



January 25, 2016

Mayor Faulconer and Members of the City Council
City Administration Building
202 C Street, 11th Floor
San Diego, CA 92101

RE: Any Infrastructure Measure Passed by the City of San Diego Should Contain Funds for Affordable Homes

Affordable homes must be a part of the City of San Diego's infrastructure conversation.

The City of San Diego is contemplating a ballot measure titled "Rebuild San Diego," that will reserve a portion of future tax growth, pension savings, and new revenue to infrastructure improvements.

At this point, neither the San Diego Housing Federation nor Circulate San Diego are ready to weigh in to support the measure as written. However, we recognize that increasing funding to infrastructure is vital to the economic and environmental sustainability of our region. A key component to making an infrastructure program work holistically is to dedicate a portion of those funds to affordable homes near public transit. [SANDAG data](#) shows that San Diego consistently fails to build sufficient affordable homes to meet the City's need.

San Diego is experiencing a tremendous housing affordability crisis. We are building [far fewer affordable homes than](#) required. Low income workers, and families just starting out, need a home within reach of their paychecks so that they can get a foothold in the San Diego economy. Also, [research shows](#) that building affordable homes near public transit creates a measurable reduction in greenhouse gas emissions. That can help San Diego accomplish the goals of our historic Climate Action Plan. Not only are affordable homes good for the economy and working people, but they can help the environment as well.

Infrastructure funds generated from a measure in the City of San Diego have two options for financing affordable homes.

Direct Financing: One option is to dedicate a percentage of the new infrastructure funds to finance the direct construction cost of new homes, including the land acquisition and sticks and bricks of construction. The funds would be awarded on a competitive basis to affordable developers, through the City's existing Housing Trust Fund, similar to how other affordable housing financing is structured.

With this option, affordable homes would be considered a part of the City's necessary infrastructure, just as we treat libraries, fire stations, sidewalks, and trolley hubs. Treating housing as infrastructure is not a new idea: the San Diego Regional Chamber of Commerce has long called for [treating affordable homes like infrastructure](#) in a potential future infrastructure measure.

Infrastructure Financing: Another option to help fund affordable homes is to use infrastructure dollars to offset the fees affordable developers pay the City to fund related infrastructure improvements.

Almost all developments in San Diego must pay a variety of development impact fees, which are used to help pay for the infrastructure needed by those new developments. Those fees can total tens of thousands of dollars per home. Both market-rate developers and affordable developers must pay those fees.

A new infrastructure fund could allow affordable developers to receive funding to pay for infrastructure fees. With this option, there would be no need to treat affordable homes themselves as “infrastructure,” but the effect of reducing the cost for new affordable homes would be the same.

At least 20 percent of the funds generated for infrastructure should be set aside to support affordable homes. 20 percent is a good figure to use, since that also represents the percentage of funds once dedicated to affordable homes from the now-defunct redevelopment program.

In conclusion, there are several options for any measure that finances infrastructure to also contribute to affordable homes. The City of San Diego must ensure that housing affordability is a key feature of its infrastructure agendas.

Sincerely,

A handwritten signature in blue ink that reads "Jim Stone". The signature is written in a cursive style with a long horizontal stroke at the end.

Jim Stone
Executive Director, Circulate San Diego

A handwritten signature in blue ink that reads "Stephen Russell". The signature is written in a cursive style with a long horizontal stroke at the end.

Stephen Russell
Executive Director, San Diego Housing Federation