

Inclusionary Housing Webinar Questions

On June 28, 2022, the County hosted a webinar to discuss Phase II of the Inclusionary Housing Program, including the project’s background, objectives, and options for providing affordable housing within the unincorporated County.

This document provides clarifications related to the project and a summary of responses to questions and comments submitted during the webinar. For additional questions, or to provide input on the Inclusionary Housing Program, please contact Camila Easland at PDS.LongRangePlanning@sdcounty.ca.gov or (858) 505-6677.

Questions And Answers – Inclusionary Housing Program

INCLUSIONARY HOUSING GENERAL QUESTIONS

#	Question	Answer															
1	What is Inclusionary Housing?	Inclusionary housing is a tool used to help increase production of affordable housing. It works by requiring that new development include a percentage of affordable homes for low to moderate income families.															
2	What is affordable housing?	Affordable housing consists of housing units with requirements that rents or mortgages to be affordable to households at lower- or moderate-income levels (see income limits in question 4). These requirements are recorded on the property title and referred to as deed-restricted properties. Residents of affordable housing pay no more than 30% of gross income for housing costs.															
3	How is naturally occurring affordable housing different than the affordable housing in the context of the inclusionary housing program?	Naturally Occurring Affordable Housing or (NOAH) is when a market rate housing project provides rentals that are affordable to lower and moderate-income households (up to 120% of AMI). An Inclusionary Housing Program would require a certain amount of affordable “deed restricted” housing be provided in a housing project.															
4	What are the maximum incomes for affordable housing eligibility?	Every year, the State Department of Housing and Community Development (HCD) issues the income limits that apply to affordable housing programs (available here). The income limits for affordable housing eligibility are based on the Area Median Income (AMI). San Diego County’s AMI in 2022 is \$106,900. <div style="margin-top: 10px; border: 1px solid black; width: fit-content; margin-left: auto; margin-right: auto;"> <table border="1" style="border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #e6f2ff;"> <th colspan="3">2022 INCOME LIMITS FOR A FAMILY OF FOUR</th> </tr> <tr style="background-color: #e6f2ff;"> <th style="text-align: left;">Income Category</th> <th>AMI</th> <th>Income Limit</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Very-Low</td> <td>0-50%</td> <td>\$65,050</td> </tr> <tr> <td style="text-align: left;">Low</td> <td>50-80%</td> <td>\$104,100</td> </tr> <tr> <td style="text-align: left;">Moderate</td> <td>80-120%</td> <td>\$128,300</td> </tr> </tbody> </table> </div>	2022 INCOME LIMITS FOR A FAMILY OF FOUR			Income Category	AMI	Income Limit	Very-Low	0-50%	\$65,050	Low	50-80%	\$104,100	Moderate	80-120%	\$128,300
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5	What was the Board direction for the Inclusionary Housing project?	On February 10, 2021 (4) , the Board directed staff to develop an Inclusionary Housing Program with a minimum affordable housing requirement applicable to all housing projects of all sizes above a minimum threshold of housing units.															

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	On August 31, 2021 (7), the Board added to this direction and requested that staff also evaluate and identify options for the Inclusionary Housing Program to capture value tied to significant upzoning (density increases) as a part of General Plan Amendments.
6	<p>Would the County's Inclusionary Housing Program be a voluntary or mandatory program?</p> <p>On February 10, 2021, the Board of Supervisors directed staff to develop a <i>mandatory</i> inclusionary housing program that would apply to housing projects above a certain minimum project size (number of units).</p>
7	<p>Will the Inclusionary Housing Program increase the price of market-rate units?</p> <p>There are several variables in housing prices such as the supply of and demand for housing, cost of construction materials, and location. A potential increase in development costs would not necessarily translate in higher prices of market-rate units since competitive prices on the market will serve as a check on the prices of any new home. The increased developer costs as a result of an Inclusionary Housing Program could be offset by density bonuses, reduction of fees, and other options to mitigate the loss of revenue and avoid impacts on housing production.</p>
8	<p>Would the Inclusionary Housing Program projects not have to mitigate their community impacts?</p> <p>No. Projects that would be required to mitigate community impacts as part of the discretionary review process, including environmental analysis and applicable project reviews, will continue to be required to do so.</p>
9	<p>Will the Inclusionary Housing Program affect neighboring property values?</p> <p>Research shows that affordable housing has no negative impact on the price or frequency of sales of neighboring homes especially when it is thoroughly integrated into the neighborhood. Please see below for some recent research related to this topic:</p> <ul style="list-style-type: none"> • The Impact of Affordable Housing on Housing & Crime in Orange County. UCI Livable Cities Lab. June 2022 (here) • Assessing the Impact of Affordable Housing on Nearby Property Values in Alexandria, Virginia. Urban Institute. April 2022 (here). • Who Wants Affordable Housing in their Backyard? An Equilibrium Analysis of Low-Income Property Development. Stanford Graduate School of Business. December 2017 (here)

LAND VALUE RECAPTURE

#	Question	Answer
10	What was the Board direction for the Land Value Recapture?	In August 2021, the Board also requested the Inclusionary Housing Program include options to capture land value increases associated with the approval of projects that receive density increases to develop additional units. Density is the number of residential units allowed on a parcel and is measured as the number of dwelling units per acre. These projects are known as General Plan Amendment projects (GPA) because they require the County General Plan to be amended to allow a higher housing density.

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11 How would a land value recapture work as part of an inclusionary housing program?	<p>General Plan Amendments typically raise land value through density increases by allowing more units to be built than what would normally be allowed under the existing General Plan.</p> <p>The County is considering a requirement for projects receiving this density increase to include affordable housing as part of a proposed development.</p> <p>The program would allow the County to capture the increased land value (from the additional units being constructed through the General Plan Amendment) by requiring developers to apply it to fund the construction of affordable housing.</p>
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INCLUSIONARY HOUSING PROGRAM COMPONENTS

#	Question	Answer
12	What are the typical component of an Inclusionary Housing Program?	<p>Typically, Inclusionary Housing Programs include the following components:</p> <ul style="list-style-type: none"> • Minimum Threshold – The minimum number of units in a development needed before the requirements for an inclusionary housing program are applied (e.g., residential projects proposing 10 units or more). • Affordability Requirement – Establishes the amount affordable housing to be provided, affordability level (e.g., lower-income, moderate-income), and the period of affordability. • Alternative Compliance – Provides flexibility and other ways of complying with the requirement to provide affordable housing on-site such as an in-lieu fee, land donation, and offsite development. • Incentives – Help reduce the costs that developers would incur from developing affordable housing units, such as density increases, reduction of development standards, and expedited permit processing.
13	Why would the County provide incentives as part of the Inclusionary Housing Program?	<p>Incentives can help reduce the costs that developers would incur from developing affordable housing units.</p> <p>The State Density Bonus Law (available here) offers developers incentives in exchange for voluntarily providing affordable housing development. These incentives include reducing requirements such as setbacks and open space standards. They can also include allowing a developer to increase building height and/or the number (or density) of units on a property. State Law make incentives available proportionally, based on the percentage of affordable housing provided as part of the development project.</p> <p>Future projects that will be required to comply with the County’s Inclusionary Housing Program will also be eligible to receive these incentives under state law. The County can provide additional incentives beyond state law, such as fee reductions and expedited permit process, as part of the Inclusionary Housing Program.</p>

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<p>14 Why are incentives and concessions necessary if a universal inclusionary requirement would affect the market overall?</p>	<p>Incentives can help reduce the costs that developers would incur from developing affordable housing units as the costs associated with an Inclusionary Housing program for the entire unincorporated areas would not be uniform for the following reasons:</p> <ol style="list-style-type: none">1. Land prices vary significantly based on their location, amenities, utilities, and access to opportunity. Therefore, projects in some areas may be better able to absorb the potential costs of an inclusionary housing requirement. Concessions and incentives are designed to mitigate the costs compensate landowners or developers for the additional burden, and promote housing production that will generate both market-rate and affordable units.2. While the majority of jurisdictions in the San Diego Region have inclusionary programs in place or under development, not all of them do. The concessions and incentives would help preserve the unincorporated areas' competitiveness for development.3. Typically, inclusionary programs are designed to align with the State Density Bonus law. While the jurisdiction can implement more stringent affordable requirements, the developer is likely to use the State Density Bonus Law to use the incentives to which they are legally entitled.
<p>15 What are examples of incentives?</p>	<p>Inclusionary housing programs typically include incentives to help offset the costs with developing affordable housing units. Some examples of incentives include:</p> <ul style="list-style-type: none">• Density Increases,• Reduction of Development Standards (e.g., setbacks),• Reduced Parking Requirements,• Expedited Permit Processing,• Reduced Development Fees, and• Direct Financial Subsidies.
<p>16 Would an Expedited Permit Process incentive allow projects not to address safety concerns?</p>	<p>The Inclusionary Housing Program would provide incentives to help reduce the costs of developing affordable housing. One incentive that could be considered by the County is an Expedited Permit Process.</p> <p>This incentive would create a process for County staff to prioritize the review of eligible projects to reduce plan review timelines. The Expedited Permit Process would not change the type of review that would be required for a project. Therefore, this incentive would not exempt project from a discretionary review, or environmental analysis, if those requirements were otherwise applicable to the project. In addition, all projects would be required to comply with applicable California Building and Fire Codes.</p>
<p>17 Why would the ordinance provide alternative compliance methods?</p>	<p>Alternative methods of compliance are required by State Law (AB 1505) since some projects may not be able to provide affordable housing on site. Alternative methods of compliance</p>

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	provide flexibility and other ways of complying with the requirement to provide affordable housing on-site.	
18 If reduced fees are available to projects as an incentive, how will the County make up the difference?	If fee reductions were available as part of the inclusionary housing program, those would only apply to the affordable housing units. Therefore, the market-rate units would still be required to pay all County fees. In addition, if this incentive were to be included, funding to compensate for the reduced neighborhood impact fees would be identified.	
19 What are some examples of alternative compliance options?	Examples of potential alternative compliance methods include: <ul style="list-style-type: none"> • Offsite development – developing the units on a site other than the one where development is currently occurring. • In-Lieu Fee – paying a fee equivalent to the cost of developing an affordable unit. • Land donation – donation of a property to a local agency or approved housing developer with sufficient acreage and funding to develop affordable units. • Acquisition and rehabilitation -- Conversion of offsite units to affordable units. • Accessory Dwelling Units (ADUs) – Development of ADUs as substitutes for condos, single family residences, and apartments. 	
20 If ADUs were included as an alternative compliance method, how would the County ensure they would remain affordable?	Affordable units produced through the inclusionary housing program would be deed-restricted. This requirement would also apply to ADUs, if they were to be included as an alternative compliance method. The deed-restriction would require that these ADUs remain affordable for a certain period of time such as, for example, 55 years.	
21 Who would be responsible for screening affordable rental applicants, and ensuring compliance with the affordable housing deed-restriction affordable housing?	Property owners would be responsible for screening applicants for the affordable units. County Housing and Community Development Services would monitor compliance with affordability requirements.	
22 How difficult would it be to evict a tenant from an affordable ADU?	The process to evict a tenant would be governed by applicable California State laws and not by an Inclusionary Housing Program.	
23 If offsite development was included as an alternative compliance method, would the affordable housing have access to all amenities built in the main development?	All off-site units would be required to be similar in kind to the units provided on site. This would include of comparable size, type, and amenities.	
AFFIRMATIVELY FURTHERING FAIR HOUSING		
#	Question	Answer
24	What is Affirmatively Furthering Fair Housing (AFFH) under AB 686 and how does it relate to the	Assembly Bill 686 (AB 686), signed in 2018, expanded the duty of all California’s public agencies, including the County, to affirmatively further fair housing (AFFH) through deliberate action to explicitly address, combat, and relieve disparities

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Inclusionary Housing Program?	<p>resulting from past and current patterns of segregation to foster more inclusive communities.</p> <p>The County takes into account AFFH when developing new programs, such as the Inclusionary Housing Program, by helping to create neighborhood integration, balanced communities, and creating a mix of income housing. In addition, specific program criteria can be crafted to help support AFFH by, for example, discouraging offsite development in lower-resource areas, which are areas identified by the state and defined as areas of low access to opportunity, including educational and economic opportunities.</p>
25 What are the resource areas defined by TCAC/HCD?	<p>The resource areas defined by the California Tax Credit Allocation Committee and Housing and Community Development (TCAC/HCD) are determined by visualize place-based characteristics linked to critical life outcomes, such as educational attainment, earnings from employment, and economic mobility. These areas are identified on what is referred to as Opportunity maps.</p> <p>The Opportunity maps identify areas statewide whose economic, educational and environmental characteristics support positive outcomes for low-incomes families and can be used to inform how to target investments and policies in a way that is conscious of the independent and inter-related effects that research has shown places have on economic, educational, and health outcomes.</p> <p>For additional information, please visit: https://www.treasurer.ca.gov/ctcac/opportunity.asp</p>