



June 16, 2016

Council President Sherri Lightner and Members of the San Diego City Council
City Administration Building
202 C Street, 11th Floor
San Diego, CA 92101

Dear Council President Lightner and Members of the San Diego City Council:

On behalf of the various organizations co-signing this letter, we are writing to express our support for the updates to the City of San Diego's affordable homes bonus program.

The San Diego region is in a housing crisis. Rents are too high for families to afford. The updated program will allow new projects to receive more units, development concessions, and parking relief near transit, if they agree to set aside more homes at affordable rates.

Support for the Proposal

The proposed updates strike a good bargain, benefitting developers that invest in new residential projects, and the community that seeks affordable homes. Moreover, the program has the effect of generating more private resources for affordable homes, without relying on limited public dollars.

Updating the City's affordable homes bonus program is timely because of the recent passage of Assembly Bill 744, which compels California's local governments to update parking rules for projects that are both near transit, and incorporate affordable homes. [Research has shown that locating affordable homes near transit helps reduce greenhouse gas emissions](#), so the program update will help the City meet its Climate Action Plan goals.

The proposals are modest and appropriate for San Diego's unique circumstances. They do not require wholesale updates of community plans, or entire reimagining of neighborhoods. Instead, they utilize the existing community planning documents, and provide for limited enhancements to individual projects, and only when those projects contribute to the City's goals for affordable homes. No neighborhood is singled out, and all will share in the program equally.

The program will have the proposed improvements:

- Modestly increase density bonus by 15 percent from the state-required minimum.

- Modestly increase the number of incentives by two from the state-required minimum.
- Reduce the permit requirement in PDOs to a Process Two from a Process Three.
- Allow market-rate developments to partner with affordable developments to build affordable units off-site, if they are within close proximity and in a census tract with comparable median income. This will allow the affordable unit contributions to be leveraged with other state and federal funding sources.
- Implement Assembly Bill 744 with reduced parking requirements for developments near major transit stops with at least 15 minute headways at peak hours.

The Mayor's administration's [Transition Advisory Committee Recommendations](#) specifically called for enhancements to the city's existing affordable homes bonus program, including by allowing off-site bonuses. We are pleased to see the Mayor's administration take action on this issue.

Recommended Amendments to the Proposal

At the March 17, 2016 Planning Commission, commissioner comments suggested that the percentage of affordable homes required to achieve unit increases should be carefully examined, to ensure the incentives would result in more overall production.

We believe that the current proposal, as written, can be improved with a slight modification. We have reviewed the tables in the proposal, and we suggest replacing them with the tables attached to this letter. This minor change will preserve the maximum proposed increases at 50 percent, while reducing by two percent the maximum number of affordable homes required to achieve those bonuses.

These changes will result in more market-rate developers choosing to use the program, creating in aggregate both more market-rate and affordable homes. The changes we recommend also restore the rough proportionality between affordable units and added bonus units, found in the California bonus statute. That proportionality will ensure that market-rate developers have sufficient financial incentives to include affordable units in the projects they choose to build, resulting in more affordable homes in San Diego.

Our proposed amendments would not trigger any need for further environmental analysis. Just as the City's current proposal increases the available density bonus-related incentives for affordable housing development, our proposed amendments will do the same. Our proposed amendments are consistent with the 15162(a) analysis in the [City's staff report](#):

[T]he density bonus regulations allow a written finding for denial, [if] the density bonus incentives requested by an applicant are not required in order to provide for affordable housing costs. Therefore, they would not have a specific adverse impact upon public health and safety, the physical environment, or a historical resource listed on the California Register of Historical Resources. Specific projects would be analyzed in compliance with state or federal law, including CEQA, the Coastal Act, and the City's environmentally sensitive lands regulations. Furthermore, although the proposed amendment would increase the level of incentives available, each requested incentive

would still be required to be analyzed in compliance with CEQA at the time the specific project were proposed.

Therefore, like the City's current proposal, our proposed amendments are consistent with the City's 15162(a) analysis and as that analysis stated, "would not result in new significant environmental effects or substantially increase the severity of significant effects or mitigation requirements beyond those identified in the LDC EIR and General Plan PEIR."

Conclusion:

We appreciate the Mayor's commitment for improved housing policy, and respectfully request that the City Council adopt this innovative approach to develop more affordable homes. With the minor amendments we are suggesting, we are confident that the proposal will result in the creation of more and more diverse housing opportunities. We look forward to working with the City of San Diego to implement an effective update to the City's affordable homes bonus program.

Sincerely,



Stephen Russell
Executive Director, San Diego Housing Federation



Sean Karafin
Executive Director, Policy & Economic Research
San Diego Regional Chamber of Commerce



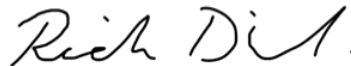
Matthew Adams
Vice President, Building Industry Association of
San Diego County



Michael Mercurio
Chief Executive Officer, Greater San Diego
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Nicole Capretz
Executive Director, Climate Action Campaign



Richard D'Ascoli
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Ernie Cowan
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Colin Parent
Policy Counsel, Circulate San Diego

Attachment A:

**Table 143-07A
Very Low Income Density Bonus
Households**

Percent <i>Very Low Income Units</i>	Percent <i>Density Bonus</i>	Number of Incentives
5	20	1
6	22.5	
7	25	
8	27.5	
9	30	
10	32.5	2
11	35	
12	38.75	3
13	42.5	4
14	46.25	
≥15	50	5

Attachment A, Continued:

Table 143-07AB
Low Income Density Bonus
Households

Percent <i>Low Income</i> units	Percent <i>Density Bonus</i>	Number of Incentives
10	20	1
11	21.5	
12	23	
13	24.5	
14	26	
15	27.5	
16	29	
17	30.5	
18	32	
19	33.5	
20	35	2
21	38.75	
22	42.5	
23	46.25	
24	50	
25	50	
26	50	
27	50	
28	50	
29	50	
30	50	3
31	50	4
32	50	
≥33	50	5

Attachment A, Continued:

**Table 143-07C
Moderate Income Density Bonus
Households**

Percent <i>Moderate Income</i> Units	Percent <i>Density</i> Bonus	Number of Incentives
10	5	1
11	6	
12	7	
13	8	
14	9	
15	10	
16	11	
17	12	
18	13	
19	14	
20	15	2
21	16	
22	17	
23	18	
24	19	
25	20	
26	21	
27	22	
28	23	
29	24	
30	25	3
31	26	4
32	27	
33	28	5
34	29	
35	30	
36	31	
37	32	
38	33	
39	34	
40	35	
41	38.75	
42	42.5	
43	46.25	
≥44	50	