



July 22, 2021

San Diego City Councilmembers,

The undersigned members of the Quality of Life Coalition urge you to correct a problem in the City's **Inclusionary Housing program**.

The City's 2003 ordinance required developers who chose to build affordable units, instead of paying an in-lieu fee, to include 10 percent of units at 65 percent Area Median Income (AMI). In December 2019, after many meetings and negotiations, the City's requirements were changed: The new ordinance requires 10 percent of the units at 60 percent AMI *but strangely, phased in the percentage requirement over five years*, resulting in a current requirement of only four percent at 60 percent AMI. This is to the detriment of meeting the critical need for affordable housing.

City Housing Element Progress Reports (2019 and 2020) show the city issued building permits for 121 percent of its above moderate income Regional Housing Needs Assessment (RHNA) for the current housing element cycle (2010- 2020), while issuing permits for only 17 percent of its very low income; 22 percent of its low income; and .2 percent of its moderate income RHHA targets.

Recently several councilmembers have expressed concern about the new phased-in requirement, and appear open to adjusting the phasing. While phasing in increased *in-lieu fees* seems appropriate, phasing in the *on-site requirement* was an unpleasant surprise to many. Inclusionary ordinances in California generally range from 10-15 percent, so requiring 10 percent at 60 percent of AMI in the City of San Diego would be consistent with other ordinances in the State. We **support accelerating the phased-in on-site requirement and requiring 10 percent starting in January 2022**.

Note that the phasing is not defined in the body of the ordinance, instead it is defined in the Housing Commission Procedures Manual. Adjusting the phasing can be done by a simple resolution adopting a new schedule in the manual. We have attached suggested wording for the necessary revision to accelerate the phase-in.

Quality of Life Coalition re Inclusionary Housing Ordinance

Sincerely,

Susan Baldwin, AICP
President, San Diegans for Managed Growth

Rick Bates
Lead Research and Policy Analyst, UNITEHERE! Local 30

Madison Coleman
Policy Advocate, Climate Action Campaign

Deborah Knight
Executive Director, Friends of Rose Canyon

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David Grubb
Housing Advocate, Sierra Club San Diego

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President, Grow the San Diego Way

Suggested Revision to the Housing Commission Procedures Manual

II. Inclusionary In Lieu Fee Phase In

A. The Inclusionary In Lieu Fee and Section 142.1304 Unit Requirements

The amendment of the Inclusionary Ordinance [the Ordinance] shall take effect and be in force on July 1, 2020 and shall be implemented incrementally so that it is fully effective by July 1, 2024. From July 1, 2020 through June 30, 2021, developers will be required to provide twenty percent of the total percentages of required inclusionary dwelling units in Section 142.1304 or pay the Inclusionary In Lieu Fee of \$15.18 per square foot. From July 1, 2021 through **December 31, 2021**, developers will be required to provide forty percent of the total percentages of required inclusionary dwelling units in Section 142.1304 or pay the Inclusionary In Lieu Fee of \$17.64 per square foot. From **January 1, 2022** through June 30, 2022, developers will be required to provide the **total** of required inclusionary dwelling units in Section 142.1304 or pay the Inclusionary In Lieu Fee of \$17.64 per square foot. From July 1, 2022 through June 30, 2023, developers will be required to provide the **total** of required inclusionary dwelling units in Section 142.1304 or pay the Inclusionary In Lieu Fee of \$20.09 per square foot. From July 1, 2023 through June 30, 2024, developers will be required to provide the **total** of required inclusionary dwelling units in Section 142.1304 or pay the Inclusionary In Lieu Fee of \$22.55. Beginning on July 1, 2024, developers shall comply with all of the requirements of this Ordinance. Any requirement in the Ordinance to provide additional inclusionary dwelling units as a condition of electing an alternative method of compliance shall apply, without reduction, from the effective date of this Ordinance.