



**HEATHER FERBERT**  
**CITY ATTORNEY**  
**CITY OF SAN DIEGO**

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**PRESS RELEASE**

**Ibrahim Ahmed**  
**(619) 666-4161**  
**iaahmed@sandiego.gov**

 [heatherferbert.ca](https://www.instagram.com/heatherferbert) | [sandiego.gov/cityattorney](https://www.sandiego.gov/cityattorney)

## **CITY OF SAN DIEGO'S INCLUSIONARY HOUSING ORDINANCE UPHELD IN FEDERAL LAWSUIT**

**SAN DIEGO** — The City of San Diego has prevailed in federal district court in a lawsuit challenging the City's Inclusionary Housing Ordinance, reaffirming the City's authority to require developers to include affordable housing in new residential developments.

A federal judge dismissed the lawsuit filed by Palmer Kearny Mesa Properties, L.P. and GH Palmer, Inc., which alleged that the City's longstanding inclusionary housing requirements were unconstitutional and violated private property rights. The deadline to appeal the court's decision expired last week.

San Diego's Inclusionary Housing Ordinance, adopted in 2003, promotes diverse and equitable neighborhoods by requiring residential developers to set aside at least 10 percent of units for low-income households or pay in lieu fees that support the development of affordable housing elsewhere in the city.

"This decision is an important victory for San Diego and reinforces the City's ability to adopt and enforce policies that promote housing affordability and economic inclusion, said **San Diego City Attorney Heather Ferbert**. "Earlier in my career, while serving as a Deputy City Attorney, I helped draft the Inclusionary Housing Ordinance that was challenged in this case. I remain committed to defending this ordinance and ensuring that new development contributes to expanding access to safe and affordable housing for our residents."

"San Diego is facing a housing affordability crisis, and too many families are being priced out of the communities they call home. This ruling protects one of the key tools we have to address that challenge. Our Inclusionary Housing Ordinance allows the City to require affordable homes as part of new developments, helping ensure that as we grow, we expand opportunity and keep our communities inclusive. I applaud City Attorney Ferbert's work defending this law and our ability to keep building the housing San Diegans need and can afford." said **Mayor Todd Gloria**.

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The lawsuit sought to exempt a proposed 1,642-unit residential development in Kearny Mesa from these affordable housing requirements.

The court rejected the plaintiffs' claims, finding that the Inclusionary Housing Ordinance does not constitute a physical taking of property and does not unlawfully compel developers to dedicate property without compensation. The court also dismissed claims that the regulations amounted to an unconstitutional land use exaction or violated the California Mitigation Fee Act.

The Inclusionary Housing Ordinance applies to residential developments of five or more units in the Coastal Overlay Zone and ten or more units everywhere else in the city. Developers who choose not to provide affordable units on site may instead pay in lieu fees, which are used to support affordable housing development throughout the city.

The court's order dismisses all claims with prejudice. Read the order granting the motion to dismiss [here](#).

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**SAN DIEGO CITY ATTORNEY'S OFFICE**  
**1200 THIRD AVENUE, SUITE 1620**  
**SAN DIEGO, CA 92101**



[heatherferbert.ca](https://www.instagram.com/heatherferbert.ca)



[LinkedIn](https://www.linkedin.com/company/sandiego-city-attorney)

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