

Requirements for Inclusionary Affordable Housing

INFORMATION BULLETIN

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IN THIS BULLETIN:

- [Inclusionary Affordable Housing Ordinance Applicability](#)
 - [Exemptions from the Inclusionary Housing Ordinance](#)
 - [Development of Inclusionary Dwelling Units](#)
- [Inclusionary In Lieu Fee](#)
 - [Other Methods of Compliance](#)
 - [Variances and Waivers](#)
 - [Affordable/In-fill Housing and Sustainable Buildings Expedite Program](#)

This bulletin summarizes the City of San Diego's Inclusionary Affordable Housing Ordinance. For more details, please see [San Diego Municipal Code \(SDMC\) Chapter 14, Article 2, Division 13 PDF](#), as well as the San Diego Housing Commission's [Inclusionary Affordable Housing Implementation and Monitoring Procedures Manual PDF](#) (Procedures Manual).
Note: The information in this bulletin reflects amendments adopted by [O-21432 PDF](#) N.S. and certified within the Coastal Overlay Zone as of August 2022.

Inclusionary Affordable Housing Ordinance Applicability

The Inclusionary Affordable Housing Ordinance applies to all new residential development of 10 or more dwelling units outside the Coastal Overlay Zone, five or more dwelling units within the Coastal Overlay Zone, and all condominium conversions of two or more dwelling units. Developments are required to provide a certain percentage of affordable units in the development. Applicants may also choose to pay an Inclusionary In Lieu Fee for all or a portion of the inclusionary dwelling units; rehabilitate existing dwelling units or SRO Hotel Rooms; convert hotel or motel guest rooms to inclusionary dwelling units; or donate land.

Residential development that provides affordable dwelling units as a condition of the development and has an application for a development permit, for a subdivision, or for a Building Permit deemed complete before July 1, 2020, shall be subject to the version of the Inclusionary Affordable Housing Regulations in effect prior to July 1, 2020, as set forth in the Procedures Manual.

The Inclusionary In Lieu Fee applicable to residential development that has an application for a development permit, for a subdivision, or for a Building Permit deemed complete before July 1, 2020, shall be \$12.73 per square foot multiplied by the net building area of the unrestricted market-rate residential development.

Unrestricted market-rate residential development includes all dwelling units that are not restricted for 55 years at 60% AMI or lower pursuant to [§142.1304 PDF](#). Affordable ADUs restricted for a period of 10 or 15 years in accordance with [§141.0302\(c\)\(2\)\(H\) PDF](#) are considered 'unrestricted market-rate residential development' and are not exempt from the net building area calculation in accordance with §142.1306(a).

Exemptions from the Inclusionary Housing Ordinance

The following types of residential development projects are exempt from ,the Inclusionary Housing Ordinance as outlined in [SDMC §142.1303 PDF](#):

- Projects subject to the North City Future Urbanizing Area inclusionary housing requirements.
- Rehabilitation of an existing building that does not result in a net increase of dwelling units.
- Density bonus units constructed in accordance with Chapter 14, Article 3, Division 7.

Development of Inclusionary Dwelling Units

The Inclusionary Affordable Housing Regulations may be satisfied by setting aside 10% of the total dwelling units in the development for households earning at or below certain income levels. As the Procedures Manual outlines, these requirements shall be implemented incrementally from July 1, 2020, through June 30, 2024.

Inclusionary In Lieu Fee

From July 1, 2020, through June 30, 2024, the Inclusionary In Lieu Fee requirements shall be implemented incrementally. This fee is the product of the applicable square foot charge (rate) as shown below, multiplied by the net building area defined in the San Diego Municipal Code (SDMC). Net building area means the aggregate gross floor area of all the unrestricted dwelling units within a development, excluding areas outside the dwelling unit's habitable space such as garages, carports, parking areas, porches, patios, open space, and excluding common areas such as lobbies, common hallways, stairways, elevators and equipment spaces.

Prior to July 1, 2020	\$12.73
July 1, 2020 - June 30, 2021	\$15.18
July 1, 2021 - June 30, 2022	\$17.64
July 1, 2022 - June 30, 2023	\$20.09
July 1, 2023 - June 30, 2024	\$22.55
July 1, 2024 and after	\$25.00 ¹

¹ *Lieu Fee shall be updated annually in accordance with [SDMC §142.1306 PDF](#).*

Other Methods of Compliance

The requirements of the Inclusionary Affordable Housing Ordinance may also be satisfied by the following methods:

- Rehabilitation of Existing Dwelling Units, SRO Hotel Rooms, or Conversion of Guest Rooms**
Existing dwelling units and SRO Hotel Rooms can be rehabilitated, or existing guest rooms in a motel or hotel could be converted to inclusionary dwelling units to satisfy the requirements in accordance with [SDMC §142.1307 PDF](#). This provision is not eligible for use within the Coastal Overlay Zone.
- Land Donation**
Land may be donated if the value of the land is equal to or greater than the applicable Inclusionary In Lieu Fee as outlined in [SDMC §142.1308 PDF](#).

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 must be exempted entirely from the Ordinance. The City decision-maker may approve a Variance or Waiver only if specific findings can be substantiated (see [SDMC §142.1311 PDF](#)).

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. This Expedite Program significantly streamlines the City review process and typically results in time savings in excess of 50%. For more information, please see [Information Bulletin 538](#).