THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: November 4, 2026 **IBA Report Number:** 26-26 REV

City Council Docket Date: November 9, 2026 **Item Numbers:** 600, 601, and 602

Analysis of Midway Rising Being an Off-Site Affordable Housing Receiver Site

OVERVIEW

On Friday, October 16, 2026, the Land Use & Housing Committee (LU&H) unanimously advanced the draft Disposition and Development Agreement (Item 6 - DDA) for the proposed San Diego Sports Arena Redevelopment project, Midway Rising, to the full City Council for consideration. Approval of Item 6 was amended by Chair Lee with an additional request that:

> *The Office of the Independent Budget Analyst, the Economic Development Department, and the Office of the City Attorney work to revise the Disposition and Development Agreement to prohibit any of Midway Rising's 2,000 affordable housing units from serving as receiver sites to satisfy another project's affordable housing requirements unless all other available funding options for gap financing have been pursued and exhausted, as verified and approved by a representative of the City, and that EDD keep the Council apprised of any issues with adding this requirement, prior to coming to the full City Council.*

After the October 16th LU&H meeting, the City and Midway Rising developer agreed to include the following language in the DDA as Section 15.4, Affordable Housing Receiver Site Limitations:

> *No Affordable Unit shall be used or credited as a receiver site affordable dwelling unit for another development project's compliance with any requirement under Law to provide or replace affordable or protected dwelling units unless: (a) City approves the proposed receiver site arrangement, in its sole discretion, after Master Developer Notifies City that the affected Vertical Developer is unable, despite diligent efforts, to secure sufficient Gap Financing for Construction of its planned Affordable Units; and (b) City obtains HCD's*

confirmation that the proposed receiver site arrangement is permissible under the California Surplus Land Act.

During the Committee's deliberation of the items, Councilmember Whitburn additionally asked our Office to analyze "How many affordable units could potentially be off-sited to Midway Rising and what is the scope of this risk?"[1]

Working in collaboration with the City Planning Department, Development Services Department (DSD), Economic Development Department, Office of the City Attorney, and San Diego Housing Commission (SDHC), our Office prepared the following analysis, which estimates that the demand to offsite between 200 and 800 affordable units from other developments to Midway Rising may exist, depending on whether the Midway site remains a Moderate-Resource Area or becomes a High-Resource area during development. Given the updated language in the DDA giving the City the sole discretion to permit off-siting, *this does not mean* that 200 to 800 units will be off-sited; rather this is an estimate of the potential number of affordable units that might be available to be off-sited to Midway Rising.

FISCAL & POLICY ANALYSIS

The City of San Diego (City) has three primary programs that incentivize market-rate multi-family housing developers to add deed-restricted affordable housing units to their projects in return for incentives and waivers from certain City requirements.

In-lieu of physically constructing, financing, and managing the required affordable housing units within the market-rate housing project, these programs allow developers to satisfy their affordable housing obligations through several alternative compliance options. One such option allows the market-rate developer to pay another developer, frequently a 100% affordable housing developer, to include the required deed-restricted affordable housing units within a separate 100% affordable housing project. This practice is commonly referred to as "off-siting" the required affordable housing from the market-rate "sending site" to an affordable housing "receiver site."

Each of the three programs has legal guidelines governing the eligibility of both the sending and receiving sites. Compliance with these guidelines must ultimately be reviewed, approved, and have covenants recorded by DSD and SDHC. Figure 1 on the following page is an overview of eligibility guidelines by program.

[1] Councilmember Whitburn also requested an analysis of whether allowing market-rate projects to off-site their affordable units to Midway Rising could increase the overall number of market-rate and affordable units that could otherwise be produced in the City. The potential for Midway Rising as a receiver site to make total housing developments (both market-rate and affordable) *more* likely will be highly dependent on future economic conditions, geographic demand for housing, and development-specific needs. Given the larger scope of that question, there is not sufficient time, research, and data to respond to this request in this report. As language in the DDA now only allows off-siting at the City's sole discretion, this question could be revisited in the future.

Figure 1: Affordable Housing Incentive Programs with Off-Siting[2]

Name (Municipal Code)	Sending Site Eligibility	Receiving Site Eligibility
1. Complete Communities Housing Solutions (Chapter 14, Article 3, Division 10)	– Allow a minimum base zone density of 20 dwelling units per acre; **AND** – Located in a Sustainable Development Area (SDA); **AND** – Outside of certain lands and districts.	– Located in a Sustainable Development Area (SDA); **AND** – Highest, High, or Moderate resource area for neighborhood opportunity. However, **IF** located within a Moderate resource area, **THEN** must also be within: o The same Community Planning Area **AND** Council District as the sending site; **OR** o Within a three (3) miles radius of the sending site.
2. Density Bonus (Chapter 14, Article 3, Division 7)	– Allow a base zone density of five (5) units or more.	– Located in the same Community Planning Area **AND** Council District as the sending site; **OR** – Sustainable Development Area (SDA) **AND** Highest or High resource area for neighborhood opportunity; **OR** – Within a one (1) mile radius of the sending site; **OR** – Approval through Process Four Development Permit.
3. Inclusionary Housing (Chapter 14, Article 2, Division 13)	– New residential development of 10 or more units outside of the Coastal zone or five (5) or more units within the Coastal Zone; **OR** – Condo conversion of two (2) or more units	– Located in the same Community Planning Area; **OR** Within a one (1) mile radius of the sending site; **OR** – Located in a Sustainable Development Area (SDA) **AND** Highest or High resource area for neighborhood opportunity.

Note: Blue text is website hyperlinks to municipal codes or maps.

[2] The table and following analysis do not include the Dwelling Unit Protection Regulations (Chapter 14, Article 3, Division 12) which allows for off-siting of replacement dwelling units in specific instances where dwelling units are demolished and replaced with a development that does not include residential dwelling unit uses. Based on the preliminary data from the San Diego Housing Commission dating back to 2007, no projects with off-site units subject to the Dwelling Unit Protection Regulations were identified.

Additional eligibility and requirements vary by program, but generally the receiving site developer is required to, at a minimum, maintain the same number of affordable housing units, total bedroom counts, and affordability levels as what was required of the sending site.

Purpose of Off-Siting and Being a Receiver Site:
From the perspective of a market-rate developer sending affordable housing units and an affordable housing developer receiving affordable housing units, off-siting can be mutually beneficial.

The market rate developer gets to:

1. Increase the amount of market-rate housing it can build on its project and thereby increase operating income;
2. Pay the affordable housing developer less than the capitalized value of the affordable housing units on its site; and
3. Avoid regulatory compliance involved with deed-restricted affordable housing management and monitoring.

In return, the affordable housing developer gets to:

1. Receive payment from the market-rate developer for accepting the affordable housing units which can in turn be used to leverage additional tax credits, tax exempt bonds, and other sources of affordable housing financing; and
2. Construct more affordable housing units than it may otherwise have been able to without the payment for being a receiver site.

The effectiveness of off-siting in meeting the City's policy goals and affordable housing residents' housing preferences can be case dependent. Our Office was unable to find academic research or data to support different claims about the policy outcomes of off-siting on the production of market-rate housing and affordable housing, or on whether off-siting advances fair housing goals.

Midway Rising Eligibility for Sending Sites:
If the Midway Rising project is evaluated as a receiver site, the following site characteristics are important:

a) Midway Rising is in a Sustainable Development Area;
b) Midway Rising is in a Moderate Resource area;
c) Midway Rising is in the Midway-Pacific Highway Community Plan Area; and
d) Midway Rising is in Council District 2.

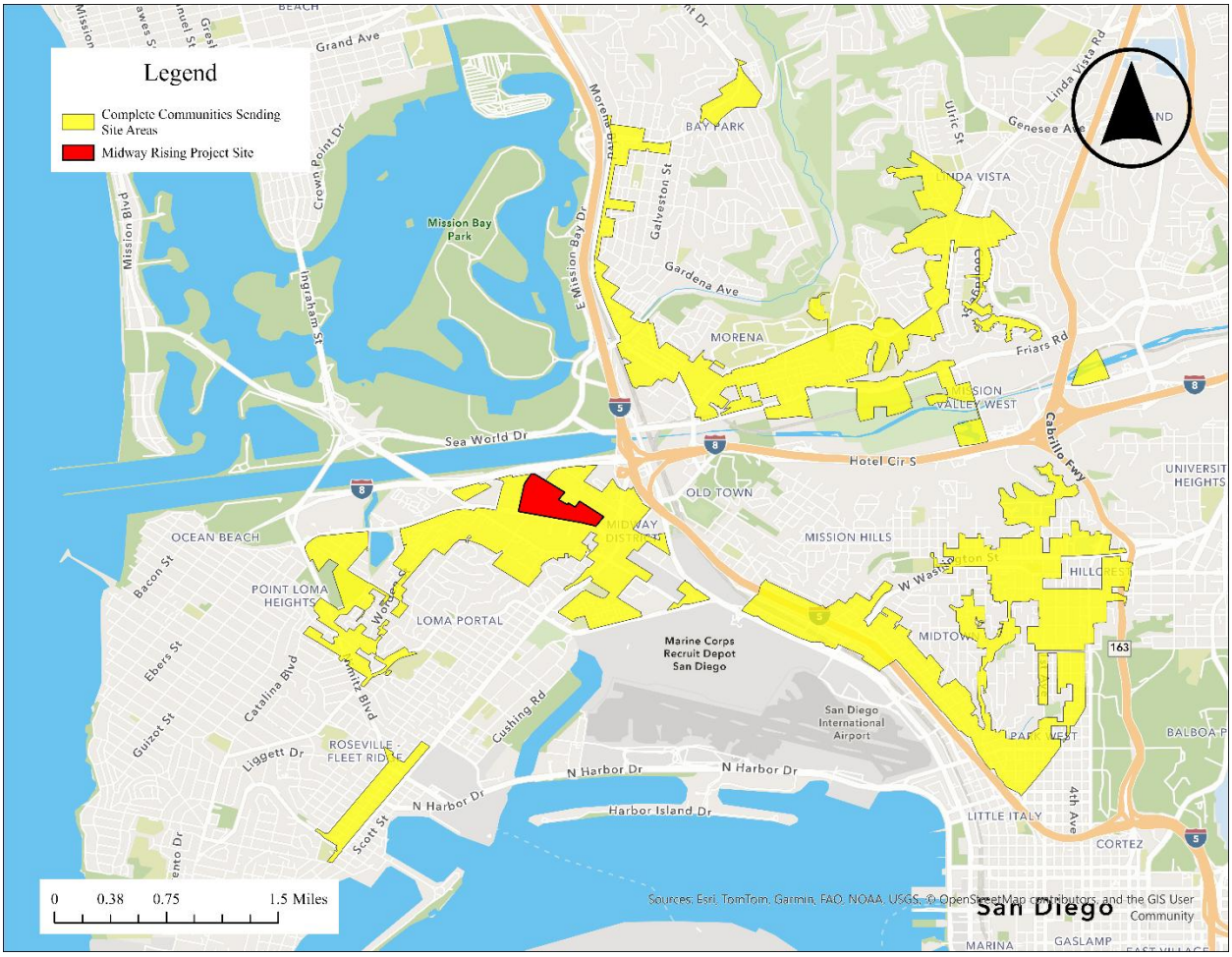
The above characteristics of the Midway Rising project site mean that the site could be an eligible receiver site under the:

1. Complete Communities program, **IF** the sending site is within three (3) miles; and

2. Density Bonus program or Inclusionary Housing, **IF** the sending site is within one (1) mile **OR** in the Midway-Pacific Highway Community Plan Area.

Figure 2 below highlights in yellow the parcels within three miles of Midway Rising that could be eligible for the Complete Communities program if the owners choose to redevelop the parcels with multi-family housing. If multi-family housing were developed on these parcels under the Complete Communities program, the affordable housing units may be eligible to use Midway Rising as a receiver site because Midway Rising is in a Moderate Resource area and within three miles.

Figure 2: Possible Eligible Sending Parcels under Complete Communities



Similarly, Figure 3 below highlights in green parcels within one mile of Midway Rising or within the Midway-Pacific Highway Community Plan Area that may be eligible for the Density Bonus program or subject to Inclusionary Housing if the owners choose to redevelop the parcels with multi-family housing. If multi-family housing were developed on these parcels under the Density Bonus program or subject to Inclusionary Housing, the affordable housing units may be eligible

to use Midway Rising as a receiver site because Midway Rising is in the Midway-Pacific Highway Community Plan Area and within one mile.

Figure 3: Possible Eligible Sending Parcels under Density Bonus and Inclusionary Housing



Interactive maps of Figure 2 and Figure 3 are available at tinyurl.com/MR-off-siting-map.

Limiting Factors:

The boundary areas in Figure 1 and Figure 2 are illustrative examples of where market rate development could occur and send affordable housing units to the Midway Rising site, based solely on eligible geographic proximity and potential allowable zoning. However, in practice, there are multiple additional limitations beyond geography that are important to note:

1. *Zoning*: The maps show base zones that meet minimum program eligibility, but there are parcels within these boundaries that have zoning overlays or topography not suitable for or

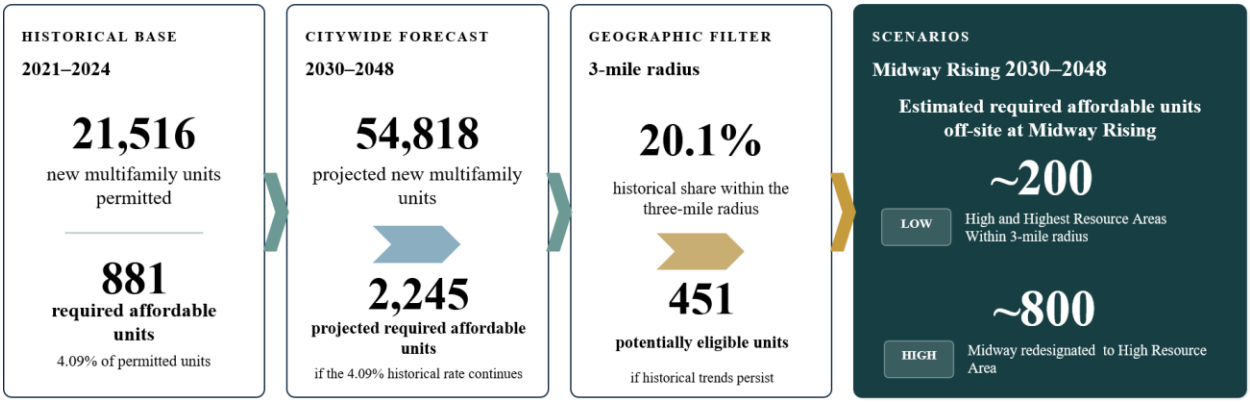
legally capable of multi-family housing developments, or could be ineligible for Complete Communities, Density Bonus, or Inclusionary Housing programs;

2. *Real Estate Market*: The owners of parcels suitable for multi-family development would need to acquire construction financing themselves or willingly sell to a developer able to finance construction. The willingness to sell and ability to finance construction are dependent on the market and owner's risk;
3. *Development Plan*: Should a project make financial sense with the use of the Complete Communities, Density Bonus, or Inclusionary Housing programs, a market-rate developer would need to choose not to construct the required affordable housing units on-site, or other alternatives (e.g., pay an in-lieu fee under Inclusionary Housing), and instead pay an affordable housing developer to provide the required units on the affordable housing development site; and
4. *Unit Mix and Affordability*: The number of affordable housing units, total bedroom counts, and affordability levels from the market-rate sending site would need to be the same as what would be provided at the affordable-housing receiver site. However, given Midway Rising is proposing 2,000 affordable units with a mix of bedroom and affordability levels, this may not pose a significant limitation.

Scope of Off-Siting to Midway Rising:

This analysis uses 2021-2024 permitting data from the City Planning Department, released as part of the 2025 Annual Report on Homes, to estimate the number of required affordable units that could be off-sited to Midway Rising had this been an option. Using data from the San Diego Housing Commission, the frequency of off-siting under the status quo was also estimated. These historical trends were then applied to SANDAG projections of multifamily unit growth in the City of San Diego to estimate the number of required affordable units that could *potentially* be off-sited to Midway Rising under two possible scenarios. The remainder of this section summarizes the findings as captured below in Figure 4, and additional details are available in Attachment 1.

Figure 4: Model of Off-Site Units at Midway Rising



Between 2021-2024, nearly 900 required affordable units were permitted out of approximately 21,500 new multifamily units citywide.[3] Therefore, the number of required affordable units represents 4.09% of all newly permitted multifamily units. Using SANDAG multifamily projections from 2030 to 2048, which is the likely timeframe for Midway Rising to be considered as a receiver site as part of the financing for its affordable housing phases, an estimated 54,818 new multifamily units are projected to be built citywide. Applying the 4.09% share to SANDAG projections, an estimated 2,245 required affordable units could be produced citywide between 2030 and 2048, assuming these historical trends continue.

Based on 2021-2024 data, if the broadest off-siting criterion is assumed (defined as CCHS projects located within a three-mile radius of Midway Rising), *at most* 177 required affordable units would have been eligible for off-siting to Midway Rising, out of an estimated 881 total required affordable units. This represents 20.1% of all required affordable units.[4] Applying this share to the earlier projection of 2,245 required affordable units citywide between 2030 and 2048, an assumed 451 required affordable units would fall within the three-mile CCHS radius and therefore could be considered for off-siting to Midway Rising, assuming geographic development patterns remain consistent. Because not all eligible units would ultimately be off-sited due to developer behavior, historical off-siting trends can be applied for a conservative estimate. Using partial off-siting data from SDHC, roughly 11.9% of affordable units were located off-site citywide, meaning if current rates of off-siting were applied to the three-mile radius around Midway Rising, only 53 affordable units would off site to Midway Rising.

However, there are reasons to believe that simply applying the current rate of off-siting to an estimated share of required affordable units within a three-mile radius may result in an underestimate. For instance, Midway Rising's availability as a receiver site could induce demand for off-siting, thereby increasing utilization of off-siting more than has been seen historically. Additionally, off-siting data likely undercounts the number of off-site units due to data limitations which are further discussed on page 9. As such, our analysis incorporates two additional scenarios:

- *Scenario A*: At the low end, only High and Highest Resource Areas within the three-mile CCHS radius off-site units to Midway Rising, with an assumption that demand for CCHS increases by 50% relative to the status quo to qualify to offsite to Midway Rising, given reasons previously detailed, and

[3] For the purposes of this analysis, only multifamily projects that were (1) subject to affordability requirements and (2) not already 100% affordable were considered required, as 100% affordable projects are more likely to be receiver sites than sending sites.

[4] To estimate an upper bound, the analysis assumes that all 177 identified units could have been eligible for off-siting to Midway Rising. In reality, this likely overstates eligibility because not all identified projects participated in CCHS and therefore would not have qualified under the three-mile CCHS radius. However, we assume the availability of Midway Rising as a receiver site could have altered developer decisions and made CCHS participation more appealing. Of the 177 affordable units identified, 104 were associated with CCHS projects, 38 with Density Bonus projects, 10 were due to Inclusionary Housing, and 25 were not associated with a local affordability program in the City Planning dataset.

- *Scenario B:* As an upper range estimate, if in 2039 at the mid-point of the 19-year projection window, the area is redesignated from a Moderate Resource Area to a High Resource Area, thereby allowing projects across the City to send required affordable units to Midway Rising. There is significant uncertainty regarding the future designation of the Midway area, and it is also possible that the area could be redesignated as a Low Resource Area. This scenario is provided for illustrative purposes and may not fully capture induced demand for off-siting if Midway Rising can be a receiver site.

Under these two scenarios, we project that between roughly 200 and 800 required affordable units could be built off-site at Midway Rising from 2030 through 2048, equal to 10.0% to 40.0% of the 2,000 affordable units to be built at Midway Rising, provided the City allows such off-siting. This projection is based on several assumptions and limited data, which is described in the following section of this report.

Limitations and Risks of Midway Rising Off-Siting Analysis:

Projecting potential off-siting activity at Midway Rising has numerous limitations and caveats:

1. *General Market Uncertainties:* Development activity in the City in just the upcoming year is challenging to predict; the 15-year time horizon that Midway Rising's buildout is projected to span makes projections even more speculative. Future development activity will change based on broader economic and market conditions, alongside local and statewide efforts to incentivize additional residential density and capacity. As the number of required affordable units produced in any given year is directly tied to multifamily new construction, projections for both these variables have a high level of uncertainty.
2. *Unknown Midway Rising Specific Impacts:* Given the scale of Midway Rising itself, the project will have both direct and indirect impacts that are difficult to predict. If Midway Rising can act as a receiver site for eligible projects, the overall demand for off-siting may be impacted, as Midway Rising may represent a more cost-efficient way for other developers to meet affordability requirements. Additionally, the project may also influence development activity, as more residential projects nearby could be developed to capitalize on proximity to Midway Rising.
3. *Changes to Opportunity Area*: While the Midway Rising project site is currently in a Moderate Resource area census tract, these designations are updated annually as new data and methodologies are created. Therefore, the project site could be demoted into a low resource area, making it ineligible to be a receiver site, or the project site could be promoted into a high resource area making it eligible to be a receiver site for nearly any affordable housing off-siting requirements. These annual changes are based on a nine-point system that evaluates employment, education, household income, and median home value relative to the County median. As a result, historical trends and data are likely not representative of future trends, thereby reducing the reliability of any predictive modelling.

4. *Data Limitations:* Limited data is available on the number of affordable units built on- or off-site, as this data has not been systematically collected in the past due to challenges with data coordination and data system constraints. This creates challenges in identifying these relationships, although there have been recent data-collection improvements.[5]
5. *Off-Siting Rules Could Change:* Future changes to each affordable housing incentive program that may make being a receiver site more restrictive for projects that have already been vested under SB 330 (2019), *Housing Crisis Act of 2019*, may violate that law. However, changes to the affordable housing incentive programs that make being a receiver site more permissive can generally be taken advantage of by projects that vest before the new policy date. Therefore, if current or future City Councils make changes to any of the off-site eligibility requirements for the affordable housing incentive programs, the hypothetical ceiling of units that could be off-sited to the Midway Rising project site could increase.

Given these limitations, our analysis incorporates numerous assumptions based on available data and is only intended to inform the potential magnitude of required affordable units that could be sent to Midway Rising from other off-site projects under various scenarios. What may actually result will likely differ materially from the estimates produced by the analysis. Given amendments to the DDA that provide the City the sole discretion to allow off-siting at Midway Rising, these projections should be considered projections of potential demand for off-siting, and not the number of units we anticipate will or would be off-sited.

CONCLUSION

Based on the scenarios modeled in this report, approximately **200 to 800 units** could potentially be off-sited to Midway Rising during the project's five affordable housing development phases, assuming historical trends are representative along with a modest attempt to capture potential induced demand for off-siting. This represents approximately **10% to 40%** of the project's 2,000 planned affordable units. While accepting off-site obligations could provide gap financing that supports construction of the Midway Rising affordable units, it could also reduce the project's net addition to citywide affordable housing production because some units would simultaneously satisfy the requirements of other developments.

These estimates illustrate the potential magnitude of risk to a desired policy outcome rather than a prediction of actual housing market trends. Future off-siting will depend on development activity,

[5] Each off-siting agreement is thoroughly reviewed and documented according to applicable local program requirements and coordinated between the San Diego Housing Commission and Development Services Department. However, the tracking of on- and off-site affordable units across the City's local programs *for data aggregation and collection purposes* was limited until the summer of 2026, when additional data elements began capturing receiver-sender relationships. This means reliable historical data on the number of affordable units sent off-site is limited. For this analysis, the Housing Commission conducted and provided preliminary outputs from retroactive scans to identify and capture projects that included off-site units. This data has not yet been validated and may not be fully inclusive of all off-sited units.

financing conditions, developer decisions, potential changes to the project site's resource designation, and possible revisions to City policy. Section 15.4 of the proposed DDA meaningfully limits this exposure by requiring discretionary City approval, evidence that sufficient gap financing could not be secured despite diligent efforts, and confirmation from HCD that the arrangement is permissible under the Surplus Land Act. Continued monitoring of receiver-site approvals and changes in eligibility will be important throughout the project's buildout.

Our Office remains available to assist Council in its deliberations of this policy consideration specifically and the proposed Midway Rising development project generally.

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Attachments:
1. Analysis Methodology

ATTACHMENT 1: ANALYSIS METHODOLOGY

This attachment details the methodology and assumptions used to estimate the scope of potential off-siting to Midway Rising, along with more detailed findings from historical data. The model is summarized in Figure 1 below, which includes four base model components and two scenarios, each discussed in turn.

Figure 1. Model to Estimate Scope of Off-Siting at Midway Rising

					Scenarios	
Model	Component 1	Component 2	Component 3	Component 4	Scenario A	Scenario B
Year	**Est New Permits Multi-Family in City**	**Citywide Pool of Off-Siting Affordable Units**	**Pool of Midway Rising Off-siting Affordable Units**	**Share Likely to Offsite to Midway-Rising**	**Off-Site Nearby High/Highest Resource Area**	**Midway Becomes High/Highest in Future**
2030	3,025	124	25	3	10	10
2031	3,025	124	25	3	10	10
2032	3,025	124	25	3	10	10
2033	4,530	185	37	4	15	15
2034	4,530	185	37	4	15	15
2035	4,530	185	37	4	15	15
2036	3,712	152	31	4	13	13
2037	3,712	152	31	4	13	13
2038	3,712	152	31	4	13	13
2039	3,712	152	31	4	13	13
2040	3,712	152	31	4	13	152
2041	1,699	70	14	2	6	70
2042	1,699	70	14	2	6	70
2043	1,699	70	14	2	6	70
2044	1,699	70	14	2	6	70
2045	1,699	70	14	2	6	70
2046	1,699	70	14	2	6	70
2047	1,699	70	14	2	6	70
2048	1,699	70	14	2	6	70
Over 19-Yr Timeline	**54,818**	**2,245**	**451**	**53**	**186**	**836**

Component 1: Multifamily new construction demand in the City (Data: SANDAG 2022-2050 Housing Forecast). The model assumes the average number of new multifamily units based on SANDAG projections for a given year. For instance, between 2029 and 2032, SANDAG projects 9,074 additional multifamily units, which averages 3,025 units/yr. Therefore, the model assumes that 3,025 new multifamily units (as an annual average) will be developed each year between 2030-2032 (inclusive). The model timeframe includes 2030 through 2048 to align with the financing windows for Midway Rising's affordable housing phases, assuming that the opportunity for Midway Rising to act as a receiver site would occur when the developer is establishing financing for affordable housing at Midway Rising.

Component 2: Share of new multifamily production subject to affordability requirements (Data: City Planning 2021-2024 Data Element). For this analysis, only affordable units required as part of multifamily development are considered candidates for off-siting. City Planning data

provides an estimated share of affordable units built due to affordability requirements as a proportion of the total number of multifamily units. This *excludes* projects that are assumed to be 100% affordable since these are unlikely to offsite affordable units. Based on this approach, 881 affordable units out of 21,516 multifamily units, or 4.09% of total multifamily new units, were required to be affordable units. For modeling, this share is applied uniformly to estimated new multifamily units from Component 1.

Component 3: Share of new required affordable units eligible to off-site to Midway Rising (Data: City Planning 2021-2024 Data Element). Inclusionary Housing, Density Bonus (DB), and Complete Communities Housing Solutions (CCHS) each have different criteria receiver sites. These criteria include geographic, socioeconomic, or transit-oriented factors. Midway-Rising is currently considered a Sustainable Development Area and a Moderate Resource Area as determined by CTCAC and, as a result, off-siting is possible for the following programs:

- Complete Communities Housing Solutions *if* within the same Community Planning and Council District *or* within three miles of the sending site
- Density Bonus and Inclusionary Housing *if* within the same Community Planning Area and Council District *or* within one mile of the sending project

Notably, if Midway Rising is redesignated to High or Highest, Midway Rising would be unlocked as a receiver site for projects across the City, as all three local programs allow for off-siting to a Sustainable Development Area classified as High or Highest Resource.

The model estimates the potential pool of units eligible to off-site to Midway Rising using the broadest option currently allowed, which is the three-mile radius under CCHS. Based on City Planning data, 177 required affordable units were identified within a three-mile radius out of 881 required affordable units citywide. This represents an estimated share of 20.1%, which was applied uniformly to the number of estimated required affordable units citywide from Component 2. Notably, *this historic data may not be representative of future trends* and not all projects identified within the three-mile radius were CCHS projects, but for simplicity, our analysis assumes that if Midway Rising was a possible receiver site projects within a three-mile radius would have a stronger incentive to consider CCHS.

For context, the box below provides a breakdown of the number of required affordable units built between 2021 and 2024 under the Inclusionary Housing, CCHS, and DB boundaries.

Required Affordable Units Built Between 2021 to 2024 In Proximity of Midway Rising Site

This box discusses the number of required affordable units permitted between 2021 and 2024 that would have been eligible to be sent to Midway Rising, had it been an option. Since off-siting criteria vary depending on program, each criterion is discussed in turn from most

restrictive to least. Although each project identified participated in one specific local program, this analysis counts affordable units based on geographic criteria as opposed to actual local program participation, under the assumption that projects could have been incentivized to change local programs had Midway Rising been available as a receiving site.

Within Midway-Pacific Highway Community Plan Area & Council District 2: 8 Affordable Units

Under Inclusionary Housing, DB, and CCHS, a project may off site require affordable units if it is located within the same Community Planning Area and, for DB and CCHS, within the same Council District. For Midway Rising, this would allow all three types of projects built within the Midway-Pacific Highway Community Plan Area to off-site to Midway Rising. Between 2021 and 2024, there was only one project identified subject to affordability requirements located in the Midway Pacific-Highway area – this project permitted in 2024 was required to build eight affordable units.

Within One-Mile Density Bonus & Inclusionary Housing Radius: 10 Affordable Units

Looking beyond the immediate Midway Pacific Highway area, DB and Inclusionary Housing allows off-siting for sending sites located within a one-mile radius of the receiver site. Under this slightly larger radius, two additional affordable units were identified, associated with one project permitted in 2021 in the Peninsula area. In addition to the eight affordable units previously identified in the Midway-Pacific Highway area, this results in 10 affordable units under these off-siting criteria, as seen in Figure 2.

Figure 2: Eligible Affordable Units Within One-Mile Density Bonus & Inclusionary Housing Radius

Year	Midway-Pacific Highway	Peninsula	Total
2021	-	2	2
2022	-	-	-
2023	-	-	-
2024	8	-	8
Total	8	2	10

Within Three-Mile CCHS Radius: 177 Affordable Units

Under the broadest off-site criterion of a three-mile radius from Midway Rising for CCHS projects, an estimated 177 required affordable units were built from 2021 to 2024. Notably, most growth occurred in the Uptown Community Planning Area, in particular in the Hillcrest and Bankers Hill neighborhoods, as well as Mission Valley, specifically in the Morena neighborhood, as seen in Figure 3.

Figure 3: Eligible Affordable Units Within Three-Mile CCHS Radius

Year	Uptown	Mission Valley	Linda Vista	Peninsula	Midway-Pacific Highway	Clairemont Mesa	Total
2021	14	-	5	5	-	-	24
2022	4	-	5	1	-	-	10
2023	42	25	12	1	-	-	80
2024	51	-	2	1	8	1	63
Total	111	25	24	8	8	1	177

Component 4: Current frequency of off-siting (Data: San Diego Housing Commission data). Based on preliminary data obtained from the San Diego Housing Commission (SDHC), an estimated 11.9% of required affordable units are assumed to be off-sited. This estimate is based on 643 units associated with potential receiver sites identified between 2023 and 2026, out of approximately 5,421 required affordable units that recorded covenants with SDHC during this timeframe. The estimated frequency of off-siting, which represents developer behavior in the status quo, is applied uniformly to the estimated pool of affordable units eligible to be off sited to Midway Rising from Component 3.

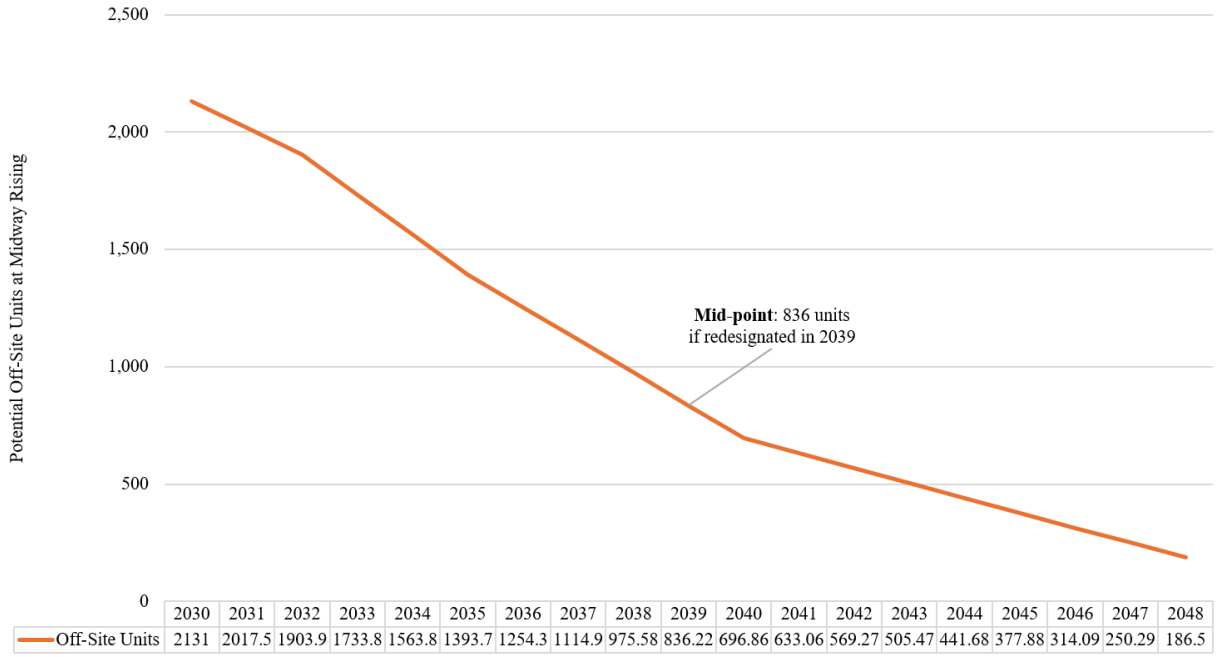
Scenarios Modeled

To account for possible impacts of Midway Rising, our model includes two scenarios that inform a range of estimates for off-siting, with varying assumptions in each scenario. These scenarios assume the City allows off-siting to Midway Rising, and therefore generally model potential demand for off-siting; as discussed in the body of our report, the DDA only allows off-siting at the City's sole discretion.

Scenario A assumes projects in nearby High or Highest Resource areas within a three-mile radius would participate in CCHS and offsite to Midway Rising, based on the historical shares of projects within the three-mile radius across CTCAC Opportunity Areas. According to the City Planning data, High/Highest Resource Areas consisted of 68.93% of the 177 identified affordable units within the three-mile radius. This scenario assumes that it would be more cost efficient for multifamily projects nearby to offsite required affordable units to Midway Rising as opposed to building on-site and result in changes in developer behavior to favor CCHS within this radius. Therefore, another assumption is made that the demand for CCHS projects within the three-mile radius would increase participation in CCHS by 50% relative to the status quo. The resulting share of CCHS projects would increase from 40% (or 14 out of 35 projects) observed in the 2021-2024 data to 60% projected. These assumptions are applied uniformly to the pool of affordable units eligible to offsite to Midway Rising per Component 3. As seen above in Figure 1, this results in a low-end estimate of 186 required affordable units that could be located off-site at Midway Rising.

Scenario B assumes that Midway-Pacific Highway turns into a High or Highest Resource Area at the mid-point of the 19-year projection window in 2039, unlocking Midway Rising as a receiver site for projects citywide. This scenario blends Scenario A (as a likely floor) before the redesignation to High or Highest in 2039 with Component 2 which is the citywide pool of required affordable units. As seen below in Figure 4, this results in a higher estimate of 836 required affordable units that could be located off-site at Midway Rising, although this number could be as high as 2,131 units if redesignation occurs as early as 2030 (very unlikely) or equal to 186 if the area is not classified as High or Highest in this time period. Notably, this scenario is provided for illustrative purposes only as the likelihood of the Midway-Pacific Highway area turning into a High or Highest Resource Area remains very uncertain.

Figure 4: Midway Becomes High/Highest Resource Area (Scenario B)
Off-Site Units Depending on Year of Redesignation



	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Off-Site Units	2131	2017.5	1903.9	1733.8	1563.8	1393.7	1254.3	1114.9	975.58	836.22	696.86	633.06	569.27	505.47	441.68	377.88	314.09	250.29	186.5