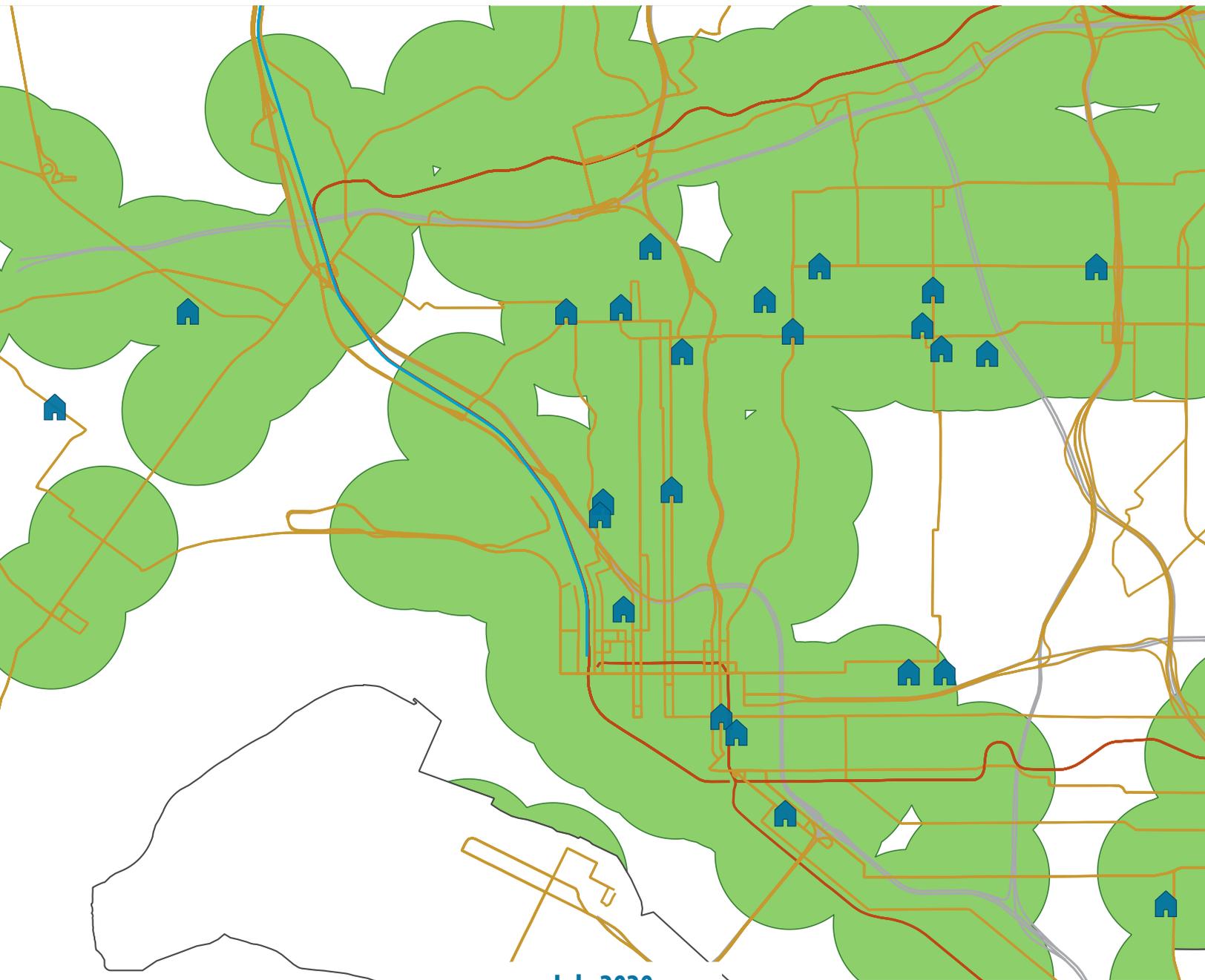


# Equity and Climate for Homes

## Geographic Analysis of the City of San Diego's Affordable Homes Bonus Program



July 2020

# Acknowledgments

## Special Thanks

A special thank you goes to everyone who helped create, review, and publish this report. Dane Thompson and Alexis Ledlow, Circulate interns, conducted the research to create the dataset on which this report is based. Ann Kern and Wendy DeWitt from the San Diego Housing Commission helped us find the raw data. Elyse Lowe, the Director of the Development Services Department also helped us access the project data.

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## Sponsored by



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Colin Parent is Executive Director and General Counsel at Circulate San Diego. He has authored a number of reports and academic publications detailing how local land use and transportation policy can be

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*All photos belong to Circulate San Diego, unless noted otherwise  
Cover photo: Affordable Housing Bonus Program Projects in Transit  
Priority Areas in 2019 Map*

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## Introduction and Executive Summary

The City of San Diego's Affordable Homes Bonus Program (AHBP) has demonstrated continued success with a surge of new market-rate and affordable homes, primarily in Transit Priority Areas and high opportunity locations.

The AHBP allows developers who build a percentage of their developments as deed-restricted affordable to receive added development capacity and other incentives that make it easier to build. Proposed by Mayor Kevin Faulconer's administration, San Diego's AHBP was supported by a broad coalition led by Circulate San Diego,<sup>1</sup> and was approved unanimously by the San Diego City Council in August 2016.

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<sup>1</sup> Circulate San Diego, "Letter: Coalition of Supporters for Affordable Homes Bonus Program" (June 16, 2016), available at <http://www.circulatesd.org/affordablehomesbonus>.



California Density Bonus Law allows for a maximum of 35 percent density bonus, depending on the amount of affordable homes provided. The AHBP builds on the existing California Density Bonus Law and allows for a maximum of 50 percent density bonus, going above and beyond what was once allowed.

A prior analysis by Circulate San Diego found that the AHBP had entitled substantially more projects on an annual basis than the predecessor California Density Bonus program.<sup>2</sup> The AHBP also helps affordable housing developers maximize the benefits of public funding by allowing bonus units above the base density, resulting in more deed-restricted affordable homes than would be produced otherwise.

The AHBP bonuses apply equally to all properties that are zoned for multi-family development in the City of San Diego. However, the projects entitled through the AHBP have been overwhelmingly located near transit, and in high opportunity areas. The top-line findings are as follows:

- **63 percent of AHBP projects are located in high and highest resource Census tracts in the City of San Diego.**
- **97 percent of AHBP projects are located within a half-mile of a high performing transit stop.**

**Dylan Point Loma**

*Photo source: Monarch Group*

<sup>2</sup> Circulate San Diego, Good Bargain: An Updated Evaluation of the City of San Diego's Affordable Homes Bonus Program (May 2020), available at <http://www.circulatesd.org/goodbargain>.

## San Diego Policy Priorities

To address the ongoing housing affordability crisis, policymakers at the state and local levels have begun adopting policies to encourage more residential development. The AHBP is a powerful tool to incentivize both deed-restricted affordable and market-rate production. The housing crisis, and solutions such as the AHBP, also intersect with other policy priorities such as addressing climate change and residential segregation.

San Diego adopted a bold Climate Action Plan in December 2015, which relies on reducing greenhouse gas emissions by increasing the number of people walking, bicycling, and taking transit to work to 50 percent of all commuters by 2035. This large shift is necessary to address the largest source of greenhouse gas emissions in California: transportation.<sup>3</sup>

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<sup>3</sup> City of San Diego, Climate Action Plan (December 2015), available at [https://www.sandiego.gov/sites/default/files/final\\_july\\_2016\\_cap.pdf](https://www.sandiego.gov/sites/default/files/final_july_2016_cap.pdf).

The strategy to decrease commutes by driving relies on making investments within Transit Priority Areas (TPAs)—areas within one half-mile of either a rail stop or the intersection of two or more bus routes with at least 15-minute peak frequencies.<sup>4</sup> Necessary investments include improved transit service, bicycle and pedestrian infrastructure, and increased residential density within TPAs. Locating affordable homes near transit creates additional benefits because higher income households drive twice as much as lower income households near transit.<sup>5</sup>

In addition to environmental goals, San Diego has a legal and moral obligation to remedy historic and ongoing segregation that impact underserved communities' access to opportunities. The State of California operates the California Fair Housing Taskforce (CFHT) to research and provide recommendations to address these fair housing issues.<sup>6</sup>

The CFHT developed opportunity maps to show how environmental health impacts, educational performance, and employment opportunities are spatially distributed in each region in California. Census tracts are divided between highest resource, high resource, moderate resource, low resource, and high segregation and poverty categories. This map is then used by California's Tax Credit Allocation Committee (TCAC) for allocating Low Income Housing Tax Credit developments. The policy goal is to increase the share of affordable homes built in high opportunity areas.

The map is useful beyond directly guiding the state's investments of its affordable housing funds. It demonstrates where public and private resources are located in San Diego compared to where high concentrations of poverty are located. This can be used to analyze how housing policies such as AHBP impact efforts to desegregate communities.

### **Kalos Apartments**

*Photo source: Community HousingWorks*



4 City of San Diego, Transit Priority Areas per SB 743 (February 5, 2019), available at <https://www.sandiego.gov/sites/default/files/transit-priority-map.pdf>.

5 TransForm and the California Housing Partnership Corporation, Why Creating and Preserving Affordable Homes Near Transit Is a Highly Effective Climate Protection Strategy (2014), available at <https://www.transformca.org/transform-report/why-creating-and-preserving-affordable-homes-near-transit-highly-effective-climate>.

6 California Fair Housing Taskforce, Revised Opportunity Mapping Methodology (December 8, 2017), available at <https://www.treasurer.ca.gov/ctcac/opportunity/methodology.pdf>.

## AHBP and Climate

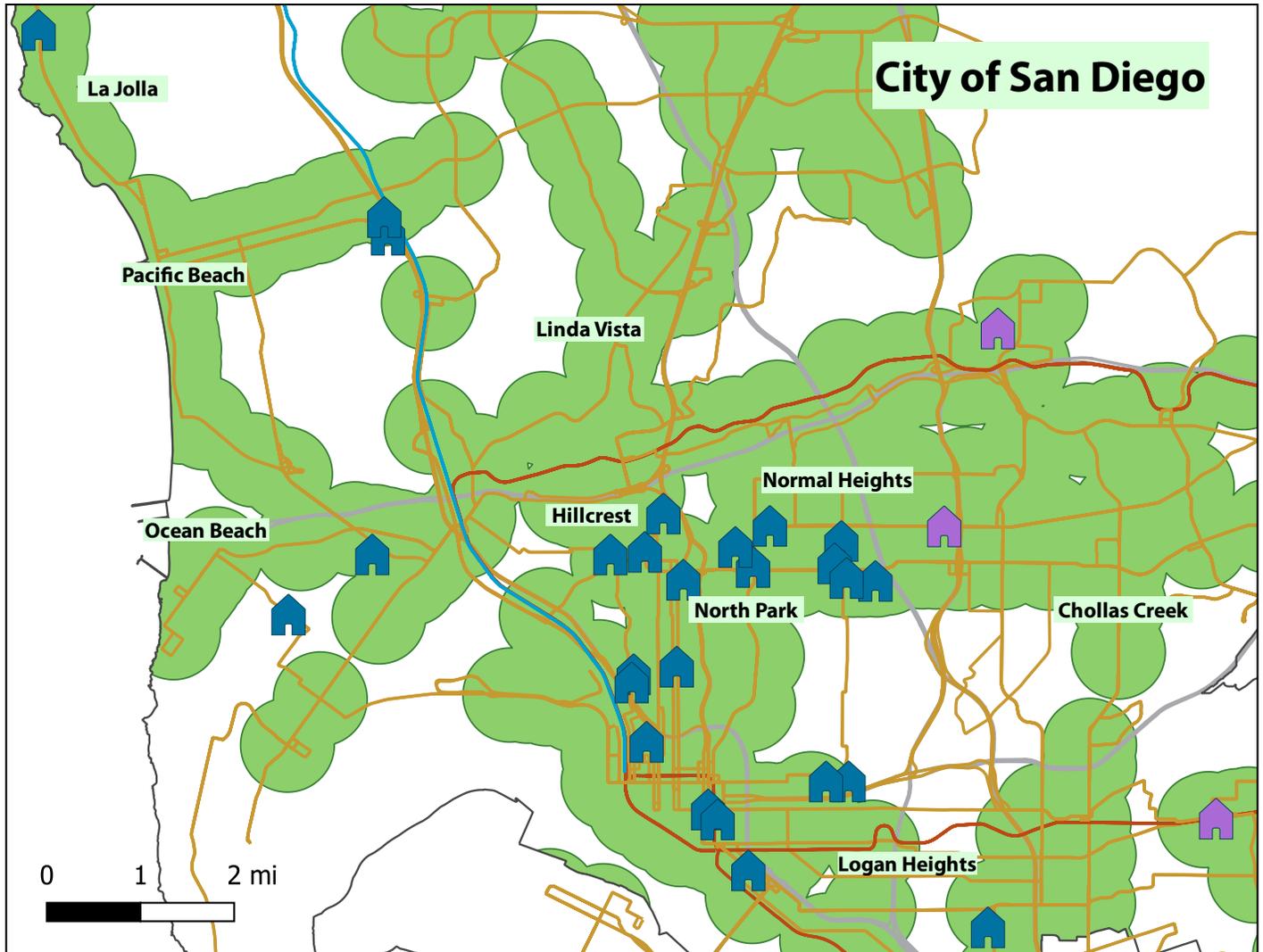
***Out of 32 projects analyzed, 31 were located within a TPA, or 97 percent of all AHBP projects analyzed.***

Circulate San Diego analyzed AHBP location data from the San Diego Housing Commission and the City of San Diego Development Services Department to measure the program's impact helping San Diego implement its Climate Action Plan.

Current City of San Diego TPA spatial data was used to analyze whether developers are building AHBP projects within TPAs. The analysis of 20 months of AHBP data finds a strong correlation between TPAs and AHBP projects.

Out of 32 projects analyzed, 31 were located within a TPA, or 97 percent of all AHBP projects analyzed. The outlier project, located in Point Loma, is a mixed-income project directly across the street from a bus stop that serves the 923, which has 30-minute frequencies and travels between Ocean Beach and Downtown San Diego. While it is adjacent to a bus stop, the bus stop does not qualify as a TPA.

# Affordable Homes Bonus Program Projects in Transit Priority Areas, 2019

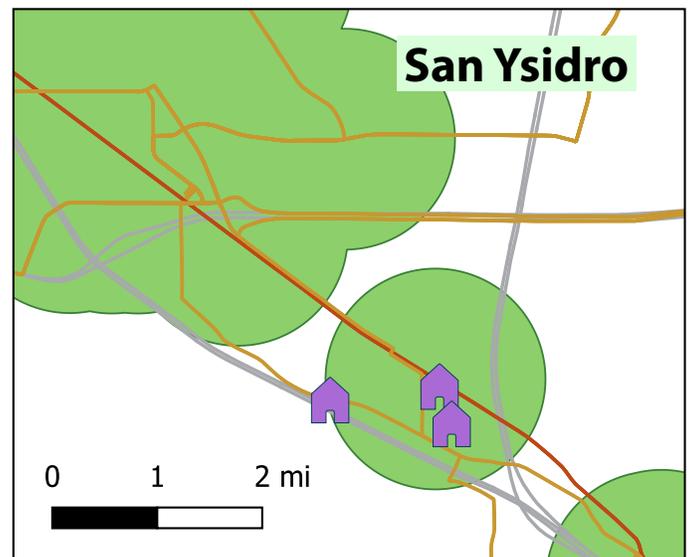


## Legend

- Trolley
- Rail
- Bus
- City of San Diego Boundary
- Freeways
- Transit Priority Areas

## AHBP Projects\*

- Mixed Income Project
- 100% Affordable Project



Data Source: SANGIS. Map Created April 2020, Circulate San Diego

\*AHBP projects are projects utilizing the City of San Diego's Affordable Homes Bonus Program that have received their entitlements and submitted applications to the San Diego Housing Commission between August 27, 2016 and April 30, 2018.



**Kalos Apartments**

*Photo source: Community HousingWorks*

Two other projects border the edge of a TPA, but nonetheless are still within the TPA half-mile radius and are well served by transit. One of these projects, located in San Ysidro, is a 100 affordable development that is located less than 500 feet from Route 906, with 15-minute peak period frequencies and travels between the Iris Transit Center and San Ysidro Transit Center. The other borderline TPA project is located within 0.2 miles from a Route 2 bus stop, with 12-minute peak frequencies in South Park.

The AHBP incentivizes the development of market-rate and affordable homes near high performing transit, which will help the City of San Diego meet its Climate Action Plan.

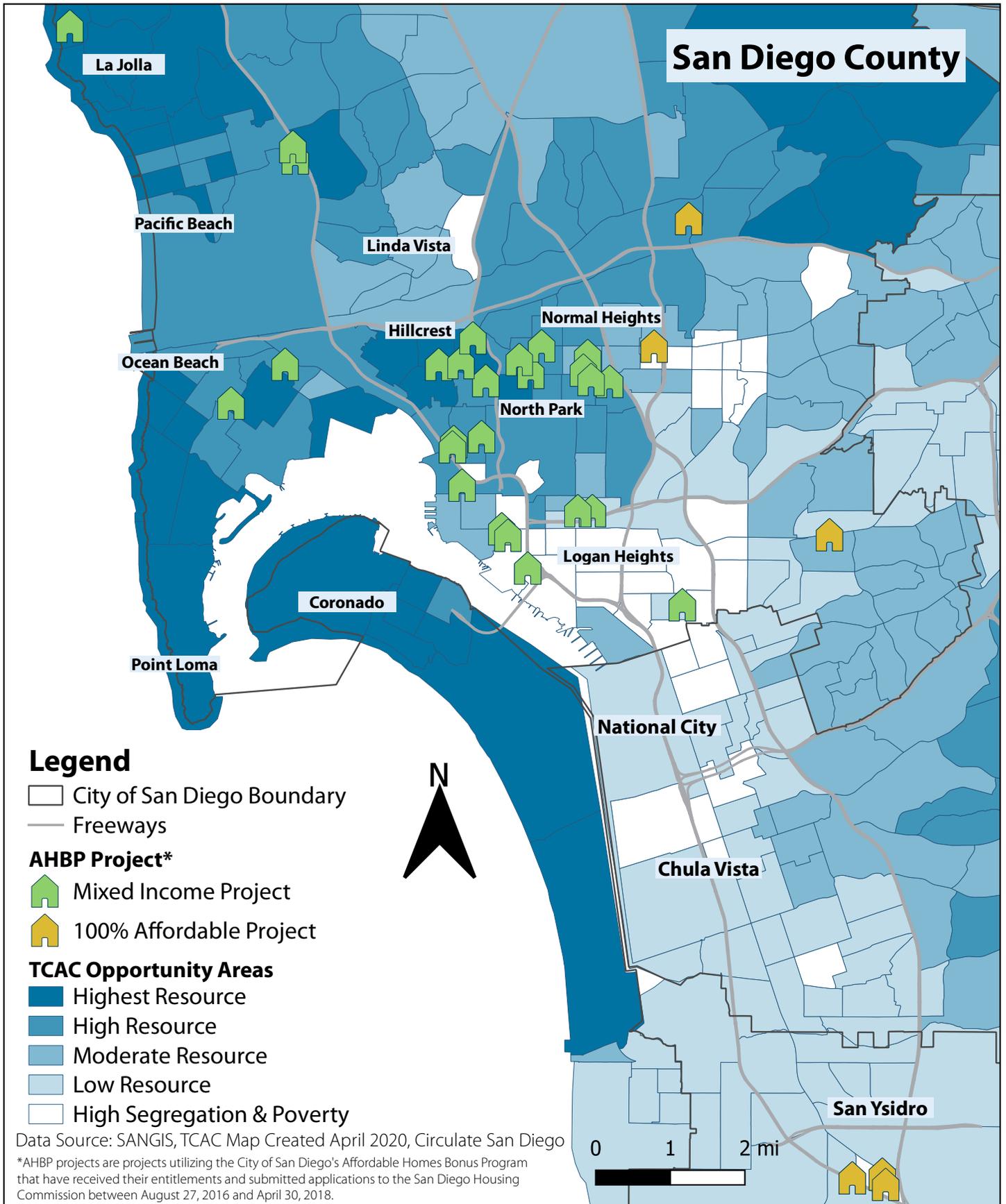
## AHBP and Equity

Our analysis showed a large share of AHBP projects are located in high opportunity areas. This means that more low-income families will benefit from the opportunities and resources that exist in communities that otherwise would be out of reach.<sup>7</sup>

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7 A study of an earlier period in density bonus implementation for San Diego found that the predecessor program resulted in higher concentration of density bonus projects in neighborhoods that had higher minority populations and lower socioeconomic status. That study also found correlation between density bonus production and nearby multi-family development. That past finding may be at least partially explained by density bonus only being allowed on properties zoned for multi-family developments. Sherry Ryan and Bridget Elaine Enderle, Examining spatial patterns in affordable housing: the case of California density bonus implementation, *Journal of Housing and the Built Environment*, Vol. 27, No.4 (November 2012), pg. 314-425, available at <https://www.jstor.org/stable/41653630>.

# Affordable Homes Bonus Program Projects in California Tax Credit Allocation Committee (TCAC) Opportunity Areas, 2019





## The Q

*Photo source: Jonathan Segal*

Throughout the United States, high opportunity areas tend to have the lowest availability of affordable housing.<sup>8</sup> Recently, courts have even begun to consider whether governments have an obligation to locate new affordable housing opportunities more equitably.<sup>9</sup>

Circulate mapped AHBP projects over the five types of TCAC opportunity Census tracts (highest resource, high resource, moderate resource, low resource, and high segregation and poverty) to examine the distribution of AHBP projects across high and low resource areas.

63 percent of AHBP projects are located in high and highest resource Census tracts in the City of San Diego. Seven mixed-income AHBP projects are located in the highest resource Census tracts of San Diego, representing 22 percent of all AHBP projects. These projects are located in communities such as La Jolla and Mission Hills. All of these projects are mixed-income AHBP projects.

The high resource category account for the largest segment of all AHBP projects. 41 percent of all AHBP projects are located in high resource Census tracts. A large concentration of AHBP projects in high resource Census tracts are located in the Uptown and North Park communities, and specifically along the University Avenue and El Cajon Boulevard corridors.

The City updated the community plans in Uptown and North Park in 2016, adding housing capacity and streamlining some aspects of development within their communities. The combination of the AHBP's enhanced density bonus and the updated community plans may have allowed for the concentration of new development projects in the high and highest resource communities, where demand for housing is high.

Fewer AHBP projects are located in moderate resource Census tracts, accounting for only 9 percent of AHBP projects. The three projects in the moderate resource zones are all 100 percent affordable developments.

<sup>8</sup> Will Fischer, *Low-Income Housing Tax Credit Could Do More to Expand Opportunity for Poor Families*, Center on Budget and Policy Priorities (August 28, 2018), available at <https://www.cbpp.org/research/housing/low-income-housing-tax-credit-could-do-more-to-expand-opportunity-for-poor-families>.

<sup>9</sup> See *Texas Dept. of Housing and Community Affairs v. Inclusive Communities Project, Inc.*, 135 S. Ct. 2507 (2015); Claire Tregesser, "San Diego Housing Commission Sued Over Housing Voucher Program," KPBS, March 18, 2019, available at <https://www.kpbs.org/news/2019/mar/18/san-diego-housing-commission-sued-over-housing-vou/>.

***While AHBP projects in high resource zones create opportunities for the families that benefit from the deed-restricted affordable homes, AHBP projects in the lowest resource zones can provide permanently affordable homes in gentrifying neighborhoods.***

***MXD 830***

*Photo source: Foundation for Form*

Twice as many AHBP projects are located in high and highest resource zones compared to the low resource zone and high segregation and poverty zone. Out of the nine projects in the low resource zone and high segregation and poverty zones, twice as many are mixed-income compared to 100 percent affordable projects. The market-rate projects in these two zones are in neighborhoods like Downtown, Barrio Logan, and Golden Hill.

While AHBP projects in high resource zones create opportunities for the families that benefit from the deed-restricted affordable homes, AHBP projects in the lowest resource zones can provide permanently affordable homes in gentrifying neighborhoods. This can create opportunities for families to stay in their neighborhood while the cost of housing is rapidly increasing. The role of housing on displacement and gentrification is complex. At minimum, AHBP provides deed-restricted affordable homes in projects that otherwise might not provide any affordable homes at all.

Overall, the AHBP projects are providing affordable homes in communities with access to high quality schools, better air quality, and other resources available in high opportunity areas. Further analysis is needed to compare the AHBP projects with non-AHBP projects in order to deepen our understanding of the impacts of AHBP on fair housing goals.



## Conclusion

The AHBP has helped the City of San Diego create more deed-restricted affordable and market-rate homes.

Projects utilizing AHBP overwhelmingly are located near high performing transit. This effect is crucial to the City of San Diego's ability to implement its Climate Action Plan and reduce greenhouse gas emissions from commutes.

The AHBP program helps further fair housing goals and desegregate high and highest resource neighborhoods by increasing the development of deed-restricted affordable homes in those Census tracts. While AHBP projects are located in all five types of resource categories, twice as many are located in the two highest resource categories compared to the two lowest resource categories.

The AHBP supports the development of both mixed-income and deed-restricted affordable development, especially in locations where they can provide the most public good.

***While AHBP projects are located in all five types of resource categories, twice as many are located in the two highest resource categories compared to the two lowest resource categories.***

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