

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY
DRAFT

SUBJECT: **SAN DIEGO AFFORDABLE HOUSING AND SUSTAINABLE
DEVELOPMENT INCENTIVE PROGRAM**
POLICY NO.: 600 27
EFFECTIVE DATE:

BACKGROUND:

The City is currently experiencing a severe lack of affordable housing affecting all sectors of society including but not limited to new graduates, senior citizens, single parents, first-time home buyers, individuals with disabilities, and employees in healthcare, education, biotech, and tourism. In addition, existing buildings and new development consume nearly half of the total energy used in the United States and contribute to ever increasing green house gas emissions.

Affordability:

Many diverse interests have come to realize the correlation between the availability of affordable housing and the quality of life of our residents, as well as the continued economic vitality of our city. Many economic and housing analysts have reported that the single greatest threat to our region's economy is the high cost of local housing.

Many factors contribute to the current under supply of affordable housing. New housing development has not kept pace with job or population growth, resulting in housing costs that have increased at a much faster rate than incomes in the last decade. Many families are dealing with the increases in housing costs by dangerously paying much higher portions of their incomes than is sustainable or by doubling up on occupancy.

The City of San Diego is in the midst of a declared state of emergency for affordable housing, and has taken numerous steps to address the crisis. In an effort to produce more affordable housing it is important that the City provide increased incentives to facilitate these projects.

Sustainability:

The City of San Diego is committed to increasing resource efficiency including energy, water, and materials associated with construction projects; and have numerous initiatives that support these priorities. San Diego continues to promote these goals by encouraging the use of comprehensive green building rating, as well as offering benefits to specific projects that exceed these green building code standards. An incentive program that facilitates these projects is a critical component of City efforts.

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PURPOSE:

To continue the City’s commitment to affordable and sustainable development projects by offering significant incentives for projects that achieve the established goals.

ELIGIBILITY:

The following development projects shall be eligible for incentives established by this policy:

Affordable:

Two levels of affordable housing project incentives are offered to give higher incentives for projects providing the most affordable units.

1. Affordable housing projects that meet one or more of the criteria below and provided at least 10% of the units are affordable.
2. Affordable housing projects that meet meets one or more of the criteria below and provided at least 100% of the units (excluding on-site manager unit) are affordable.

Criteria

- Residential development projects where at least 10 percent of the units are set aside for households with an income at or below 65 percent of the Area Median Income (AMI) for rental units and at or below 100 percent AMI for for-sale units as set forth in the City’s Inclusionary Housing Ordinance.
- Residential development projects that receive funding from the Comprehensive Affordable Housing Collaborative (The Redevelopment Division of the City Planning and Community Investment Department, Centre City Development Corporation, Southeastern Economic Development Corporation, and the San Diego Housing Commission) where at least 15 percent of the units are set aside for households with an income at or below 120 percent AMI, as determined by the San Diego Housing Commission.
- Residential development projects underwritten to utilize Federal, State or Local funds and which result in a regulatory agreement that restricts tenancy and rents at or below 60 percent AMI.
- Urban In-fill housing projects of 10 units or more within “Urbanized” areas of the City as defined in the General Plan. These in-fill projects are eligible for expedited processing under this policy provided that all of the dwelling units are affordable to households earning no more than 150 percent AMI for both rental and for-sale (first

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ownership cycle only) units. In-fill housing projects need to provide a larger number of affordable housing units than they replace.

- Military Housing constructed by the Federal Government or through a contract with the Federal Government, for use by active military personnel and their families.
- Mixed-use development projects (development projects that combine residential with other land uses) where at least 50 percent of the gross floor area of the entire development project site is dedicated to residential dwelling units affordable as described above.

Projects that elect to pay In-Lieu fees to satisfy the affordable housing requirement are not eligible for incentives under this policy.

Sustainable:

The following three levels of sustainable project classifications are established by this policy providing a varied level of incentives to encourage more sustainable projects:

1. Signature Green – LEED Gold+ projects that achieve LEED ratings above CalGreen Tier 1 and Tier II codes and promote a comprehensive approach to sustainable development.
2. High Performance Green – CalGreen Tier 2/LEED Silver projects that achieve 30% energy savings and 40% water savings in addition to site and material improvements
3. Green – CalGreen Tier 1 projects that achieve 15% energy savings and 30% water savings in addition to site and material improvements.

Sustainable projects can be new development or retrofits of existing developments that meet the above criteria. Alternative methods of showing a project is achieving an equivalent sustainability level to the above LEED or CalGreen standards will also be accepted.

Incentives:

Following are the incentives available to the above eligible projects:

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No.	Incentive Description	Affordable 100%	Affordable 10%	Signature Green	High Performance Green	Green
1.*	Bonuses – 20% density bonus and 25 % parking ratio reduction	X		X		
2.	Infrastructure Reprioritization – In areas with planned City infrastructure upgrades, change the City CIP priority if possible to allow infrastructure to proceed in the qualifying project area.	X		X		
3.*	Permit Exemptions – No Site Development Permit for projects that have encroachment into setbacks from environmental resources but comply with all other ESL regulations. No Site Development Permit for CPIOZ Type B projects that comply with community plan development regulations. No Site Development Permit for multi-family projects that consolidate lots and exceed the Municipal Code unit threshold	X		X		
4.	Select Staff Attend Community Planning Group Meeting – Key senior level staff selected by the applicant attend the planning group recommendation meeting to help answer specific project review process and regulation questions.	X		X	X	
5.	Priority Appointments – Provide priority submittal, review, and permit issuance appointments.	X		X	X	
6.	Specialized Review Teams - Provide most qualified staff teams for project processing. This could include management staff in addition to technical reviewers depending on the type of project.	X	X	X	X	
7.	Concurrent Processing - Allow concurrent processing of ministerial permits after the first review cycle in the discretionary permit process.	X		X	X	
8.	Project Management - Provide a ministerial (construction permit) single point of contact for qualifying projects for processing and conflict resolution.	X		X	X	
9.	Processing Time Incentives - Provide guaranteed project review and processing timelines for projects (1/2 time of standard staff review) and two review cycle maximum per discipline.	X	X	X	X	

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No.	Incentive Description	Affordable 100%	Affordable 10%	Signature Green	High Performance Green	Green
10.	Counter Review After 1st Cycle – Where feasible, provide over the counter reviews for all qualifying project’s subsequent review cycles after 1st Cycle for both ministerial and discretionary projects.	X		X	X	
11.	Pre-Application Meeting - Provide pre-application meetings with lead staff and department management to focus project issues, gain high level commitment to processing decisions, identify necessary submittal requirements, and assign project review team members.	X		X	X	
12.	Priority Docketing - Provide reserved docket hearing dates and first on agenda docket time guarantees (time certain) at Planning Groups recommendation meetings and at Hearing Officer, Planning Commission, and City Council hearings.	X	X	X	X	
13.*	Parking Incentives – Priority parking space locations and parking ratio reductions for low emitting vehicle use, carpool vehicles, and shuttles. Revise shared parking ratio calculation methodology for mixed use projects.	X		X	X	
14.*	Adaptive Reuse – Allow more flexibility in previously conforming regulations. Allow larger, by right expansions to previously conforming structures, uses, density; allowing any additions to observe all previously conforming setbacks established by the existing structure; etc.	X		X	X	
15.	Impact Fee Deferral – Allow impact fee deferral until final inspection.	X	X	X	X	
16.	Priority Conflict Resolution - Provide guaranteed priority conflict resolution turnaround timeline across all departments and disciplines.	X		X	X	
17.	Self Certification - Allow qualifying projects that are larger and more complex than are currently allowed to do plan check and inspection through self certification (including third party self certification).	X		X	X	
18.	Dry Utility Company Commitment – Secure dry utility company commitment for coordination with applicants. Establish timelines for new dry utility company rules to apply to projects in process.			X		
19.	Green Roof – Give vegetated roofs and roof gardens credit toward open space or landscape area requirements.			X	X	

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No.	Incentive Description	Affordable 100%	Affordable 10%	Signature Green	High Performance Green	Green
20.	Early Environmental - Provide early scoping meetings, technical study scoping and review, and environmental determination. Implement BPR recommendations to allow qualifying consultants to prepare early environmental document drafts.	X	X	X	X	
21.	Community Outreach - Provide a non-City staff support team to advocate for the green features of the project with the community via education and advocacy.			X		
22.	Financial Team - Add Economic Development and Redevelopment staff members to pre-application and initial project review meetings to ensure applicant is fully aware of any incentives that City Planning and Community Investment may be able to provide.	X	X	X	X	X
23.*	Deviations - Allow deviations from the regulations of the underlying zone to address unique aspects of the project (e.g. height deviation for roof mounted solar facilities, setback deviation for wind turbines in setbacks, or solar facilities permitted in brush management zones.)			X	X	X
24.	Technical Training – Arrange on-site training courses by experts on green roofs, daylighting, gray water systems, energy efficiency practices, affordable financing, adaptability, regulatory incentives, etc.	X		X	X	X
25.	Recognition - City recognition (open to interpretation/development) of projects such as section on City/DSD website or lobby displays to showcase these developments.	X		X	X	X
26.	Interagency Incentive Team - Add an interagency incentives expert team member (tax credits, reduced cost of services, rebates, grants, recycling of equipment incentives, etc.) to provide early advice and financial viability of projects. Could also offer services to complete paperwork for rebates and other incentives as well as tap into online services and provide a common “green” link through DSD webpage.	X		X	X	X
27.*	Automatic Extensions- provide automatic extensions of time for discretionary permits and ministerial permits that meet specific findings.	X		X		

* The incentives denoted with an asterisk require amendments to the City’s Municipal Code before becoming available. Code amendments will follow the typical amendment process

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including review by the public, the City's Code Monitoring Team, Community Planners Committee, Planning Commission, City Council and where amending the City's Local Coastal Program, by the California Coastal Commission before the incentive can be offered.

Note: The above incentives for projects providing affordable housing and sustainable measures are not additive. For example if a project obtained an incentive for a parking reduction for providing affordable housing, they cannot obtain an additional parking reduction by providing a sustainable development. In addition, some of the incentives noted above are already available for all project customers. Where necessary, these incentives will be provided to the priority projects outlined in this policy before being offered to other applicants.

Process:

Following is the process to establish qualifying projects for the incentive program:

1. The applicant shall enter into an agreement for level of affordability/green incentive being achieved.
2. The permit of a discretionary permit will contain a condition that failure to provide the affordability level or the sustainability level agreed to will require an amendment to the permit before ministerial permits for the project can be approved unless the modified project can be found to be in substantial conformance to the original project.
3. The applicant for ministerial permits shall incur a penalty or other appropriate disincentive to be determined later for failure to comply with the incentive level threshold.
4. The applicant shall submit certification of incentive level by an independent review by either the San Diego Housing Commission or LEED/Cal Green qualified licensed design professional.

Incentive Capacity:

A key component to the success of this program will be to develop ways to fund the incentives and prioritize projects to maintain efficiency and effectiveness of the program. This Incentive program needs to be staffed and resourced appropriately thereby maintaining the ability to provide the above incentives. Because workload in this program could become unpredictable, the Development Services Department Director may defer qualifying projects through the normal development review process, and provide incentives based on the following priority list:

- Priority 1: Affordable 100%
- Priority 2: Signature Green
- Priority 3: Affordable 10%
- Priority 4: High Performance Green

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Priority 5: Green

As workloads cause the inability to provide one or more of the incentives, new applications for lower priority projects shall not be accepted based on the determination of the City's Development Services Department Director.

REFERENCES:

Related existing Council Policies:

HISTORY:

Adopted by Resolution R-251516 03/31/1980
Amended by Resolution R-257053 08/24/1982
Amended by Resolution R-284238 07/05/1994
Amended by Resolution R-298001 05/20/2003
Amended by Resolution R - 00/00/2010