



REQUIREMENTS FOR Inclusionary Affordable Housing

City of San Diego
Development Services Department
1222 First Avenue, MS 302, San Diego, CA 92101-4101

INFORMATION
BULLETIN

532

July 2018

This bulletin provides a summary of the City of San Diego's Inclusionary Affordable Housing Ordinance. For more details, please see Chapter 14, Article 2, Division 13 of the San Diego Municipal Code (SDMC), as well as the San Diego Housing Commission's Implementation and Monitoring Procedures.

| Documents Referenced in this Information Bulletin |
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| <ul style="list-style-type: none"> • Inclusionary Housing Ordinance, (SDMC Chapter 14, Article 2, Division 13) • Information Bulletin 538, Affordable/In-fill Housing and Sustainable Buildings Expedite Program |

I. INCLUSIONARY HOUSING ORDINANCE APPLICABILITY

The Inclusionary Housing Ordinance applies to all new residential development (including condominium conversions) of 2 or more units, and requires the payment of an inclusionary affordable housing fee. Instead of paying this fee, applicants may elect to set aside at least 10 percent (5 percent for condominium conversions) of the total number of for-sale dwelling units in the project for households earning no more than 100 percent of the area median income (AMI), subject to agreements with the San Diego Housing Commission.

II. EXEMPTIONS FROM THE INCLUSIONARY HOUSING ORDINANCE

The following types of residential development projects are exempt from the Inclusionary Housing Ordinance. These exemptions are subject to specific requirements and agreements (see SDMC Section 142.1303.)

- A.** Projects where at least 10 percent of the units (5 percent for condominium conversions) are affordable to and occupied by targeted households (Rental at 65% AMI; For Sale at 100% AMI).
- B.** Condominium conversions with all units selling at 80% AMI or less.
- C.** Projects or portions of projects with units selling at 150% AMI or less. Units must contain 2 or more bedrooms, and must be sold to persons who own no other property and will reside in the unit as their primary residence.

- D.** Projects subject to the North City Future Urbanizing Area inclusionary housing requirements.
- E.** Rehabilitation of an existing building that does not result in a net increase of dwelling units.

III. INCLUSIONARY AFFORDABLE HOUSING FEE

All residential development of two or more units is required to pay an inclusionary affordable housing fee (see Table 1 and 2 below). The amount of this fee is the product of the applicable square foot charge (i.e., the rate) multiplied by the aggregate gross floor area, as defined in the San Diego Municipal Code, of all of the units in the development (excluding garages, carports, and other parking structures).

A. Building Permit Applications

The rate of the fee shall be the rate in effect at the time the application for the building permit is deemed complete, and the fee shall be paid on or before issuance of construction permits.

B. Condominium Conversions

The rate of the fee shall be the rate in effect at the time of close of escrow of the first condominium sold within the development, and the fee shall be paid to the San Diego Housing Commission at the close of escrow of the first condominium sold within the development, pursuant to an agreement with the San Diego Housing Commission.

C. Pre-payment Option

Inclusionary affordable housing fees may be pre-paid, and the required fee shall be based on that rate in effect at the time of pre-payment.

The City decision-maker may approve a Variance or Waiver only if specific findings can be substantiated (see SDMC Section 142.1308).

IV. VARIANCES AND WAIVERS

The Inclusionary Housing Ordinance allows applicants to request a Variance (Process 4) or Waiver (Process 5) from the affordable housing requirements. A Variance is required to deviate from specific portions of the Ordinance; and a Waiver is required to be exempted entirely from the Ordinance.

V. THE AFFORDABLE/IN-FILL HOUSING AND SUSTAINABLE BUILDINGS EXPEDITE PROGRAM

This program is an optional service available for a fee, and provides reduced project processing times in the development review process for both discretionary and ministerial projects that provide affordable housing. For more information, please see Information Bulletin 538.

TABLE 1 - Inclusionary Affordable Housing Fee Rates for Residential Projects Deemed Complete On or After July 2, 2018

| Units in Development | Fee Rate |
|----------------------|-----------------|
| 2 | \$2.16/sq. ft. |
| 3 | \$3.25/sq. ft. |
| 4 | \$4.33/sq. ft. |
| 5 | \$5.41/sq. ft. |
| 6 | \$6.49/sq. ft. |
| 7 | \$7.57/sq. ft. |
| 8 | \$8.66/sq. ft. |
| 9 | \$9.74/sq. ft. |
| 10 or more | \$10.82/sq. ft. |

TABLE 2 - Inclusionary Affordable Housing Fee Rates for Condominium Conversion Projects

| Units in Development | Fee Rate |
|----------------------|-----------------|
| 2 | \$1.08/sq. ft. |
| 3 | \$1.62/ sq. ft. |
| 4 | \$2.16/sq. ft. |
| 5 | \$2.71/sq. ft. |
| 6 | \$3.25/sq. ft. |
| 7 | \$3.79/sq. ft. |
| 8 | \$4.33/sq. ft. |
| 9 | \$4.87/sq. ft. |
| 10 or more | \$5.41/sq. ft. |