



July 11, 2025

Senator Catherine Blakespear
1021 O Street, Room 7720
Sacramento, CA 95814

Senator Brian Jones
1021 O Street, Room 7640
Sacramento, CA 95814

Senator Steve Padilla
1021 O Street, Room 7630
Sacramento, CA 95814

Senator Akilah Weber Pierson
1021 O Street, Room 7310
Sacramento, CA 95814

Assemblymember David Alvarez
1021 O Street, Room 5320
Sacramento, CA 95814

Assemblymember Tasha Boerner
1021 O Street, Room 4150
Sacramento, CA 95814

Assemblymember Laurie Davies
1021 O Street, Room 4720
Sacramento, CA 95814

Assemblymember Carl DeMaio
1021 O Street, Room 4630
Sacramento, CA 95814

Assemblymember Dr. Darshana Patel
1021 O Street, Room 5140
Sacramento, CA 95814

Assemblymember Dr. LaShae Sharp-
Collins
1021 O Street, Room 4130
Sacramento, CA 95814

Assemblymember Chris Ward
1021 O Street, Room 6350
Sacramento, CA 95814

RE: Representation of the San Diego Region in State Housing Policy and RHNA Reform

Dear Members of the California State Legislature,,

The San Diego Association of Governments (SANDAG) appreciates your continued leadership on addressing the housing challenges impacting our region and the State as a whole. In October 2024, SANDAG submitted a letter to the Chairs of the Senate and Assembly Housing Committees and the California Department of Housing and Community Development (HCD) regarding the implementation of the Regional Housing Needs Assessment (RHNA) under Assembly Bill 101 (Committee on Budget, 2019). This letter serves as a follow up to further outline how SANDAG and the San Diego region seek to be represented in ongoing housing policy discussions and legislative efforts.

SANDAG is appreciative of the efforts that our state legislators put into solving the housing and homelessness crisis that deeply impacts the lives of all San Diegans. As the council of governments for the San Diego region, SANDAG is required to receive the Regional Housing Need Determination from HCD and distribute housing unit targets to each jurisdiction in the county. SANDAG is supportive of the goals of RHNA, but we have fundamental concerns about the current process and our member jurisdictions' abilities to meet its requirements as currently designed. As a Board comprised mainly of mayors and councilmembers from the affected jurisdictions, we respectfully request that the below principles be reflected in future legislation and administrative actions related to RHNA reform.

Local Context

While local jurisdictions are responsible for developing housing policies and approving projects, they do not control market conditions or the building industry. An 8-year cycle is not sufficient to correct a decades-long housing shortage, particularly when new policies and processes require time to implement and take effect. SANDAG urges HCD to assess jurisdictions based on good-faith efforts to meet RHNA, such as the approval of eligible projects, and take into account external factors that prevent compliance, such as market conditions and regulatory barriers, including delays from agencies that approve housing permits.

Our member jurisdictions can provide opportunities for housing development to occur within their boundaries, but they cannot compel homebuilding. Local control should not be revoked when factors reasonably outside of their authorities impede development. The provision in SB 423 which revokes a jurisdiction's land use authority for multi-family development proposals if it fails to meet mid- or end-cycle RHNA goals, should be amended to account for jurisdictions making a "good faith effort," as defined in SB 1037 (Wiener).¹ We would greatly appreciate your assistance in implementing this modification.

Regional Approach

To effectively address the housing crisis, the State must allow for more collaborative, regional approaches to RHNA. Not all jurisdictions have the same capacity or resources. HCD should permit two or more jurisdictions to pool resources and reallocate RHNA units in ways that increase overall housing production. Through

¹ SB 1037 (Wiener): "The penalties set forth in this section shall only apply when the local agency's acts or omissions described in subdivision (a) are arbitrary, capricious, entirely lacking in evidentiary support, contrary to established public policy, unlawful, or procedurally unfair."

local coordination, we can identify and build housing in the right places and provide supportive transportation options that align with state climate goals.

Sustainable Funding

Local jurisdictions and affordable housing developers need increased and sustained funding, including capital investments, to support affordable housing development. Jurisdictions require funding to enact policies and provide necessary infrastructure and services, while developers of affordable housing need financial support to make non-market rate projects viable. The dissolution of redevelopment agencies eliminated a critical funding mechanism for cities to create affordable housing. While the State's Regional Early Action Planning (REAP) grants helped implement the sixth cycle RHNA, ongoing state support and funding is essential if we are to meet ambitious housing goals.

In the San Diego region alone, fulfilling the sixth cycle allocation of 68,959 low- and very low-income units—at an average cost of \$700,000 per unit—would require nearly \$49 billion in construction costs. This figure does not account for the necessary supportive infrastructure needed to meet the demands of new housing developments, including pedestrian and bicycle infrastructure, sewers, parks, recreation centers, emergency services, and schools. While development impact fees can offset some of these costs, public agencies, like cities and school districts, often face statutory and fiscal limitations on the amount they can collect.

To support successful housing implementation, we recommend that HCD incorporate infrastructure funding into the RHNA process and prioritize funding for the areas experiencing the greatest population and housing growth. This will incentivize compliance with RHNA and support successful outcomes for the communities taking the most action to meet the housing and service needs of their residents. Programs such as HCD's Housing-Related Parks Program should be reinstated and expanded to support jurisdictions that approve affordable housing and deliver public improvements in high-need areas.

Regional Early Action Planning 2.0 Program

REAP 2.0 has emerged as a pivotal funding tool in accelerating housing and climate goals statewide, and the San Diego region has been a direct beneficiary of its impact. On May 30, 2023, HCD approved SANDAG's REAP 2.0 application, formally committing \$40 million to the region. Since then, SANDAG has allocated \$12.3 million to local governments through a competitive local suballocation to fund 15 projects across the region. In addition, SANDAG contributed \$15 million to a regional affordable housing trust fund, administered by the San Diego Foundation. Ten local

projects were selected through a multi-stage review process and were awarded a grant or a low-interest loan to accelerate the development of over 900 new units.

Despite its clear benefits, the program faced nearly seven months of funding uncertainty in early 2024 during the state's budget negotiations. While \$560 million of the \$600 million was preserved, resulting implementation delays and stop-work orders threatened the timely execution of projects. To support project delivery, SANDAG and regional governments across the state have successfully advocated for an extension of the statutory deadlines to obligate and expend REAP 2.0 funds by six months. Without this extension, critical housing and infrastructure efforts would have been at risk of being stalled or defunded, undermining years of coordinated planning.

SANDAG greatly appreciates our local delegation of State Senators and Assemblymembers for ensuring this funding extension was included in the final budget deal, guaranteeing the continued protection of REAP 2.0 funds to preserve momentum in delivering affordable, equitable, and climate-focused housing solutions throughout the San Diego region.

Greater Transparency

We urge HCD to enhance transparency and communication in RHNA methodology by relying on publicly available data and actively engaging local governments throughout the RHNA process. Procedural and informational enhancements must be clearly communicated, with timely guidance on any changes that will affect housing elements or allocations. To foster two-way communication, we suggest that HCD deliver periodic briefings to relevant working groups at our state's metropolitan planning organizations, like SANDAG's Sustainable Communities Working Group, to allow jurisdictions the opportunity to receive timely updates and provide input.

Preservation of Affordable Housing

Preserving naturally occurring affordable housing (NOAH) is vital to meeting housing goals and keeping communities from being displaced. We urge the Legislature to consider tax incentives or other financial mechanisms that support the preservation of NOAH. Furthermore, we recommend that HCD allow jurisdictions to report non-deed-restricted affordable units in annual progress reports, as long as these units meet affordability thresholds.

Commitment to Continued Engagement

To support a strong and ongoing dialogue on how state housing policy affects the San Diego region, members of the SANDAG Board of Directors will travel in the coming months to meet directly with you, our San Diego delegation. These visits will be an opportunity to discuss how regional needs can be more effectively addressed through collaborative state-local efforts and to share firsthand the challenges and opportunities our jurisdictions face as they work to meet their housing responsibilities. Continued collaboration will help identify reforms that ensure small cities are not disproportionately burdened due to structural or geographic constraints, and that RHNA allocations are equitably distributed across the region.

We respectfully urge you, as representatives of the San Diego region, to meet with your local jurisdictions and hear about their experiences with the RHNA process. We look forward to continuing our shared work to promote practical housing solutions that reflect the needs of existing and future San Diego residents.

Sincerely,



Lesla Heebner
Chair
San Diego Association of Governments

Attachment 1: Letter of opposition to Senate Bill 79

cc: Gustavo Velasquez, Director, California Department of Housing & Community Development

The Honorable Aisha Wahab, Chair, Senate Housing Committee

The Honorable Matt Haney, Chair, Assembly Housing & Community Development Committee



June 25, 2025

The Honorable Scott Wiener
Senator, California State Senate
1021 O St, Suite 8620
Sacramento, CA 95814

Subject: Notice of Opposition – Senate Bill 79 (Wiener): Transit-oriented
Development

Dear Senator Wiener:

The San Diego Association of Governments (SANDAG) respectfully expresses opposition to Senate Bill 79. While SANDAG supports the goal of increasing housing near transit to achieve sustainable growth and greenhouse gas reductions, we have significant concerns regarding SB 79's approach and potential consequences.

SANDAG serves as the regional planning agency responsible for allocating state-mandated housing targets to local jurisdictions through the Regional Housing Needs Assessment (RHNA) process. Our role includes facilitating regional cooperation, supporting local cities in meeting housing requirements, and aligning housing development planning with transit infrastructure and sustainable growth objectives. Given these responsibilities, SANDAG engages closely with state legislation that impacts local zoning authority, housing production, and transit-oriented development.

SB 79 dramatically preempts local zoning authority by imposing state-determined, by-right development standards near qualifying transit stops. Specifically, the bill mandates substantial increases in height and density within a quarter-mile of many San Diego Trolley, Sprinter, and COASTER stations, along with major transit stops. By overriding local zoning and discretionary review, the bill bypasses critical public engagement processes that shape community-informed development. It also places substantial administrative and compliance burdens on local jurisdictions that may lack adequate resources to implement the mandated standards and mapping requirements effectively.

Furthermore, it is important to note that all cities in our region have certified Housing Elements and have already zoned specifically for housing near transit. Since SB 79 does not explicitly mandate housing developments in rezoned areas adjacent to transit stops, implementation may encourage non-residential and luxury market-rate developments in areas currently zoned for residential uses. Simply put, rezoning to permit non-residential developments adjacent to transit stations would further exacerbate existing challenges our jurisdictions face in meeting state-mandated housing targets.

Additionally, our board members have expressed that the existing Density Bonus Law already provides local jurisdictions with a well-established mechanism to permit increased residential density. The Density Bonus Law also provides development incentives tied to the inclusion of affordable housing units within new projects, directly inspiring the creation of affordable housing. SB 79, lacking strong affordability requirements, could open the door to primarily market-rate or luxury developments near transit, while reducing incentives to include affordable units.

We are also concerned that implementation of SB 79 may inadvertently discourage local jurisdictions from investing in new or improved transit services to avoid activating the mandated density thresholds. Increased resistance to transit improvements threatens our ability to meet state greenhouse gas reduction targets and undermines quality of life improvements linked to enhanced transit access. As a regional planning agency committed to orderly development and effective transit integration, we fear that SB 79, as proposed could ultimately hinder the overarching objective of sustainable, equitable development in San Diego.

For the above reasons, we respectfully oppose this legislation. SANDAG appreciates your consideration of our concerns and is available to discuss the issues raised in this letter in further detail. For more information, please contact Hannah Stern, Director of Public Affairs, at Hannah.Stern@sandag.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Mario Orso". The signature is fluid and cursive, with a long horizontal stroke at the end.

MARIO ORSO
Chief Executive Officer