



NAIOP San Diego Legislative Update | August 5, 2022

**NEW – COVID-19 Update: COVID Spread Showing Signs of Slowing, Monkeypox Declared U.S. Health Emergency, San Diego County Declares Monkeypox State of Emergency**

Although COVID numbers continue to rise, the past week showed indications that the current BA.5 wave may be slowing. According to recent wastewater data, coronavirus copies per liter of sewage jumped from 15.5 million to 19.8 million on Tuesday, before dropping to 18.1 million on Wednesday. The update comes as the new Novavax vaccine supplies become available, leaving room for optimism.

**NEW – San Diego City Council Approves Climate Action Plan 2.0, Setting the Stage for Building Decarbonization Measures**

San Diego's new Climate Action Plan (CAP) seeks to aggressively cut emissions to net-zero by 2035, essentially doubling the goal in half the time of the previous CAP. While Tuesday's action approves the plan in broad strokes, implementing measures to achieve these goals remain to be seen. A potential code amendment that seeks to ban fossil fuels in new construction and existing buildings is expected in early 2023. NAIOP San Diego expressed concern with the feasibility and high costs of implementation and will stay engaged as the city commences work on CAP implementing measures. To learn more, click [HERE](#).

**NEW – City Contractor Transparency Approved**

Despite testimony from NAIOP San Diego, along with a coalition of other groups expressing concern over the impacts and unintended consequences of this new bureaucratic requirement, the Contractor Transparency Ordinance was approved. The ordinance, which comes under the guise of ensuring safety and compliance, economic justice, and worker's rights, will require developers to list all project contractors and subcontractors, including their worker's comp insurance information, policy number, state contractor license number, city business license number, state and federal tax ID numbers, and whether the contractor or subcontractor has any pending or prior enforcement actions or labor violations, when pulling permits with the city. This would apply for building permits, electrical, plumbing, demolition, grading, fire, and public right of way permits for residential and mixed-use developments consisting of 20 or more dwelling units, or any commercial or industrial development that proposes 20,000 square feet or more of tenant improvements or 20,000 square feet of additional gross floor area. The City did indicate that it would not use Stop Work Orders as an enforcement mechanism for violations. NAIOP will continue to argue for a practical administration of the ordinance that limits unintended and unnecessary consequences. The full ordinance can be found [HERE](#).

**NEW – Build Better San Diego Approved, Shifting How Developer Impact Fees are Collected and Spent**

The Mayor's Build Better San Diego proposal was approved by an 8-1 vote of the City Council. Build Better fundamentally alters how the city obtains fees from private developers that construct residential, commercial, and industrial, creating a new citywide funding pool. The new fund will be distributed to the areas of greatest need instead of the current practice, which keeps developer fees in the neighborhood where they were collected. Additionally, the proposal establishes a standard fee amount for the entire city, replacing current rates, which differ greatly depending on neighborhood. The new fee will be based on the number of units instead of the square footage of the project. To learn more, click [HERE](#). You can read the Staff Report [HERE](#).

### **NEW – National City Puts Parcel Tax Measure on Hold**

A proposal to impose an annual parcel tax on property owners will be delayed until at least 2024, following a 3-2 City Council vote directing staff to further analyze the measure. Any analysis would not return before the Registrar of Voters' August 12 deadline to submit initiatives for the November ballot. The proposal was originally expected to raise \$1.7 million for critical infrastructure and parks upgrades.

### **REMINDER – Broad Coalition Mobilizes to OPPOSE SB 1105; Hueso Bill Would Create New Housing Agency with Broad Authority to Impose Tax Increases**

Given its broad implications and potential for huge new tax increases ranging from property-based parcel taxes to county-wide commercial linkage fees, a broad coalition of local and state stakeholders has mobilized to oppose the measure. As previously reported, if passed, Senator Ben Hueso's SB 1105 would create a "San Diego Regional Equitable and Environmentally Friendly Affordable Housing Agency (Agency)," a new body with the authority to impose a broad set of new taxes. As proposed, the Agency would be governed by a six-member board composed of primary or alternate SANDAG members and would be charged with increasing the supply of "environmentally friendly" housing in San Diego County through the provision of funding and technical assistance. Leading the charge on the coalition are the California Business Property Association, California Business Roundtable, NAIOP California and the California Building Industry Association. Locally, a number of stakeholders ranging from rental housing interests to general business groups to affordable housing providers have expressed concerns. The effort to oppose will continue to ramp up as the legislature returns from recess. To read the full text of SB 1105, click [HERE](#).

### **REMINDER – City of San Diego Names Houston "Pothole Man" as New COO**

Eric Dargan has been appointed to San Diego's top non-elected job, Chief Operating Officer. Dargan comes by way of the City of Houston where he oversaw the public works department. Affectionately dubbed "the Pothole Man," praise earned by his approach to shrinking turnaround time for Houston pothole repairs, Dargan will be expected to oversee all city departments and execute on the Mayor's priorities of infrastructure, housing, and homelessness. Dargan is an Arkansas native who received a master's degree in electrical engineering from Michigan State University. Dargan spent 10 years in the U.S. Army. His nomination requires City Council confirmation which will be done in the fall. If confirmed, he will start as COO on November 1<sup>st</sup>. You can learn more [HERE](#).

### **REMINDER – Water Authority Approves 5.2% Increase in Cost of Drinking Water, 3.7% on Untreated Water, San Diego City Council to Discuss Potential Water Rate Hike**

In May, the San Diego County Water Authority proposed increasing its rates on drinking water and untreated water by nearly five and four percent, respectively. Water Authority officials cited inflation, increased energy costs, and hikes set by the Southern California Metropolitan Water District. The City, which must cover the increased cost of water, has said that they would not increase rates to consumers by more than three percent. Before voting on any increase, the City Council said they would hold a public hearing. To learn more, click [HERE](#).

### **REMINDER – Development Fees to Increase Beginning July 1**

Several City of San Diego fees are set to increase, beginning July 1. The increases, which the city attributes to general salary increases for city employees, will result in a 4.5% increase in fees along with an anticipated 3.2% increase attributed to the annual Consumer Price Index. For applications with a submission date prior to July 1, 2022, the City will offer a 2022 fee schedule if the applicant is willing to pay at building permit issuance; however, if the developer chooses to pay prior to final inspection, the inflationary rates at the time of payment shall apply. The City's inclusionary housing in-lieu fee will increase from \$17.64 to \$20.09 per square foot. The on-site requirement will increase to 6%. The Inclusionary Bulletin can be found [HERE](#). The City is currently outreaching to developers to provide more information. Note: increases are not expected to apply to projects with a deemed complete application before July 1.

## **REMINDER – State Density Bonus Law Supersedes Local Height Limit Overlay, Paves Way for Housing Proposals Over 30 Feet**

In a technical assistance letter to the City, the California Department of Housing and Community Development (HCD) stated that “State Legislature can and does preempt local initiatives,” with respect to the local 30-foot coastal overlay. The clarification is significant, as qualifying housing developments now appear to have a green light to go above 30 feet in portions of the San Diego-defined coastal zone that remain outside of the state’s coastal boundaries. That means developments that qualify for the State Density Bonus Law could develop in portions of University City, Pacific Beach, Midway District, and South Bay. You can access the Union Tribune’s story [HERE](#) with a paid subscription.

## **REMINDER – New Drought Rules in Effect**

A state mandate governing local water restrictions went into effect June 10. Water agencies must activate their “[level two](#)” responses. The City of San Diego, earlier this week, took action to implement, as did a number of other water agencies in the County of San Diego. The regulations in the City of San Diego are as follows:

- Watering grass in front of or next to commercial, industrial, or institutional properties will be banned, starting June 10.
- Landscape irrigation is limited to no more than three assigned days per week, before 10:00am and after 6:00pm. This does not apply to commercial growers or nurseries, nor to the irrigation of golf course greens and trees.
- Use of recycled or non-potable water, when available, is required for construction purposes.
- Areas with no irrigation system must use a hand-held hose with a shutoff nozzle.
- Irrigation is prohibited during and within 48 hours of a rain event.
- Washing of automobiles, vehicles, airplanes, and other mobile equipment is permitted only before 10:00 a.m. or after 6:00 p.m. with a hand-held container or a hand-held hose with shutoff nozzle. Washing is permitted at any time at commercial car washes. Car washes that do not use partially recirculated water will be subject to volume limits designated by a resolution of the City Council. Boats and boat engines are permitted to be washed down after use. Mobile equipment washings are exempt from these regulations where the health, safety, and welfare of the public are contingent upon frequent vehicle washings.

The full City of San Diego Water Shortage Contingency Plan may be found [HERE](#). The California Water Resources Control Board updated regulations may be found [HERE](#).

## **REMINDER – City Releases New Transportation Priority Maps**

The City released a draft Transportation Priority Map that may impact projects depending on SB 743 incentives. The draft map, which was updated consistently with SANDAG’s recently adopted Regional Transportation Plan, removes portions of Normal Heights and Kensington, while expanding TPA’s in City Heights, Clairemont, and Golden Hills. To view the new maps, click [HERE](#) and [HERE](#).

## **REMINDER – City looking for input on infrastructure funding priorities**

The City of San Diego’s proposal to re-envision how infrastructure is provided through new development is continuing to move forward. Called “Build Better San Diego”, the plan would change the current infrastructure determination and funding process that is presently done solely at the community level, and look, with an eye towards equity for those communities that haven’t had the advantage of new development to provide for new and improved infrastructure and changing from a community based development impact fee to a city-wide fee consistent across communities. It would also allow for some of that revenue to be used outside of the community where the development is proposed. As part of the city’s outreach process, a public survey has been created to allow the community to give input on priorities for public spaces. This is a great opportunity for NAIOP’s members to participate and give their input on community infrastructure that is important to them. For more information on the Build Better proposal, please [CLICK HERE](#). To **participate in the survey** to provide input on community infrastructure priorities, please [CLICK HERE](#).

### **REMINDER – City of San Diego Approves New Residential Eviction Moratorium**

The City Council voted 5-1 to approve a local eviction moratorium that goes beyond the newly approved State extension. If approved at the second reading, April 18, the City's ordinance would prohibit no fault evictions until 60 days after the end of the declared state of emergency from COVID-19 ([read staff report for hearing here](#)). No fault evictions typically occur when an owner wants to move back into a property, remodel it, or sell it. To learn more about the state action, click [HERE](#).

### **REMINDER – City of San Diego Releases New Downtown Interactive Map Showcasing Construction Activity**

The City of San Diego's new map includes all construction activity within the Downtown Community Plan area since 2001. The map overlays data from projects that are currently under review, pending construction, under construction, and built. You can view the new map [HERE](#). The Downtown Development Status Log may be found [HERE](#).

### **REMINDER – City of San Diego Development Services Department Adding Permit Review Capacity**

In response to NAIOP's advocacy and to assist in clearing the current 40-day permitting backlog, the City's Development Services Department has hired specialized consultants to slash long permit processing timelines and serve as a stop-gap measure while the department seeks to fill its existing 100 vacancies. Customers should expect to see new names and faces assisting with their permit processes; though, the contracted employees will have City of San Diego email accounts and work under the authority of DSD section supervisors. While the \$250,000 contract is a one-time expenditure, NAIOP will continue to advocate throughout the budget process for additional relief.

### **REMINDER – City of San Diego Development Services Department Offering New Virtual Service – Permit Issuance Appointments for Projects Signed Off by All Reviewers**

The City's Development Services Department is now offering virtual appointments for the final steps in permit issuance for qualified projects that have been signed off by all reviewers. The new virtual 30-45 minute permit issuance appointments are available during business hours for: No Plan or Rapid Review Building Permits, Demolition Permits, Standalone Mechanical, Electrical, Plumbing (MEP) Permits with plans, and Sign Permits. To book an appointment, click [HERE](#).

### **REMINDER – City of San Diego initiates third party plan check and permit review**

The San Diego City Council has approved and staff is initiating a contract with NV5 to assist the Development Services Department with their backlog of permits and applications needing review. NAIOP, along with other industry groups, has been leading the charge to help provide relief to our members who are facing significantly delays in getting their projects/permits approved. The City has faced a hiring challenge and has, as a result, a number of vacant positions in key areas, including the Development Services Department. NAIOP supported the city's budget request to provide more resources to help fill these vacancies, but also called on the City to provide relief through outsourced third-party support. The approval for \$250,000 worth of services is the first of three actions to help support third-party review. NAIOP will continue to support actions that accelerate review and approval of discretionary and ministerial applications. To learn more, please [CLICK HERE](#).

### **REMINDER – City of San Diego Releases Revised Earthquake Fault Zone Map**

A new map depicting earthquake fault zones for the La Jolla Quadrangle and Point Loma Quadrangle, regulatory zones that encompass surface traces of active faults, was released to the public earlier this week. These zones establish a 500-foot buffer area on either side of active faults, requiring any future development to conduct a fault study if building near the surface traces of active faults. For more information, click [HERE](#).

### **REMINDER – New City of SD Development Services Department Virtual Service for Sign Permits**

Free virtual appointments are now available for sign permits. Formerly available over the counter, these virtual appointments provide a completeness check on new project applications for sign permits. To schedule a free 30-minute virtual appointment, click [HERE](#).

**REMINDER – City of San Diego offers online zoning and parcel information map**

The City of San Diego has launched its NEW Zoning and Parcel Information Portal (ZAPP – find link [HERE](#)). This portal is intended to make it easier for customers to research real time zoning and property information 24 hours a day, 7 days a week. The interactive portal allows customers to review multiple layers of information, including assessor parcel numbers, zoning maps, City Council districts, school districts, historic districts, fire risk areas, earthquake fault buffers and various regulatory areas.

**COVID REFERENCE LIST:**

**CAL/OSHA Emergency Temporary Standards for the workplace (updated June 17, 2021) – Link [HERE](#)**

**State of California *Resilience Roadmap* Page (including industry specific guidance and checklists) – LINK [HERE](#)**

**County of San Diego Public Health Order – Link [HERE](#)**

**City of San Diego COVID-19 *Construction Safety* Protocols - [LINK HERE](#)**

**County of San Diego COVID-19 Resource Page – [LINK HERE](#)**

**City of San Diego COVID-19 Resource Page – [Link HERE](#)**

**City of San Diego DIGITAL DSD (Development Services Department) Webpage (for online permitting and submittal) – Link [HERE](#)**

**US Federal Government COVID-19 Resource Website – [Link HERE](#)**

**US Small Business Administration COVID-19 Resource Page – [Link HERE](#)**

**US Federal Reserve COVID-19 Resource Page – [Link HERE](#)**

**State of California COVID-19 Resource Website – [Link HERE](#)  
– [Link HERE](#)**