



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: October 4, 2019

HCR19-105

ORIGINATING DEPT: Procurement & Compliance

BOARD REPORT: Housing Trust Fund Impact Fee Variance Request for
Access Youth Academy

CONTACT/PHONE NUMBER: Julia Sauer, 619-578-7593

EXECUTIVE SUMMARY OF KEY FACTORS:

- Access Youth Academy (AYA) is requesting hardship and low-employee density variances from the Housing Impact Fee pursuant to San Diego Municipal Code Section 98.0616.
- These Fees are governed by San Diego Municipal Code Chapter 9, Article 8, Division 6 (Code) and are charged to non-residential development. The Code provides standards for granting variances from the Fees in §98.0614 – 98.0617. Requests for variances with a dollar value of up to \$15,000 may be granted by the President & Chief Executive Officer of the Housing Commission. Requests with a dollar value greater than \$15,000 are granted by the Housing Commission Board in accordance with Section 4.5 of Housing Commission Policy BEF 301.09.
- To qualify for a hardship variance, an applicant must meet all four of the following conditions:
 1. Special circumstances unique to that project justify the grant of the variance;
 2. The project would not be feasible without the modification;
 3. A specific and substantial financial hardship would occur if the variance were not granted; and
 4. No alternative means of compliance are available which would be more effective in attaining the purposes of the Fee than the relief requested.
- A number of low employee density variances have been fully or partially approved based on projects having two or fewer employees. Two variances for projects adding between 5 and 10 employees have been partially approved.
- Since 1990, the Housing Commission has reviewed 53 applications and granted 49 full or partial variances. The majority of applications were for projects with specific uses that involved few or no new employees. All denials were for hardship variances and/or projects with either more than two employees or an undetermined number of employees.
- No hardship variances have been approved. In the past twenty years, two hardship variance waivers were considered and denied. The projects included the San Diego Natural History Museum space for exhibits, storage, etc. and US International University for a sports center.
- AYA is a 501c3 organization. The project being developed is a new 22,000 square foot facility that will include squash courts, locker rooms, three classrooms, a college lab for college preparation and admissions assistance, a conference room for meetings and workshops, a technology center, multi-

purpose meeting rooms, staff offices, and a parent lounge. The program enrolls youth residing throughout the County, particularly from City Heights and Southeastern San Diego, who are enrolled in UCSD's nationally recognized Preuss charter school. The program offers students six years of access to educators and programs to assist students through their college and post-graduate studies. In addition to youth programs, AYA intends to build a membership program for adults, instruction clinics for those interested in the sport of squash, and attract students and players from around the US and other countries.

- A Housing Impact fee of \$36,200.56 was assessed.
- Staff thoroughly reviewed the application, appropriate municipal code sections, and historical variance request data and has determined the project does not qualify for a hardship variance. The project does not meet the four conditions necessary to grant the hardship variance. This action conforms with prior Housing Commission variance decisions and does not impact the Housing Trust Fund program. An alternative action is also identified: Based on previous actions to approve partial low employee density variances for projects adding up to ten employees the lowest HIF rate of \$0.80 could be applied.



SAN DIEGO
HOUSING
COMMISSION

REPORT

DATE ISSUED: September 26, 2019

REPORT NO: HCR19-105

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of October 4, 2019

SUBJECT: Access Youth Academy Request for Variance from Payment of City of San Diego's Housing Impact Fee

COUNCIL DISTRICT: Citywide

REQUESTED ACTION:

Deny the request from Access Youth Academy for hardship and low-employee density variances from the City of San Diego's Housing Impact Fee pursuant to San Diego Municipal Code Section 98.0616.

STAFF RECOMMENDATION:

That the San Diego Housing Commission (Housing Commission) deny Access Youth Academy's request for hardship and low-employee density variances from the City of San Diego's Housing Impact Fee of \$36,200.56.

In the alternative to denying the request for waiver of the fee, the Housing Commission Board, in its discretion, could elect to grant a variance and calculate the fee at the lowest rate per square foot that can be charged under the terms of the applicable ordinance, which is \$0.80 per square foot, instead of the proposed rate of \$1.65 per square foot.

SUMMARY:

Access Youth Academy is developing a multiuse facility located at 704 Euclid Avenue in the Encanto community of San Diego and has applied for hardship and low-employee density variances. A summary of the proposed development is below. The application (Attachment 1) includes a project budget and provides greater detail regarding financial issues.

The City of San Diego's Housing Trust Fund was established in 1990. It supports various affordable housing activities administered by the Housing Commission and is primarily funded by Housing Impact Fees, also known as Linkage Fees (Fees). These Fees are governed by San Diego Municipal Code Chapter 9, Article 8, Division 6 (Code) and are charged to non-residential development. The Code (Attachment 2) provides standards for granting variances from the Fees in §98.0614 – 98.0617. Requests for variances with a dollar value of up to \$15,000 may be granted by the Housing Commission's President & Chief Executive Officer. Requests with a dollar value greater than \$15,000 may be granted by the Housing Commission Board of Commissioners in accordance with Section 4.5 of Housing Commission Policy BEF 301.09.

Since 1990, the Housing Commission has reviewed 53 applications and granted 49 full or partial variances. The majority of applications were for projects with specific uses that involved few or no new

employees. All denials were for hardship variances and/or projects with either more than two employees or an undetermined number of employees.

Project development background

Access Youth Academy (AYA) is a 501(c)(3) nonprofit organization. AYA creates a culture of healthy lifestyle, exercise, and encouraging students to find the discipline and dedication to unlock their potential and achieve their goals. The program enrolls youth residing throughout the County of San Diego, particularly from City Heights and the southeastern area of San Diego, who are enrolled in UC San Diego's nationally recognized Preuss charter school. The program offers students another six years of access to educators and programs to assist students through their college and post-graduate studies. In addition to youth programs, AYA intends to build a membership program for adults, instruction clinics for those interested in the sport of squash, and attract students and players from around the United States and other countries.

AYA is developing a new 22,000-square-foot, two-story facility that will include squash courts, locker rooms, three classrooms, a college lab for college preparation and admissions assistance, a conference room for meetings and workshops, a technology center, multipurpose meeting rooms, staff offices, and a parent lounge. The squash wing will include seven singles squash courts and one doubles court (the only doubles court in the San Diego area).

The new facility will open with four to five employees, with the staff base building to up to 10 employees over the next eight years.

Recommendation

AYA has applied for hardship and low-employee density variances. Low-employee density variances are granted to projects with two or fewer employees. To qualify for a hardship variance, an applicant must meet all four of the following conditions:

1. Special circumstances unique to that project justify the grant of the variance;
2. The project would not be feasible without the modification;
3. A specific and substantial financial hardship would occur if the variance were not granted; and
4. No alternative means of compliance are available which would be more effective in attaining the purposes of the Fee than the relief requested.

Staff thoroughly reviewed the application, appropriate Municipal Code sections, and historical variance request data and has determined the project does not qualify for a hardship or low-employee density variance. The project does not meet the four conditions necessary to grant the hardship variance. The project currently has more than two employees and anticipates increasing the number of staff to 10.

Citywide HIF: Non-Residential Development	
Type of Use	\$ Per Sq. Ft.
Office	\$ 2.12
Retail & Hotel	\$ 1.28
Research and Development	\$ 0.80

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This action conforms with prior Housing Commission variance decisions and does not impact the City of San Diego's Housing Trust Fund.

Based on previous actions to approve partial low-employee density variances based on an increase of employees up to 10 employees, the following alternative action could be taken: Apply the lowest HIF rate of \$0.80 to the project.

FISCAL CONSIDERATIONS:

This recommended action will have no impact on the collection of the assessed fee of \$36,200.56.

The alternative action would result in an assess fee of \$17,600, a reduction of \$18,600.56 in the fee collected.

PREVIOUS HOUSING COMMISSION ACTION:

No hardship variances have been approved. A number of low-employee density variances have been fully or partially approved based on projects having two or fewer new employees or adjusting the rate of the fee applied to a project. In the past 20 years, two hardship variance waivers were considered and denied. The projects included the San Diego Natural History Museum space for exhibits, storage, etc., and US International University for a sports center. Twelve low-employee density variances have been considered and granted or partially granted. Eight of the projects added no or fewer than two employees. Two projects adding two employees were granted a full variance. The remaining two requests added five and 10 new employees, respectively, and were partially granted by lowering the rate of the City of San Diego's Housing Impact Fee applied to the project.

KEY STAKEHOLDERS and PROJECTED IMPACTS:

The key stakeholder is Access Youth Academy and its students and families. Approval of the recommended action will result in no change to the assessed fee of \$36,200.56. Approval of the alternative action would result in a reduction of \$18,600.56 in the fee.

ENVIRONMENTAL REVIEW:

This activity is not a project as defined under the California Environmental Quality Act Guidelines Section 15378. This activity is exempt from the National Environmental Policy Act pursuant to 58.34(a)(2) information and financial services and 58.34 (a)(3) administrative and management activities.

Respectfully submitted,



Julia Sauer
Director, Grants & Compliance
San Diego Housing Commission

Approved by,



Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachments:

1. San Diego Municipal Code; Chapter 9, Article 8, Division 6
2. Application from Access Youth Academy for Variance from Payment of Housing Trust Fund Impact Fees

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