



THE CITY OF SAN DIEGO

INFORMATION REGARDING

Inclusionary Housing

CITY OF SAN DIEGO DEVELOPMENT SERVICES
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INFORMATION
BULLETIN

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This bulletin provides highlights of the City of San Diego's Inclusionary Housing Ordinance which was adopted by the City Council on May 20, 2003, and became effective City-wide as of July 3, 2003. Reference should be made to the entire ordinance (Chapter 14, Article 2, Division 13) for all projects. The Inclusionary Housing Ordinance requires all new residential development of two units or more to provide affordable housing, and allows for a variety of methods to ensure the requirements are met.

I. INCLUSIONARY HOUSING ORDINANCE APPLICABILITY

The Inclusionary Housing Ordinance applies to all new residential development (including condominium conversions) of 2 units or more, and requires all home builders to set aside at least 10 percent of the total number of dwelling units in the project for households with an income at or below 65 percent area median income (AMI) for rental units, or at or below 100 percent AMI for for-sale units. Rents are restricted for 55 years. Tables A and B at the back of this bulletin list examples of affordable rental rates (65% AMI) and affordable for-sale housing costs (100% AMI).

II. EXEMPTIONS FROM THE INCLUSIONARY HOUSING REQUIREMENTS

The Inclusionary Housing Ordinance applies to all new residential development of two units or more, with the following exceptions:

- A. Projects that have a building permit application deemed complete prior to July 3, 2003.
- B. Projects that were vested (i.e. have an approved Vesting Tentative Map or Development Agreement) prior to July 3, 2003;
- C. Projects subject to the North City Future Urbanizing Area inclusionary housing requirements (20 percent of the units must be affordable);
- D. Projects that have obtained a variance or waiver in accordance with Municipal Code Section 142.1304 and 142.1305 (see Section V below);
- E. Units that are being sold to and affordable to households earning less than 150 percent of AMI (see Table C). Each unit must contain at least 2 bedrooms, must be sold to persons who own no other real property and will reside in

Documents referenced in this Information Bulletin

- [Inclusionary Housing Ordinance \(SDMC Chapter 14, Article 2, Division 13\)](#)
- [Affordable Housing Density Bonus Regulations \(SDMC Chapter 14, Article 3, Division 7\)](#)
- [Inclusionary Affordable Housing Implementation and Monitoring Procedures Manual](#)
- [Information Bulletin 538, "Affordable/In-fill Housing and Sustainable Buildings Expedite Program"](#)
- [Affordable Housing Requirements Checklist \(DS-530\)](#)
- [Project Submittal Manual \(Land Development Manual, Volume I, Chapter 1\)](#)

- F. Rehabilitation of an existing building that does not result in a net increase of dwelling units on the premises;
- G. Density bonus units constructed in accordance with the provisions of Chapter 14, Article 3, Division 7 of the Municipal Code.

III. METHODS AVAILABLE TO SATISFY THE INCLUSIONARY HOUSING REQUIREMENTS

The Inclusionary Housing requirements can be satisfied in the following manner:

- A. The required affordable housing units can be provided on the same site as the market-rate development project; or
- B. The required affordable housing units can be provided off-site within the same [Community Planning Area](#); or
- C. The required affordable housing units can be provided off-site outside the Community Planning Area; however, this option requires a Variance approval from the Planning Commission (see Section V); or
- D. A fee can be paid in-lieu of providing the affordable housing units (see Section IV below); or
- E. A combination of any of the above.

IV. IN-LIEU FEES

The Ordinance allows a fee to be paid in-lieu of providing affordable housing units. The amount of the in-lieu is the sum of the applicable per square foot charge (see Table 1 below) multiplied

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by the aggregate gross floor area of all of the units within the development, minus that square footage devoted to garages and carports. Payment of the in-lieu fees are due at the time of building permit issuance.

In-Lieu Fee Rates:

For building permit applications without an associated Tentative Map or Development Permit, the rate of the in-lieu fee shall be the rate in effect at the time the application for the building permit is deemed complete (See Table 1 below).

For **Condominium Conversions**, the rate of the in-lieu fee shall be the rate in effect at the time the Tentative Map or Map Waiver application was deemed complete. Please note that Condominium Conversions of 20 or more units must set aside at least 10 percent of the units for households with an income at or below 100 percent AMI, and are not eligible to pay in-lieu fees.

TABLE 1 - IN-LIEU FEE RATES*

Deemed Complete Date of Building Permit	Project with 10 Units or More	Project with 9 Units or Less
July 3, 2003 - July 02, 2004	\$1.00 per sq. ft.	\$0.50 per sq. ft.
July 3, 2004 - July 02, 2005	\$1.75 per sq. ft.	\$0.875 per sq. ft.
July 3, 2005 - July 02, 2006	\$2.50 per sq. ft.	\$1.25 per sq. ft.
July 3, 2006 - July 02, 2007	\$7.31 per sq. ft.	\$3.66 per sq. ft.
July 3, 2007 - July 02, 2008	\$6.31 per sq. ft.	\$3.16 per sq. ft.

* Commencing July 3, 2007, the San Diego Housing Commission will adjust this fee base upon 50 percent of the difference between the median cost of housing and the housing price affordable to the median household.

For building permit applications with an associated Tentative Map and/or Development Permit that was deemed complete **after September 14, 2006**, the rate of the in-lieu fee shall be as follows:

- A. For building permit applications applied for within 3 years of the date the first Tentative Map and/or first Development Permit was deemed complete, the rate of the in-lieu fee shall be the rate in effect at the time the first Tentative Map and/or first Development Permit was deemed complete.
- B. For building permit applications not applied for within 3 years of the date the first Tentative Map and/or first Development Permit was deemed complete, but within 3 years of the date the first Tentative Map and/or first Development Permit was approved, the rate

of the in-lieu fee shall be the rate in effect at the time the first Tentative Map and/or first Development Permit was approved. The rate of the in-lieu fee for building permit applications thereafter (that don't meet A or B), shall be the rate in effect at the time the application for the building permit is deemed complete.

Grandfather Clause:

This clause applies only to building permit applications with a Tentative Map or Development Permit approved **prior to July 3, 2006**. The following grandfathered rate shall apply to these projects for a period of 3 years from the date the Tentative Map or Development Permit was approved, or until July 3, 2006, whichever occurs later. The rate of the in-lieu fee shall be \$2.50 per square foot for projects of 10 units or more, or \$1.25 per square foot for projects of 9 units or less. The rate of the in-lieu fee thereafter shall be the rate in effect at the time the application for the building permit is deemed complete.

V. VARIANCES AND WAIVERS

The Inclusionary Housing Ordinance allows applicants to request a Variance or Waiver from the affordable housing requirements.

A Variance request, which would allow an applicant to deviate from portions of the Ordinance, is processed and decided in accordance with Process Four (Planning Commission decision with appeal to the City Council).

A Waiver from the Ordinance, which would allow an applicant to be exempted entirely from the affordable housing requirements, can only be approved by the City Council (Process Five) if specified findings can be made.

VI. ELIGIBILITY OF PROSPECTIVE TENANTS/HOMEOWNERS OF AFFORDABLE HOUSING

The eligibility of each prospective tenant and/or household under the affordable rent and/or price restrictions shall be certified by the [San Diego Housing Commission](#). Applicants shall submit documentation for certification to the San Diego Housing Commission for a determination of tenant eligibility, prior to tenant occupancy. No Affordable Unit may be rented to a prospective tenant or occupied by any person unless and until the San Diego Housing Commission has determined that the prospective tenant or occupant has satisfied the eligibility requirements.

VII. WHEN AFFORDABLE HOUSING UNITS MUST BE CONSTRUCTED

Affordable units built subject to the Inclusionary Housing Ordinance shall be constructed, completed, and ready for occupancy no later than the date that the Market Rate Housing is constructed, completed, and ready for occupancy unless there is an otherwise acceptable agreement for an alternative development schedule satisfactory to the Housing Commission.

VIII. PROCEDURES MANUAL

Regulations pertaining to the City of San Diego’s Inclusionary Housing Program are adopted in San Diego Municipal Code, Chapter 14, Article 2, Division 13. The Inclusionary Affordable Housing Implementation and Monitoring Procedures Manual provides additional detail in the implementation and administration of the Program. This Procedures Manual is available on either the San Diego Housing Commission’s website at <http://www.sdhc.net/>, or the Development Services Department website at <http://www.sandiego.gov/development-services>.

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

Processing timeline commitments and expediting mechanisms are in place (see the Affordable/In-fill Housing and Sustainable Buildings Expedite Program, Information Bulletin 538). 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.

X. PROGRAM ADMINISTRATION

[The Development Services Department](#) and the [San Diego Housing Commission](#) administer the Inclusionary Housing requirements. Additional information regarding the affordable housing requirements can be obtained on either of the websites mentioned above.

TABLE A / AFFORDABLE HOUSING RENTAL RATES

Rent calculations are based upon the updated Area Median Income (AMI) limits, adjusted for household size, as determined by the California Department of Housing and [Community Development \(HCD\)](#) for San Diego County. Please see the table below which provides rental rates at the 65% AMI level for the year 2006 as adjusted by household size. Please note that these rates are for 2006, and that they are revised annually. For the most current rates, visit the San Diego Housing Commission’s website at <http://www.sdhc.net/>, or the Development Services Department website at <http://www.sandiego.gov/development-services>.

65 Percent Area Median Income (2006)			
Household Size	Unit Size	Income	Gross Rent*
One	Studio	\$31,400	\$785
Two	1 Bedroom	\$35,900	\$898
Three	2 Bedroom	\$40,350	\$1,009
Four	3 Bedroom	\$44,850	\$1,121

*Gross rent is equal to cash rent plus all tenant-paid utilities. See the “San Diego Housing Commission Utility Allocation Schedule” to calculate the tenant-paid utilities based on the project’s actual utilities mix.

TABLE B / AFFORDABLE FOR SALE HOUSING COSTS

Affordable for-sale housing price restrictions are based on the updated AMI limits as adjusted for household size as determined by HCD at 100% AMI for the year 2006. These price restrictions shall be adjusted annually based upon the revisions to Area Median Income limits as promulgated from time to time by HCD. For the most current price restrictions, visit the San Diego Housing Commission's website at <http://www.sdhc.net/>, or the Development Services Department website at <http://www.sandiego.gov/development-services>.

100 Percent Area Median Income (2006)			
Household Size	Unit Size	Income	Restricted Price
One	Studio	\$45,450	\$146,100
Two	1 Bedroom	\$51,900	\$173,100
Three	2 Bedroom	\$58,400	\$200,300
Four	3 Bedroom	\$64,900	\$227,500

TABLE C / FOR SALE HOUSING AFFORDABLE TO HOUSEHOLDS EARNING LESS THAN 150% AMI

The following table indicates the sales price restrictions at 150% AMI for the year 2006. These price restrictions shall be adjusted annually based upon the revisions to area median income limits as promulgated from time to time by HCD. Please verify by checking the websites mentioned above.

150 Percent Area Median Income (2006)			
Household Size	Unit Size	Income	Restricted Price
One	Studio	\$68,175	\$241,200
Two	1 Bedroom	\$77,850	\$281,700
Three	2 Bedroom	\$87,600	\$322,500
Four	3 Bedroom	\$97,350	\$363,200