



AFFORDABLE HOUSING IN DEL MAR

Is the Shores Property at Risk?

State law and Del Mar's Community Plan require affordable housing in Del Mar, despite the city's small size, lack of available land, and high property values. One option being considered relies on rezoning the Winston School portion of the Shores Property to add affordable housing.

While the city council claims that it is not earmarking the Shores Property for affordable housing, their actions are to the contrary.

- ❖ **At the 12/17/2018 closed session city council meeting**, discussion topics included the Winston School lease terms:

“ Real Property Negotiations Authority: ...Negotiating Parties: City of Del Mar and Winston School Under Negotiation: Price, terms of lease payment. ”

- ❖ **At the 12/17/2018 public session city council meeting**, staff requested that city council approve moving forward with an Environmental Impact Report (EIR) and suggested that **ALL** Public Facilities Zones be included in the EIR study – namely the: 1) Library 2) Post Office 3) Civic Center and 4) Shores Property, including the Winston School. Note that preparation of an EIR is a necessary step for any rezoning.

Councilmember Haviland, fresh off of the closed session discussion, questioned if the Winston portion of the Shores Property could be separated, so that an EIR could be issued for just the Winston portion of the Shores Property. This was determined to be unfeasible at that time, and the city council voted to **exclude the Shores Property** from the EIR. However, this good news was short lived.

- ❖ **On 12/20/2018, just 3 days later, the city presented a proposal to Winston School signed by Deputy Mayor Haviland that provided an incentive of rent reduction if Winston School were to build affordable units.** Actual excerpt from December 20, 2018 letter:

“ Build and manage affordable housing units. Units need to be affordable for the duration of the lease term. Incorporating housing units helps the City toward its affordable housing requirements. Hypothetical at 3 units would be equal to -\$35,000 per year. ”

What's the Glitch?

First, over 400 donors contributed a total of \$5,400,000 (including Winston School's \$3,000,000) to purchase the property in order to preserve the then-current uses of the Shores Property. The city's commitment to this preservation is memorialized in the city's unanimously adopted Resolution 2007-35 on August 6, 2007. (<https://www.forwarddelmar.com/s/AH-CityCouncilReso2007-35.pdf>) Resolution 2007-35 provides in part:

“ The purpose of the acquisition is to preserve the current open space and recreational uses of the property, including the ball field, and to permit the continued operation of the private Winston School, in keeping with the original dedicated intention (for school purposes only). ”

“ The City's long-term goal is to maximize the open space and recreational uses on the property. Although other public facilities are permitted under current zoning, the City Council has no intention of pursuing other uses not consistent with the purpose of the acquisition such as a new fire station ”

The city's exposure to justified donor fraud lawsuits would be significant for backtracking on the assurances it made to donors. One resident has already threatened such an action. (<https://www.forwarddelmar.com/s/AH-LetterfromRHajektoCity6142019.pdf>)

Second, potential millions would be owed to the Del Mar Union School District (DMUSD). Under the terms of the Winston Property purchase agreement, if the city were to pull a “bait and switch” by changing the zoning to allow affordable housing, then the city would be obligated to pay the school district 50% of the difference in the current appraised value and the \$8,500,000 which the city paid for the property. Since the current appraised value is well in excess of \$8,500,000, the amount owed to the DMUSD could easily be in the tens of millions of dollars. (<https://www.forwarddelmar.com/s/AH-GrantDeedShoresProperty6192008.pdf>)

Third, the city's proposal flies in the face of a prior city council decision to NOT pursue the Shores Property as part of the city's affordable housing strategy (see “The City's Affordable Housing Strategy” below).

More Information About Del Mar's Required Affordable Housing

Affordable Housing Mandates

Affordable housing in Del Mar is driven by both State of California mandates and Del Mar's Community Plan (DMCP). Since 1969, California has required that all cities and counties adequately plan to meet their housing needs. The state approved Del Mar's Housing Element (part of the Community Plan) on June 6, 2013. (Source: May 21, 2018 City Staff Report)

Our Housing Element addresses five major goals regarding housing. All five goals reference the need for the city to provide affordable housing opportunities. (See Del Mar Community Plan Housing Element Goals: <https://www.forwarddelmar.com/affordable-housing#DM-HousingElement>)

Through a process entitled “Regional Needs Housing Assessment” (RNHA) driven by the state and the San Diego Association of Governments (SANDAG), Del Mar is obligated to enable affordable housing units to be developed (but not built) according to household income group – 1. extremely/very low-income, 2. low-income, 3. moderate-income and 4. above-moderate income.

State law does not require cities to actually construct the affordable units. Instead, the law requires that Del Mar demonstrate that its land use designations and review process provide realistic opportunities for development of new, affordable units to occur. However, the requirement to build the affordable housing units could be imposed at any time “...new state legislation could mandate action and enforcement.”

(Source: May 21, 2018 City staff report)

Del Mar's Progress on Affordable Housing

Despite these prior mandates for affordable housing, for years Del Mar City Councils have done virtually nothing to actually provide affordable housing opportunities. This inaction, resulted in Del Mar being saddled in 2013 with a state-imposed penalty of 15 additional affordable housing units to be designated, or a required total of 76 units. Del Mar is not alone in this respect, as many other cities have failed to meet the state mandated goals.

A detailed timeline of city efforts regarding affordable housing can be found on the Moving Del Mar Forward website. (See Del Mar's Progress on Affordable Housing – a Timeline: <https://www.forwarddelmar.com/affordable-housing#AH-Timeline>)

The City's Affordable Housing Strategy

On October 3, 2016 Council Member Al Corti proposed the city pursue the development of a plan to construct 22 units in 5 years. The 22 units include 4 Extremely-Low-Income Units, 3 Very-Low-Income Units, 5 Low-Income Units and 10 penalty Low-Income units. The “22 in 5” program focused on providing 22 affordable housing units by 2022, to partially achieve the City's share of the regional housing needs. (The moderate-income and above-moderate-income housing quotas are thought to be “built naturally” and are therefore not explicitly included in the focus of the 22 in 5 program.)

On May 1, 2017 the city hired a consultant (at a cost not to exceed \$98,250) to prepare a “22 in 5” report that looked at various solutions to create 22 affordable housing units by 2022. On June 4, 2018 after listening to the consultant and city staff, the city council directed staff to move forward with the following strategies:

1. Encourage condominium conversions;
2. Proceed with process to raise certain mitigation fees to increase revenues for affordable housing programs;
3. Proceed with process to rezone North Commercial and Professional Commercial Zones; and
4. Pursue partnering with the Del Mar Fairgrounds

Distinctly absent from this strategy is designating any portion of the Shores property for affordable housing. This reflects the wishes of the community to keep “Hands Off the Shores Property,” and was consistent with the city’s obligations to donors to the Shores Property purchase, and to the Del Mar Unified School District. (Note above that city council’s publicly approved strategy was reversed by Haviland’s December 2018 letter to Winston School.)

Affordable Housing Will Become Even More Challenging

On June 17, 2019: City staff presented a sobering analysis of estimated affordable housing units that may be imposed on Del Mar in the next housing cycle starting in 2021. (See table below)

DRAFT Affordable Housing Requirement for Del Mar (Comparison of Current Housing Cycle vs. New Housing Cycle)			
Income Category	Required Units Current Housing Cycle (2013-2021)	Units Entitled/Built Current Housing Cycle*	ESTIMATED Required Units New Housing Cycle (2021-2029)
Extremely Low/ Very Low	7	0	38
Low	5	2 (Entitled)	64
Moderate	15	1 (Entitled)	33
Above Moderate	34	28 (Built between 2013-2017)	32
Penalty Units	15 (Low 10 + Moderate 5)	0	?
Total	76	31	167-?

*Units Built/Entitled from 2013 to 2019. Not part of written City Staff presentation. Woodpecker inserted based on City Staff Report dated May 18, 2019 and June 17, 2019 City Staff presentation.

So, the challenge will become more onerous as it is estimated that starting in 2021, Del Mar’s new quota for affordable housing will more than double to 167 affordable housing units plus possible additional “penalty units.”

Faced with the fact the city has made virtually no progress for years in affordable housing, a looming deadline of 14 months (Source: City Planning Director, City Council Meeting June 17, 2019 Time: 3:50:11) to submit a new Housing Element to the state that demonstrates progress or likely face additional penalties, and an anticipated requirement of even more housing units in 2021-2029, (Source: City Planning Director, City Council Meeting June 17, 2019 Time: 3:50:11), the city council had a candid discussion regarding the need to take definitive action:

City Manager Scott Huth:

“ You have the power to make this work. You don’t want to do this. You can change the zoning. You can incentivize developers to do it. You can make the decision to make the economics make it work. You are going to have to look at this in the next cycle to make this work. The state will not accept a plan that is just puff. It has to be real. Del Mar is going to have to find a trade-off to get the amount of housing. ” (City Council Meeting June 17, 2019 Time 4:32:37)

“ The partnership idea is a good idea and the state is in a crisis so to go beyond your jurisdictional boundary is a good idea. ” (City Council Meeting June 17, 2019 Time 4:38:00)

Council Member Druker:

“ Our best opportunity is to work with the fairgrounds so we need to work with the state to open that up. ” (City Council Meeting June 17, 2019 Time 4:38:41)

WEBSITE UPDATE

The Moving Del Mar *Forward* website now has a "Resources" section, featuring a catalog of research and documentation that readers may find useful.

And **THANK YOU!** to our supporters in the Take Action section!

(<https://www.forwarddelmar.com/take-action>)



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interest of the entire Del Mar Community.*

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Where Do We Go From Here? The Del Mar Woodpecker's Opinion:

- ❖ The city should challenge the state/SANDAG imposed allocation of affordable housing units. The allocation is based in large part on jobs numbers, which include those seasonal and part-time jobs at the Del Mar Fairgrounds. The Fairgrounds also provide housing during the racing season. Unanswered questions remain about whether the facts and underlying assumptions were properly considered by the state and SANDAG.
- ❖ Aggressively pursue a partnership with the Del Mar Fairgrounds. This is a "win-win" for both Del Mar and the Fairgrounds. The Del Mar Fairground 2008 Master Plan includes a long-term goal of rebuilding existing housing and Del Mar needs affordable housing.
 - The Fairgrounds encompass 20% of Del Mar's land area – and could allow for at least 44 affordable housing units according to the city's consultant.
 - New affordable units at the Fairgrounds site would cause less disruption in our community.
 - Del Mar has access to financing and the state needs additional sources of revenue.
 - The state has shown an interest in partnering with other cities on affordable housing.
- ❖ Pursue rezoning of land in the North Commercial and Professional Commercial Zones that could yield 28 affordable units. While this is a viable option, clearly the density, 20 units/acre required to qualify for affordable housing, is significantly higher than anywhere else in Del Mar.
- ❖ If approved and built, the new north bluff resort may result in 22 new affordable units. However, entitlement of these units will likely be after the April 2021 state-imposed certification deadline.

While meeting the state affordable housing mandates will be difficult, the most likely real solution is a persistent discussion with the Fairgrounds. We wish our current and future city council luck in doing what is best for our city.



Editorial Staff, Volunteers of MDF



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