4-Person | $62,800 | $1,570 | $1,570 | $99 | $205 | $314 | $184,755 | $1,471 |
| 5-Person | $67,850 | $1,696 | $1,696 | $114 | $252 | $339 | $194,248 | $1,582 |
| Median Income (100% Area Median Income) | | | | | | | | |
| 1-Person | $52,850 | $1,321 | $1,541 | $71 | $112 | $308 | $197,090 | $1,250 |
| 3-Person | $67,950 | $1,699 | $1,982 | $90 | $174 | $396 | $248,127 | $1,609 |
| 4-Person | $75,500 | $1,888 | $2,202 | $99 | $205 | $440 | $273,646 | $1,789 |
| 5-Person | $81,550 | $2,039 | $2,379 | $114 | $252 | $476 | $290,200 | $1,925 |
| Moderate Income (120% AMI) | | | | | | | | |
| 1-Person | $63,400 | $1,585 | $1,849 | $71 | $112 | $370 | $240,363 | $1,514 |
| 3-Person | $81,550 | $2,039 | $2,379 | $90 | $174 | $476 | $303,911 | $1,949 |
| 4-Person | $90,600 | $2,265 | $2,643 | $99 | $205 | $529 | $335,583 | $2,166 |
| 5-Person | $97,850 | $2,446 | $2,854 | $114 | $252 | $571 | $357,058 | $2,332 |

Source: California Department of Housing and Community Development (2010) and Veronica Tam and Associates
Assumptions: 2010 HCD income limits; 30% gross household income as affordable housing cost; 15% of monthly affordable cost for taxes and insurance; 10% down payment; and 5.5% interest rate for a 30-year fixed-rate mortgage loan. Utilities based on San Diego County Utility Allowance.

## G. Affordable Housing

State law requires that the City identify, analyze, and propose programs to preserve existing multi-family rental units that are eligible to convert to non-low-income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions during the next ten years. Thus, this at-risk housing analysis covers the period from January 1, 2013 through December 31, 2023. Consistent with State law, this section identifies publicly assisted housing units in Encinitas, analyzes their potential to convert to market rate housing uses, and analyzes the cost to preserve or replace those units.

### *1. Publicly Assisted Housing*

The City maintains programs to provide quality housing affordable to different income groups for a healthy and sustainable community. The City requires new residential developments with 10 or more units to provide 10 percent of the units as affordable housing and provides density bonuses consistent with State law. Local affordable housing funds have been used to assist in providing affordable housing. Table 3-38 lists those projects in Encinitas that are regulated by a government agency. No projects are at risk of conversion to market-rate housing within the Housing Element planning period. The Element, therefore, does not contain neither an analysis of "at risk" units. Future analysis in the next Housing Element planning cycle will estimate the total cost of producing new rental housing that is comparable in size and rent levels to replace the units that could change from low-income use, and an estimated cost of preserving the assisted housing units. Future analysis will also identify the use of all federal, state, and local financing and other subsidy programs which can be used to preserve the assisted housing development.

**Table 3-38: Inventory of Assisted Rental Housing Projects (2011)**

| Development Name | Address | Funding Source | Exp. Date | Type | Units |
|---|---|---|---|---|---|
| Regal Road Apartments | 920 Regal Rd | CDBG | April, 2024 | Family | 10 |
| Su Casa Apartments | 620 Melba Rd | HUD 236 | June, 2046 | Family | 30 |
| Manchester Apartments | 2074 Manchester Ave | CDBG | April, 2053 | General | 4 |
| Cantebria Senior Homes | 645 Via Cantebria | HUD 202 | June, 2057 | Senior | 44 |
| Encinitas Ranch Apartments | 1100 Garden View Rd. | HOME | 2057 | General | 22 |
| Pacific Pines Condominiums | 1720 S. El Camino Real | CDBG/ HOME | July, 2057 | General | 16 |
| 2nd Street Apartments | 858 2nd St. | HOME | 2055 | General | 4 |
| Boathouse Apartments | 726-32 Third Street | City Affordable Housing Funds | 2063 | General | 4 |
| Iris Apartments | 63-643 Vulcan Avenue | HOME, local affordable housing funds, and Tax Credit | perpetuity | General | 20 |
| **Total** | | | | | **134** |

Source: City of Encinitas Planning Department (2011).

### 2. *Resources for Preserving Affordable Units*

Available public and non-profit organizations with the capacity to preserve assisted housing developments include San Diego County, the City of Encinitas, and various non-profit developers, including Mercy Housing, North County Housing, Community Housing Works, and Habitat for Humanity. Financial resources available include bond financing, as well as CDBG and HOME funds, Section 8 rental assistance, and Affordable Housing Trust funds. (See the Housing Resources section later for further details.)

### 3. *Tenant Based Rental Assistance*

The Housing Authority of the City of Encinitas has 136 Section 8 Housing Choice Vouchers allocated, although HUD funding only allows for approximately 111 to be leased given the local market conditions. The Housing Authority administers approximately 11 port-ins[3] for a total of about 122 vouchers used in the City. Vouchers are closely split among disabled households, elderly households, and family households. As of this writing, there are currently 862 households on the City's Housing Choice Vouchers waiting list. Disabled households in Encinitas have the most need of those on the waiting list.

**Table 3-39: Rental Assistance in Encinitas (2013)**

| Household Type | Households Currently Receiving Section 8 Vouchers | Household on Waiting List for Section 8 Assistance |
|---|---|---|
| Family | 34 | 19.5% |
| Elderly | 42 | 23.9% |
| Disabled | 46 | 36.7% |
| Other (Single Households) | -- | 19.9% |
| **Total** | **122** | **100%** |

Source: City of Encinitas Housing Authority, 2013.

Starting in FY 2009-2010 and ending on FY 2014-2015, the City administered a tenant-based rental assistance program (TBRA) to help subsidize the rent of lower-income tenants living within the communities of Encinitas. The TBRA program replicated the City's Housing Authority Section 8 Housing Choice Voucher program. TBRA recipients were selected from the top of the Section 8 waiting list. The TBRA program was set up to assist in shortening the wait times for households in need of rental assistance prior to receiving a Section 8 voucher. The intent of the program was to provide a seamless transition for the participant from TBRA program assistance to Section 8 Housing Choice Voucher assistance. Funding to this program provided subsidy support for up to seven households. The TBRA program assisted 13 households total from 2010-2015.

[3] Port-ins are vouchers held by residents who received vouchers from other jurisdictions but have moved to Encinitas.

Due to federal changes to the HOME program, Encinitas will not be receiving funding from the County of San Diego to administer HOME programs. As a continued member of the San Diego Regional Consortium, City of Encinitas residents may receive assistance through the County of San Diego's HOME programs. This includes TRBA programs (Emancipated Foster Youth TBRA and Family Reunification TBRA). The TBRA programs are developed to provide rental assistance to former foster youth between the ages of 18 and 24 and those that are attempting to reunify with their children while in substance abuse recovery.

## 3.2 Constraints to the Provision of Housing

Actual or potential constraints to the provision of housing affect the development of new housing and the maintenance of existing units for all income levels. Governmental and non-governmental constraints in Encinitas are similar to those in other jurisdictions in the region and are discussed below. One of the most, if not the most, significant and difficult constraints to housing in Encinitas and elsewhere in the San Diego region is the high cost of land. This section describes various governmental, market, and environmental constraints on the development of housing that meets the needs of all economic segments of Encinitas population.

### A. Market Constraints

Market constraints significantly affect the cost of housing in Encinitas, and can pose barriers to housing production and affordability. These constraints include the availability and cost of land for residential development, the demand for housing, financing and lending, construction costs, development fees, and neighborhood opposition which can make it expensive for developers to build affordable housing. The following highlights the primary market factors that affect the production of housing in Encinitas.

#### *1. Economic Factors*

Market forces on the economy and the trickle down effects on the construction industry can act as a barrier to housing construction and especially to affordable housing construction. California's housing market peaked in the summer of 2005 when a dramatic increase in the State's housing supply was coupled with low interest rates. The period between 2006 and 2009, however, reflects a time of significant change as the lending market collapsed and home prices decreases. Double-digit decreases in median sale prices were recorded throughout the State. These lower-than-normal home prices allowed for a large increase in the number of homes sold initially until the availability of credit became increasingly limited. As such, housing production in the last few years has been limited while the need for affordable housing increased along with high unemployment rates and foreclosure rates.

After the post-peak trough of 2009, building activity and sales for residential structures have been steadily increasing, posting 17 quarter-over-quarter gains. The number of homes in California that were bought and sold in the first half of 2013 was the highest

since 2005. The National Association of Home Builder (NAHB) and Wells Fargo Housing Market Index, which gauges builder perceptions of current homes sales and sales expectations, has been steadily increasing since the market "bottom-out" and is currently at its highest level since early 2006 (an eight-year high). This indicates traffic of perspective buyers and sales expectations. So, while housing affordability has hovered near historic highs for the past several years, largely due to favorable mortgage rates and low prices during the recession, nationwide housing affordability has recently slipped several notches as recovering markets regain their footing.

Now that markets are recovering, home values are increasing. According to a June 2013 NAHB press release, 69 percent of new and existing homes sold in the second quarter of 2013 were affordable to families earning the U.S. median income. This is down from the 74 percent of homes sold in the first quarter and the first time that the measure has fallen below 70 percent since late 2008. Furthermore, at a 2013 Pacific Coast Builder's Conference, a spokesman for California Economic Forecast reported on the economic factors related to housing and noted that the housing rebound seen in California over the past several months is not part of a new housing bubble. The trend towards production, and increased demand over that production, will likely continue at a moderate pace. However, higher mortgage rates could slow the housing market's momentum.

### 2. *Land and Construction Costs*

High land costs are a significant constraint to the development of affordable housing in the City. Table 3-40 shows that the average assessed value of mixed-use and high density residential land in the City of Encinitas in 2011 was approximately $50 per square foot. Appraised values are generally even higher than the assessed values and therefore, land cost represents a significant cost component in residential development.

**Table 3-40: Inventory Of Multi-Family Lots And Values (2011)**

| Zone Designation | Number of Parcels | Value per Square Foot |
|---|---|---|
| D-CM-1 | 82 | $50 |
| D-CM-2 | 78 | $48 |
| D-R15 | 259 | $93 |
| D-R25 | 103 | $159 |
| N-CM-1 | 73 | $37 |
| N-CM-2 | 31 | $27 |
| N-CM-3 | 19 | $84 |
| N-CRM-1 | 46 | $34 |
| N-CRM-2 | 12 | $33 |
| N-R15 | 7 | $7 |
| N-R20 | 61 | $27 |
| N-R25 | 22 | $32 |
| R15 | 411 | $43 |
| R20 | 92 | $31 |
| R25 | 124 | $44 |
| **Average** | **--** | **$50** |

Source: City of Encinitas, 2011.

### *3. Availability of Financing*

The availability of financing affects a person's ability to purchase or improve a home. Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications by the income, gender, and race of the applicants. This applies to all loan applications for home purchases, improvements and refinancing, whether financed at market rate or with government assistance. The data for Encinitas was compiled by census tract and aggregated to the area that generally approximates the City's boundaries.

Table 3-41 summarizes the disposition of loan applications submitted to financial institutions in 2009 for home purchase, refinance, and home improvement loans in Encinitas. Included is information on loan applications that were approved and originated, approved but not accepted by the applicant, denied, withdrawn by the applicant, or incomplete.

**Table 3-41: Disposition of Home Loans (2009)**

| Loan Type | Total Applicants | Percent Approved | Percent Denied | Percent Other |
|---|---|---|---|---|
| Government-Backed | 141 | 70.9% | 12.1% | 17.0% |
| Conventional | 570 | 76.0% | 10.4% | 13.7% |
| Refinance | 3,193 | 71.6% | 15.5% | 12.9% |
| Home Improvement | 118 | 61.0% | 22.9% | 16.1% |
| **Total** | **4,022** | **71.9%** | **14.8%** | **13.3%** |

*Home Purchase Loans*
In 2009, a total of 570 Encinitas households applied for conventional loans to purchase homes. The overall loan approval rate was 76 percent and 10 percent of applications were denied. In comparison, 71 percent of conventional home loan applications were approved in the San Diego County. Approximately 141 home purchase applications were submitted in Encinitas through government-backed loans (for example, FHA, VA) in 2009; 71 percent of these applications approved. To be eligible for such loans, residents must meet the established income standards, maximum home values, and other requirements. For government-backed loans, the approval rate for the San Diego MSA was 74 percent.

*Refinance Loans*
The majority of loan applications submitted by Encinitas residents in 2009 were for refinancing their existing home loans (3,193 applications). Nearly three-quarters (72 percent) of these applications were approved, while 16 percent were denied. The recent credit crisis that began in 2007, and heightened in 2008, has likely caused refinancing activities to fall recently. In the San Diego County, 65 percent of refinancing applications were approved.

*Home Improvement Loans*
A larger proportion of Encinitas applicants were denied for home improvement loans than any other type of loan applications. Nearly one-quarter of all applicants (23 percent) were denied and just 61 percent were approved by lending institutions in 2009. The large proportion of home improvement loan denials may be explained by the nature of these loans. Most home improvement loans are second loans and therefore more difficult to qualify for due to high income-to-debt ratios. In San Diego County, home improvement loan applications had a slightly lower approval rate (57 percent) than in the City of Encinitas.

To address potential private market lending constraints and expand home improvement opportunities, the City of Encinitas offers the Residential Rehabilitation Program, which provides assistance to owner-occupants of single-family housing, multi-family housing, mobile homes, as well as to multi-family rental housing that is occupied by lower income tenants.

*Foreclosures*
With low interest rates, "creative" financing (for example, zero down, interest payment only, adjustable loans), and predatory lending practices (for example, aggressive marketing, hidden fees, negative amortization), many households nationwide purchased homes that were beyond their financial means between 2000 and 2005. Under the false assumptions that refinancing to lower interest rates would always be an option and home prices would continue to rise at double-digit rates, many households were unprepared for the hikes in interest rates, expiration of short-term fixed rates, and decline in sales prices that set off in 2006. Suddenly faced with significantly inflated mortgage payments, and mortgage loans that are larger than the worth of the homes, foreclosure was the only option available to many households.

Statewide, the number of foreclosures in 2010 has declined substantially from the previous year. During the third quarter of 2010, a total of 5,869 Notices of Default (NODs) were recorded in San Diego County, a decrease of about 32 percent from the third quarter of 2009. In December 2010, 189 homes in Encinitas were listed as foreclosures. These homes were listed at various stages of foreclosure (from pre-foreclosures to auctions) and ranged in price, with some properties listed as high as $1.3 million. The high prices of these homes facing foreclosure indicate that the impact of foreclosure affects not just lower and moderate income households, but also households with higher incomes.

## B. Governmental Constraints

Aside from market factors, housing affordability is also affected by factors in the public sector. Local policies and regulations can impact the price and availability of housing and, in particular, the provision of affordable housing. Land use controls, site improvement requirements, fees and exactions, permit processing procedures, among other issues may constrain the maintenance, development and improvement of housing. This section discusses potential governmental constraints in Encinitas and efforts to address them.

### *1. Land Use Controls*

The Land Use Element sets forth City policies for guiding local land use development. These policies, together with existing zoning regulations, establish the amount and distribution of land allocated for different uses. The City is in the process of a comprehensive update to its General Plan.

*Local Coastal Program*
Approximately two-thirds of the City is comprised within the City of Encinitas Local Coastal Program (LCP). Under this program, a coastal development permit is required for all development within the City's Coastal Zone, with the exception of the following:

- Improvements to an existing structure or a public works facility
- Repair and maintenance activities to existing structures or facilities that do not result in an addition to, or enlargement or expansion of, the structures or facilities
- The installation, testing, and placement in service or the replacement of any necessary utility connection between an existing service facility and any development which has been approved under the California Coastal Act
- The replacement of any structure other than a public works facility destroyed by a disaster
- Temporary uses or events
- Signs which are exempted from provisions of the Municipal Code

The reviewing authority for the coastal development permit varies depending on the type of application submitted. Furthermore, specific findings required for decisions on coastal development permits can include:

- Project effects on demand for access and recreation
- Shoreline processes
- Historic public use
- Physical obstructions
- Other adverse impacts on access and recreation

*Coastal Bluff Overlay Zone*
The Coastal Bluff Overlay Zone regulations apply to all areas of the City where there is the presence of a coastal bluff. In addition to development and design regulations which otherwise apply, the following development standards apply to properties within the Coastal Bluff Overlay Zone:

- No principal structure, accessory structure, facility or improvement shall be constructed, placed or installed within 40 feet of the top edge of the coastal bluff.
- No structure, facility, improvement or activity shall be allowed on the face or at the base of a coastal bluff.
- No grading or scraping shall be allowed on a bluff face, nor shall naturally occurring drought tolerant vegetation be voluntarily removed from the bluff face.
- Existing legal structures and facilities within 40 ft. of a bluff edge or on the face of a bluff may remain unchanged.
- All drainage and run-off on the property shall be collected and delivered to approved drainage facilities.
- Landscaping on beach bluff properties shall avoid the use of ice plant, and emphasize native and drought-tolerant plants in order to minimize irrigation requirements and reduce potential slide hazards due to over-watering.
- Buildings and other structures shall be sited, designed and constructed so as not to obstruct views to and along the ocean and other scenic coastal areas from public vantage points.
- The design and exterior appearance of buildings and other structures visible from public vantage points shall be compatible with the scale and character of the surrounding development and protective of the natural scenic qualities of the bluffs.

Outside of the Housing Element update process, at some point in the future the City look to develop a comprehensive plan, based on the Beach Bluff Erosion Technical Report (prepared by Zeiser Kling Consultants Inc., dated January 24, 1994), and utilize other, more recent technical reports and studies addressing sea level rise and its impact on shoreline management practices to address the coastal bluff recession and shoreline erosion problems in the City.

*Hillside/Inland Bluff Overlay Zone*
The Hillside/Inland Bluff Overlay Zone regulations apply to all areas within the Special Study Overlay Zone where site-specific analysis indicates that 10 percent or more of the area of a parcel of land exceeds 25 percent slope. The Planning Commission is the

authorized agency for reviewing and granting discretionary approvals for proposed development within the Hillside/Inland Bluff Overlay Zone. Where development is proposed on slopes of greater than 25 percent grade, the following additional standards apply:

- Slopes of greater than 25 percent grade should be preserved in their natural state.
- A geological reconnaissance report must be submitted.
- Where unstable conditions are indicated, a preliminary engineering geology report is also required.
- No principal structure or improvement or portion thereof shall be placed or erected, and no grading shall be undertaken, within 25 feet of any point along an inland bluff edge.
- All slopes over 25 percent grade which remain undisturbed or which are restored or enhanced as a result of a development approval, shall be conserved as a condition of that approval through a deed restriction, open space easement, or other suitable device that will preclude any future development or grading of such slopes.

*Floodplain Overlay Zone*
The Floodplain Overlay Zone regulations apply to all areas within the Special Study Overlay Zone where site-specific analysis of the land indicates the presence of a flood channel, floodplain, or wetland. The zone also applies to all areas identified as flood channels and floodplains on maps published by the Federal Emergency Management Agency. Any development within this zone is required to incorporate a series of improvements or modifications in order to ensure the ability of structures to withstand periodic flooding. The additional standards are also in place to guarantee the preservation of sensitive habitat areas.

*Agricultural Overlay Zone*
The Agricultural Overlay (AGO) Zone regulations apply to all properties presently under a Williamson Act contract. No development other than that associated with the agricultural operation subject to the Williamson Act contract may occur within the AGO Zone. Any development that occurs within this zone shall conform to the setback and height requirements of the Rural Residential Zone. Furthermore, an open or landscaped buffer of at least 75 feet shall be provided along the boundary between all property subject to the AGO zone and properties not subject to the AGO zone.

*Scenic/Visual Corridor Overlay Zone*
The Scenic/Visual Corridor Overlay Zone regulations apply to all properties within the Scenic View Corridor along Scenic Highways and adjacent to Significant Viewsheds and Vista Points as described in the visual Resource Sensitivity Map of the Resource Management Element of the General Plan. When development is proposed on any properties triggering design review within the Scenic View Corridor Overlay Zone, consideration is given to the overall visual impact of the proposed project and conditions or limitations on project bulk, mass, height, architectural design, grading, and other visual factors.

*Planned Residential Development (PRD)*
Planned Residential Development (PRD) regulations are intended to facilitate development of areas zoned for residential use by permitting greater flexibility and, consequently, more creative and imaginative designs for the development of such residential areas than is generally possible under conventional zoning and subdivision regulations. These regulations are further intended to promote more economical and efficient use of land while providing a harmonious variety of housing choices, a higher level of residential amenities, and preservation of natural resources and open space. Affordable housing opportunities are encouraged through the application of PRD.

*Inclusionary Housing*
Given the high cost of land in Encinitas, inclusionary housing policy has been the most effective approach in achieving actual construction of affordable housing in the community. The City's inclusionary housing program requires housing developers of 10 or more dwelling units to reserve ten percent of the units for low or very low income households qualified by the Encinitas Housing Authority as meeting Section 8 Rental Assistance Requirements, or to pay an in-lieu fee if approved by the City Council. Since the 2009 decision in *Palmer/Sixth Street Properties v. City of Los Angeles,* the City has not been able to require developers of rental properties to provide affordable units.

If the developer elects to pay the in-lieu fee, the amount of the fee is calculated on a case-to-case basis, reflecting the affordability gap at the time of the request. Therefore, the in-lieu fee is sensitive to the market conditions and does not unduly burden the overall development. In-lieu fees are deposited into the City's Affordable Housing Fund, which provides funding for affordable housing consistent with the goals and policies of the City's Housing Element.

In a high-cost region such as San Diego, the inclusionary "costs" would likely be absorbed as part of market pricing mechanisms. The impact would be to somewhat diminish the profit margin on a highly profitable enterprise without much impact on the overall cost. As the City's inclusionary housing policy has a long-standing history, developers are familiar with the program and factor any associated costs in their feasibility analysis. The ordinance provides flexibility by including provisions for a waiver and allowing alternatives to on-site construction. For instance, the City approved a development to meet the inclusionary housing requirements through offsite construction and unit size reduction. The Housing Element includes a program to continue and broaden inclusionary housing policies by preparing a nexus study and updating the ordinance to allow additional options to provision of on-site units.

*Consistency with State Density Bonus Law*
State Density Bonus Law (SDBL), in Government Code Section 65915, is a voluntary program that requires cities and counties to provide a density bonus and certain other regulatory incentives "when an applicant for a housing development seeks and agrees to construct a housing development" that provides for a certain amount of affordable housing (GC 65915(b)(1). Under

State law, a development of five or more units is eligible to receive a density bonus if it meets at least one of the following:

- *Very low income units:* Five percent of the total units of the housing development as target units affordable to very low-income households; or

- *Low Income Units:* Ten percent of the total units of the housing development as target units affordable to low-income households; or

- *Moderate Income Units:* Ten percent of the total units of a newly constructed condominium project or planned development as target units affordable to moderate-income households, provided all the units are offered for purchase; or

- *Senior Units:* A senior citizen housing development of 35 units or more.

Density bonuses and development incentives are based on a sliding scale, where the amount of density bonus and number of incentives provided vary according to the amount of affordable housing units provided. The affordable units shall be deed restricted for a period of 30 years.

The City's Inclusionary Housing Ordinance in Municipal Code Chapter 24.21 requires affordable units in residential subdivisions of 10 or more units. The City provides a density bonus for these inclusionary units when they also meet the requirements of State density bonus law.

Between 2003 and 2013, the City approved 18 projects with density bonus units, totaling 356 new housing units, with 68 density bonus units and 38 affordable units (see Table 3-42). Over this same time period, the City of Encinitas approved 30 subdivisions, yielding 527 total units. Based on this development activity over the ten year period, 68 percent of all units were approved under density bonus subdivisions. Furthermore, in all cases, the number of density bonus units was at least equal to or exceeded the number of inclusionary affordable units required for the project. Therefore, the City's inclusionary housing policy does not serve to constrain housing development. Nevertheless, while the City complies with State law, the City has not amended its Zoning Code to reflect State law. The City will amend the Zoning Code to incorporate State density bonus requirements within one year of the Housing Element adoption.

**Table 3-42: Approved Density Bonus Projects (2003-2013)**

| Project Location | Total Units | Density Bonus Units | Affordable Units | Type | Zone |
|---|---|---|---|---|---|
| North side of Andrew Ave between Vulcan Ave. and Sheridan Rd. | 9 | 2 | 1 | Detached single family | R3 |
| Southeast Corner of Ashbury and Vulcan Ave | 69 | 7 | 7 | Attached and detached single family | R8 |
| East side of Vulcan Ave between Leucadia Blvd and Union St. | 20 | 3 | 3 | Multi-family | N-R15 |
| Quail Gardens Dr., North of Quail Gardens Lane | 10 | 2 | 1 | Detached single family | RR1 |
| 290 Andrew Ave | 9 | 2 | 1 | Detached single family | R3 |
| 135 Daphne | 10 | 2 | 1 | Detached single family | R11 |
| 1150 Melba Rd | 18 | 3 | 2 | Detached single family | R3 |
| 1007-1021 Hermes Ave | 9 | 3 | 1 | Detached single family | R8 |
| 2315 and 2323 Edinburg Ave | 12 | 1 | 1 | Detached single family and multi-family | R11 |
| 1253 Urania Ave | 9 | 3 | 1 | Detached single family | RR2 |
| 1253 Urania Ave and 956 Normandy Rd | 14 | 3 | 2 | Detached single family | RR2 |
| 422 Requeza St | 9 | 3 | 1 | Detached single family | R8 |
| 645 Saxony Rd | 72 | 14 | 10 | Single family | R3 |
| 1492 Hymettus Ave | 19 | 4 | 1 | Single family | R3 |
| 1264 Lake Dr | 12 | 3 | 1 | Single family | RR1 |
| 1745 Olivenhain Rd | 11 | 3 | 1 | Single family | R8 |
| 680 Normandy | 28 | 7 | 2 | Single family | R3 |
| 1335 Desert Rose Way | 16 | 3 | 1 | Single family | RR2 |
| **Total** | **356** | **68** | **38** | | |

Source: City of Encinitas, 2013.

*Growth Management Measures*

The City's General Plan, adopted in March 1989, includes an annual residential building limitation along with growth management policies and guidelines. The building limitation is based on the un-built development potential of the City at mid-range density divided by the remaining years of the 25 years build-out period (January 1989 to January 2014). Low- and moderate-income units are exempted from the allocation system, as are single family dwellings on lots established prior to adoption of the City's General Plan.

In 1999, the City analyzed the effectiveness of the growth management plan in regulating the pace of residential growth in Encinitas. The City found that the measure

has had no effect on limiting growth in Encinitas. There has not been a single year in which the number of building permit applications has exceeded the number of available permits. This is due primarily to two factors: low housing production and the cumulative effect of carrying over unallocated permits from year to year. The City stopped accounting for the permit cap shortly after this discovery was made. By 1999, the last year the City calculated permit caps, there were more than 1,200 permits available, more than triple the highest number of new dwelling permits issued in any year since the GMIP was established. Given the large surplus of available permits, the growth management plan has not posed a constraint on housing production, nor impeded the City's ability to accommodate its share of the regional housing need.

*Proposition A – Voter's Right Initiative*

Proposition A was adopted by voters in 2013 and requires voter approval of land use changes. Proposition A requires an affirmative vote of the people when publically or privately initiated changes are proposed to increase the currently allowed intensity or density of development (such as increasing the allowed number of residential units or increase in commercial square footage.) Not only does Proposition A affect how amendments are made to planning policy documents are made, but the ballot measure modifies building height standards in the City. Proposition A restricts the height of any structure to the lower of two stories or 30 feet, citywide. In cases where the existing codes specify a different maximum height standard, the more restrictive applies.

Thus, voter approval is required for amendments that would increase residential densities. On the other hand the voter requirement also creates additional challenges to convert residentially zoned properties to nonresidential, thereby deterring the potential loss of residential land to commercial, office, or industrial.

Each of the City's land use designations specifies a density range that includes the identification of how a property owner(s) can build or redevelop their land. Based on recent analysis and conversations with local real estate developers, real estate agents, and property owners; Proposition A has effectively reduced the holding capacity on some of the sites that formerly allowed 3-stories construction. This results in a decreased capacity in the DCM-1, DCM-2, and D-VCM Zones of the Downtown Encinitas Specific Plan, as well as the N-CM1, N-CM2, NCM-3, and N-CRM1 zones of the North 101 Corridor Specific Plan. On an unconstrained acre, it is estimated that the following averages could be developed under a two-story envelope:

- 19-24 units total for standalone residential (21.5 average)
- 15 units average when units are above ground floor retail. (Although the unit capacity is anticipated to be lower on small lots as a function of the commercial use/intensity.)

The residential lands inventory (Attachment A) shows a total, maximum capacity of 704 units in the DCM-1 Zone and 717 units in the D-CM2, N-CM1, N-CM2, NCM-3, and N-CRM1 Zones. It is anticipated that Proposition A's impact on building heights would reduce the maximum, inventory capacity in the following zones:

- D-CM1: from 704 to 318
- D-CM2, N-CM1, N-CM2, NCM-3, N-CRM1: from 717 to 613
- Additional small-lot infill sites/parcels may be lost due to less financial incentive for redevelopment

As noted above, the DCM-1 Zone, at a potential density of 15 dwelling units per acre, yields 318 units. Furthermore, the City would only get credit for a portion of these sites when factoring in that only 50 percent or up to 75 percent of the inventory is suitable for near-term development (credit range from 159 to 238 units). Since these units no longer satisfy the State's default density standard of 30 units per acre, unless this constraint is removed, all sites in the DCM-1 Zone result in an assignment to the moderate-income category as viable housing production opportunities at 15 units per acre. Consequently, Proposition A significantly reduces the net residential holding capacity of the inventory and the ability for the City to provide housing opportunities for lower income households.

As part of its adoption of the Housing Element, the City will submit to the voters a ballot measure that provides adequate residential sites to ensure compliance with the RHNA for the 2010-2021 planning period, as well as any zoning amendments that may be necessary to permit the necessary densities. If this measure is adopted by the voters, Proposition A should not present a constraint to housing development in the City. The City will be able to demonstrate adequate capacity to accommodate the City's full, "fair share" of RHNA.

Please note that Proposition A does not impact the inventory of lands available in previous planning periods or the City's AB 1233 analysis. The sites identified in the inventory were available at full capacity throughout the 2005-2010 planning period, as well as a portion of cycle 5 (2010-2021).

*Consistency with State Density Bonus Law*

State Density Bonus Law (SDBL), in Government Code Section 65915, requires cities and counties to provide a density bonus to a housing developer when the housing development provides a certain amount of affordable housing. SDBL states that a density bonus does not require a general plan, coastal plan, or zoning amendment, and so no vote is required, and Proposition A does not interfere with the rights of a developer to obtain density bonuses. By virtue of meeting the City's inclusionary housing requirement, a multi-family development would qualify for a density bonus, consistent with state law. In relation to the more restrictive height standards of Proposition A, an applicant who utilizes the density bonus provision may request one or more concessions or submit for waiver of development standards including height regulations. That is, if a project qualifies for the State density bonus, any development standards could be modified without voter approval.

*Specific Plans*
The City of Encinitas has adopted the following specific plans, which offer a range of housing types, densities, and/or mix of uses:

- Downtown Encinitas Specific Plan (Adopted February 9, 1994)
- Encinitas Ranch Specific Plan (Adopted September 28, 1994)
- North 101 Corridor Specific Plan (Adopted May 21, 1997)
- Cardiff-by-the-Sea Specific Plan (Adopted July 21, 2010) – submitted to California Coastal Commission in 2010.
- Home Depot Specific Plan (Adopted September 8, 1993)

The City anticipates that much of its new residential growth will occur in these Specific Plan areas, especially as mixed-use developments. Table 3-43 summarizes the zones where mixed-use developments are permitted.

*Downtown Encinitas Specific Plan*
The Downtown Encinitas planning area consists of approximately 198.6 acres located within the community of Old Encinitas. The area is bounded by the Pacific Ocean to the west, B Street on the north, Cornish Drive on the east, and K Street on the south. The purpose of this Specific Plan was to treat the unique aspects, problems, and opportunities of the Downtown Encinitas area, and maintain its identity, community character, and scale, while fostering rehabilitation and successful economic restructuring.

The Specific Plan outlines housing strategies for increasing housing potential in the following areas:

- *First Street Mixed-use:* The mixed-use zone for First Street (D-CM-1) allows residential units above or to the rear of primary commercial uses. Standalone residential is not permitted in this sub-district and residential units are not allowed to exceed 50 percent of the gross floor area of any site. Individual dwellings are required to be a minimum of 350 square feet in floor area. There is no residential density specified. Based on development standards and recent development projects, the equivalent of up to 34 dwelling units per acre may be allowed, taking into account the commercial portion of a site's development.

- *Second Street Mixed-use:* The mixed-use zone for Second Street (D-CM-2) allows for residential mixed with commercial on a site as well as a limited amount of stand-alone residential. This is allowed to a maximum of 25 dwellings per acre and for no more than 25 percent of the lots (by lot area) along the street.

- *Cozen's Site:* This sub-district (D-VCM) is another mixed-use zone. This zone is similar to the First Street zone in terms of residential use allowance, with no specified residential density but an overall limit by floor area on

how much site development may be residential. Residential units in this subdistrict will be attached multi-family.

- *D-OM Zone:* The D-OM Zone is another mixed-use zone, which applies to the east side of Third Street between E and F Streets, and is designed to allow office, residential, or mixed office/residential use. Stand-alone residential is limited to 15 dwellings per acre, to match the surrounding zoning allowance on Third Street. Mixed residential also is limited to 15 dwelling units per acre, and there is no proportional limit to the residential share.

- *Residential East Subdistrict:* This zone does not permit attached apartments of three or more units but allows duplex units on all lots of at least 5,000 square feet. The broadened duplex allowance increases the expected residential build-out potential of this neighborhood and allows for the transition of this neighborhood from original single-family to predominantly multifamily use.

- *Residential West Subdistrict:* With a few exceptions, most notably the Pacific View School site, the Residential West subdistrict is zoned D-R15 and D-R25, allowing up to 15 and 25 dwellings per acre respectively. For the most part these zones carry over the citywide R-15 and R-25 zoning provisions, allowing attached multi-family development.

Stand-alone residential development is required to meet citywide parking standards. Units in mixed-use development, however, are subject to a somewhat simplified parking standard, with no more than two off-street parking spaces required for any dwelling. The Specific Plan also offers a voluntary incentive for mixed-use units which are guaranteed to be affordable to low or very low income households. Affordable units are allowed a reduced, one-space per unit parking requirement.

*Encinitas Ranch Specific Plan*

The Encinitas Ranch Specific Plan is designed to allow agricultural uses to continue operating as a viable business, while permitting a mix of residential, commercial, mixed-use, recreation, and open space uses to develop on the remaining portions of the project site. The Encinitas Ranch Specific Plan provides residential, commercial, and mixed-use development, in addition to a substantial amount of natural open space, recreational area, and agricultural uses on a total of 852.8 acres, which includes the 29.8 acre Magdalena Ecke Park.

The most intense development within Encinitas Ranch occurs in the Green Valley Planning Area, adjacent to El Camino Real. This area include a 73.8 acre Regional Commercial Center (straddling Leucadia Boulevard) and approximately 24.8 acres of multi-family housing types including townhomes, condominiums and apartments in close proximity to the planned commercial

and office uses. Residential densities up to 25 dwelling units per acre are permitted for free-standing residential structures.

Besides the mixed-use development in Green Valley, there is a total of 13 acres of mixed-use development planned on the west side of Saxony Road in the southwestern portion of the project site. The West Saxony Planning Area is designed with the ability to contain community-serving uses such as a theater, and/or museum. If these uses are not built, then the area would develop with a mix of traditional residential and office uses. The Encinitas Ranch project also includes single family residential development. Single family dwelling units will be constructed in the Quail Hollow East, North Mesa, South Mesa and Sidonia East Planning Areas.

*North 101 Corridor Specific Plan*

The North 101 Corridor planning area consists of approximately 231 acres located within the communities of Leucadia and Old Encinitas. The specific plan allocates 83.1 acres of residential-only zoning which includes 10.4 acres of Residential 3 (N-R3), 28.4 acres of Residential 8 (N-R8), 1.4 acres of Residential 11 (N-R1), 4.9 acres of Residential 15 (N-R15), 15.8 acres of Residential 20 (N-R20), 10.6 acres of Residential 25 (N-R25), and 11.6 acres of Mobile Home Park (NMHP).

The specific plan has also expanded previous commercial zoning in the North Highway 101 Corridor Specific Plan area to allow residential use. There are five distinct commercial mixed-use zoning classifications in the Plan area. The N-CM-1, N-CM-2 and N-CM-3 zones provide for stand-alone commercial or commercial and residential uses at a maximum density of 25.0 dwelling units per net acre on the same property or in the same structure, with the intent of providing opportunities for housing and live/work or artisan loft arrangements. The N-CRM-1 zone provides for a variety of development opportunities including: 1) stand-alone commercial; 2) stand-alone residential at a maximum density of 25 dwelling units per net acre; and 3) mixed-use at a maximum density of 25 dwelling units per net acre. The N-CRM-2 zone provides for the same development opportunities as the N-CRM-1 zone except that the maximum density is set at 15 dwelling units per net acre.

*Cardiff-by-the-Sea Specific Plan*

The Cardiff-by-the-Sea Specific Plan focuses on a small but highly visible and highly valued portion of the Cardiff community. Generally considered the "business district" or sometimes "Downtown Cardiff," the area is principally a mix of low rise retail, office, institutional, and residential uses. Boundaries of the Cardiff-by-the-Sea Specific Plan are irregular but generally include properties between the west side of San Elijo Avenue and the west side of the alley between Newcastle Avenue and Manchester Avenue; and from the south side of Mozart Avenue to the north side of Orinda Drive.

Within the Cardiff-by-the-Sea Specific Plan area are four separate Planning Areas, two of which allow residential uses of up to 11 dwelling units per acre. Planning Area 1 is roughly bound by Mozart Avenue on the north, Montgomery Avenue on the east, Birmingham Drive on the south, and San Elijo Avenue on the west. Single- and multi-family housing, professional and administrative offices, and restaurants define this Planning Area. This Planning Area functions as a transition between the residential area to the south and the commercial area to the north. More than half the area is developed residentially.

*Home Depot Specific Plan*

The Home Depot Specific Plan area encompasses a total of approximately 55.5 acres in the north central part of the City of Encinitas. The Specific Plan has been subdivided into four planning areas, one of which allows residential uses of up to 5 dwelling units per acre. The Encinitas General Plan allows for a maximum density of 5 dwelling units per acre and a midrange density of 4 dwelling units per acre in Planning Area 2. Planning Area 2 includes 17 single-family detached homes on approximately 6.5 acres (net) at a net density of 2.6 dwelling units per acre.

**Table 3-43: Land with Mixed-use Potential**

| General Plan Code | Description | Mixed-use Type | Density Allowed (Du/Ac) |
|---|---|---|---|
| D-CM-1 | Mixed-use | Mixed-use: Commercial with Residential | Approximately 34 du/acre; limited to 50% of site's building floor area; floor area bonus for affordable housing. |
| D-CM-2 | Mixed-use | Commercial with Residential (free-standing (single family or multi-family) or mixed-use) | 25 du/ac; free-standing limited to 25% of the zone district's total lot acreage; mixed-use is limited to 50% of site's building floor area; floor area bonus for affordable housing. |
| D-VCM | Mixed-use | Mixed-use: Visitor-serving commercial -with multi-family residential | 18 du/ac and limited to 30% of the ground floor area and 50% of the site's building floor area. |
| D-OM | Mixed-use | Commercial with Residential (free-standing single family (detached or attached) (Duplex; Senior. or mixed-use) | 15 du/ac; mixed-use limited to 50% of the ground floor area. |
| N-CM-1 | Mixed-use | Mixed-use: Commercial with Residential | 25 du/ac and limited to 50% of the site's building floor area. |
| N-CM-2 | Mixed-use | Mixed-use: Commercial with Residential | 25 du/ac and limited to 50% of the site's building floor area |
| N-CM-3 | Mixed-use | Mixed-use: Commercial with Residential | 25 du/ac and limited to 50% of the site's building floor area |
| N-CRM-1 | Mixed-use | Commercial with Residential (free-standing single family (detached or attached) or mixed-use) | 25 du/ac; mixed-use limited to 50% of the site's building floor area |
| N-CRM-2 | Mixed-use | Commercial with Residential (free-standing single family (detached or attached) or mixed-use) | 15 du/ac; mixed-use limited to 50% of the site's building floor area |
| ER-MU-1 | Mixed-use | Mixed-use: Commercial with Residential | 25 du/ac |
| ER-MU-2 | Mixed-use | Mixed-use: Commercial with Residential | 20 du/ac |

### 2. *Residential Development Standards*

Citywide, outside the specific plan areas, the City regulates the type, location, density, and scale of residential development primarily through the Zoning Code. The following summarizes the City's existing residential zoning districts. New zones created to implement the adequate lands inventory to accommodate the RHNA share of lower income households will be discussed separately.

- *Rural Residential (RR) – 0.125 to 0.5 du/acre:* Rural Residential is intended to provide for very low density single-family detached residential units on larger lots ranging in size from two to eight net acres with maximum densities of 0.5 to 0.125 units per net acre for compatibility with the more rural areas of the City. Parcels located in flood plain areas are designated 0.125 units per acre (8 net acre lots). One primary dwelling is permitted on each legal lot.

- *Rural Residential 1 (RR-1) – 1.0 du/acre:* Rural Residential 1 is intended to provide for low density single-family detached residential units with minimum lot sizes of one net acre and maximum densities of 1.0 unit per net acre for rural area compatibility. One primary dwelling is permitted on each legal lot.

- *Rural Residential 2 (RR-2) – 2.0 du/acre:* Rural Residential 2 is intended to provide for low density single-family detached residential units with minimum lot sizes of 21,500 net square feet and maximum densities of 2.0 units per net acre, as a transition from the rural to the more suburban areas within the City. One primary dwelling is permitted on each legal lot.

- *Residential 3 (R-3) – 3.0 du/acre:* Residential 3 is intended to provide for single-family detached residential units with minimum lot sizes of 14,500 net square feet and maximum densities of 3.0 units per net acre, as a rural to suburban transition. One primary dwelling is permitted on each legal lot.

- *Residential 5 (R-5) – 5.0 du/acre:* Residential 5 is intended to provide for lower density suburban development consisting of single-family detached units with minimum lot sizes of 8,700 net square feet and maximum densities of 5.0 units per net acre. One primary dwelling is permitted on each legal lot.

- *Residential 8 (R-8) – 8.0 du/acre:* Residential 8 is intended to provide for suburban single-family detached residential units with minimum lot sizes of 5,400 net square feet and maximum densities of 8.0 units per net acre. One primary dwelling is permitted on each legal lot.

- *Residential RS-11 (RS-11) – 11.0 du/acre:* Residential RS-11 is intended to provide for single family detached residential units with minimum lot sizes of 3,950 net square feet and maximum densities of 11.0 units per net acre. One primary dwelling is permitted on each legal lot.

- *Residential 11 (R-11) – 11.0 du/acre:* Residential 11 is intended to provide for a variety of residential development types found within the coastal areas, ranging from single-family detached units to single-family attached units, such as condominiums, townhouses, and senior housing. The minimum lot size is 3,950 net square feet and the maximum density is 11 units per net acre.

- *Residential 15 (R-15) – 15.0 du/acre:* Residential 15 is intended to provide for higher density residential development within the coastal areas including single-family units (attached and detached), duplex units, and senior housing, with a maximum density of 15 units per net acre.

- *Residential 20 (R-20) – 20.0 du/acre:* Residential 20 is intended to provide for compatible high density multiple-family residential development including apartments, condominiums, and senior housing, with a maximum density of 20 units per net acre.

- *Residential 25 (R-25) – 25.0 du/acre:* Residential 25 is intended to provide for compatible high density multiple-family residential development including apartments, condominiums, and senior housing, with a maximum density of 25 units per net acre.

- *Mobile Home Park (MHP) – 11.0 du/acre:* Mobile Home Park is intended to provide exclusively for mobile home park development with a maximum density of 11 units per net acre for new or redeveloped parks.

The City's Zoning Code also regulates the physical development of land by imposing minimum standards on lot size, lot width and depth, setbacks, and by placing maximum limits on lot coverage and floor-area ratio (FAR). These development standards are intended to control for unacceptable mass and bulk, ensure proper scale of development, provide minimum light, air, and open space for every lot, and minimize the potential for spillover and edge effects between uses. City-wide, the standards vary among zoning categories and are "fine-tuned" for the specific plan areas. The City's determination of realistic site capacity reflects these standards.

**Table 3-44: Residential Development Standards**

| Zoning District | Maximum Density | Maximum Building Height (ft.) | Minimum Net Lot Area (sq. ft.) | Minimum Lot (ft.) | | Setbacks (ft.) | | | Maximum Lot Coverage |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Width | Depth | Front | Rear | Side | |
| RR | 0.125 (8 ac flood plain) 0.25-0.5 (2-4 ac, depending on slope) | 26 | 2 acres | 110 | 150 | 30 | 25 | 15-20 | 35 |
| RR-1 | 1 | 26 | 1 acre | 110 | 150 | 30 | 25 | 15 | 35 |
| RR-2 | 2 | 22-26 | 21,500 | 100 | 150 | 30 | 25 | 10-15 | 35 |
| R-3 | 3 | 22 | 14,500 | 80 | 100 | 25 | 25 | 10 | 35 |
| R-5 | 5 | 22 | 8,700 | 70 | 100 | 25 | 25 | 10 | 35 |
| R-8 | 8 | 22 | 5,400 | 60 | 90 | 25 | 25 | 5-10 | 40 |
| R-11/ RS-11 | 11 | 22 | 3,950 | 40 | 90 | 20 | 20 | 5-10 | 40 |
| R-15 | 11-15 | 22 | 20,000 | 100 | 150 | 20 | 15-20 | 5-20 | 40 |
| R-20 | 15-20 | 22 | 20,000 | 100 | 150 | 20 | 15-20 | 5-20 | 40 |
| R-25 | 20-25 | 22 | 20,000 | 100 | 150 | 20 | 15-20 | 5-20 | 40 |
| MHP | 11 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

Source: City of Encinitas Zoning Code, 2011.

*Minimum Lot Sizes*
Minimum lot sizes and dimensions (width and depth) correspond to their residential density categories such that application of these standards will allow planned density to be achieved. For example, the R-11 zone requires a minimum lot size of 3,950 square feet (sf) per dwelling unit (du) and minimum dimensions of 40 feet by 90 feet, which is less than the 3,960 sf/du minimum required to achieve a density of 11 du/acre (43,560 sf /11 du = 3,960 sf/du). Additionally, City ordinances allow some flexibility for legal non-conforming lots whose sizes may not meet current minimum standards. For example, a duplex development is permitted on legal lots as small as 5,000 sf (2,500 sf/du). Therefore, minimum lot size and lot dimension standards do not constrain the ability to achieve planned densities.

*Setbacks*
Minimum setback or yard requirements vary among the residential zones. The primary purposes of imposing setbacks is to ensure adequate air and light between properties, to ensure adequate on-site access and circulation, to provide opportunities for private open space areas (yards), and to separate uses between properties to minimize conflicts and potential life/safety hazards. Generally speaking, setbacks are tied to lot size, meaning smaller lots have lower minimum setbacks, and larger lots require larger "yards." As with other development standards, the Zoning Code and specific plans provide flexibility to minimum requirements under certain circumstances. For example, in the R-15 through R-30 zones, the minimum side yard requirement can be reduced from 15 feet to five feet for existing legal lots that do not meet current minimum lot size requirements. Also, the front yard requirement can be reduced from 20 feet to 15 feet in cases where parking access can be taken from an abutting alley. While it is possible that setback requirements may inhibit maximum density from being realized in some cases, there is enough flexibility in the current ordinances that setback requirements do not constitute a significant constraint on residential development. Setback requirements have been considered in the City's calculation of realistic site capacity.

*Lot Coverage and FAR*
Lot coverage and floor area ratio (FAR) standards are intended to control bulk, mass, and intensity of a use. Lot coverage limits a building's footprint and is defined as the percentage between the ground floor area of building(s) and the net area of a lot. FAR limits the total usable floor area and is expressed as a ratio between the bulk floor area of building(s) and gross lot area. In most residential-only zones (except R-30), while maximum lot coverage ranges between 35 to 40 percent, a FAR of 0.6 applies only in the middle density zones (R-5 to R-11/RS-11). Floor area ratio limits do not apply to the higher density multi-family zones, nor do they apply to any but three of the specific plan mixed-use zones (D-CM-2, D-OM, and D-VCM). As applied to residential development, these standards may only limit the size of dwelling units, and do not limit the number of units, which is an expression of density (that is, zoning). FAR, combined with height limitations, can potentially prevent maximum density from being achieved in certain cases. This is most likely to be the case in older, small lot areas, but as discussed under "Residential Height Limits", the City has adopted more flexible zoning standards to encourage infill and redevelopment in these areas.

To examine whether the FAR limitation alone or in combination with other development standards has resulted in development at less than maximum density, the City reviewed records of new construction between 2000 and 2007 in the R-11 and D-CM-2 zones. During this time period some 85 new units were constructed in the R-11 zone. Only three properties developed at less than maximum density, none of which appeared to have been constrained by FAR or other development standards. Two of the properties developed as single-family homes with an accessory unit and the third developed as a single-family dwelling only. Also, during this period, five mixed-use projects were constructed in the D-CM-2 zone. Three of these developed at or near the maximum 0.65 FAR, only one of which achieved maximum density. The others that did not develop at maximum density could have if the non-residential floor area was dedicated to residential use (this zone allows standalone residential). Therefore, while it is conceivable that some combination of development standards may preclude maximum density from being realized under unique circumstances, the City's analysis has not identified any such constraints in the multi-family or mixed-use zones. Lot coverage and FAR do not constrain the ability to achieve planned densities.

*Building Height*

Residential building height in the rural residential zones (R through RR-1 and RR-2 for standard lots in Olivenhain) is permitted up to a maximum of 30 feet without discretionary review (26 feet in height if the structure consists of a flat roof). For most other residential zones, building height is limited to two-stories and 22 feet (flat roof)/26 feet (pitched roof). These restrictions on height in most cases do not pose a significant constraint to the provision of housing and reinforces the community's need to protect the existing character, views and quality of the communities within Encinitas. Higher density housing can be constructed within these height limits as demonstrated by the City's development history, particularly in the Downtown Encinitas Specific Plan area where there is no density limit. The City has demonstrated that higher density and affordable housing can be, and is being, constructed within these height parameters.

Relative to Proposition A, the ballot measure established a citywide height limitation and new method for establishing where height is measured from (the lower of natural or finished grade). Previously, in some circumstances (before Proposition A) an approved subdivision may have established the finished pad elevation from which building height is measured with consideration given to on-site and surrounding terrain. The purpose of the new method of measuring height is to discourage excessive grading activity and the building up of pads. This helps minimize impacts to the topography and adjacent views. Some architectural elements may project up to four feet above the height limit.

If required for the City to fully accommodate its "fair share" of RHNA, a measure will be placed on the ballot to allow heights exceeding the Proposition A limits. These exceptions will be applied on site specific parcels as identified in the rezoning program. Even without an amendment to the height limit, however, local developers have confirmed that R-25 sites could develop at densities of 19-24 units per acre under the Proposition A limits.

The building envelopes resulting from the height limits discussed above, combined with other development standards such as setbacks, results in sufficient area to realize the density of dwellings as planned for individual lots. That is, the existing or proposed height limits are intended to allow planned density to be achieved. While certain lots in the City may be impacted by physical limitations, such as non-conforming lot areas and/or unusual shapes or topography, such properties can seek relief from development standards through the variance process. Also, since substandard lot conditions are most likely to occur in the older parts of the city, flexibility in the zoning regulations has been provided in those areas through the adoption of specific plans.

*Net Lot Area*

The City's General Plan and Zoning Code require that certain constrained lands be excluded from net lot area. The net lot area is then utilized to calculate the project density. For purposes of density, the gross lot area is reduced by the presence of steep slopes as follows: the density for properties containing slopes is calculated based on the following:

- Zero to 25 percent slope – no deduction (100 percent density);
- 25-40 percent slope – half of area deducted (50 percent density); and
- Slopes greater than 40 percent, plus or minus area completely excluded (no density allowance).

Other constrained areas are deducted as well, including floodplains, beaches, permanent bodies of water, significant wetlands, major utility easements, railroad track beds or rights-of-way, and easements for streets and roads. According to SANDAG (2030 Forecast, 2005 Inputs), approximately ½ of the remaining land otherwise available for residential development in Encinitas (excluding the Downtown and North Highway 101 specific plan areas) is environmentally-constrained. However, almost 99 percent of the identified constrained lands occur in the lower residential density categories: 1 du/acre through 8 du/acre. Land at these densities is capable of supporting above-moderate income housing. As demonstrated in the Housing Resources section of this Housing Element, the City has sufficient land to support the regional share for above-moderate income housing, even with the environmental constraints identified above.

*Parking Standards*

Adequate off-street parking shall be available to avoid street overcrowding. Parking requirements for single-family and multi-family residential uses in Encinitas are summarized in Table 3-45.

**Table 3-45: Parking Requirements**

| Type of Residential Development | Required Parking Spaces |
|---|---|
| SRO Hotels and Temporary Shelters | 1 space for every 2 units |
| Single-Family or Two-Family Dwelling | 2 enclosed parking spaces for each unit up to 2500 square feet of floor area. 3 spaces for dwelling units in excess of 2500 square feet. Any parking space over 2 spaces may be enclosed or unenclosed. |
| Multiple-Family Apartments (including Mobile Home Parks) | |
| Studio Apartments | 1.5 spaces per unit + 0.25 spaces per units |
| 1-2 Bedroom Units | 2 spaces per unit + 0.25 spaces per units |
| 3+ Bedroom Units | 2.5 spaces per unit + 0.25 spaces per units |
| Accessory Apartments | 1 space |

Source: City of Encinitas Zoning Code, 2010.

The relaxing of parking standards are often used as an incentive to induce the rehabilitation of existing buildings and the creation of affordable dwelling units. The City has provided this incentive within the Downtown Encinitas and North 101 Corridor Specific Plans. The specific plans require only one space per unit for units that are guaranteed affordable to low or very low income households. This should not be affected by the State Density Bonus Law, SB 1818. The State Density Bonus Law states that the City cannot require more than one onsite space per unit for studio to one bedroom units, two onsite spaces per unit for two to three bedroom units, and 2.5 onsite spaces per unit for four or more bedroom units. Therefore, this provides an incentive for more efficient use of a property and makes it easier to meet the off-street parking requirement.

Through the conditional use permit process, the City can also consider a less stringent parking requirement if a site-specific parking study clearly demonstrates that traffic circulation, public safety, coastal access, and the availability of public on-street parking are not impaired. The Zoning Code also provides for case-by-case evaluation of proposed joint-use parking agreements and off-site parking arrangements.

Not only does the required number of parking spaces affect the development potential of a property, but the physical design of the required parking can also affect it as well. The Planning Commission has the authority to establish and amend from time to time parking design guidelines, which govern parking space layout, minimum dimensions, location, circulation, landscaping, surfacing materials and the like.

While off-street parking standards can affect planned residential density, especially for small lots and in-fill areas, this potential constraint is mitigated by the incentives and flexible standards described above. However, the Housing Element includes a program to amend the zoning code parking standards for affordable, mixed use and transit-oriented housing projects and to ensure that the parking standards do not constrain realistic capacity.

*Flexibility in Development Standards*
In addition to the variability and flexibility in the development standards described above, the Zoning Code also provides potential for further flexibility through the Lot Area Averaging and Planned Residential Development (PRD) entitlement processes. Implemented through a conditional use permit, these provisions encourage more creativity and flexibility in design to minimize grading, preserve significant natural resources or topographical features, and promote more efficient and economical use of land. Where the lot averaging and PRD processes are not appropriate but relief from the above standards is still warranted, the opportunity for a variance approval exists. As such, the above standards collectively do not pose a significant constraint to residential development overall.

*Mid-range Density*
In the past, the City utilized a mid-point density as a growth management tool. Projects resulting in five or more residential units/lots were limited to the mid-point density of the applicability zoning category. Project applicants could request to exceed the mid-point if findings could be made that the proposed project excels in design excellence and/or provides extraordinary community benefits. This policy is recommended to be eliminated for land use designations that are keys to accommodate an inventory of adequate sites for lower income housing.

### *3. Provision for a Variety of Housing Types*

Housing Element law specifies that jurisdictions shall identify adequate sites to be made available through appropriate zoning and development standards to encourage the development of a variety of housing types for all economic segments of the population. This includes single-family homes, multi-family housing, second units, mobile homes, emergency shelters, and housing for persons with disabilities.

Table 3-46 below summarizes the various housing types permitted within the City's zoning districts.

**Table 3-46: Use Regulations for Residential Districts**

| Use | RR, RR-1, RR-2 | RS-11, R-3, R-5, R-8 | R-11, R-15 | R-20, R-25 | MHP |
|---|---|---|---|---|---|
| Single-Family Dwelling | P | P | P | P | P |
| Secondary Dwelling Unit | P | P | P | P | P |
| Multi-Family Dwelling | X | X | P | P | X |
| Mobile Home Park | X | X | C | C | P |
| Manufactured Housing | P | P | P | P | P |
| Residential Care Facility (6 or fewer) | P | P | P | P | X |
| Residential Care Facility (7 or more) | C[1] | C[1] | C | C | X |

*Single-Family Dwelling*
A "single-family dwelling" is defined in the Zoning Code as a one-family dwelling, attached or detached, located on separate lots or parcels exclusively for residential occupancy. Single-family dwellings are permitted in all residential zones.

*Accessory Unit*
Accessory dwelling units are attached or detached dwelling units that provide complete independent living facilities for one or more persons including permanent provisions for living, sleeping, cooking and sanitation. Accessory units may be alternative source of affordable housing for lower-income households and seniors.

The passage of AB 1866 (effective July 2003) requires cities to use a ministerial process to consider accessory dwelling units in an effort to facilitate the production of affordable housing state-wide.

The City of Encinitas permits one attached or detached accessory unit to be constructed (with a floor area no greater than 750 square feet or 30 percent of the area of the principal residence, whichever is less) on all property zoned for residential single-family dwellings. An accessory unit of 400 square feet is permitted regardless of the living area of the principal residence. The City has approved approximately 19 to 20 units per year on average.

*Multi-Family Dwelling*
According to the State Department of Finance, multiple-family housing makes up approximately 22 percent of the 2010 housing stock in Encinitas. The Zoning Code provides for multi-family developments in the higher density residential zones (R-11, R-15, R-20 and R-25). The maximum density for the R-25 zones is 25 units per acre.

*Mobile Home Parks and Manufactured Housing*
Manufactured housing and mobile homes can be an affordable housing option for low and moderate income households. According to the California Department of Finance, there were 770 mobile homes in the City as of January 2010. A mobile home built after June 15, 1976, certified under the National Manufactured Home Construction and Safety Act of 1974, and built on a permanent foundation may be located in any residential zone where a conventional single-family detached dwelling is permitted subject to the same restrictions on density and to the same property development regulations. The Encinitas Municipal Code does not define manufactured housing. However, factory-built modular homes, constructed in compliance with the Uniform Building Code (UBC), and mobile homes/manufactured housing units that comply with the National Manufactured Housing Construction and Safety Standards Act of 1974, are considered single-family dwellings and treated as such. Mobile Home Parks require a Conditional Use Permit (CUP) in the higher density residential zones (R-11, R-15, R-20 and R-25).

*Residential Care Facilities*
Residential care facilities licensed or supervised by a Federal, State, or local health/welfare agency provide 24-hour non-medical care of unrelated persons who

are handicapped and in need of personal services, supervision, or assistance essential for sustaining the activities of daily living or for the protection of the individual in a family-like environment. Several state laws, including the Community Care Facilities Act (California Health and Safety Code) and Lanterman Developmental Disabilities Services Act (California Welfare and Institution Code), require that State-licensed residential care facilities serving six or fewer persons (including foster care) be treated as a regular residential use and therefore shall be permitted by right in all residential zones allowing residential uses. These facilities cannot be subject to more stringent development standards, fees, or other standards than the same type of housing in the same district.

In accordance with these provisions, Encinitas allows residential care facilities serving six or fewer persons within all residential zones. Residential care facilities serving more than six persons are conditionally permitted in all single-family residential zones when located on a prime arterial roadway, and conditionally permitted in all multi-family zones. Conditions for approval are similar to those of similar uses in the same zone.

*Emergency Shelters*
Senate Bill 2, enacted in October 2007, requires local governments to identify one or more zoning categories that allow emergency shelters (year-round shelters for the homeless) without discretionary review. The statute permits the City to apply limited conditions to the approval of ministerial permits for emergency shelters. The identified zone shall have sufficient capacity to accommodate at least one year-round shelter and accommodate the City's share of the regional unsheltered homeless population. Encinitas' share of the regional unsheltered homeless population is estimated to be 134 individuals.

The City of Encinitas' Zoning Code does not explicitly address emergency shelters. The City will amend its Zoning Code within one year of adoption of the Housing Element to permit homeless shelters by right, without discretionary review, within the Light Industrial (LI) and Business Park (BP) zones, consistent with State law. Areas designed as the Light Industrial zone account for approximately 21 acres, or less than one half percent of the total land area, in the City. A small concentration of various light industrial uses are all tightly clustered, with some commercial services, in a specific area located off of Westlake Street (south of Encinitas Boulevard). Uses in this light industrial area include storage facilities and some service-related uses, such as auto body repair. Located at the corner of Westlake Street and Encinitas Boulevard are bus stops going to and from the Town Center (Route 309). Within this area, eight parcels are zoned LI and BP, totaling eight acres and including two parcels that are vacant (0.46 acre). These zones will be more than able to accommodate, in vacant and underutilized properties or through conversion of warehouse buildings, at least one emergency shelter for Encinitas' homeless population of 184 individuals (50 sheltered and 134 unsheltered).

*Transitional Housing*
Government Code Section 65582 defines "transitional housing" as buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculating of the assisted unit to another

eligible program recipient at some predetermined future point in time, that shall be no less than six months from the beginning of assistance. Residents of transitional housing are usually connected to supportive services designed to assist the homeless in achieving greater economic independence and a permanent, stable living situation. Transitional housing can be located in single-family homes but is usually located in multi-family apartments and typically offers case management and support services to help return people to independent living (often six months to two years).

Currently, transitional housing facilities are included in the Encinitas Zoning Code as residential care facilities. The City will amend its Zoning Code, within one year of adoption of the Housing Element, to allow transitional housing to be considered a residential use of property, subject only to restrictions that apply to other residences of the same type (single-family or multi-family) in the same zone.

*Supportive Housing*

Supportive housing links the provision of housing and social services for the homeless, people with disabilities, and a variety of other special needs populations. Government Code Section 65582 defines "supportive housing" as housing with no limit on length of stay, that is occupied by the target population, and that is linked to on-site or off-site services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. "Target population" means persons with lower incomes who have one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health conditions, or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act (Division 4.5, commencing with Section 4500, of the Welfare and Institutions Code, who include persons diagnosed with a developmental disability before age 18) and may, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, or homeless people. Similar to transitional housing, supportive housing may be located in single-family homes or multi-family apartments. Supportive housing usually includes a service component either on- or off-site to assist the tenants in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

The Encinitas Zoning Code does not currently address the provision of supportive housing. The Zoning Code will be amended to allow supportive housing to be considered a residential use of property, subject only to restrictions that apply to other residences of the same type (single-family or multi-family) in the same zone.

*Single Room Occupancy Units (SROs)*

SRO units are one-room units intended for occupancy by a single individual. They are distinct from a studio or efficiency unit, in that a studio is a one-room unit that must contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other and could be equivalent to an efficiency unit. The Encinitas Zoning Code does not contain specific provisions for SRO units; however single-room occupancy hotels are permitted in the Downtown Encinitas

Specific Plan and North 101 Corridor Specific Plan. The City will amend the Zoning Code to permit SROs with a Conditional Use Permit in the General Commercial zoning district.

*Farmworker Housing*
The City of Encinitas has established an agricultural overlay zone and, within the Encinitas Ranch Specific Plan, an Agricultural (AG) zone. The Specific Plan further specifies that farm employee housing requires the approval of a minor use permit.

The City will amend the Zoning Code to comply with State laws with regard to agricultural worker housing. Specifically, pursuant to the State Employee Housing Act (Section 17000 of the Health and Safety Code), employee housing for agricultural workers consisting of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single-family or household is permitted by right in an agricultural land use designation. Therefore, for properties that permit agricultural uses by right, a local jurisdiction may not treat employee housing that meets the above criteria any differently than an agricultural use. Furthermore, any employee housing providing accommodations for six or fewer employees shall be deemed a single-family structure within a residential land use designation, according to the Employee Housing Act. Employee housing for six or fewer persons is permitted wherever a residence is permitted. To comply with state law no conditional use permit or variance will be required.

*Housing for Persons with Disabilities*
Both the federal Fair Housing Amendment Act (FHAA) and the California Fair Employment and Housing Act direct local governments to make reasonable accommodations (that is, modifications or exceptions) in their zoning laws and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. The City conducted an analysis of the zoning ordinance, permitting procedures, development standards, and building codes to identify potential constraints for housing for persons with disabilities. The City's policies and regulations regarding housing for persons with disabilities are described below.

*Land Use Controls*
Under State law, small licensed residential care facilities for six or fewer persons shall be treated as regular residential uses and permitted by right in all residential districts. Encinitas allows residential care facilities serving six or fewer persons within all residential zones. Residential care facilities serving more than six persons are conditionally permitted. The City has not adopted a spacing requirement for residential care facilities.

*Definition of Family*
A restrictive definition of "family" that limits the number of unrelated persons and differentiates between related and unrelated individuals living together is inconsistent with the right of privacy established by the California Constitution.

The City of Encinitas Zoning Code defines a "family" as "one or more persons, an individual or two (2) or more persons related by blood, marriage or adoption, or a group including unrelated individuals bearing the generic character of and living together as a relatively permanent unit sharing such needs as cooking facilities. Family shall also mean the persons living together including the licensee, the members of the licensee's family, and persons employed as facility staff in the following facilities licensed to serve six (6) or fewer persons: A) a licensed "residential facility", as that term is defined in the California Community Care Facilities Act, California Health & Safety Code Section 1500 et. Seq; B) a licensed "residential care facility for the elderly", as that term is defined in the Residential Care Facilities for the Elderly Act, California Health & Safety Act, Section 1569 et. seq.; C) a licensed "congregate care" or "intermediate care facility, as defined in California Health & Safety Code Section 1250; or D) a licensed Alcohol and Drug Abuse Recovery Treatment Center, as defined in the Uniform Controlled Substances Act, California Health & Safety Code Section 11000 et seq." The City's definition of family does not limit the number of unrelated persons living together and does not need to be amended.

*Building Codes*

The Building and Safety Division actively enforces the California Building Code provisions that regulate the access and adaptability of buildings to accommodate persons with disabilities. No unique restrictions are in place that would constrain the development of housing for persons with disabilities. Government Code Section 12955.1 requires that 10 percent of the total dwelling units in multi-family buildings without elevators consisting of three or more rental units or four or more condominium units subject to the following building standards for persons with disabilities:

- The primary entry to the dwelling unit shall be on an accessible route unless exempted by site impracticality tests.

- At least one powder room or bathroom shall be located on the primary entry level served by an accessible route.

- All rooms or spaces located on the primary entry level shall be served by an accessible route. Rooms and spaces located on the primary entry level and subject to this chapter may include but are not limited to kitchens, powder rooms, bathrooms, living rooms, bedrooms, or hallways.

- Common use areas shall be accessible.

- If common tenant parking is provided, accessible parking spaces is required.

*Encroachment Permit Procedure*

Encroachment permits for structures within public rights-of-way are handled administratively by the Engineering Services Department. Improvements

designed to improve accessibility (such as a wheelchair ramp) that encroach on the public right-of-way needs a Permanent Encroachment permit with a Maintenance and Removal Covenant. The applicant provides a drawing of the proposed improvements in relation to the public right of way, which is then reviewed by the City Engineer. The improvements shall be completed by a licensed and insured general contractor. There is a nominal permit fee as well as a small recording fee. The City's permit processes for waivers and encroachments are relatively simple and expeditious and do not constitute a constraint to reasonable accommodations for persons with disabilities.

*Retrofitting*

The City also allows residential retrofitting to increase the suitability of homes for persons with disabilities in compliance with ADA requirements. Such retrofitting is permitted under Chapter 11 of the California Code. The City works with applicants who need special accommodations in their homes to ensure that application of building code requirements does not create a constraint.

The City does not impose special permit procedures or requirements that could impede the retrofitting of homes for accessibility. The City's requirements for building permits and inspections are the same as for other residential projects. City officials are not aware of any instances in which an applicant experienced delays or rejection of a retrofitting proposal for accessibility to persons with disabilities.

*Permits and Review Procedures*

The City does not impose special occupancy permit requirements for the establishment or retrofitting of structures for residential use by persons with disabilities. Generally, if structural improvements were required for an existing group home, a building permit would be required. If a new structure were proposed for a group home use, review would be required as for any other new residential structure.

Many residential projects in the City require some level of design review. The design review and hearing process is the same for group homes and special needs housing for persons with disabilities as for other residential projects. The City's design review process has not been used to deny or substantially modify a housing project for persons with disabilities to the point where it is no longer feasible.

*Reasonable Accommodation*

Both the Federal Fair Housing Act and the California Fair Employment and Housing Act direct local governments to make reasonable accommodations (that is, modifications or exceptions) in their zoning laws and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. For example, it may be reasonable to accommodate requests from persons with disabilities to waive a setback requirement or other standard of the Zoning Code to ensure that

homes are accessible for the mobility impaired. Whether a particular modification is reasonable depends on the circumstances.

Encinitas provides information to applicants or those inquiring of City regulations regarding accommodations in zoning, permit processes, and application of building codes for persons with disabilities. Applicants for development projects may apply for a variance from development standards if circumstances warrant. Certain minor variances may be granted by the City's zoning administrator, while other variance requests shall be approved by the Planning Commission. In either case, rather strict findings shall be made in order to grant a variance. As such, the formal variance procedure may not be the appropriate vehicle to consider requests for reasonable accommodations. The City has no formalized procedures for obtaining a waiver of development standards which may be necessary to make improvements for reasonable accommodation pursuant to ADA. In the past, the City has considered such requests on a case-by-case basis. The City will amend the Zoning Code to implement a reasonable accommodation procedure to address reasonable accommodation requests.

### *4. Development and Planning Fees*

Residential developers are subject to a variety of fees and exactions to process permits and provide necessary services and facilities as allowed by State law. In general, these development fees can be a constraint to the maintenance, improvement, and development of housing because the additional cost borne by developers contributes to overall increased housing unit cost. However, the fees are necessary to maintain adequate planning services and other public services and facilities in the City. These fees have not been found to act as a constraint to the development of housing in Encinitas.

Table 3-47 summarizes the most common planning and development impact fees for the City of Encinitas and other North County Coastal cities. In general, the City's fees are comparable to those imposed on developments in other North San Diego communities.

Development fees vary depending on housing type and the location of the project. However, generally, a developer can expect to pay $4,846 in total fees for a typical single-family dwelling unit of 1,800 square feet, representing less than three percent of the building valuation (excluding land costs). For a small multi-family project (five to ten units), fees total approximately $3,990 per unit (1,200 square feet), representing just three percent of the building valuation (excluding land costs). Given the high land costs in Encinitas, the City's planning and development fees represent only a small percentage of the overall development costs and do not serve to constrain housing development.

## Table 3-47: Regional Comparison of Planning and Development Fees (2011)

| | Encinitas | Carlsbad | Oceanside | Solana Beach |
|---|---|---|---|---|
| Planning Fees | | | | |
| Coastal Development Permit | $1,600 | $999-$3,295 | $4,000 | |
| Design Review/Development Review | $1,000-$4,800 | -- | $4,838-$6,435 | $3,030-$10,000 |
| Major Use Permit/Conditional Use Permit | $6,000 | $4,162 | $4,503 | $9,300 |
| Minor Use Permit | $1,600 | $697 | $3,152 | $2.327 |
| Tentative Parcel Map | $3,500 | $3,531 | $3,089 | -- |
| Final Parcel Map | $1,600 | $3,115 | -- | -- |
| Tentative Subdivision Map | $10,000 | $7,647-$15,283 | Deposit Account | $8,674-$10,858 |
| Final Subdivision Map | $2,000 | $6,939 | -- | $4,002-$5,777 |
| Variance | $1,200-$3,200 | $2,624 | $4,000 | $2,163 |
| Plan Check | $50-$1,500 | 65% of building permit | -- | -- |
| Environmental Review-Initial Study | $4,200 | -- | Deposit Account | $291 plus cost |
| General Plan Amendment | $13,000-$20,000 | $3,962-$5,714 | $9,234 | $10,000 |
| Impact/Capacity Fees | | | | |
| Parks and Recreation Fee | $5,423-$9,220/unit | $3,696-$7,649/unit | $3,503/unit | $600/unit |
| Open Space Land Acquisition | $287-$423/unit | -- | -- | -- |
| Trail Development Fee | $73-$108/unit | -- | -- | -- |
| Community/Public Facilities Fee | $387-$571/unit | -- | $2,072/unit | 1% of valuation |
| Affordable Housing In-Lieu Fee | -- | $2,925-$4,515/unit | $1,000/project + $100/unit plus $10,275/unit | -- |
| Sewer Connection Fee | -- | $1,096/unit | $6,313/unit | -- |
| Public Art Fee | -- | -- | -- | 0.5% of valuation |
| Traffic Impact Fee | -- | $1,372-$2,286/unit | -- | SF: $3,623/unit MF: $2,899/unit |
| School Facilities Fee | -- | -- | $2.63/sq. ft. | -- |
| Water Connection Fee | -- | -- | $4,597/unit | -- |

Source: Cities of Encinitas, Carlsbad, Oceanside and Solana Beach, 2011.

### *5. On- and Off-Site Improvements*

Site improvements in the City consist of those typically associated with development for on-site improvements (fronting streets, curbs, gutters, sewer/water, and sidewalks), and off-site improvements (drainage, parks, traffic, schools, and sewer/water). Thus, these are costs that will be added to the sale or rental price of housing. Because residential development cannot take place without the addition of adequate infrastructure, site improvement requirements are not seen as a constraint to the development of housing within the City.

Unlike most cities, Encinitas does not impose standardized infrastructure requirements. Adopted policies in other elements of the General Plan call for street and sidewalk improvement standards adequate to serve and protect public safety but are tailored to specific community and neighborhood design needs. This approach is expected to result in requirements less stringent and less costly than the normal type of citywide engineering requirements imposed by most municipalities. The improvements and exactions required for residential development are limited to those improvements needed to allow the project based on its impacts.

For single-family residential development on vacant land, examples of typical on-site improvements might include storm water detention facilities, roads, sidewalks, perimeter walls, fire hydrants and emergency access drives, and recreational trails. The Fire Department may require fire breaks and fuel management areas if a project is within or near brush areas. Multifamily developments may also include common open space and recreation areas, as well as lockable storage areas.

Typical off-site improvements for both single-family and multi-family developments might include: new curbs, gutters, and sidewalks, recreational trail facilities, road improvements and traffic control needed to serve the development, street trees, and landscaping. Utilities may need to be upgraded or installed to serve the development, including water mains, sewer mains, storm water pollution prevention measures, and under grounding of electric utilities.

Infill residential projects may be required to install any of the example improvements listed above, depending on site-specific circumstances and neighborhood needs. As mentioned previously, required site improvements are limited to just those needed to serve the project and offset related impacts.

For residential projects, there is no fixed landscaping requirement as a percentage of the total site. However, projects subject to design review, such as single-family subdivisions and multi-family projects are required to submit landscaping plans as part of the overall project. Multifamily projects are required to maintain a landscape buffer when adjacent to a rural residential or single- family zone. Specific landscaping requirements may vary from city-wide standards in the various specific plan areas. For projects not subject to design review (for example, a new single-family home on an individual lot), an approved landscaping plan is generally not required.

Open space requirements will apply to residential projects under certain circumstances such as the presence of steep slopes, flood plains, sensitive habitat, or other environmentally constrained features. For example, properties subject to the Hillside/Inland Bluff Overlay Zone shall preserve undisturbed or restored areas that exceed 25 percent in slope in an open space easement or deed restriction. The purpose of such restrictions is to protect environmentally or geologically sensitive areas from the adverse effects of development.

Open space requirements can be applied through Lot Area Averaging and Planned Residential Development (PRD) projects. A primary purpose for lot averaging and PRD projects is to allow design flexibility to protect sensitive areas and significant topographic features while maintaining the ability to achieve planned densities. Open space reservations also provide a recreational amenity for the residents of such developments. For example, the PRD standards require that 40 percent of a development site contain both developed and undeveloped open space for the purposes of preserving natural and sensitive areas while providing common recreational and private use areas.

Public street widths are specified in the City's Municipal Code (23.36.090). The City requires a standard right-of-way of 30 feet for residential and light collector streets. These improvement requirements are typical and do not constrain housing development.

### 6. *Building Codes and Enforcement*

The City of Encinitas' construction codes are based upon the State Uniform Building, Plumbing, Mechanical, Electrical and Housing Codes (UBC) and are considered to be the minimum necessary to protect the public health, safety and welfare of the City's residents. The City has also adopted the Uniform Fire Code (UFC). Code enforcement is conducted by the City and is based on systematic enforcement in areas of serious concern and on a complaint basis throughout the City. The Code Enforcement Division works with property owners and renters to assist in meeting State health and safety codes. The Code Enforcement Division has not found any structures to be unfit for human occupancy as a result of its code enforcement efforts.

### 7. *Local Permits and Processing Times*

The processing time needed to obtain development permits and required approvals is commonly cited by the development community as a prime contributor to the high cost of housing. Depending on the magnitude and complexity of the development proposal, the time that elapses from application submittal to project approval may vary considerably. Factors that can affect the length of development review on a proposed project include: completeness of the development application submittal, responsiveness of developers to staff comments and requests for information, and projects that are not exempt from the California Environmental Quality Act (CEQA), require rezoning or general plan amendment, or are subject to a public hearing before the Planning Commission or City Council.

Certainty and consistency in permit processing procedures and reasonable processing times is important to ensure that the development review/approval process does not discourage developers of housing or add excessive costs (including carrying costs on property) that would make the project economically infeasible. The City is committed to maintaining comparatively short processing times. Total processing times vary by project, but most residential projects are approved in six months to two years. Table 3-48 provides a detailed summary of the typical processing procedures and timelines of various types of projects in the City.

**Table 3-48: Processing Times**

| Project Type | Reviewing Body | Public Hearing Required | Appeal Body (if any) | Estimated Total Processing Time |
|---|---|---|---|---|
| Single-Family Subdivision | ≤4 lots: Planning and Building Director<br>≥5 lots: Planning Commission | Yes | City Council; Coastal Commission in Coastal Commission appeal jurisdiction | ≤4 lots: 6 months to 2 years<br>≥5 lots: 1-5 years |
| Multiple-Family | Planning Commission | Yes | City Council; Coastal Commission in Coastal Commission appeal jurisdiction | 6 months to 2 years |
| Multiple-Family (with subdivisions) | Planning Commission | Yes | City Council; Coastal Commission in Coastal Commission appeal jurisdiction | 1-5 years |
| Mixed-use | Planning Commission | Yes | City Council; Coastal Commission in Coastal Commission appeal jurisdiction | 1-5 years |

New residential development is subject to review and permit processes. At a minimum, building permits are required to construct any new or structurally-remodeled dwellings. New single-family units and multi-family development proposals are subject to design review. Land subdivisions require approval of a parcel or subdivision map. Proposed residential development within the Coastal Zone is also subject to approval of a Coastal Development Permit. In all residential zones single-family and multi-family development is permitted by right, that is, not subject to a conditional use permit unless it is a Planned Residential Development (PRD) or proposes lot area averaging. Single-family and multi-family uses also are permitted by right in mixed-use zones. The review procedures for single-family and multi-family development are similar. The processing time for the most common residential development applications are summarized in Table 3-49. These applications are often processed concurrently. A time factor is the Coastal Development Permit, which is a requirement by the California Coastal Commission, implementing the City's Local Coastal Program (LCP).

**Table 3-49: Approximate Processing Times**

| Process/Application | Time |
|---|---|
| Conditional Use Permit | 6-18 months |
| Design Review | 6-18 months |
| General Plan Amendment | 1-2 years (if part of Local Coastal Program then an additional 18 months to several years) |
| Environmental Impact Reports | 1-2 years |
| Plan Check/Building Permits | 2-6 months (varies by type of permit) |
| Variance | 4 months to 1 year |
| Zone Change | 1-2 years (if part of Local Coastal Program then an additional 18 months to several years) |

Source: City of Encinitas Planning Department, 2010.

*Design Review*

The design review process is regulated by Municipal Code Chapter 23.08 and adopted Design Guidelines. While there are some exceptions to the design review requirement, such as limited additions and remodels, a single home on a pre-existing legal lot, walls and fences under six feet high, and so forth, all other new development is subject to the regulations. Design review determinations are either made by the Planning Director or Planning Commission (see "Administrative Review" and "Discretionary Review" discussion below). Most new residential developments will be reviewed by the Planning Commission. In order to gain approval, the design review regulations require that the decision-maker must find that the project:

- Is consistent with the General Plan, a Specific Plan or the Municipal Code;
- Is substantially consistent with the Design Review Guidelines;
- Would not adversely affect the health, safety, or general welfare of the community; and
- Would not tend to cause the surrounding neighborhood to depreciate materially in appearance or value (EMC 23.08.080).

To guide developers in designing their projects and assist staff and the Planning Commission in evaluating them, the Design Guidelines contain detailed policies covering various aspects project design: site planning, grading and landform, circulation, parking and streetscape, architecture and signage, lighting, and landscaping. Some guidelines are mandatory, i.e., the project shall incorporate certain features into their designs. For example, "barrier-free design amenities for the disabled *shall* be provided." Most guidelines, however, are presented in the more suggestive terms "should", "should not", "encouraged" and "discouraged". The guidelines are intended to articulate community vision about how development is executed while at the same time provide enough flexibility to encourage creativity and cost-effective design. In addition, each of the adopted Specific Plans has written guidelines tailored to the design and character issues unique to those areas. The written guidelines enable prospective developers to understand how their projects will be evaluated and enable them to design accordingly, minimizing costly redesigns and delays in the review process.

A concern had been expressed in the past that design review finding No. 4 (above) be cited to deny an affordable housing project (although studies show that affordable housing does not reduce property values). While there is no known case in Encinitas that a residential project was denied on the basis that it may "tend to cause the surrounding neighborhood to depreciate materially in appearance or value", the City will modify the finding to remove references to "value depreciation" while considering the character of the surrounding neighborhood.

*Building Permit*
The construction of one single-family residence outside the Coastal Zone, which meets the requirements of a custom home and complies with all other City ordinances and regulations generally does not require any level of discretionary review. The permit process is a building permit application and takes approximately one to two months for approval. The building permit process follows these steps:

1) Filing a Building Permit application and payment of fees;
2) Submitting Construction Plans for Building and Grading Permits;
3) Resubmit Construction Plans for re-review as needed; and
4) Permits Issued.

All residential projects, whether or not they require design review or a coastal development permit, follow the building permit process before final building permit approval.

*Coastal Development Permit*
New development in the City's Coastal Zone requires a Coastal Development Permit. In 1994, Encinitas assumed permitting authority from the California Coastal Commission through an adopted Local Coastal Program (LCP). To reduce overlapping requirements, the LCP allows processing of coastal development permits concurrently with other reviews such as design review and conditional use permits. However, in the case of individual single-family home construction, coastal permit requirements can add two months to the review process.

While the review and permit processing procedures and time frames are comparable to other coastal cities, Encinitas continues to seek improvements to its procedures. The City has implemented a number of improvements to the review process, including upgraded permitting software, improved coordination and communication among departments, weekly pre-development meetings with prospective developers, distribution of a newsletter periodically to the development community, and improved access to zoning and development information via the City's website and informational brochures at City Hall. The City also is seeking to exempt certain types of development in specific locations (including individual homes) from the Coastal Development Permit process, provided there are no environmental constraints or coastal access issues.

*Administrative Review (Director Approval)*
Construction of residential projects may require Administrative Review. The Administrative Review process involves submitting an application, staff and public review, and finally Planning Director approval. The Administrative Review process takes between three to six months for approval. Administrative Review decisions can be appealed to the City Council, which can lengthen the review process. The following types of projects require Administrative Review:

- Tentative Parcel Map (four lots/units or fewer)
- Boundary Adjustment
- Certificate of Compliance
- Minor Use Permit
- Minor Variance
- Condominium Conversion (four units or fewer)

*Discretionary Review (Planning Commission Approval)*
Residential projects that require Planning Commission review involve submitting a Discretionary Permit Application, staff and public review, and final approval by the Planning Commission. The Discretionary Review process generally takes six months up to a year for approval. Planning Commission determinations can be appealed to the City Council, which can lengthen review time. The following types of projects require Planning Commission approval:

- Tentative Subdivision Map (five or more lots/units)
- Major Use Permit
- Major Variance
- Condominium Conversion (five or more units)

## C. Environmental and Infrastructure Constraints

The City of Encinitas is bound by the Pacific Ocean on the west. Coastal bluffs at the City's northern boundary overlook the portion of Batiquitos Lagoon that falls within Encinitas, and includes lands south and southeast of the lagoon, including Indian Head Canyon, Magdalena Ecke Park, the slopes above Green Valley, and habitat north of Encinitas Boulevard between El Camino Real and Rancho Santa Fe Road. At the City's southern perimeter, slopes and bluffs overlook San Elijo Lagoon. Escondido Creek, a major east-west waterway, traverses the southern boundary of the City and ultimately empties into the San Elijo Lagoon.

Portions of Encinitas are exposed to a variety of environmental hazards and resources which constrain development. These constraints include topography, flooding, landslides and seismic hazards, and areas with natural and cultural resources. For example, areas of Olivenhain and the Sphere of Influence area beyond the City's eastern limits include slope areas greater than 25 percent and are characterized by the presence of biological habitat. A number of residential properties along the coast in Old Encinitas and Leucadia are affected by the presence of coastal bluffs and erosion. The Zoning Code has defined a Special Purpose Overlay Zone that recognizes

the need for additional development standards in these environmentally constrained areas before future development may proceed. These constraints were applied before, and taken into account as part of the residential capacity figures that were generated as part of the site inventory analysis.

A definite relationship exists between environmental constraints and possible, safe or desirable development potential. While some degree of additional impact upon and from the environment is inevitable from any new growth, a balance between housing development and environmental constraints and needs is vital to the planning process. In Encinitas those areas planned for higher density are less subject to environmental limits and hazards. Conversely, those areas that are more constrained are planned for lower density to lessen the potential for unacceptable impacts on the environment. Approximately 6.1 percent of the land cannot be developed in Encinitas due to physical or environmental constraints such as steep slopes, flood plains, wetlands, or public ownership.

### *1. Geologic and Seismic Hazards*

Southern California is considered as one of the most seismically active regions in the United States because the faulting is dominated by the compression regime associated with the "big bend" of the San Andreas Fault Zone. The San Diego region is transected by several sub-parallel, pervasive fault zones, as well as smaller faults. The City of Encinitas is located in the southern part of the Peninsular Ranges geologic Province: an area that is exposed to risk from multiple earthquake fault zones. The San Andreas Fault, which runs from Baja, California to San Francisco, is approximately 100 miles east of the City and poses a potential risk for much of the San Diego region. However, for the City the highest risks originate from nearby zones such as the Elsinore Fault zone, the Rose Canyon Fault zone and other offshore faults. Each zone has the potential to cause moderate to large earthquakes that would cause ground shaking in Encinitas and nearby communities.

The major onshore and offshore fault zones present some relative seismic risk to the City, similar to most Southern California communities. In the early 1990s, the City conducted a survey for unreinforced masonry buildings in Encinitas and identified structures vulnerable to earthquake forces. The survey provides 20 site addresses in the City that are subject to risk, as well their estimated occupancy information and building condition.

### *2. Flooding*

Flood zones are geographic areas that the Federal Emergency Management Act (FEMA) has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area. Portions of the City are located within a FEMA 100-year or 500-year flood zone. The low-lying areas along the floodplains of Cottonwood Creek, Encinitas Creek and Escondido Creek, as well as their tributaries, can experience flooding during severe rain seasons.

In addition, portions of the City are also within a dam inundation area. Dam inundation areas are downstream areas subject to flooding or other effects during large storm events. Dam inundation areas are also subject to the uncontrolled release of an upstream reservoir as well as events leading to breaks in levees or dams. The areas of potential dam inundation are generally along the Cottonwood Creek, Encinitas Creek and Escondido Creek; portions of tributary stream channels; and the low-lying areas near the coastal portions of the plan area. Based on historical data and the high level of development in portions of the dam inundation hazard zones, the potential for serious hazards in the event of a dam failure is significant.

### *3. Wastewater Capacity*

The City's wastewater collection division is responsible for maintaining the existing sewer infrastructure within the City. The City sewer maintenance includes cleaning sewer lines, clearing blockages, repairing breaks, and responding to emergencies. Sewage is conveyed through pipes to either the Encina Wastewater Authority (EWA) in Carlsbad, north of Encinitas, or to the San Elijo Water Reclamation Facility in Cardiff, south of Encinitas. The EWA plant currently treats approximately 43.4 million gallons of sewage per day from Encinitas, Carlsbad, Vista, Leucadia Sewer District, Vallecitos Water District, and Buena Sanitation District. Additionally, the EWA also produces recycled water for use in irrigation. The EWA also owns approximately 37 acres adjacent to the existing plant for potential future expansion although no current plans for expansion are planned at this time.

The San Elijo Water Reclamation Facility currently has a capacity to treat 5.25 million gallons of sewage per day for the communities of Cardiff, Solana Beach, Rancho Santa Fe and Olivenhain. The facility is also permitted to discharge up to 2.48 million gallons of recycled water to customers per day. There are no current plans for plant expansion.

The City of Encinitas is currently approximately 94 percent built out. The City of Encinitas has existing sewer infrastructure including treatment plants have capacity for the full buildout of the City.

### *4. Water Supply*

The City of Encinitas currently has three sources of water: raw water from the San Diego County Water Authority (SDCWA) through the State Water Project, treated water from the SDCWA, and runoff from the Lake Hodges watershed east of the City. This treated water is conveyed through pipes to the City's customers for residential, public, commercial and industrial uses. Fire flow capacity is also provided within the water system network for the City.

The San Dieguito Water District (SDWD) is a subsidiary of the City of Encinitas and provides water to approximately 38,000 residents in the communities of Leucadia, Old Encinitas, Cardiff-by-the-Sea and New Encinitas. The distribution system consists of approximately 170 miles of pipeline, a 2.5 and 7.5 million-gallon reservoir, and over 11,000 water meters. Approximately 30 percent of the District's water is from local

sources and the remainder (70 percent) is imported. The SDWD receives local runoff water from Lake Hodges and imported raw water from the San Diego County Water Authority. Both sources are treated at the R.E. Badger Filtration Plant located in Rancho Santa Fe. The plant is jointly owned with the Santa Fe Irrigation District. Treated water from the San Diego Water Authority can also be delivered directly to the District.

The Olivenhain Municipal Water District (OMWD) provides service to the remainder of the City. The OMWD is an independent public agency addressing the water needs of up to 40 percent of Encinitas residents. OMWD primarily serves the City's eastern half, including all or a part of the communities of Olivenhain, New Encinitas, Leucadia and Cardiff-by-the-Sea. OMWD delivers approximately 6.27 million gallons per day to 9,420 water meters in Encinitas. In addition to portions of Encinitas, OMWD also includes portions of the cities of Carlsbad, San Diego, Solana Beach, San Marcos, and the County of San Diego. Overall, OMWD includes over 48 square miles (31,123 acres) and serves a population of 68,000 and has over 26,600 meters in service. Based on OMWD's 2009 Comprehensive Annual Financial Report, the distribution system also includes a recycled service area of 10,567 acres (including 46 miles of recycled water main). Approximately 94 percent of the treated water delivered by OMWD is treated at the David C. McCollom Water Treatment Plant, located within the community of Elfin Forest. Water treated at this facility is imported raw water from the SDCWA (blend of water from the Colorado River and the State Water Project). The remaining 6 percent of the treated water treated at SDCWA's Twin Oaks Valley Water Treatment Plant in San Marcos and at the Skinner Water Treatment Plant located in southwestern Riverside County.

New Water Master Plans were recently completed for the San Dieguito Water District and Olivenhain Municipal Water District. These plans provide an assessment of the existing water system conditions and demands. The plans concluded that the overall system is adequately sized to accommodate future 2030 growth demands. In the San Dieguito Water District, the current average day demand for the district is 6.63 million gallons per day. The projected average future 2030 demand is 7.74 million gallons per day. In the Olivenhain Municipal Water District, the average daily water demand was 20.5 million gallons per day and the annual average basis of water demand in 2030 is 27.9 million gallons per day. The Master Plans identified areas for improvement that were then included into the future planning horizon CIP. These CIP upgrades include pipeline system upgrades, valve replacement, meter replacement and treatment plant upgrades.

### *5. Stormwater Management*

The City of Encinitas Public Works Department is responsible for maintaining the storm drain infrastructure through comprehensive programmatic efforts. The Stormwater Management Division (Clean Water Program) of the Engineering Department is responsible for enforcing regulatory mandates related to surface water.

The Clean Water Program has two goals: maintain water quality and protect beaches, lagoons and creeks from illicit discharges, sewage spills and other pollutants. In order to maintain high stormwater quality (and reduce/eliminate non-storm water discharge

to the storm drain system) and to implement controls to reduce pollutants the City implements several activities including:

- Sewer spill prevention
- Preventing illicit discharges to the storm drain system.
- Litter, trash and debris removal
- Commercial runoff containment at gas stations and restaurants
- Public education
- Restoration of local waterways
- Storm drain system, biofilter, detention basin and channel maintenance
- Construction site runoff reduction
- Ultra Violet Treatment Facility at Moonlight Beach

Future development and redevelopment projects are required to implement the measures outlined in the City's Stormwater Manual, March 2010, and Best Management Practices Manual Part I and II. The Stormwater Manual includes requirements for the control measures to reduce storm water pollutants to the maximum extent practicable for new development and redevelopment.

The City of Encinitas has an extensive storm drainage system that consists of:

- 100 miles of storm drain pipe
- Over 2,500 catch basin boxes
- Over 90 miles of channels

These facilities intercept storm water runoff and convey it from the eastern part of the City to the west where it discharges into either the San Elijo Lagoon, south of the City Batiquitos Lagoon, north of the City. The coastal area of the City discharges through several outfalls to the ocean.

### 6. *Schools and Education*

The Encinitas Union School District (EUSD), Cardiff School District (CSD) and San Dieguito Union High School District (SDUHSD) serve residents of the City of Encinitas. Since the geographic boundary of each school district is different in size and shape and may offer different grade ranges, some schools may be administratively affiliated with residents from different cities. The EUSD serves residents living in Encinitas and the La Costa area of Carlsbad in North County San Diego. The EUSD consists of nine elementary schools, six of which serve children in the City of Encinitas. Because the EUSD is a K-6 school district, no schools feed into it; however, the nine elementary schools in the EUSD feed into the secondary schools in the SDUHSD. All have achieved California Distinguished School status or other awards. School district facilities serving the City's elementary school age population are adequate and have reserve capacity to meet future needs.

### *7. Fire and Emergency Services*

The Encinitas Fire Protection Department serves residents of the coastal, rural and agricultural communities of Encinitas, Olivenhain, Leucadia and Cardiff-by-the-Sea. The County of San Diego's County Service Area (CSA) 17 consists of Del Mar, Del Mar Heights, Solana Beach, Encinitas, Rancho Santa Fe and portions of Elfin Forest. Emergency medical services are provided by the Department and San Diego Medical Services Enterprise (SDMSE) within CSA 17.

There are six strategically located fire stations in the City of Encinitas, which allow firefighters and paramedics to provide timely responses to emergencies and to efficiently respond to volume demand. Five of the six stations house an engine company consisting of three fire suppression personnel, a fire engine, as well as various other emergency apparatus for specialized responses. In 2010, the Department's average response time for the city as a whole was 4 minutes and 56 seconds. The Insurance Services Organization (which rates fire departments based on the effectiveness of their response capabilities) gave the Department a rating of 3, which is the third best among North County fire divisions and has resulted in lower homeowners insurance premiums for Encinitas residents. In addition to fire suppression and prevention, the Encinitas Fire Department provides safety marine and disaster preparedness services. City lifeguards provide beach safety for four miles of Encinitas beaches and responds to calls for wild life rescues, cliff rescues and other accidents in local lagoons and rivers. In 2009, they conducted 2,034 service contacts, from minor incidences and first aid to rescues. The City's Community Emergency Response Team (CERT) program trains volunteers in skills to assist in large scale regional disasters. The City now has over 200 certified CERT volunteers which are ready and able to assist in emergency situations.

### *8. Police Services*

The City of Encinitas contracts with the County of San Diego Sheriff's Department (Sheriff's Department) to provide police/law enforcement services to the City. In addition to the City of Encinitas, the Encinitas Sheriff's Station provides a wide range of municipal law enforcement services to the cities of Del Mar, Solana Beach and Rancho Santa Fe. Services include the following:

- Helicopters;
- A bomb/arson squad;
- A Special Enforcement Detail team;
- Canine units;
- Modern crime lab facilities; and
- One of the nation's most modern law enforcement radio communications networks.

There are no current plans for new facilities. There have been discussions of a possible expansion; however, a formal plan is not in place due to budget problems. The current building is at capacity and there is no room for growth in personnel. A double-wide

trailer was added to the Sheriff's Station site to accommodate the detective unit. Communications with the San Diego Sheriff's Department indicate that although the Department currently meets service response goals, a recent slight increase in the crime index as compared to the previous year may be a reflection of the economic downturn and overall growth in the City.

### 3.3 Housing Resources

The extent of housing needs in a community often exceeds the resources available. The City of Encinitas must pull together limited resources and use them efficiently in order to address the current and projected housing needs of its residents. This section of the Housing Element provides an overview of resources available to the City.

### A. Residential Sites Inventory

The City of Encinitas recognizes the need to provide additional capacity to accommodate the increasing and varied housing needs in the community. To plan for this growth in a sustainable manner, the City conducted an extensive visioning and mapping exercise with the community with the objective to preserve the character of most existing neighborhoods while channeling growth to targeted areas. Attachment A contains a detailed list of vacant and underutilized properties. The following discussions summarize the City's capacity for growth; and commitment to develop future housing opportunities in "study" areas to fully satisfy the City's RHNA obligations. Table 3-50 provides a general distribution of the vacant and underutilized sites in the City.

#### *1. Residential/Mixed-use Development Capacity in Preserved Communities*

The updated General Plan maintains the existing land use policy for the majority of the City. Much of this existing growth capacity is provided in the two adopted specific plan areas: Downtown Encinitas and North 101 Corridor, along with other existing residential neighborhoods. Within these preserved communities, 2,392 additional units can be accommodated in mixed use and residential-only sites with a two-story height or 30-foot height limitation.

*Analysis of the City's Existing Capacity and Zoning*
The Housing Element must demonstrate the City's ability to accommodate the RHNA either through production or the availability/capacity for additional growth. Based on the information and analysis in the inventory (Attachment A), the City has determined whether *each site* in the inventory can accommodate some portion of the jurisdiction's share of the RHNA by income category during the housing element planning period. Pursuant to State Housing Element law, this analysis must be included in the Housing Element and must determine whether the inventory can accommodate a variety of housing types, including multi-family rental, factory-built, mobile homes, farmworker housing, emergency shelters and transitional housing.

## Table 3-50: Residential Capacity in Preserved Communities

| | Max | Minimum or Average | Status | Number of Parcels | Acreage | Potential Units |
|---|---|---|---|---|---|---|
| **Mixed-use Residential Capacity** | | | | | | |
| D-CM1 | n.a. | 34 (15) | Vacant | 6 | 0.63 | 11 |
| | | | Underutilized | 70 | 20.52 | 307 |
| | | | Subtotal | 76 | 21.15 | 318 |
| D-CM2, N-CM1, N-CM2, N-CM3, N-CRM1 | 25 | 20 (15) | Vacant | 14 | 1.81 | 27 |
| | | | Underutilized | 163 | 36.05 | 526 |
| | | | Subtotal | 177 | 37.86 | 553 |
| D-VCM | 18 | 15 | Vacant | 0 | 0 | 0 |
| | | | Underutilized | 3 | 2.14 | 31 |
| | | | Subtotal | 3 | 2.14 | 31 |
| D-OM, N-CRM2 | 15 | 12 | Vacant | 1 | 0.11 | 1 |
| | | | Underutilized | 8 | 2.83 | 29 |
| | | | Subtotal | 9 | 2.94 | 30 |
| **Residential Only Capacity** | | | | | | |
| D-R25, R25 | 25 | 20 | Vacant | 2 | 0.46 | 8 |
| | | | Underutilized | 24 | 5.50 | 104 |
| | | | Subtotal | 26 | 5.96 | 112 |
| D-R15, N-R15, R15 | 15 | 12 | Vacant | 5 | 1.49 | 16 |
| | | | Underutilized | 12 | 4.28 | 46 |
| | | | Subtotal | 17 | 5.77 | 62 |
| R11 | 11 | 8.8 | Vacant | 17 | 3.72 | 26 |
| | | | Underutilized | 60 | 25.85 | 195 |
| | | | Subtotal | 77 | 29.57 | 221 |
| N-R8, R8 | 8 | 6.4 | Vacant | 22 | 6.71 | 35 |
| | | | Underutilized | 60 | 33.70 | 184 |
| | | | Subtotal | 82 | 40.41 | 219 |
| R5 | 5 | 4 | Vacant | 5 | 3.66 | 13 |
| | | | Underutilized | 19 | 22.60 | 81 |
| | | | Subtotal | 24 | 26.26 | 94 |
| N-R3, R3 | 3 | 2.4 | Vacant | 39 | 37.44 | 76 |
| | | | Underutilized | 95 | 168.25 | 359 |
| | | | Subtotal | 134 | 205.69 | 435 |
| RR2 | 2 | 1 | Vacant | 13 | 65.68 | 56 |
| | | | Underutilized | 28 | 69.56 | 55 |
| | | | Subtotal | 41 | 135.24 | 111 |
| RR1 | 1 | 0.5 | Vacant | 9 | 71.30 | 32 |
| | | | Underutilized | 19 | 64.57 | 27 |
| | | | Subtotal | 28 | 135.87 | 59 |
| RR | 0.5 | 0.125 | Vacant | 12 | 192.63 | 19 |
| | | | Underutilized | 2 | 25.68 | 2 |
| | | | Subtotal | 14 | 218.31 | 21 |

As noted previously, much of the City's future residential growth is expected to occur in adopted specific plan areas, although opportunities for lower density residential development are also available throughout the City. The following discussion summarizes and describes the assumptions for how the sites inventory was determined and the correlation between affordability and density.

*Reasonable Capacity Assumptions*

Recognizing that HCD maintains a high standard of review for candidate sites, the City prepared and implemented an assessment of properties considered for inclusions in the housing sites inventory. Reasonable capacity is calculated for each site based on environmental constraints, site size, and minimum or average density permitted. Deductions were made for site constraints, such as steep slopes, flood zones, etc. In addition to these deductions, this Housing Element predominately utilizes a minimum density (for lower and moderate-income standalone residential sites/parcels) to demonstrate potential density and is utilized to accomplish and satisfy RHNA. California Government Code Section 65863 (AB 2511) prohibits local governments, with certain exceptions, from approving residential projects at a density below that was used to demonstrate compliance with Housing Element law. If a reduction in residential density for any parcel would result in the remaining sites identified in the Housing Element not being adequate to accommodate the City's share of housing needs, the City may reduce the density on that parcel provided it identifies sufficient additional and available sites with an equal or greater residential density so that there is no net loss of residential unit capacity.

Regarding residential on non-residential or commercial sites, there are a number of mixed-use commercial districts that permit residential uses as part of a mixed-use development. In general, capacity on those sites a largely discounted and it is assumed that about half of the inventory will be available for near-term redevelopment. The exception is for properties located within the DCM-1 Zone of the Downtown Encinitas Specific Plan (where 75 percent of the sites listed in the DCM-1 are reasonably expected to provide viable, near-term opportunities). Please refer to Section 3.3.A.1.b for more information on reasonable capacity on non-residential sites/parcels listed in the inventory. Section 3.3.A.1.b also evaluates the viability of residential development that could occur on non-residential lands in the DCM-1 Zone based market demand trends, geographic location, recent project experience, and additional underutilized site analysis.

> *Density is a Critical Factor*
>
> Density is a critical factor in the development of affordable housing. In theory, maintaining a lower density typically increases the cost of construction per unit; while higher densities yield residual land value recovery by lowering the per-unit cost of land. Also, and for the most part, low-density neighborhoods offer more expensive housing than high-density areas. For example, detached homes cost much more to buy or less affordable to rent than apartments and condominiums. In this regard, the State Housing and Community Development Department (HCD) deemed density as a proxy to affordability. Consequently, the State legislature has established "default densities", that by definition are

considered sufficient to provide market-based incentives for development of housing for lower-income households. For jurisdictions with a population greater than 25,000 and located within a Metropolitan Statistical Area (MSA) with a population of more than 2 million, the default density is 30 units per acre for very low- and low-income housing (Mullen, AB2348 Statutes of 2004). However, under State law the capacity analysis determination may also provide an analysis demonstrating how the adopted zoning densities, less than 30 units per acre, can accommodate housing affordable to these households.

The obligation to identify adequate sites requires local agencies to zone enough sites to meet the community's full share of RHNA for very low- and low-income housing. Each local government must review and revise its Housing Element as part of the local General Plan, and ensure that it provides a long-range plan for the future physical development and contains adequate provisions for the housing needs of all economic segments of the community. A residential lands inventory is prepared to assist in determining whether there are sufficient sites to accommodate the regional housing need in total, and by income category.

Prior to the development of the 2013-2021 Housing Element, the City's land use plan identified one zone (DCM-1 Zone of the Downtown Encinitas Specific Plan) where future unit capacity was provided at the default density of at least 30 units per acre. While this is a mixed-use zone classification, based on several factors it is reasonably anticipated that this specific zone will be able to handle a sufficient amount of residential growth in the near-term. However, residential-only parcels/sites in other areas of the City are also reasonably expected to accommodate multi-family development. While a majority of these parcels/sites, zoned for multi-family development will most likely accommodate housing for moderate and above moderate-income categories, some housing will provide ample opportunity for affordable housing construction.

Since the Element's inventory of parcels/sites does not include sufficient parcels/sites to meet the overall very low- and low-income household needs (RHNA); consequently, a future rezoning program is necessary. As specified in this Housing Element, the City has an unmet need of XXX units from the very low- and low-income category and identifies additional sites that will be available and rezoned to accommodate housing needs during the period covered by the Housing Element. This obligation will be applied in conjunction with Section 65913.1 (the "least cost zoning" statute) and Section 65863(a) of the Government Code.

### a. Suitability of Underutilized Sites

In order to determine what land is best suited for development, all the constraints and opportunities for development were combined and assessed to determine where future development will most likely occur. As stated elsewhere in this Housing Element, this resulting residential capacity information has been included in the site inventory,

which has been provided in Table A-1. For non-residential *underutilized* sites, the inventory generally describes whether the use is operating, marginal or discontinued and the condition of the structure. For *underutilized* sites with residential uses, the inventory generally describes structural conditions and other circumstances that demonstrate redevelopment potential.

*Underutilized* sites with some form of existing development on the site may be less suitable for near term development than *vacant* sites. However, underutilized sites are often served by existing infrastructure, which reduces the cost of delivering housing. In order to demonstrate that some *underutilized* sites are viable during the 2013-2021 planning cycle additional analysis has been prepared. The information will help evaluate the extent to which existing uses or physical improvements onsite may impede or prevent additional residential development.

- For sites with residential uses, the inventory describes structural conditions or circumstances and trends that demonstrate the redevelopment potential to a more intense residential use.
- For nonresidential sites, the inventory describes whether the use is operating, marginal or discontinued.

For this analysis, the proportion of the value of the improvement to the value of the land is an important parcel characteristic. Land value is reassessed at point of sale. When improvements are made on a property, then the valuation of the area scoped for improvements are reassessed. Reassessments are intended to restore fairness within the community. Therefore, a property's overall assessment is supposed to reflect its market value. It is important to note that as market values increase or decrease and the assessments do not keep pace and reflect these changes, some property taxpayers could pay more than their fair share of taxes, while others may pay less than their fair share. However, in terms of an overall impression of site's near-term viability, the assessment improvement value will best reflect if a property owner has made reinvestments and/or reflect if there is anything holding the owner back from redeveloping or adding residential uses to the property.

To confirm the "readiness" of *underutilized sites*, the following section provides an assessment of improvement and land value data.

1) Vacant land will have no improvement value. Redevelopable land that is not *vacant*, but is available to support some of the new development demanded by increasing population and employment, will have some sort of improvement value on the property, but it should not be perceived as limiting or holding the property owner back from redeveloping.

    - Sites with low improvement values but high land values have a good chance of recycling. As noted in Table A-1, some parcels have been developed with structures that are likely to be demolished for new buildings to be constructed in their place.

- When assessing viability for redevelopment, a property owner or developer will consider the relative timing of revenues and costs and create a pro forma for real estate developments, acquisitions, and dispositions. Financial results typically make sense when a return on investment shows that one home can be demolished and replaced with three new units (1:3), where a higher return is expected.
- Whether it is a single-family unit or multi-family structure, the land portion of a rental income property may be relatively small and fixed. But the structures on the land are highly variable, subject to a variety of changes and improvements. Improvements to existing structures, or the construction on new ones, can lead to higher rents. Therefore, look for an improvement to land value ratio that is 1.0 or less for sites that are zoned for single-family residential uses; 2.0 or less for sites with existing multi-family structures or nonresidential sites where mixed use is permitted.
- Exceptions to the improvement/land value ratio threshold are made in specific instances where developer interest has been expressed or received by City staff. In these cases, the City and property owner or developer have had very detailed conversations about the range of options available; and 1) a conceptual site plan has been prepared; 2) the property owner is seriously considering the provisions of housing; or 3) developer has made an offer to purchase the property. Other exceptions also address multiple parcels with common ownership; opportunities to still develop around or above existing structures (e.g., large parking fields); and for sites in the Downtown Encinitas Specific Plan (as noted in the section below). SANDAG has designated the DCM-1, DCM-2, D-OM, and D-VCS Zones of the Downtown Encinitas Specific Plan as areas where major infrastructure investment in housing and transportation will occur in the future. SANDAG has identified the specific plan area as a "Smart Growth Community Center", which facilitates smart growth principles and policies in future land use decisions, such as involving compact pedestrian friendly neighborhoods, transit oriented development, and other improvements to roads, sewers, and services. This is important because it establishes a framework for coordinating land use and transportation planning with the goal of concentrating regional growth into urban areas, making this area highly suitable and likely to redevelop during the planning cycle. Appendix E also provides a rationale by way of regional policies and project examples/trends to support the viability of parcels or portions of parcels with revitalization and reuse potential. For some parcels or portions of parcels, the City is not counting the acres toward the adequate sites inventory, but includes the parcel/portion within the "Viable Housing Site" to create a cohesive planning area and avoid spot zoning.

2) Not Viable - A property with new development or that has made high-cost improvements will be less likely to redevelop in the near term. This can be attributed to existing financial obligations, such as higher debt-costs. These site circumstances can be identified with a relatively high equivalent ratio (such as

2:1 or above). Even though the full-development potential has not been maximized, there is low probability for near-term development.

*Improvement Value Calculations*

The following analysis looks at the sites that are identified as *underutilized* in the inventory and groups them together for a zone-by-zone level of comparison. This summary is helpful because it helps segment the site inventory (provided in Table A-1) into sub-areas for evaluation purposes. Although this does not identify sites on parcel-by-parcel basis, it generally represents what to expect from the many parcels covered in Table A-1. Please note that the analysis is limited to sites with some sort of improvement value on the property to determine the extent of its relationship on rebuilding the site.

<u>DCM-1 Zone: 70 underutilized parcels</u>

1. Assessor's average land value is about $495,364
2. Assessor's average improvement value is approximately $340,645
3. Average improvement ratio is 3.4:4.9, or 69 percent equivalent
4. Most properties were originally developed in the 1940s, 1950s, 1960s, 1970s and 1980s.
5. These parcels are included in a regional Smart Growth Area that identifies locations in the region that can support smart growth and transit. Designated areas serve as the foundation for prioritizing transportation investments and determining eligibility for Smart Growth Incentive funds. Public and private reinvestment in this area is expected to be relatively high in the near-term.

<u>NCM-1 Zone: 60 underutilized parcels</u>

1. Assessor's average land value is about $372,119
2. Assessor's average improvement value is approximately $202,930
3. Average improvement ratio is 2.0:3.7, or 54 percent equivalent.
4. Most properties were built in the 1940s, 1950s, 1960s with additional development and/or remodeling occurring in the 1980s and 1990s.

<u>DCM-2 Zone: 52 underutilized parcels</u>

1. Assessor's average land value is about $443,739
2. Assessor's average improvement value is approximately $319,008
3. Average improvement ratio is 3.1:4.4, or 70 percent equivalent
4. Most properties were built in the 1940s, 1950s, 1960s with additional development and/or remodeling occurring in the 1980s and 1990s.
5. These parcels are included in a regional Smart Growth Area that identifies locations in the region that can support smart growth and transit. Designated areas serve as the foundation for prioritizing transportation investments and determining eligibility for Smart Growth Incentive funds. Public and private reinvestment in this area is expected to be relatively high in the near-term.

NCM-2 and NCM-3 Zones: 20 underutilized parcels

1. Assessor's average land value is about $296,940
2. Assessor's average improvement value is approximately $191,758
3. Average improvement ratio is 1.9:2.9, or 65 percent equivalent
4. Most properties were built in the 1940s, 1950s, 1960s with additional development and/or remodeling occurring in the 1980s and 1990s.

NCRM-1 and NCRM-2 Zones: 37 underutilized parcels

1. Assessor's average land value is about $465,585
2. Assessor's average improvement value is approximately $211,421
3. Average improvement ratio is 2.1:4.6, or 45 percent equivalent
4. Most properties were built in the 1940s, 1950s, 1960s with additional development and/or remodeling occurring in the 1980s and 1990s.

D-OM Zone: 1 underutilized parcel

1. Assessor's land value is about $199,074
2. Assessor's improvement value is approximately $103,511
3. Improvement ratio is 1.0:1.3, or 76 percent equivalent
4. This property was built in 1930
5. This parcel is included in a regional Smart Growth Area that identifies locations in the region that can support smart growth and transit. Designated areas serve as the foundation for prioritizing transportation investments and determining eligibility for Smart Growth Incentive funds. Public and private reinvestment in this area is expected to be relatively high in the near-term.

D-VCS Zone: 2 underutilized parcels

1. Assessor's land value is about $1,251,625
2. Assessor's improvement value is approximately $816,847
3. Improvement ratio is 0.8:1.2, or 66 percent equivalent
4. The properties were built in 1970s
5. These parcels are included in a regional Smart Growth Area that identifies locations in the region that can support smart growth and transit. Designated areas serve as the foundation for prioritizing transportation investments and determining eligibility for Smart Growth Incentive funds. Public and private reinvestment in this area is expected to be relatively high in the near-term.

DR-25 and NR-25 Zones: 24 underutilized parcels

1. Assessor's average land value is about $346,478
2. Assessor's average improvement value is approximately $154,474
3. Average improvement ratio is 1.5:3.4, or 44 percent equivalent
4. Most properties were originally built in the 1940s, 1950s, 1970s and 1980s

DR-15 and NR-15 Zones: 12 underutilized parcels

1. Assessor's average land value is about $163,934
2. Assessor's average improvement value is approximately $91,358
3. Average improvement ratio is 0.9:1.6, or 56 percent equivalent
4. Most properties were originally built in the 1950s and 1960s.

DR-11 and R-11 Zones: 60 underutilized parcels

1. Assessor's average land value is about $635,461
2. Assessor's average improvement value is approximately $191,578
3. Average improvement ratio is 1.9:6.3, or 30 percent equivalent
4. Most properties were originally built in the 1930s, 1940s, 1950s, 1960s with additional development and/or remodeling occurring in the 1980s and 1990s.

R-5 and R-8 Zones: 79 underutilized parcels

1. Assessor's average land value is about $338,931
2. Assessor's average improvement value is approximately $149,012
3. Average improvement ratio is 1.4:3.3, or 42 percent equivalent
4. Most properties were originally built in the 1930s, 1940s, 1950s, 1960s, and 1970s.

R-3 Zone: 95 underutilized parcels

1. Assessor's average land value is about $360,721
2. Assessor's average improvement value is approximately $105,820
3. Average improvement ratio is 1.0:3.6, or 28 percent equivalent
4. Most properties were originally built in the 1940s, 1950s, and 1960s.

RR, RR-1, and RR-2 Zones: 49 parcels

1. Assessor's average land value is about $569,022
2. Assessor's average improvement value is approximately $171,454
3. Average improvement ratio is 1.4:5.6, or 25 percent equivalent
4. Most properties were originally built in the 1920s, 1930s, 1960s, 1970s, and 1990s.

The improvement value information demonstrates the overall, near-term economic viability of the Housing Element's sites inventory. Based on zone aggregation, most nonresidential site zone categories have a range from 45 to 76 percent equivalent and residential-only sites have a range of 25 to 56 percent, demonstrating average improvement values as evidence of an opportunity cost thereby promoting redevelopment. Together, the 551 *underutilized* parcels that are listed in Table A-1 have existing structures or some form of improvement value on it, but also have site and improvement characteristics that encourage recycling sometime in the near future. That is, there is not much holding these property owners back from redeveloping their properties.

Another aspect of the land to improvement value equation is the potential for a relatively small amount of land to hold a relatively high number of structures, as the same piece of land can contain a single-family home with one set of tenants or a multiplex consisting of two, three or even four units, creating the possibility of doubling, tripling or even quadrupling the amount of rent that can be collected from the property. Redevelopment is likely to occur in those instances where an *underutilized* site has a high land value and relatively low improvement value. In terms of the basic relationship between "land" as a scarce resource and "choice", there is a great opportunity cost to the property owner since the potential gain from the "highest and best use" alternative exceeds the alternative of not redeveloping.

Accepted economic theory, as applied to the real estate market, is that the amount of housing built over a planning period is a function of demand factors (e.g., for a type of housing, preferences, and prices of alternatives), supply factors, and prices (housing substitutes by type, quality, and location). In short, housing absorption results from the interaction of many factors. The City of Encinitas has a good track record and history of *underutilized sites* recycling to accommodate additional homes. Recent project experiences are referenced as a hurdle test to reflect the construction period and absorption characteristics of future real estate projects. In terms of trends of *underutilized sites* recycling in the City, Encinitas has had on average 99 new housing starts per year 2011, 2021, and 2013. This housing "starts" activity is reported to HCD on April 1st every calendar year. Overall, building on previously vacant or subdivided land demonstrates a high degree of land turn-over or repurposing land in a built-out community.

Creating lots from subdividing one lot from another creates separate land title for additional housing development activity. As of this writing, there are 33 applications on file in the Planning and Building Department to subdivide land. This includes applications to subdivide vacant (36 percent of 33 applications) and underutilized properties (64 percent). As noted below, most activity has occurred in single-family zones, which is reflective of the existing land use distribution and character in the City. However, 7 of the 33 applications are in residential or mixed use zoning districts where multi-family housing is permitted (comprising of about 21 percent of the applications). The remaining 26 applications, or 79 percent, are associated with parcels that are zoned for single-family residential construction (density maximum of 11 units per acre permitted). It is anticipated that additional permitting activity will occur after the RHNA Rezoning Program is complete.

*List of Subdivision Applications in Review - Development Trends on Vacant Properties:*

- 14-256 TPM/CDP; Ames Berryman - 2 lot subdivision (R-3 Zone)
- 13-214 TPM/CDP; Engert Subdivision - 2 lot subdivision (R-3 Zone)
- 14-007 TPM/CDP; Tennis Club Dr. LLC/New Urban West – 2 lot Parcel Map (R-3 Zone)

- 15-124 TPM/DR/CDP; Beacon's Beach Triad - 3-Unit Condominium (R-11 Zone)

- 14-244TPM/MIN/DR/CDP; Granite Homes 4 - Lot Subdivision (RR-1 Zone)

- 13-223 TPM/DR/CDP; La Esquina Mixed-Use Project - Mixed-use project with 3 live/work units and 1 commercial unit (North 101 SPA, NCRM 1 Zone)

- 13-056 TPM/CDP; Mashayekan subdivision - 4-lot subdivision with remainder parcel and grading of site (R-3 Zone)

- 13-272 TMDB/DR/CDP; City Ventures at Union Street - 12 market rate housing units and 1 affordable unit single family residential density bonus subdivision. Existing greenhouse operations on site. (R-3 Zone)

- 14-111 TMDB/DR/CDP/EIA; Cardiff MacKinnon Residential - 5 market rate housing units and 1 affordable density bonus unit. Existing greenhouse operations on site. (R-5 Zone)

- 13-267 TMDB/DR/CDP/EIA; Laurel Cove - 8 market rate housing units and 1 affordable unit single family residential density bonus subdivision. Existing greenhouse operations on site. (R-5 Zone)

- 14-069 TMDB/DR/CDP; Specimen House - 12 market rate housing units and 1 affordable unit single family density bonus subdivision. Existing greenhouse operations on site. (R-3 Zone)

- 15-049 TPM/DR/CDP Scheerer 2-lot Subdivision Subdivide an existing parcel into 2 lots and construct two new single-family residences. Existing greenhouse operations on site. (R-8 Zone)

*List of Subdivision Applications in Review - Development Trends on Infill Properties:*

- 14-209 TPM / CDP; Chaber Parcel Map - 2 lot subdivision. One existing home. (R-3 Zone)

- 14-172 TPM/CDP; Gilmer Subdivision - 2 lot subdivision. One existing home. (RR-2 Zone)

- 14-290 TPM/CDP; Hygeia 3-T - 3 lot subdivision. One existing home. (R-8 Zone)

- 15-004 TPM/CDP; Kopion Group Residence - 2 lot subdivision. One existing home. (R-8 Zone)

- 14-209 TPM/CDP; Madelyn Chaber - 2 lot subdivision. One existing home. (R-3 Zone)

- 13-195 TPM/CDP; Yaussy TPM – 2 lot subdivision. One existing home. (R-11 Zone)

- 15-121 DR/TPM/CDP; Avocado Subdivision - 4 lot subdivision. One existing home to be demolished. (R-11 Zone)

- 14-075 DR/TPM/CDP; Diana Beach Homes - Demolition of 4 existing legal units and construct 4 new detached condominium units. (R-11 Zone)

- 14-123 TMDB/DR/CDP; N Vulcan Density Bonus Condominums - 6 market rate housing units and 1 affordable unit condominium density bonus subdivision with waivers of setbacks and lot coverage standards, and parking standards incentive/concession. One existing home. (North 101 SPA, N-25 Zone)

- 12-116 DR/TPM/CDP Law condo project 4-townhome condo project; demo existing 2 apartments. (North 101 SPA, N-25 Zone)

- 14-251 TPM/DR/CDP; Law 4 Lot Subdivision - 4 lot subdivision. One existing home. (North 101 SPA, N-25 Zone)

- 13-230 TMDB/DR/CDP; Northstar Requeza - 15 market rate housing units and 1 affordable unit single family residential density bonus subdivision. One existing home. (R-8 Zone)

- 14-047 TM/DR/CDP; Windsor Road Subdivision - 6-lot subdivsion with home construction. Commercial office space to be demolished. (R-8 Zone)

- 15-088 DR/PMW/CDP; Six8twoPCHEncinitas, LLC - Demolition of an existing commercial building and construction of a new mixed-use building and a lot consolidation. (DESP, DCM-1 Zone)

- 15-008 TMDB/MUP/DR/CDP/EIS; Manzanita Cove - 13 market rate housing units and 1 affordable unit density bonus duplex. One existing home to be demolished. (R-8 Zone)

- 13-187 TMDB/DR/CDP/EIR; Hymettus Estates - 8 market rate housing units and 1 affordable unit single family residential density bonus subdivision. Two homes to be demolished. (R-3 Zone)

- 14-168 PMW/DR/CDP; Helvetica Chesterfield - New single-family residence and two new twin homes (5 units total) on six existing legal lots. Includes lot consolidation of two lots for the single-family residence. (R-11 Zone)

- 14-115 TPM/DR/CDP; Bracero TPM – 3 lot subdivision and construction. Two homes to be demolished. (R-3 Zone)

- 15-121 TPM/DR/CDP; Avocado Street Beach Homes/Estrada - 4 lot subdivision. One existing home. (R-11 Zone)

- 13-043 TPM/DR/CDP; Capri Final Map - 4 residential units and 1 commercial unit to replace existing commercial building. (DESP, DCM-1 Zone)

- 14-306 DR/CDP; Latitude 33 - 6 Unit Condo to rehabilitate 6 existing apartments. (North 101 SPA, N-25 Zone)

**b. <u>Accommodation on Non-Residential Sites</u>**

The purpose of the land inventory is to identify specific sites suitable for residential development in order to compare the local government's RHNA allocation with its residential development capacity. The Housing Element identifies specific sites or parcels that are available for residential development. Underutilized commercial sites that permit residential development are a key component of the housing sites inventory. Under a June 9, 2005 HCD Technical Assistance Paper, a community may consider non-vacant sites as suitable and available for residential development provided the site is realistically available for redevelopment during the planning period (has available public services and facilities for immediate development). While not all underutilized properties will be redeveloped with a residential component, market studies in the region have indicated future growth will most likely be spearheaded by mixed-use developments. Accordingly, this Housing Element assumes that approximately 50 percent of sites in the DCM-2, D-VSC and D-OM Zones of the Downtown Encinitas Specific Plan, as well as the N-CM1, N-CM2, N-CM3, N-CRM1, and N-CRM2 of the North 101 Corridor Specific Plan, will be redeveloped as mixed-use projects, with residential component. This yields a total, realistic capacity of 614 total units, or 306 potential units that can be credited to this planning cycle and applied against the RHNA obligation for moderate- and above moderate-income household opportunities.

To demonstrate the viability of sites, different methodologies have been employed for the DCM-1 Zone rather than other mixed-use sites in the inventory. Based on the analysis, it can be reasonably concluded that 75 percent of the sites listed in the DCM-1 Zone inventory are reasonably expected to provide viable, short-term opportunities. This "discounting" methodology yields a total, realistic capacity of 318 units, or 239 potential units that can be credited to this planning cycle and applied to the moderate-income category (at 15 units per acre). (Please note that if the constraint to housing development in this zone is repealed or removed, a total realistic capacity of 704 units, or 528 units could be credited to this planning cycle and applied to the lower income categories. For this DCM-1 Zone analysis, as part of the evaluation, the criteria used in this section include:

- Land-to-improvement value (where land is worth more than improvements on-site);
- Improvements on-site;

- Common ownership;
- Age of structure (over 30 years, and in some cases more than 50 years); and
- Properties within ¼ mile or ½ mile of the transit center.

Please refer to Attachment B to this Appendix for this analysis as this section helps demonstrate the basis for assigning a particular number of units to non-residential sites, where mixed-use development is permitted in the DCM-1 Zone.

*Emerging Demand*

If current socio and demographic trends continue, the demographic profile of the San Diego region will change dramatically by the middle of this century. According to draft population forecasts developed by SANDAG (Series 13, 2014), the region's population will rise to 4,068,759 million in 2050, from 3,095,313 million in 2010. This represents a 31.4 percent increase. Forecast modeling also reveals that the region's fastest-growing population overall will be its retirement or senior-aged community. Based on the Series 12 modeling (2010), the swell in the 65 years-and-older group will lead to an increase in the proportion of the population in older age groups, with the share of those 65 years and older rising 143 percent and the number of people older than 85 projected to increase by 214 percent by year 2050. Nationwide, a lot of attention has also been paid to the baby boomer generation, those born between 1946 and 1964. This large group of Americans currently totals 76 million, and as they age, their changing housing demands and choices create changes in housing markets.

A rise in the overall population, as well as in particular age groups, will have important impacts on the nation's tax base, workforce, and effect on the overall magnitude of the economy. This will place very different demands for services and goods that our earlier younger populations did. Not only does demographic changes have major implications for government spending in key areas such as health programs, community services, infrastructure and Social Security, forecasts also provide the private market (i.e. business and industry) with a basis upon which to make judgments about future market demand. A growing elderly population generates demand for housing near commercial goods and services, amenities, and where older adults can get what they need without getting in a car. Also, typically, income decreases with age this reflects a willingness to live in smaller spaces to be able to afford their lifestyle. As boomers start to retire, many more will be seeking more of a senior-friendly lifestyle and housing. Although many will initially expect to stay in their existing homes and communities, others will choose to downsize homes and/or seek more service-rich environments. One development association, the Urban Land Institute (ULI), contends that these demographic factors will lead to a population that will want to adapt to smaller, more efficient living units in areas more convenient to work, shopping, recreation and entertainment (ULI, Emerging Trends, 2011). Other documents and publications have also indicated that smaller units near transit services are expected to be the trend (Sources: Builder Online, American Public Transportation Association, National Association of Realtors®, Journal for Public Transportation, Real Estate Economics, etc.)

Nationally, America's suburbs are experiencing a shift away from the development patterns of previous decades, which were almost entirely auto-centric. Evolving demographics and preferences held by specific demographic groups, or generational cohorts will drive the change. And it isn't just the baby-boomer generation. A February 2013 article posted on ULI's website, "*How to Make Suburbs Work Like* Cities", and discussed at a Housing Opportunity 2013 Conference, reported that Generation Y (an 80 million-member group that is just entering the housing market), tends to favor the convenience and choices provided by urban-style environments and apartment-like mixed-use housing; and not the suburb environments that they grew up in. In response to this growing trend and demographic swing, local agencies are looking at innovative solutions to create unique places where people can live and work. This will fundamentally reshape our cities in terms of transport infrastructure and density to meet everyday shopping and lifestyle needs within a single neighborhood.

*San Diego Region - Revitalization and Reuse*

Land availability and demographic trends are reshaping the location and types of residential development in urban areas of the San Diego region. Policy direction at the state, regional and local levels coupled with these trends, along with emerging out of the Great Recession, has begun to result in new projects. The revitalization and reuse of existing underdeveloped areas into multifamily and mixed use projects at higher densities is the primary way in which housing needs will be met in the San Diego region. As a coastal community in the northern San Diego region with little undeveloped and unconstrained land yet in need of more housing, the regional influences pushing revitalization and reuse for accommodating new housing is expected to be mirrored in Encinitas. The context to support feasibility of proposed sites inventory for Encinitas is well documented in Appendix E. The paper demonstrates that multifamily and mixed use revitalization and reuse projects are indeed getting developed or are in the pipeline throughout the San Diego region. Higher density projects are also underway in the core areas of remaining master planned communities. Included in Appendix E are at least 25 project examples indicative of site conditions and development potential in the proposed Encinitas sites inventory. As demonstrated therein, the entire region has begun a shift to revitalization and reuse, which is forecast to result in over 80 percent of the new housing to be built as multifamily through 2050 and largely located within existing urbanized areas. The development industry, represented by the Urban Land Institute, recognizes this trend. Many of the proposed sites for Encinitas involve revitalization and reuse, consistent with regional policies and trends backed by market analysis. There is also a practical need to rely in part on these types of sites since undeveloped and unconstrained sites are largely lacking in the city.

The site assessment methodology for evaluating parcels listed in Table A-1 was crafted under realistic assumptions regarding the potential of each candidate site to develop and recycle with high density housing. The analysis demonstrated that these inventoried mixed-use sites are not only ripe for development, but collectively represent a smart and sustainable housing strategy for both market-rate and affordable housing opportunities for lower income households.

### *2. Residential/Mixed-use Development Capacity in Study/Change Areas*

As part of the Housing Element update, the City identified several areas that will benefit from a focused approach to land use regulation, infrastructure investment and services. These include "focus areas" along with a number of other potential improvement areas around key corridors and activity centers.

Attachment A to this Appendix identifies properties that have strong development or redevelopment potential to accommodate housing affordable to moderate and lower income households. The Housing Element is proposing a new rezoning programs, where mixed-use and high-density residential development in these study/change areas will be allowed at 25 units per acre, with a minimum density of 20 units per acre. The areas of change were selected based on the existing underutilized character, low intensity of development, business operations, presence of vacant and undeveloped land, and appropriateness for mixed-use/transit-oriented development. Table 3-56 summarizes the residential capacity within the study/change areas. The goal of this strategy is to develop an approach allowing "by-right" development at a density consistent with the General Plan designation and to not permit residential development at a density below the density for that site in the Housing Element, unless the City can demonstrate the remaining sites in the inventory can accommodate the City's remaining RHNA. The City recognizes that not all mixed-use sites will include a residential component. The capacity analysis assumes that half of the non-residential sites will include residential uses. In total, this rezoning program results in the rezoning of XX acres of land, creating an opportunity for additional multi-family rental or ownership housing development during the planning period. XXXX units are permitted under the maximum density and XXXX units can be achieved as realistic capacity under the new zoning.

**Table 3-55: Residential Capacity in Change Areas**

| | Max | Min | Status | Number of Parcels | Acreage | Potential Units |
|---|---|---|---|---|---|---|
| MU-R (Overlay) | 30 | 25 | Vacant<br>Underutilized<br>Subtotal<br>50% Capacity | -- | -- | -- |
| R-30-(Overlay) | 30 | 25 | Vacant<br>Underutilized<br>Subtotal<br>50% Capacity | | | |
| Total | 30 | 25 | Vacant<br>Underutilized<br>Subtotal | | | |
| Overall Site Capacity<br>(Assuming 50% Mixed Use with Residential) | | | | | | |

In some cases, these sites collectively comprise entire commercial blocks with marginal land uses and/or development patterns. Along with vacant residential sites, underutilized commercial sites are a key component of the study/change areas, consistent with the goal of revitalizing commercial corridors, and well as introducing housing in key locations in which people are closer to jobs, commercial goods and services, schools, parks, and other public amenities. Both vacant and non-vacant sites were evaluated on their capacity to accommodate at least 16 dwelling units, either independently or through aggregation with abutting sites with similar development and recycling potential, or by common ownership. For a representation of what these developments may look like, please refer to Appendix C.

**Figure 3-12: Viable Housing Sites (Rezone Program)**

(to be inserted)

### 3. *Accessory Unit Production*

The City records the number of accessory units built on an annual basis. Consistently maintained records over the previous planning cycle helps determine trends in accessory unit construction. From 2006 to 2011 (six year period), the City permitted 113 accessory units at an average of 19 accessory units per year. The City permitted 21 accessory units in 2012 and 14 in 2013. While new second units are not required to be deed restricted for certain income groups, many of these second units are expected to be affordable to low- and moderate-income households based on the market rent rates.

A San Diego Apartment Association Rent and Vacancy Surveys were utilized to further support expected rental rates for these accessory units. The Annual Rent Survey calculates the average rent per square foot in the City and shows how the amount has ranged over the past three years from $1.54 per square foot in 2012 to $2.29 per square foot in 2014. The average rent rate per square foot results in a $1,115 to $1,717 typical rent rate estimate when applied and appropriately prorated to the maximum size of an accessory unit. (The maximum living area of an accessory unit is 750 square feet.) While the average rent price may be higher in some areas of the City (e.g. when close to amenities like the beach or found on the edges of the rural-like community of Olivenhain), because accessory units are small units they are relatively more affordable. That is, market rate accessory units constructed can nearly be affordable to lower income households by using HUD's affordability standards. Based on these standards, the maximum HUD rent amount for a one-bedroom apartment in the San Diego region was $1,285 in 2012 and $1,263 in 2014.

Neither State law nor the City requires second units to be rented. Therefore, no accurate and on-going rental information is collected in a monitoring process. The City does collect a Housing Development Tracking Form; however, some applicants do not include all of the information. (Information that was collected was recorded for the purposes of getting RHNA credit based on projects built from 2010-2012.) Based on multi-family rental rates in the City, rental units at market rates for second dwelling units are assumed to be affordable to lower income households about half of the time. (This analysis captures historical trends of accessory unit development and conversion of illegal units.) City staff contacted a few property owners to inquire about the uses and rents collected. City staff also solicited input with customers at the Planning and Building Development Services Counter. Some of the property owners contacted indicated that they are to be, or would be, rented to family members or domestic help at a low or no cost. Regarding input received from Development Services, informal conversations with customers reveal that more would consider building an accessory unit (or legalizing an illegal unit) if the process was more predictable and process friendly, if development standards could be more flexible, and if the cost was reduced. (This feedback presents tremendous opportunity for allowing further development of second-units – this discussion is covered in more detail in the following section.)

AB 1866 (2002) clarified how second-units can be counted toward the adequate sites requirement. In essence, local governments may count the *realistic* potential for new

second units within the planning period based on the number of second units developed in the prior planning period or other relevant factors that may affect accessory unit production. Based on production rates from 2006 through 2012, it is anticipated that a total of 152 units would be constructed over an 8-year period.

It is important to acknowledge, however, that housing prices peaked in early 2006, started to decline in 2006 and 2007, and reached lows 2009-2011. Increased foreclosure rates in 2006 and 2007 among San Diego County homeowners led to a credit/bank crisis, which had a direct impact not only on home valuations, but the nation's mortgage markets, home builders, real estate, and home supply retail outlets. Based on the State's Department of Finance construction data, new multi-family and single-family units authorized by building permit was at a 15-year high in 2004 with 213,000 new housing starts. The statewide average from 2000 through 2006 for multi-family housing starts was about 51,000 and 127,000 for single family housing starts (approximately 178,000 average starts for all construction). From 2007 through 2010, these averages dropped to about 26,750 and 38,000 respectively (64,750 total average starts). This represents a 63.6 percent decrease in statewide housing production. Over this same time, in Encinitas there was approximately a 54 percent decrease in housing starts, going from 176 units per year average to 83 units per year (2007 through 2010).

In 2012 there was a year over change of 22.1 percent in statewide construction starts, which a reflection that the statewide housing market is improving. With the present momentum continuing its course in the near term, capital market and home builder conditions are moving towards a restoration of the residential real estate values lost in San Diego County during the recession. This statewide up-cycle has been affirmed by a spokesman of the California Economic Forecast at a resent Pacific Coast Builders Conference. At the capital markets forum/conference it was noted that the number of homes that were bought and resold within the past six months is the highest since 2005. And this upward trend is simply part of the overall housing correction. To this point, deliveries haven't kept pace with demand. Likewise, in the City of Encinitas there was an 18 percent year over change in housing starts (98 total starts in 2012 versus 83 starts average in the five years prior). In 2013 there was 104 total housing starts, which is an additional 6 percent increase, or 25 percent increase total from the five-year average (83 units).

Based on assumptions reflecting conditions the City expects to exist, the forecast of housing production over the next 8-year period should increase by at least 20 percent, and facilitate more housing construction across the board (single-family, multi-family, and accessory unit construction). Reaching these targets is attainable, and has been achieved in Encinitas before. A 20 percent increase in total housing starts over the next planning cycle, calculated on an annual basis, would generate 182 total accessory units in 8-years. If the housing rebound has a firm footing and does not contract, the increase in total housing starts and resulting accessory unit production should be much higher. Still, this Housing Element assumes a conservative estimate of accessory unit production over the next years.

## a. Incentivizing Additional Production

Due to limited available land within the City, Second-Dwelling-Unit construction is very important element to the City in its efforts to provide opportunities for affordable housing. Currently, the City promotes accessory (second) units as a viable option by making requirements and procedures for permitting this building type available to the public at the Planning and Building Department and through the City's website.

To incentivize the construction of accessory units, the Planning and Building Department will develop informational packets to market second unit construction, explain the application process, etc.; and advertise second unit opportunities to homeowners on the web page, at community and senior centers, in community newsletters, etc. The City is also looking in the near-term to adopt additional incentives to facilitate accessory unit production, as delineated in the implementation/program section of this Element, which will include a comprehensive review of the City Code and identify barriers to the construction of these units. State law allows local jurisdictions the flexibility to set development standards for Second-Dwelling-Units, including limitation on unit sizes, heights, setbacks and minimum parking requirements. Revising the Second-Unit Ordinance so that the development standards are more flexible will facilitate second unit construction and help address a rental housing deficit and also assist in low- and moderate-income homeowners gain supplemental income from renting the affordable unit.

Given that the median price of a single-family home in Encinitas is almost $1 million, and given the absence of vacant land for multi-family housing, the need for second units in the city is substantial. Accessory units may be created in a number of ways. The most common source of production is incorporating new units into brand new homes or adding the units onto existing homes as new floor space. However, in some cases they may also be created within the footprint of an existing home. About 28 percent of the city's homes have four or more bedrooms, including more than 1,700 homes with five or more bedrooms. Many of the city's homes were built with multiple entrances and other physical attributes that lend themselves to accessory unit conversion (i.e. by adding new bathrooms and kitchens and configuring space within an existing home). Therefore, the City will also strongly encourage the inclusion of second units when existing homes are expanded.

Due to Encinitas' topography, there are a number of houses on down-sloping lots with existing lower level spaces that could be converted to second units, without the capital required for additions or new detached structures. In some instances, adding an accessory unit on the property may be as simple as improving existing spaces that already have a kitchen, bathroom and separate entrance, but are not currently used as independent dwelling units. This occurrence is sometimes referred to as "unintended second units." These spaces may already have a living and/or sleeping areas, but they are not occupied by a separate household. Such spaces are often used as domestic quarters, home offices, or living space for extended family (grandparents, etc). "Unintended" second units may also include pool houses (with kitchens and baths), guest cottages, and similar detached structures.

For this 2013-2021 Housing Element cycle, the City has also included an amnesty program update to help unpermitted dwelling units that qualify for Second-Dwelling-Unit status to obtain legal status. In the later part of 2014, the City Council recently revised the existing compliance program with less restrictive, more preferential terms. But the changes are only valid through 2015. To promote the program, the City sent out a citywide postcard to all property owners (resident and absentee). The key changes to encourage conversion of illegal units include the following:

- The unit must have existed prior to January 1, 2004. This is a change from the current policy that requires the unit to be in existence prior to incorporation in 1986.

- The unit must be reserved as affordable housing for "low" income households for a period of 20-years. This is a change from the current policy that requires the affordability restriction in perpetuity.

- The standard application fee of $900 may be waived for property owners that qualify as a very-low or low income household.

Through the two programs (revising the Second-Unit Ordinance and amnesty program update) and gauging the preliminary interest, we can reasonably expect a 40 percent increase in accessory unit production over the next 8-year period (242 total units) and an additional 25 accessory units legalized through the one-year, provisional amnesty program. This results in 267 total units, of which it is expected that 146 units will be affordable to lower income households.

**b. <u>Tracking Future Production of Accessory Units</u>**

For this 2013-2021 Housing Element cycle, the City anticipates to facilitate the development of accessory units and permit 25 additional deed-restricted units through the provisional amnesty program. This is important because it helps ensure decent and safe housing for occupants, but it also can increase the City's property tax base and thereby help the City accrue funds to be used for affordable housing programs.

**Table 3-56: Accessory Unit Production Breakdown**

| | VL and L | Moderate | Above Moderate | Total Potential Units |
|---|---|---|---|---|
| Historical Production Over 8-Year Period | -- | -- | -- | 152 |
| Improving Economy +20% | -- | -- | -- | 30 |
| Updated Code +40% | -- | -- | -- | 60 |
| **Subtotal** | **121** | **--** | **121** | **242** |
| Provisional AUP Incentive | 25 | N/A | N/A | 25 |
| **Total** | **146** | **0** | **121** | **267** |

Please note that the City will continue to monitor accessory unit production over the next Housing Element planning period. If the rate of accessory unit production falls below anticipated levels, City staff will consider different regulatory or processing options to facilitation their production.

### *4. Regional Housing Needs Allocation*

**Future Housing Needs**

Future housing need refers to the share of the regional housing need that has been allocated to the City. The State Department of Housing and Community Development (HCD) supplies a regional housing goal number to the San Diego Association of Governments (SANDAG). This is also referred to as an overall RHNA Determination. SANDAG is then mandated to allocate the housing goal to city and county jurisdictions in the region (through a RHNA Plan). In allocating the region's future housing needs to jurisdictions, SANDAG is required to take the following factors into consideration pursuant to Section 65584 of the State Government Code:

- Market demand for housing;
- Employment opportunities;
- Availability of suitable sites and public facilities;
- Commuting patterns;
- Type and tenure of housing;
- Loss of units in assisted housing developments;
- Over-concentration of lower income households; and
- Geological and topographical constraints.

SANDAG adopted its Regional Housing Needs Allocation (RHNA Plan) in July 2011. This RHNA covers an 11-year planning period (starting in 2010) and addresses housing issues that are related to future growth in the region. The RHNA allocates to each city and county a "fair share" of the region's projected housing needs by household income group. The major goal of the RHNA is to assure a fair distribution of housing among cities and counties within the San Diego region, so that every community provides an opportunity for a mix of housing for all economic segments.

The RHNA allocation process is primarily legislative rather than adjudicatory in nature and involves the actions of more than a single entity. Each respective council of governments develops a methodology for distributing the housing needs to the local governments in its region. By statute, SANDAG consulted with both the affected municipalities and the public in accomplishing this task. Once adopted, local agencies must accommodate the full allocated share of units by income category. Please note that the housing allocation targets are not building requirements or mandates, but goals for each community to accommodate through appropriate planning policies and land use regulations. Allocation targets are intended to assure that adequate sites and zoning are made available to address anticipated housing demand during the planning period.

Encinitas' share of regional future housing needs is a total of 2,353 new units for the current planning cycle (2013-2021). This allocation is distributed into various income categories, as shown in Table 3-58. The RHNA includes a fair share adjustment which allocates future (construction) need by each income category in a way that meets the State mandate to reduce the over-concentration of lower income households in one community.

**Table 3-57: Housing Needs for 2013-2021**

| Income Category (% of County AMI) | Number of Units | Percent |
|---|---|---|
| Extremely Low (30% or less) | 275 | 11.7% |
| Very Low (31 to 50%)[1] | 312 | 13.3% |
| Low (51 to 80%) | 446 | 19.0% |
| Moderate (81% to 120%) | 413 | 17.5% |
| Above Moderate (Over 120%) | 907 | 38.5% |
| Total | 2,353 | 100.0% |

Note 1: Pursuant to AB 2634, local jurisdictions are also required to project the housing needs of extremely low income households (0-30% AMI). In estimating the number of extremely low income households, a jurisdiction can use 50% of the very low income allocation or apportion the very low income figure based on Census data. Extremely low income households constitute 46.9% of the very low income group. Therefore, the City's RHNA of 587 very low income units can be split between 275 extremely low and 312 very low income units.
Source: Final Regional Housing Needs Allocation, SANDAG, 2011.

**Credits toward the 2013-2020 RHNA**

Since the RHNA uses January 1, 2010 as the baseline for growth projections for the Housing Element planning period of 2013-2021, jurisdictions may count toward the RHNA any new units built or issued certificates of occupancy since January 1, 2010. From January to December 2012, 46 housing units have been developed in Encinitas:

- 161 market-rate single-family housing units
- Ten market-rate duplex/townhome units
- 50 market-rate second units
- Two deed-restricted, low-income second units
- Eight market rate, affordable second units (4 very low- and 4 low-income)

Furthermore, in addition to units constructed, several residential development projects have been approved by the City. Housing units entitled since January 1, 2010 can be credited toward satisfying the City's RHNA, even though those units were entitled prior to the planning period covered by this Housing Element.

- 1 affordable housing development (Iris Apartments):
    - 20 deed-restricted, very low-income units
- 9 density bonus unit subdivisions:
    - 134 above moderate-income single-family units
    - 22 above moderate-income townhome units
    - 8 deed-restricted, low-income townhome units
    - 9 deed-restricted, low-income units

Overall, the City has a remaining RHNA of 1,929 units, including 563 extremely low-/very low-income units, 423 low-income units, 413 moderate income units, and 530 above moderate income units.

**Table 3-58: Credits Toward the RHNA (Built and/or Approved)**

| | Extremely Low/ Very Low 0-50% AMI | Low 51-80% AMI | Moderate 81-120% AMI | Above Moderate > 120% AMI | Total |
|---|---|---|---|---|---|
| Single-Family Units | | 9 | 0 | 295 | 304 |
| 2-4 Units | 0 | 8 | 0 | 32 | 40 |
| 5+ Units | 20 | 0 | 0 | 0 | 20 |
| Second Units Built | 4 | 6 | 0 | 50 | 60 |
| **Total** | **24** | **23** | **0** | **377** | **424** |
| RHNA | 587 | 446 | 413 | 907 | 2,353 |
| Subtotal Remaining RHNA | 563 | 423 | 413 | 530 | 1,929 |
| Anticipated Accessory Units and AUP Units | 146 | | 0 | 121 | 267 |
| **Total Remaining RHNA** | **840** | | **413** | **409** | **1,662** |

**RHNA Penalty from the Previous Planning Period**

AB 1233 was signed into law on October 5, 2005 and applies to housing elements due on or after January 1, 2006. Specifically, the law states that if a jurisdiction fails to provide adequate sites in the prior planning period, within one year of the new cycle, the jurisdiction must rezone/upzone adequate sites to accommodate the shortfall. This requirement is in addition to rezoning/upzoning that may be needed to address the RHNA for the new cycle.

This law affects the City of Encinitas' 2013-2021 Housing Element, requiring the City to address its deficit in sites for the previous housing element cycle (2005-2010). For the 2005-2010 planning period, the City of Encinitas submitted a Draft Housing Element for review by the State HCD. The 2005-2010 Draft Housing Element was unable to secure a "substantial compliance status" from HCD, primarily due to insufficient information in the Draft Housing Element to demonstrate the adequacy of the City's sites inventory in meeting its RHNA. The Draft 2005-2010 Encinitas was never adopted. As such, this 2013-2021 Housing Element must address any deficit in sites incurred during the last Housing Element RHNA cycle.

In the previous planning period, the regional share and/or total number of housing units by income category (very low, low, moderate, and above moderate) assigned to the City was 1,712. From 2003 through 2010, the City only produced 1,020 total housing units. The potential AB 1233 penalty will be equal to the portion of RHNA not accommodated either through actual housing production or land made available for residential development within each income category. To determine any potential penalty, this report follows the following approach outlined by HCD:

Step 1: Subtracting the number of housing units constructed, under construction, permitted, or approved since January 1, 2003 to December 31, 2010 by income/affordability level;

Step 2: Subtracting the number of units that could be accommodated on any appropriately zoned sites available in the City during the RHNA cycle.

The City's RHNA obligations and credits as of December 2010 are summarized in Table 3-60. Specifically, the City constructed a total of 1,020 units, including 62 units that are deed restricted as long-term affordable housing for very low and low income households based on the City inclusionary housing requirements and/or funding subsidies.

Among the remaining 968 non-deed-restricted units, 53 units can be credited as affordable to lower and moderate income households based on actual sale prices or rents. The City requires the inclusion of rents and sale prices information in the application for a Certificate of Occupancy. Based on the actual rents and sale prices reported by the owners/developers and the affordable housing costs at the time of completion, the City was able to determine that 53 (six percent) of the 958 units can be credited as affordable housing.

Overall, the City met approximately half of its RHNA for the 2005-2010 planning period with actual production, with a remaining RHNA of 900 units that the City should accommodate through land use planning. As previously discussed, the City's Housing Element update does not alter existing land use planning for the majority of the City. In these preserved communities, existing land use policy offers capacity to accommodate additional housing. Specifically, during the previous planning period (2005-2010), 829 units (at a maximum density of 25 units per acre and average density of 20 units per acre) could be accommodated at vacant and underutilized mixed-use and R25 sites in the Downtown Encinitas and North 101 Corridor Specific Plans, more than double the sites required for the City remaining moderate income RHNA units.

Furthermore, the D-CM1 districts in the Downtown Encinitas Specific Plan area allowed for mixed-use development with no density limit during the previous planning period. The Specific Plan, based on the development standards established in the Plan in effect at the time, a typical mixed-use project can achieve 34 units per acre. Up to 704 units could be accommodated at the vacant and underutilized D-CM1 sites. Assuming only half of these mixed-use sites would have been redeveloped with a residential component, these sites could fulfill 352 units of the City's remaining lower income RNNA, resulting in a RHNA penalty of 243 lower income units from the previous Housing Element cycle. For the purposes of calculating the penalty, the RHNA penalty will be rounded to 250 units. This conservative, rounding-up approach helps account for any miscellaneous site suitability calculation issues.

**Table 3-59: AB 1233 Penalty from Previous Housing Element Cycle**

| 2003-2010 | | Very Low Income | Low Income | Moderate Income | Above Moderate Income | Total |
|---|---|---|---|---|---|---|
| Units Constructed | Deed Restricted | 49 | 13 | 0 | 0 | 62 |
| | Non-Deed Restricted | 10 | 24 | 19 | 905 | 958 |
| RHNA | | 392 | 299 | 324 | 697 | 1,712 |
| **Remaining RHNA** | | **333** | **262** | **305** | **0** | **900** |
| **Sites Available in Preserved Communities in the Previous Planning Cycle (No Change from Existing General Plan)** | | | | | | |
| Mixed-use: | | | | | | |
| D-CM1 | | 704* | | -- | -- | 704* |
| D-CM2, N-CM1, N-CM2, N-CM3, N-CRM1, D-VCM | | -- | | 748* | -- | 748* |
| D-OM, N-CRM2 | | -- | | -- | 30 | 30 |
| Residential-Only: | | | | | | |
| D-R25, R25 | | -- | | 112 | -- | 112 |
| D-R15, N-R15, R15 | | -- | | -- | 62 | 62 |
| R11, N-R8, R8, R5, N-R3, R3, RR2, RR1, RR | | -- | | -- | 1,160 | 1,160 |
| **Total** | | **704** | | **860** | **1,252** | **2,816** |
| Overall Site Capacity (Assuming 50% Mixed-use with Residential) | | 352 | | 486 | 1,237 | 2,075 |
| Penalty | | 243 | | 0 | 0 | 243 |
| **Rounded AB1233 Penalty** | | **250** | | **0** | **0** | **250** |

*Proposition A – Voter Right Initiative was passed by Encinitas voters in 2013, which ultimately changes the yield capacity for new housing in some areas. Any height limitations imposed by the ballot measure have no impact to the AB 1233 capacity calculations. *Parcel 2540610100 (also known as 1657 Vulcan Avenue) is not identified in the 2013-2021 lands inventory. The 9.91-acre site is zoned N-R8 and, in the previous planning cycle, had a realistic development potential of 6.4 units per acre, or 63 units total. A recent 69 unit project was built on the property; however, the site was available in the previous planning period and should be factored into AB 1233 penalty analysis.*

## Adequacy of Sites for RHNA

Local governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing, and to make adequate provision for the housing needs of all economic segments of the community (Government Code Section 65580(d)). The statutes governing the development of Housing Elements express the Legislature's intent to assure local governments "recognize their responsibilities in contributing to the attainment of the state housing goal". To that end, State law requires local jurisdictions to plan their residential land and standards to ensure adequate housing is available.

As part of this Housing Element update, the City is proposing an adequate site's rezoning program to accommodate the shortfall of sites necessary to accommodate the remaining housing need for housing for all income categories during the planning period. The program ensures that the sites are zoned to allow residential uses "by-right" and permit the development of new housing opportunities pursuant to Section

65583.2. State law also requires that a local jurisdiction's rezoning program must ensure at least 50 percent of the lower income regional needs be accommodated on sites designated for exclusively residential uses, at appropriate densities, or that all of the housing units may be accommodated on sites allowing mixed use where 50 percent of the floor area must be used for housing.

The Housing Element update (through both preserving much of the community and identified viable housing sites for rezoning provides a capacity for more than XXXX additional units. Approximately XX percent of these units are provided in residential-only zones. The remaining XX percent of the units are provided in mixed-use districts. Furthermore, this capacity already discounts the development potential in mixed-use areas, recognizing that not all mixed-use sites will include a residential component. Overall, the City has adequate capacity to accommodate the new RHNA and the 243-unit penalty incurred.

**Table 3-60: Adequacy of Sites Inventory**

| | Extremely Low/Very Low Income | Low Income | Moderate Income | Above Moderate Income | Total |
|---|---|---|---|---|---|
| RHNA (2013-2021) | 587 | 446 | 413 | 907 | 2,353 |
| RHNA Penalty (2003-2010) | 250 | | -- | -- | 250 |
| Units Built/Approved | 24 | 23 | -- | 377 | 424 |
| **Remaining RHNA** | **1,236** | | **413** | **530** | **2,179** |
| **Sites Available** | | | | | |
| **Preserved Mixed Use Areas** | | | 530* | 15 | 545* |
| **Preserved Residential Areas** | 0 | | 112 | 1,222 | 1,334* |
| **Accessory Unit Production** | 146 | | | 121 | 267 |
| **Total Potential Capacity Based on Existing GP and Accessory Unit Production** | 146 | | 642 | 1,358 | 2,146 |
| **Remaining RHNA** | 1,090 | | 0 | 0 | 1,090 |
| **Changed Areas** | | | -- | -- | |
| **Total Capacity Over RHNA** | | | | | |

*Reasonable capacity assumptions for the DCM-1 Zone are based on new information not previously available for previous planning periods.

### 5. *Availability of Infrastructure and Services*

The community developed several planning objectives through the Comprehensive General Plan Update process such as creating a more sustainable community. One principle to this overarching vision was to concentrate population and job growth in developed areas already served by infrastructure, with slower growth in less developed areas where infrastructure is more limited. Through the visioning process (conducted in 2010), the community prioritized the need to encourage new housing that relies on transit use and environmentally sustainable patterns of movement. This public sentiment was strong in that this desire was echoed throughout the "restart" process as well (2012-2013). Successful housing must be considered as a part of a whole neighborhood, one that includes public infrastructure such as transit, open space and community facilities, and privately provided infrastructure such as retail and neighborhood services.

This Housing Element encourages an equitable distribution of growth according to infrastructure and site capacity. The identified focus areas of land use change are primarily located along existing commercial corridors already served by adequate water, sewer, public amenities, and emergency response services. The corridors are close to or already served by transit, and to other necessary public infrastructure such as schools, parks and open space, as well as quasi-public or privately provided services such as child care and health facilities.

### 6. *Financial Resources*

Providing for an adequate supply of decent and affordable housing requires layering of funding from various sources. The City has access to the following funding sources:

**Affordable Housing Fund**

The City has an Affordable Housing Fund using revenues primarily generated from the City's Inclusionary Housing program. The City's Inclusionary Ordinance provides the opportunity to a developer to pay a fee in lieu of providing affordable units on site. The per-unit in-lieu fee is calculated on a case-by-case basis, depending on the market conditions at the City. The affordable housing funds collected are then applied and/or leveraged with additional funding sources to create affordable housing in other locations. As of May 2014, the City has a balance of $1,352,571.00 million in the Affordable Housing Fund.

**Section 8 Housing Choice Voucher**

The Section 8 Housing Choice Voucher program is the Federal government's largest program to assist very low-income families, the elderly, and the disabled by providing rent subsidy payments in privately owned rental housing units. As the units are market-rate, the program offers households the opportunity to have an expanded choice in housing. Section 8 participants typically, upon initial approval, pay 30 to 40 percent of their income for rent and utilities. The Housing Authority of the City of Encinitas administers the program and pays the difference between the tenant's contribution and the actual rent and utility costs, up to the payment standard established by the

Housing Authority, based on HUD-established Fair Market Rents. To cover the cost of the program, HUD provides funds to allow the City to make housing assistance payments on behalf of the families. HUD also provides the Housing Authority with a separate allocation for administering the program.

**Community Development Block Grants (CDBG)**

The Community Development Block Grant (CDBG) program was initiated by the Housing and Community Development Act (HCDA) of 1974. The primary objective of the program is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low incomes (up to 80 percent AMI). CDBG funds can be used for a wide array of activities, including:

- Housing rehabilitation;
- Lead-based paint screening and abatement;
- Acquisition of buildings and land;
- Construction or rehabilitation of public facilities and infrastructure, and:
- Public services for low income households and those with special needs.

The City of Encinitas has been an entitlement jurisdiction for CDBG funding since 1994. Annually, the City receives approximately $400,000, however, appropriations for many domestic programs, such as CDBG, have experienced declines over the past few years. The trend of decreased funding has continued to FY2013 with the City receiving approximately $305,000 in annual funding. Typically, the City expends CDBG funds to public services, fair housing, capital improvement projects, residential rehabilitation, and administration.

**HOME Investment Partnership Program (HOME)**

The HOME program provides federal funds for the development and rehabilitation of affordable rental and ownership housing for households with incomes not exceeding 80 percent of area median income. The program gives local governments the flexibility to fund a wide range of affordable housing activities through housing partnerships with private industry and non-profit organizations. HOME funds can be used for activities that promote affordable rental housing and homeownership by low income households.

Encinitas is not an entitlement jurisdiction, and therefore, does not receive HOME funds directly from HUD. The City participates in the HOME Consortium administered by the County of San Diego. Until FY2014-15, HOME funding was allocated to each of the participating members of the HOME Consortium; however, due to federal changes to the HOME program, Encinitas will not be receiving funding from the County of San Diego to administer HOME programs. As a continued member of the San Diego Regional Consortium, City of Encinitas residents may receive assistance through the County of San Diego's HOME programs. These programs include a first-time homebuyer down payment and closing costs assistance program and a tenant-based rental assistance program. HOME funding was also provided to the Emancipated Foster Youth TBRA and Family Reunification TBRA. The programs are developed to

provide rental assistance to former foster youth between the ages of 18 and 24 and those that are attempting to reunify with their children while in substance abuse recovery.

### 7. *Administrative Capacity*

**City of Encinitas Housing Authority**

The Encinitas Housing Authority offers Section 8 Housing Choice Vouchers to very low income households. Currently, the Housing Authority administers 136 vouchers, although current HUD funding supports 111 households.

**Community Resource Center**

The City partners with the Community Resource Center (CRC) located in Encinitas to provide a range of homeless services, including case management and counseling, services for victims of domestic violence, homeless prevention and intervention, food distribution, and employment assistance. The CRC is a 501(c)(3) nonprofit organization that has been the primary provider of comprehensive social services to the North County Coastal region since 1979. The agency has an estimated annual budget of $4.2 million and employs 50 persons. Annually, the City provides CDBG funding for CRC to support its homeless services. The City has also provided assistance in the rehabilitation of CRC's social services facility, and transitional housing facility, located in downtown Encinitas.

**Nonprofit and For-Profit Housing Developers**

The City partners with a number of nonprofit and for-profit housing developers to provide permanent affordable housing in the community. These include:

- Habitat for Humanity
- Mercy Housing: Cantebria Senior Apartments (44 units)
- North Coast Housing: Su Casa Family Apartments (28 units)
- Community HousingWorks: Esperanza Garden Apartments (10 units)
- Chelsea Housing, Iris Apartments: recently constructed (20 units)

### 8. *Opportunities for Energy Conservation*

The primary uses of energy in urban areas are for transportation lighting, water heating, and space heating and cooling. The high cost of energy demands that efforts be taken to reduce or minimize the overall level of urban energy consumption. Energy conservation is important in preserving non-renewable fuels to ensure that these resources are available for use by future generations. There are also a number of benefits associated with energy conservation including improved air quality and lower energy costs.

The City's energy goals, stated in the Resource Management Element of the General Plan, make every effort to conserve energy in the City thus reducing dependence on fossil fuels. The City's policies relating to energy include encouragement of the use of alternate energy systems, urban design that maximizes opportunities for solar energy

use and energy conservation, and promotion of energy conserving standards and requirements for new construction.

Title 24, Building Energy Standards for Residential Development, establishes energy budgets or maximum energy use levels. The standards of Title 24 supersede local regulations, and State requirements mandate Title 24 requirements through implementation by local jurisdictions. The City will continue strict enforcement of local and state energy regulations for new residential construction, and continue providing residents with information on energy efficiency.

SDG&E offers an Energy Savings Assistance program offers income-qualified households assistance to:

- Install improvements to help make the home more energy efficient;
- Help understand the best ways to save energy around the home; and
- Determine whether some of the appliances are eligible for free repairs or replacement.

Examples of free home improvements offered by PG&E include: attic insulation; door weather-stripping and caulking; low-flow showerheads and faucet aerators; water heater blankets; energy-efficient lighting; and assistance in selecting energy-efficient appliances. The City helps publicize this program on the City website.

Starting in 2012, the City promoted energy efficiency, environmental stewardship, and sustainability by eliminating or reducing permit fees for solar photovoltaic home systems, solar water heating home systems, electric vehicle supply equipment for home charging, clean natural gas systems for home refueling, etc. What started off as a one-year program (launched in July 2012) has evolved into a program that will be evaluated on a yearly basis with the overall budget. The energy efficiency permit fee waiver program was recently extended through the next fiscal year, ending June 30, 2014.

### 3.4 Evaluation of Previous Housing Element Related Work Efforts

To lay the basis for preparing a Housing Element update, the Housing Element must analyze the City's accomplishments during previous Housing Element planning periods and/or progress in implementing Housing Element law and/or other statutory mandates. In this section, the City describes and quantifies the actual progress and effectiveness of previous work efforts to attain of the community's housing goals and objectives. It is important to determine if the housing needs have changed, if the goals and policies are still relevant, and if the programs were effective. This task was systematically considered as part of the 2013-2021 Housing Element update.

Typically, a locality will utilize the last adopted Housing Element in order to evaluate progress towards facilitating a variety of housing types, services, and programs to meet needs within a community. Since the 2005-2010 and 1999-2004 Encinitas Housing Elements were never adopted by the City, there is no standardized basis for this

assessment. However, draft policies and programs were developed during these planning periods; therefore, both draft documents serve as the best proxy for benchmark review. While the draft documents were never officially adopted, the 2005-2010 and 1999-2004 draft Housing Elements address housing needs and community specific and housing related issues of the time period.

This section evaluates the City's progress in two contexts: 1) the City's progress towards meeting Coastal Zone requirements; and, 2) the City's success in meeting its housing goals and program objectives. This evaluation is a key component in the determination of goals and programs to be included in the 2013-2021 Housing Element.

### A. Evaluation of Progress towards Meeting Coastal Zone Requirements

Section 65588 of the Government Code requires that, in housing element updates, coastal jurisdictions document the number of low and moderate income units converted or demolished, and the number of replacement units provided. Section 65588 also requires that revisions of the housing element must include, for the coastal zone:

- Number of new units approved for construction after January 1, 1982
- Number of units for low and moderate income households required to be provided either within the coastal zone or within three miles of it.
- Number of units occupied by low and moderate income households and authorized to be demolished or converted since January 1, 1982.
- Number of units for low and moderate income households required either within the coastal zone or within three miles in order to replace those being demolished or converted.

Because the City was incorporated in 1986, information is not available for units produced between 1982 and 1986. The information in Table 3-62 was obtained from the County of San Diego Department of Housing and Community Development and from City records. The table below shows that while the City experienced a lower trend in housing production from 2005-2012, new low- and moderate-income housing production has relatively increased.

**Table 3-61: Residential Development in Coastal Zone (1986-2012)**

| Residential Development in the Coastal Zone | 1986-1999 | 1999-2004 | 2005-2012* |
|---|---|---|---|
| New construction | 1,021 | 1,013 | 604 |
| New low-and moderate-income housing | 43 | 48 | 63 |
| Demolished market rate housing | 65 | 81 | 142 |
| Demolished/converted low- and moderate-income housing | 4 | 0 | 0 |
| Replacement low- and moderate-income housing | 4 | 0 | 0 |

*Date range includes 7/1/2005 to 12/31/2012

## B. Evaluation of Adopted Housing Element Goals and Programs

This section of the Housing Element is intended to describe the City's progress in meeting the goals and policies of the latest adopted Housing Element. However, the last Housing Element was adopted in 1992 and a lot has changed since then. That is, it is difficult to gauge or infer progress out of evaluating programs that were developed 20+ years ago. Since a considerable amount of effort went into updating the Housing Element during the fourth and fifth cycles (1999 and 2005), it is reasonably expected that these draft programs are a more useful source of information.

The programs contained in these draft Housing Elements described specific actions the City of Encinitas proposed to carry out to satisfy the community's housing needs and meet the requirements of State law. The evaluation section of these draft documents detailed what happened and described the actual results or outcomes of the prior planning efforts. For example, for each program the draft documents compared significant differences to determine where the previous draft housing element met, exceeded, or fell short of what was anticipated.

The results of this review and assessment were used to revise and update the proposed programs for 2013-2021 as described in the Implementation Plan section. The programs were organized into five major issue areas: Housing Opportunities, Homeownership Opportunities, Rental Assistance, Quality of Housing, and Maintenance and Preservation of Housing.

### *1. Housing Opportunities*

*1999/2005 HE Program 1: Zoning Code – Existing Provisions*

The relationship between housing goals and land use planning is direct. The Land Use Element of the Encinitas General Plan and its implementing zoning regulations is the City's most important "housing program," by providing for the number and type of housing units needed. The Housing Needs, Housing Constraints and Housing Resources sections of the Housing Element establish the relationship between identified housing needs and the ability to meet those needs through the City's land use planning. The following existing provisions of the City's Zoning Code are designed to ensure that the City achieves its housing objectives as a result of zoning implementation. Note that some of the City's zoning provisions will continue to be implemented on an on-going basis, while others need modification or "fine tuning" through amendments to the Zoning Code.

*1999/2005 HE Program 1A: Overall Land Use Plan Implementation*

The City proposed to continue to apply zones through the Zoning Code and Zoning Map to correspond with the Land Use Element's residential designations that would have provided a range of residential densities and housing types. These included the single-family residential categories, (RR through RS-11) the multi-family categories (R-11 through R-25 zones) and the specialty category of Mobile Home Park (MHP).

*Program Accomplishment:* This program was an on-going activity. The City initiated a comprehensive update to its General Plan in 2010. The Comprehensive General Plan

Update and subsequent Housing Element-related work provided additional opportunities to evaluate appropriate locations for high-density residential and mixed-use development

*Program Evaluation:* This program is continued as part of the 2013-2021 Housing Element.

*1999/2005 HE Program 1B: Accessory Units*

The City proposed to apply zoning code provisions that allowed accessory units (also known as second units or granny flats) by right in all single-family residential zones, in accordance with State law. In addition, the City allowed developers of single-family subdivisions to meet inclusionary housing requirements by building accessory units. After conducting an inventory of inclusionary, accessory units in 2003, the City re-evaluated that accessory unit option. Many owners of the accessory units did not rent the units out in accordance with the recorded covenant.

*Program Accomplishment:* The City's accessory unit regulations were amended in the mid-1990s, permitting their construction by right in single-family neighborhoods. Implementation of the City's ordinance permitted the construction of at least 163 new accessory units. Over the past several years, the production on new accessory units has ranged from 14 to 21 units per year, with about 19 new units on average.

*Program Evaluation:* This program has been successful in fostering the development of accessory units throughout the community and is continued in the 2013-2021 Housing Element. Program 1C has been added to relax development standards and to encourage more accessory unit (second-unit) production.

*1999/2005 HE Program 1C: Agricultural Worker Housing*

The City proposed to continue to apply zoning code provisions that would allow agriculture worker housing as an accessory to agricultural/horticultural land uses. The City proposed to review development standards/limitations that were in effect for agricultural worker housing to avoid potential disincentives, and allow for flexibility in the type of structure allowed as accessory agricultural program housing.

*Program Accomplishments:* The City did not undertake any formal review of its zoning/development standards for agricultural worker housing. At the same time, there has been no indication that the City's standards have posed a constraint to the provision of such housing.

*Program Evaluation:* The City's current Zoning Code requires agricultural worker housing requires a minor use permit, which is inconsistent with state law. A program is included in the 2013-2021 Housing Element to amend the Zoning Code to comply with state law. Refer to Program 3D.

*1999/2005 HE Program 1D: Mobile Home/Trailer Parks*

The City proposed to continue to apply zoning provisions that allowed the development of new mobile home/trailer parks and that recognize and allow the expansion of existing parks. The City will maintain the exclusive mobile home park zone (MHP), where appropriate, and will continue to provide for parks as an option under other zones. The 2005 draft Housing Element identified a need to conduct a citywide assessment of mobile homes/trailer parks to determine their status and ability to continue to provide affordable housing opportunities.

*Program Accomplishments:* The City did not receive any applications to expand mobile home parks or to rezone parks to the MHP zone. The City recently conducted an evaluation of mobile home parks and their capacity to continue to serve relatively affordable housing. The objective of the study was to develop a series of strategies and programs to encourage park conservation and sustain long-term, relatively affordable housing. The City Council considered a number of regulatory and non-regulatory alternatives. In response to resident-based surveys and community input received at three workshops, the Council decided not to pursue an alternative that would have expanded the sites that are currently zoned for exclusive mobile home park use. However, City Council directed staff to implement several different programs aimed at mobile home park preservation. One particular strategy included a City-administered residential rehabilitation program for mobile homes and trailers, which has been implemented.

*Program Evaluation:* Mobile homes continue to be an affordable homeownership option, but space rents in many parks have remained relatively high. A recent mobile home park inventory, conducted in 2007-2008, addressed a variety of mobile home park strategies for implementation to provide affordable housing opportunities.

*1999/2005 HE Program 1E: Care Facilities*

The City proposed to continue to allow for the development of small scale care facilities, community care facilities, congregate care facilities, and residential care facilities under zoning to meet the special housing needs of seniors and persons with disabilities.

*Program Accomplishments:* In early 2005, the City revised its ordinance and definitions to be consistent with State standards.

*Program Evaluation:* This program is continued as part of the 2013-2021 Housing Element. Refer to Program 3D.

*1999/2005 HE Program 1F: Identify and Remove Constraints to the Development of Housing for Persons with Disabilities*

State law requires jurisdictions to analyze potential and actual governmental constraints on the development of housing for persons with disabilities and describe the City's efforts to remove or mitigate those constraints. During the 1999 Housing Element cycle, the City proposed to analyze its zoning ordinance and procedures to ensure that they provided flexibility in, and not constrain, the development of housing

for persons with disabilities. If constraints were found, the City proposed to amend their zoning ordinances and/or change their procedures in order to remove them. Similarly, in the 2005 Housing Element planning period, the City proposed the development of a formal reasonable accommodation procedure.

*Program Accomplishments:* Through its building permit authority, the City enforces state Title 24 accessibility regulations. As needed on a case-by-case basis, the City has made reasonable accommodations with respect to accessibility in its application of zoning/development standards. As part of the City's participation in the Regional Analysis of Impediments to Fair Housing Choice study, the City's processes and ordinances were reviewed.

*Program Evaluation:* This program is carried over into the 2013-2021 Housing Element programs. Refer to Program 5A. The City will develop a formal reasonable accommodation procedure for persons with disabilities as related to zoning/development and building permit processes.

*1999/2005 HE Program 1G: Density Bonus*

At the time that the 1999 Housing Element was prepared, State law required that if a developer agrees to construct at least 20 percent of the total units of a housing development for lower income households, or 10 percent of the total units of a housing development for very low income households, or 50 percent of the total units for elderly households, a city had to grant a density bonus of at least 25 percent over the otherwise maximum allowable density for the project site. Additionally, the law requires a city to offer at least one concession or incentive to a developer in exchange for affordable housing. The City's Local Coastal Program (LCP) restricts density bonuses to a maximum of 25 percent and allows only one concession or incentive due to the California Coastal Commission's interpretation of State Density Bonus Law.

New State law (SB 1818) has modified the requirements for the City if a developer requests a density bonus for providing affordable housing as part of a development proposal. Key provisions of the new law include lowering minimum density bonuses and affordable housing set-asides, providing a density bonus range that caps at 35 percent and requiring cities to grant up to three incentives or concessions. The law also provides for reduced parking requirements if requested by a developer. The program contained in the 2005 Housing Element cycle sought to bring the City's density bonus provisions into compliance with the new provisions of State law.

*Program Accomplishments:* The City's implementing ordinance of density bonus law is inconsistent with the recent changes. Although the City's density bonus regulations do not comply with State law, they have not been a barrier to the City approving density bonus projects. Most of the City's approved subdivisions since 2003 have associated with density bonus projects.

*Program Evaluation:* The 2013-2021 Housing Element will include a program to bring the City's density bonus ordinance and LCP into conformance with the new provisions of

State law. Refer to Program 3A. Additionally, the City will evaluate how the ordinance may be applied in conjunction with the City's Inclusionary Housing program to maximize affordable housing opportunities.

*1999/2005 HE Program 1H: Inclusionary Housing Program*

The City proposed to establish an inclusionary housing program that required subdivisions of 10 or more units to set aside at least 10 percent of the units for low income households. As a condition of approval of any tentative subdivision map for residential dwellings, community apartments, stock cooperatives or conversions of 10 units or more, it was proposed that the subdivider was to reserve a unit or units to tenants at or below 50 percent of the area median income. The units either had to be rented at or below the affordable rent level or sold at a price affordable to eligible households.

Residential subdivisions of 10 or more units could have met the City's 10 percent Inclusionary Housing Requirement by building an accessory dwelling unit with an affordability deed restriction. Accessory units also were rent restricted through the City's Affordable Unit Policy. After conducting a citywide survey of accessory unit owners in October 2003, the City found that many homeowners did not rent out the accessory units in accordance with the recorded covenant. The 2005 Housing Element sought to implement changes to the inclusionary program to more effectively meet the City's affordable housing goals and grant developers greater flexibility in how they fulfill their inclusionary requirements.

*Program Accomplishments:* The City enacted an ordinance that implemented the above requirements of the 1999 Housing Element. Since adoption of the inclusionary housing program, 125 units were produced, including 14 for-sale units, 67 rental units, and 44 accessory units. As mentioned above, although at one time allowing developers to build inclusionary, accessory units has dispersed affordable units throughout the community, enforcement of rent restrictions has proven to be difficult. The City subsequently re-evaluated that accessory unit option. Many owners of the accessory units did not rent the units out in accordance with the recorded covenant. After some discussion, the City changed its policy and no longer allows developers to meet inclusionary housing requirements by building accessory units.

*Program Evaluation:* This program was successful in fostering the development of affordable units and should be continued in the 2013-2021 Housing Element. Refer to Program 2A. The City will evaluate how this program may be combined with the City's Density Bonus program to maximize affordable housing opportunities. The City also will evaluate expanding the application of inclusionary housing to increase homeownership and rental opportunities for moderate-income households, as well as other changes in the program to more effectively meet the City's affordable housing goals.

*1999/2005 HE Program 1I: Permit Streamlining Policy*

The City proposed to continue its existing policy to streamline permitting procedures for affordable housing projects. This effort was to address the possible administrative constraints of securing permits to produce an affordable housing project.

*Program Accomplishments:* The City engaged in a program to improve the efficiency of the development review process. Elements of the program included upgrading the computerized permitting system, reducing unnecessary paperwork, eliminating certain permit requirements, and establishing an interdepartmental team to quickly resolve problems as they arise.

The City streamlined permitting for two affordable housing projects, Poinsettia Ridge and Cantebria Senior Apartments. The non-profit developer of the Cantebria project developed the units under a HUD senior housing program, and due to a lengthy review process within HUD, was not able to realize any advantage from the expedited processing.

*Program Evaluation:* This program is continued in the 2013-2021 Housing Element with an emphasis on working with non-profit and for-profit housing developers to better utilize the expedited process.

*1999/2005 HE Program 1J: Reduced Parking Standards for Mixed-use and Affordable Housing in Specific Plan Areas*

Mixed-use units that were guaranteed to be affordable to low or very-low income households were allowed a reduced, one-space-per-unit parking requirement. The City proposed to continue to enforce these zoning provisions and to seek to incorporate reduced parking standards for mixed-use and affordable housing projects in future Specific Plan Areas.

*Program Accomplishments:* In the Downtown Specific Plan Area and the North 101 Corridor Specific Plan Area, no more than two off-street parking spaces required for any unit in a mixed-use development.

In the Encinitas Ranch Specific Plan Area Mixed-use Zones, the Planning and Building Director has the authority to reduce the above parking requirements for affordable housing projects, provided either that a parking study was prepared to support the proposed reduction in parking spaces or a baseline parking study was conducted by the City that was applicable to all affordable housing development in the City. This authority was exercised in at least one affordable housing development during the last review period.

*Program Evaluation:* The City reduced parking standards for the Cantebria Senior Apartments to 0.67 per unit, based on parking studies conducted by the developer of similar senior complexes in Southern California. However, when the complex began leasing up, the property manager discovered that 75 to 80 percent of applicants had cars. As a result, after the complex was 60 percent leased, the property manager began selecting only applicants without cars. This program is continued the 2013-2021

Housing Element; however, in senior complexes the City will require a minimum of one space per unit, plus guest parking.

*1999 HE Program 1K: New Zoning Code Provisions for Multi-Family Residential Use*
The City proposed to continue to review zoning code development standards to identify and remove disincentives for the development of multi-family units. The City considered relaxing multi-family off-street parking requirements for affordable housing projects on as case-by-case basis.

*Program Accomplishments:* This program was applied to the Second St. mixed-use project (4 units) and the Cantebria Senior Housing (45 units).

*Program Evaluation:* The City will continue review of the zoning code for any incentives and/or disincentives. However, it should be noted that multi-family housing development is eligible for the density bonus program and under the new density bonus law, incentives and concessions to development standards are provided for. Thus, any potential disincentives that can be identified may be mitigated if a developer seeks out concessions or waivers through the density bonus program. This program is not separately identified in the 2013-2021 Housing Element.

*2005 HE Program 1K: Eliminate Separate Lot or Airspace Ownership Requirements in North Highway 101 Specific Plan*
The North Highway 101 Corridor Specific Plan requires that all new residential detached dwelling units in residential-only developments must be constructed on a legally subdivided lot or must be subdivided to permit ownership of airspace in the form of a dwelling unit with an undivided share in common elements. While this requirement is appropriate for single-family homeownership projects, it may pose as a disincentive to the provision of multi-family housing.

*Program Accomplishments:* The City has not implemented this program.

*Program Evaluation:* This program was included in the 2013-2021 Housing Element. Refer to Program 3C.

*1999/2005 HE Program 1L: Manufactured Housing*
The City proposed to continue to permit manufactured housing units by right in single-family zones, as long as the units meet all zoning and building codes.

*Program Accomplishments:* This is an on-going program.

*Program Evaluation:* This program is continued in the 2013-2021 Housing Element.

*2005 HE Program 1M: Neighborhood Revitalization Opportunities*
The City proposed to designate blighted or declining residential neighborhoods as a "Neighborhood Revitalization Area" to enable HUD funding allocations and other available resources to implement housing rehabilitation, new construction, homeownership opportunities, etc.

*Program Accomplishments:* The City has not implemented this program.

*Program Evaluation:* HUD expects to approve strategies that will achieve substantial improvements in the delineated neighborhood area and will create meaningful levels of economic opportunities. Regardless of Federal appropriation streams or other funding levels, a neighborhood strategy submission for a delineated geographic area of the City is unlikely to be competitive. This program was not included in the 2013-2021 Housing Element.

*2005 HE Program 1N: Amend Design Review Findings for Residential Projects*

The City requires design review approval for most proposed development. Unless exempt, residential projects need to be consistent with the City's design guidelines and comply with certain regulatory findings before they may be constructed. Among these findings is the requirement that the project "would not tend to cause the surrounding neighborhood to depreciate materially in appearance or value (EMC 23.08.080)." In response to concerns that such a finding could pose a constraint to housing, the City will evaluate this design review finding for its potential to be subjectively applied in denying a residential development.

*Program Accomplishments:* The City has not implemented this program. However, through the Housing Element "Restart" process, the community expressed some clear support to create design standards for future projects so that the community can be confident that they will fit in with existing neighborhoods.

*Program Evaluation:* This program was included in the 2013-2021 Housing Element. Refer to Program 3C.

*1999 HE Program 2, 2005 HE Program 2b: Encourage Mixed-Use Development and Increase Awareness of Potential for Mixed-Use Development; Assess Feasibility of Expanding Mixed-Use Zoning in Other Parts of the City*

The City proposed to continue to allow for the inclusion of mixed-use development of secondary residential units with development of principal commercial uses. Mixed-use residential provisions could have included requirements or incentives to be affordable. In a high-cost area such as Encinitas, this represented a significant opportunity for the development of multi-family housing.

The City also proposed to assess the feasibility of expanding mixed-use zoning provisions in other areas of the City (in both the 1999 and 2005 Housing Elements).

*Program Accomplishments:* Mixed-use was integrated into the City's Zoning Code. The Encinitas Ranch, Downtown Encinitas, and North 101 Corridor Specific Plans included provisions for mixed-use development in commercial districts with densities from the residential portion at 15-25 dwelling units per acre, with certain areas not being limited to a specific density. The City works to increase developer awareness of the potential for mixed-use development in Encinitas. Additionally, the City continues to provide technical support to developers proposing mixed-use projects.

*Program Evaluation:* This program is continued in the 2013-2021 Housing Element and should be made a high priority for implementation.

*2005 HE Program 2A: Affordable Housing Overlay Zone*

As part of the 2005-2010 Housing Element, the City conducted an analysis of its land use plan to determine the potential capacity to meet its regional housing needs allocation. The analysis showed that it would be beneficial to augment the higher-density capacity of mixed-use zones by establishing an Affordable Housing Overlay Zone (AHOZ). The AHOZ would designate specific sites for higher residential density, provided that the affordable housing targets established for each site is met through development. The City will identify appropriate sites and apply the AHOZ designation through a zoning ordinance, General Plan, and Local Coastal Program amendment.

*Program Accomplishments:* The City has not implemented this program.

*Program Evaluation:* While an AHOZ is a land use tool that the City can utilize to develop RHNA capacity, an up-to-date sites inventory program was established for the 2013-2021 Housing Element to provide sufficient sites (appropriately zoned) to meet the City's full, "fair" share of RHNA for the current planning period. However, depending on how the overlay is created, an AHOZ could be a tool to consider implementing better design control or more attainable housing units in rezoned areas.

*2005 HE Program 2C: Coastal Housing Replacement*

As part of the 2005 Housing Element, the City proposed a program to identify resources to provide for the replacement of housing. State law (Government Code Section 65590) requires replacement of low- and moderate-income housing lost due to conversion or demolition of housing in the Coastal Zone. The replacement requirement is applied to projects of three or more dwelling units (eleven or more if multiple structures).

*Program Accomplishments:* The City has not initiated this program.

*Program Evaluation:* The range of options that could be considered under this activity could include fees for condominium conversions and other replacement housing requirements, especially for affordable housing lost through conversion or removal. This program was included in the 2013-2021 Housing Element. The City advances Government Code Section 65590 by regulating the applicability of these provisions on a case-by-case basis. However, the objective of this program may be something that the City should consider addressing in the next planning cycle.

## 2. *Homeownership Opportunities*

*1999 HE Program 3, 2005 HE Program 3a: First-Time Homebuyer Down Payment Program*

The City proposed to continue to provide the First-Time Homebuyer Program. This program provided down payment and/or closing cost assistance to low- income first-time homebuyers. The maximum loan limit was $10,000 and the appraised value of the property being purchased could not have exceeded $269,000. The City placed a second trust deed on the property as security for the loan. Repayment of the loan was deferred until sale, transfer, or non-owner occupancy of the unit. If the buyer resided in the unit for seven full years, the loan was forgiven.

*Program Accomplishments:* The program provided one down payment assistance loan which was used in conjunction with a Section 8 Homeownership Voucher. Due to the steep rise in the price of condominium properties, which had previously been the most affordable units for first-time homebuyers, the subsidy provided by the City was found to be inadequate. In response, the City increased its subsidy level to $40,000 per household and increased the maximum sales price to $421,000.

*Program Evaluation:* Housing prices have sky-rocketed in recent years making the first-time homebuyer program all but infeasible even with the increased loan amounts and home valuation. The required subsidy would be so large as to exceed HOME funding limits and would be an inefficient use of limited resources. The gap between the affordable sales price and the median sales price for condominium units is at least $200,000. Thus, unless condominium prices decline, it will be difficult to assist first-time homebuyers.

Previously allocated funding for down payment assistance can be made available for the rare circumstance of a qualified buyer purchasing an affordable unit. However, this program should be phased out in favor of directing the City's limited financial resources to more effective uses such as rental assistance or affordable housing development.

*1999 HE Program 4, 2005 HE Program 3b: San Diego Regional Mortgage Credit Certificate Program (MCC)*

The City proposed to continue to participate in and promote the San Diego Regional Mortgage Credit Certificate Program. This program entitled qualified first time homebuyers to take a federal income tax credit of 15 percent of the interest paid on the mortgage. The credit reduced the buyers' income taxes and increases net earnings, thereby increasing the buyers' ability to qualify for a mortgage loan.

Qualified applicants had to be first time homebuyers earning no greater than 120 percent of the area median income.

*Program Accomplishments:* This program was more effective when combined with the Down payment Assistance program and resulted in the use of six certificates within the City during that time frame. As mentioned above, the surge in home prices over the

first part of the 2000s has rendered this program all but infeasible as well. One MCC has been issued in the last seven years.

*Program Evaluation:* The City may continue to participate in the MCC program in the event that a unique opportunity for such assistance presents itself. Given the extremely high property values in Encinitas, the City will not rely on this program to achieve its affordable housing goals. However, the program is ongoing.

*1999 HE Program 5: Homebuyer Classes*
The City proposed to continue to sponsor homebuyer classes twice a year to educate citizens about the home buying process and to inform participants of the available home buying assistance programs.

*Program Accomplishments:* A few classes were held during the first half of the 1999-2005 Housing Element cycle but none have been conducted since. Due to the lack of affordable for-sale housing opportunities in Encinitas, the City decided to discontinue homebuyer classes. Interested persons are now referred to private organizations that hold classes in the area.

*Program Evaluation:* Limited staff resources and surging home prices have forced this program to a low priority activity. This program has not been identified in the 2013-2021 Housing Element.

### 3. *Rental Assistance Programs*

*1999 HE Program 6, 2005 HE Program 4A: Section 8 Rental Assistance*
The Section 8 Housing Choice Voucher Program is the Federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The City proposed to continue to administer the Section 8 Rental Assistance Program. This program provided rental assistance to eligible very low and low income households. The subsidy represented the difference between the rent that exceeds 30 percent of a household's monthly income and the actual rent charged.

*Program Accomplishments:* The City added 86 additional vouchers to an existing base of 50 vouchers. Of these new vouchers, 50 initially were "mainstream" vouchers for persons with disabilities. To cover the cost of the program, HUD provided, and continued to provide, funds to allow the City's Housing Authority to make housing assistance payments on behalf of the families. HUD also pays the Housing Authority a fee for the costs of administering the program.

In FY 2008-2009, City Council also approved the use of HOME funds for a tenant-based rental assistance program (see 1999 HE Program 7, 2005 HE Program 4B). The TBRA program replicates the City's Housing Authority Section 8 Housing Choice Voucher Program. TBRA recipients are selected from the top of the Section 8 waiting list. The TBRA will assist in shortening the wait times for households prior to receiving a Section 8 Choice Voucher.

*Program Evaluation:* This program is continued in the 2013-2021 Housing Element. HUD (the U.S. Department of Housing and Urban Development) has not issued any new vouchers to the City of Encinitas for several years. In January 2004 and January 2005, HUD capped the Section 8 budget, which required the City to reduce program operating costs. The City responded by increasing the payment standards and enhancing occupancy standards, which provides more opportunity for rental units. Then, more recently, on March 1, 2013, around $85 billion in Federal budget cuts known as sequestration took effect. The sequestration cuts are part of a 10-year plan of catastrophic funding reductions to discretionary domestic programs, including HUD and the military. The impact of sequestration on the City's Housing Authority has resulted in the more losses. Although the City will continue to administer its Housing Voucher Program, the City's ability to expand this program or even maintain it at its current level is dependent upon the Federal budget process. Recent indications from HUD are that Federal support for Section 8 will not be expanded. The City currently provides assistance to about 111 households. From 2009 to 2015, the City also administered a TBRA program, subsidizing 7 additional households. When additional funds become available to assist new families, the City will fund additional Section 8 Housing Vouchers.

*1999 HE Program 7, 2005 HE Program 4B: HOME Housing Vouchers Program*

The City proposed to continue to fund this program by using vouchers to target very low income households mirroring the Section 8 program. The HOME Housing Voucher program provides 24 months of rental assistance. During this time period, eligible participants could have transferred to the Section 8 program for on-going assistance as vouchers became available.

*Program Accomplishments:* In early 2009, City Council approved the use of HOME funds for tenant-based rental assistance (TBRA) program. This provided rent subsidies to lower-income households that are currently awaiting a voucher on the Section 8 waiting list. The maximum length of assistance is 24 months, and at the time, the approved HOME funding of $199,356 was going to provide rent subsidies for approximately over a two-year period. The TBRA program replicated the City's Housing Authority Section 8 Housing Choice Voucher Program. TBRA recipients were selected from the top of the Section 8 waiting list. The TBRA assisted in shortening the wait times for households prior to receiving a Section 8 voucher.

*Program Evaluation:* This program was planned to continue in the 2013-2021 Housing Element; however, due to federal changes to the HOME program, Encinitas will not be receiving funding from the County of San Diego to administer HOME programs. As a continued member of the San Diego Regional Consortium, City of Encinitas residents may receive assistance through the County of San Diego's HOME programs. The County-TBRA programs are developed to provide rental assistance to former foster youth between the ages of 18 and 24 and those that are attempting to reunify with their children while in substance abuse recovery.

### 4. *Quality of Housing*

*1999 HE Program 8, 2005 HE Program 5A: Equal Opportunity Housing Marketing/ Fair Housing*

The City proposed to continue to require that, as a condition of approval of any new housing development, units be marketed and sold according to procedures designed to promote equal housing opportunities. The City also proposed to continue to contract with a non-profit fair housing organization to provide outreach, counseling, education, testing for discrimination and assistance regarding fair housing issues.

*Program Accomplishments:* The City disseminated information about fair housing in its housing brochure and on the City website. Brochures also were distributed at libraries, grocery stores, community centers, and other public places. The City contracted with North County Lifeline to provide fair housing counseling and education. The City referred to the Regional Analysis of Impediments (AI) to Fair Housing (completed in 2004 and updated in 2011) as part of its analysis of potential impediments to affordable housing, and the Housing Element addresses the recommendations of that study as part of its program to reduce governmental constraints.

*Program Evaluation:* The program has been successful and should be continued in the 2013-2021. The City will address the impediments to fair housing identified in the AI.

*1999 HE Program 9, 2005 HE Program 5B and 5C: Emergency Shelter/Transitional Housing Development Assistance*

The City proposed to continue to sponsor or assist emergency shelter and transitional housing facilities, inside City limits or outside within a reasonable proximity. The City encouraged and/or supported facilities by providing siting opportunities, grants, or low cost loans, to operator agencies, grants. The City also proposed to provide financial assistance to the Community Resource Center (a nonprofit service agency based in Encinitas) for case management and the YMCA-Oz North Coast for emergency shelter for homeless and runaway youth. The City will participate in winter homeless assistance programs, either through motel voucher funding and a temporary winter shelter.

*Program Accomplishments:* The City provided funding to several non-profit organizations that provide shelter and emergency assistance. The Community Resource Center (CRC) expanded and renovated its transitional housing program for battered women and their children. The group living program was expanded from 11 to 24 beds. With annual funding from the City, the CRC provides case management, emergency assistance, food assistance, and employment preparation services. The agency also administers a motel voucher program.

The City continued to support other agencies that provide services to homeless persons, including YMCA of North Coast, Fraternity House, and North County Solutions for Change. The latter organization developed a 32-unit regional transitional housing facility in Vista; all six cities in North San Diego County and the County of San Diego contributed funding to the $4.5 million project. The Family Solutions Center opened in

October 2004. The Interfaith Shelter Network operated their annual winter shelter program at area churches. In addition, the City facilitated the use of the Scout Center, located on public property, for the temporary winter shelter.

*Program Evaluation:* The City will continue to support efforts to end and prevent homelessness in the community. SB 2 was passed in 2008 mandating jurisdictions to address housing opportunities for the homeless. The 2013-2021 Housing Element includes a program to the Zoning Code to address the provision of emergency shelters, transitional housing, and supportive housing consistent with SB 2.

*1999 HE Program 10, 2005 HE Program 5D: Enforcement of Accessible Housing Regulations*

The City proposed to continue to maintain accessible housing regulations and implement California Title 24 provisions for development review and approval.

*Program Accomplishments:* Through its building permit and code enforcement programs, the City enforced the provisions of California Title 24 accessibility requirements.

*Program Evaluation:* This program is ongoing and continued in the 2013-2021 Housing Element cycle in accordance with State law.

### 5. Maintenance and Preservation of Housing Programs

*1999 HE Program 11, 2005 HE Program 6A: Residential Rehabilitation Program*

The existing affordable housing stock is a valuable resource to the City. The City proposed to continue to fund the County of San Diego residential rehabilitation program. This program provided assistance for low income households to upgrade units to decent, safe and sanitary conditions from a previous below-standard condition. The assistance was available to low-income homeowners and to owners of rental units that will rent to low income households.

*Program Accomplishments:* The County administered a residential rehabilitation program on behalf of the City of Encinitas for many years. Under the County of San Diego residential rehabilitation program, the County made two loans to low-income households in Encinitas.

In early 2009, the City Council approved its own City-administered residential rehabilitation program and opted out of the County program. The City immediately reached out to various community groups and commenced an aggressive marketing/advertising campaign throughout the City's mobile home parks. After two-years of implementation, the City rehabilitated nearly 100 mobile homes, and two single-family residences. The City continues to market/advertise this program to the City's eleven mobile home parks to advance one of the outcome goals of the mobile home park study (see 1999/2005 HE Program 1D: Mobile Home/Trailer Parks).

However, traditional funding appropriation streams have been significantly cut at a Federal level – leaving about $100,000 annually to fund activities under this program. City staff regularly seeks out additional funding opportunities for rehabilitation of ownership and rental units, including Community Development Block Grants, HOME, etc.; however, currently CDBG is the only funding administered locally. Encinitas will not be receiving funding from the County of San Diego to administer HOME programs.

*Program Evaluation:* As the City's housing stock ages, the need for housing rehabilitation to preserve neighborhood quality will continue to increase. Therefore, the City will continue to promote the rehabilitation programs offered through the City in the 2013-2021 Housing Element cycle. The future effectiveness of this program is derived by available resources and financing. It is estimated that current program funding levels will provide assistance to about five households on an annual basis.

*1999 HE Program 12, 2005 HE Program 6B: Affordable Unit Policy*

The City has a number of second dwelling units that were constructed or converted illegally (without required permits) and might not meet City codes. Many of these units provide affordable housing opportunities that might not otherwise be available. In response to this issue, the City developed a program for illegal unit conversion. This program allowed homeowners with illegally established second dwelling units on their property to apply for legalization. It allowed the illegal units to exist in perpetuity provided that the units:

- Were placed into service prior to City incorporation in 1986 and have been used as rentals since 1986;
- Complied with the current Uniform Building Code and meet City zoning and development standards to the maximum extent feasible;
- Met the minimum dwelling unit size standards; and
- Were rented to only very low or low-income households.

*Program Accomplishments:* About 40 units were legalized under this program, providing safe housing for lower income households.

*Program Evaluation:* This program will be continued and be made available to property owners in the 2013-2021 Housing Element period. It is anticipated that the number of applications will decrease over time, however, as it will become increasingly difficult to meet the pre-incorporation occupancy threshold. City Council recently revised the compliance program with less restrictive, more preferential terms…but the terms are only valid through 2015.

### 6. *Financing*

*2005 HE Program 7A: Federal and State Financing*

The City will facilitate or support the applications of experienced developers and homeless providers for financing to develop affordable housing.

*Program Accomplishments:* Under this 2005 Housing Element program, it was anticipated the City would meet with potential affordable housing developers, provide site information, assist in the entitlement process, and consider on a case-by-case basis other incentives to include fee waivers and modification of standards. City staff met with several non-profit and affordable housing developers over the course of the 2005-2012 planning period. In addition, the City partnered with several different groups to help construct a 20 unit, Iris Apartment complex. Five of the two-bedroom units and three of the three-bedroom units are at reserved for households at 50 percent of Area Median Income (AMI). Seven of the two-bedroom units, and five of the three-bedroom units are at reserved for households at 60 percent AMI. Through a competitive process, the project was awarded tax-credits totaling $4,655,490. The City contributed $350,000 total in loans from two sources; $194,466 in federal HOME Investment Partnership funds, and $155,534 in local City Affordable Housing Development funds. The project secured $1,146,759 in private loans/investments, including land donation. The total cost for the Iris Apartments was $8,332,699.

*Program Evaluation:* In order to make affordable housing development economically feasible, developers must layer financing from several State and Federal financing sources. The City will continue to facilitate this process under several different 2013-2021 Housing Element programs.

*2005 HE Program 7B: Local Financing*

The City will investigate potential local sources that will generate dedicated housing revenue to augment the City's affordable housing trust fund.

*Program Accomplishments:* As part of the City activities associated with this program and Program 7A from the 2005 Housing Element, the City met with potential affordable housing developers.

*Program Evaluation:* Sources to augment the City's affordable housing fund include a couple of different funding opportunities. This updated Housing Element contains programmatic provisions to consider the inclusionary housing program and will consider other tools to achieve the stated purpose of increasing funding opportunities. While this updated Housing Element does not identify a program to evaluate a coastal replacement/conversion fee, it is anticipated that this provision will be addressed in the near future.

### 7. *Quantified Objectives*

Housing Element law required that quantified objectives be developed with regard to new construction, rehabilitation, conservation and preservation activities that will occur during the Housing Element cycle. Table 3-63 summarizes the City of Encinitas' quantified objectives for the Housing Element, Table 3-64 summarizes the City's actual accomplishments in construction, and Table 3-65 summarizes the City's accomplishments in housing rehabilitation, preservation, and other assistance.

**Table 3-62: Quantified Objectives**

| | Very Low Income | Low Income | Moderate Income | Above Moderate Income | Totals |
|---|---|---|---|---|---|
| **1999-2004** | | | | | |
| New Construction | 441 | 340 | 366 | 437 | 1,584 |
| Rehabilitation | - | 7 | n/a[1] | n/a[1] | 7 |
| Conservation | | | | | |
| Section 8 | 100 | - | - | - | 100 |
| "At Risk" Units | - | 40 | - | - | 40 |
| **Totals** | **541** | **387** | **366** | **437** | **1,731** |
| **2005-2010** | | | | | |
| New Construction | 392 | 299 | 324 | 697 | 1,712 |
| Rehabilitation | - | 25 | n/a[1] | n/a[1] | 25 |
| Conservation | | | | | |
| Section 8 | 156 | - | - | - | 56 |
| **Totals** | **448** | **324** | **324** | **697** | **1,793** |

1. The City only set quantified objectives for very low and low income rehabilitation that occurred with assistance through the rehabilitation program. Moderate and above moderate income rehabilitation may still have occurred.

*New Construction*

Two overlapping RHNA cycles occurred within the period of 1999 through 2012. Table 3-64 summarizes the City's housing production during each RHNA cycle. While the RHNA adopted by SANDAG over these two time periods was consistent with SANDAG's projected growth for the City for the Series 10 and Series 11 Growth Forecasts, actual residential development from 2005-2012 fell below these forecasted levels. As shown in Table 3-64, 1,621 new units were constructed during the 1999-2004 RHNA cycle. While the total number (1,621) nearly exceeded the City's RHNA (1,584), the production fell in the lower and moderate-income categories. Housing growth during the 2003-2010 RHNA cycle slowed, largely due to the severe downturn in the housing market. For this time period, the City did not meet its overall RHNA (1,712), and it did not meet its goal by income category.

**Table 3-63: Actual Units Constructed (1999-2012)**

| 7/1/99 - 6/30/04 | Regional Share Goal | New Construction |
|---|---|---|
| Extremely Low | n/a | -- |
| Very Low | 441 | 21 |
| Low | 340 | 27 |
| Moderate | 366 | -- |
| Above Moderate | 437 | 1,573 |
| **Totals** | **1,584** | **1,621** |
| **7/1/04 - 6/30/12** | **Regional Share Goal** | **New Construction** |
| Extremely Low | n/a | -- |
| Very Low | 392 | 59 |
| Low | 299 | 37 |
| Moderate | 324 | 19 |
| Above Moderate | 697 | 965 |
| **Totals** | **1,712** | **1,010** |

*Rehabilitation*

Since 2009, the City funded rehabilitation of three single-family units (funding improvements to one extremely low-income household and two low-income households) and funded the rehabilitation of 96 mobile home/trailers, and one condominium. During the past ten years, low interest rates available on the market made it less attractive for homeowners to pursue the government-assisted loans due to the added eligibility, occupancy, and income restrictions. However, as the City's housing stock ages, the need for housing rehabilitation to preserve neighborhood quality will continue to increase. Therefore, the City will continue to promote the rehabilitation programs offered through the City during the next Housing Element cycle. Currently, two additional rehabilitation projects (mobile homes) are under consideration for funding.

*Conservation*

The City's quantified conservation objective was 140 households from 1999-20015 and 56 from 2005-2010. In 1999, this objective included 100 Section 8 Housing Choice Vouchers (rental assistance vouchers) and the conservation of 40 affordable units. In 2005, this objective included 56 Section 8 Housing Choice Vouchers. During the reporting period, the City retained all rental assistance budget authority (136 Section 8 and 20 HOME vouchers) and successfully conserved 16 affordable units through acquisition. Additionally, the City assisted six low income families in purchasing a home. Please note that Table 3-65 does not provide rehabilitation information on the mobile homes/trailers that have been assisted over the same time period.

**Table 3-64: Actual Rehabilitated and Assisted Units (1999-2013)**

| 7/1/99 - 12/31/2012 | Preservation | Homebuyer | Rent Assistance | Rehabilitation |
|---|---|---|---|---|
| Extremely Low | 6 | -- | 156 | 1 |
| Very Low | 7 | -- | | -- |
| Low | 3 | 13 | -- | 2 |
| Moderate | -- | -- | -- | -- |
| Above Moderate | -- | -- | -- | -- |
| **Totals** | **16** | **13** | **156** | **3*** |

*The City only identifies quantified objectives for single-family and multi-family rehabilitation. The City also rehabilitated 96 mobile homes and trailers from 1999 to 2013. Moderate and above moderate income rehabilitation may still have occurred.