

Sunday, June 21, 2026

The Honorable Chair Lawson-Remer and County Supervisors
San Diego County Board of Supervisors
1600 Pacific Highway, Room 335
San Diego, CA 92102

RE: Item 5: SAN DIEGO INCLUSIONARY HOUSING ORDINANCE REVISIONS

Honorable Chair Lawson-Remer and Supervisors:

Nolen Communities (Nolen) previously provided comments related to the Inclusionary Housing Ordinance (IHO, or “Ordinance”) regarding the importance of updating the AECOM Economic Analysis and revising the Zoning Ordinance per the Housing Element Update, prior to taking action on the Ordinance (letter dated May 26, 2026) and specific recommendations on the four decision points (“Set Aside”, “Project Size”, “Alternative Compliance”, and “Incentives”) under consideration (letter dated June 17, 2026).

We have now reviewed many of the Supporting Materials for the Ordinance. Put simply:

We have grave concerns about the proposed Ordinance language.

Below are several important, recommended redline revisions that are necessary to ensure the Ordinance is effectively implemented as the Board directed in 2024.

Introduction

Initially, we recognize our proposed Redlines on the Ordinance language are “late”. Allow us to explain. At the August 2024 Board hearing, the Board directed staff to return with Options that included several considerations. We mistakenly believed revisions would be made to the Ordinance language based on that direction. The County’s website states:

Phase II is currently underway, and includes the update of the economic analysis previously presented to the Board and ***the development of a Draft Ordinance*** and

Menu of Program Criteria applicable to non-GPA housing projects, as well as Menu of Program Criteria specifically tailored to GPA projects.¹ (***emphasis added***)

Based on this belief, we waited to review the draft Ordinance language in the Board Packet. However, it appears that the draft Ordinance language is largely unchanged since 2024. Had we expected the Ordinance language to remain unchanged, we would have provided this feedback sooner.

Proposed Revisions

Below are important redline revisions, offered based on decades of experience in entitlement processing and our own underwriting and financial analyses. After each proposed redline, we provide a brief explanation for the importance of the edit.

1. Purpose

6341.a. TITLE AND PURPOSE

It is the policy of the County that this Section be interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, ~~affordable and inclusionary~~the maximum amount of housing production.

EXPLANATION: The Board’s top priority in directing staff on the Ordinance at the August 2024 hearing was to “*Ensure overall housing production is not negatively impacted,*” thus, the Ordinance should be implemented to facilitate the maximum amount of housing, not the maximum amount of affordable housing.

2. Applicability

6341.b. APPLICABILITY

1. Applicability. The requirements of this ordinance shall apply to all new residential and mixed-use development projects, for rent or for sale, ~~approved-submitted to the County~~ after the date of this Ordinance, except as noted in Subsection 6341.b.1.ii (referred to herein as “Projects”). The requirements of this ordinance shall apply to all developers and their agents, successors-in-interest, and assigns proposing a Project. All inclusionary units required by this ordinance shall be sold or rented in compliance with this ordinance and the County's regulations for the implementation of the Inclusionary Affordable Housing Program. No building permit shall be issued, nor any development approval granted for a development that does

¹ County of San Diego, Inclusionary Housing Ordinance and Program Development, <https://www.sandiegocounty.gov/content/sdc/pds/advance/housingstudy.html>, July 21, 2026

not meet the requirements of this ordinance, unless otherwise explicitly approved by the County.

EXPLANATION: The Ordinance should not apply to projects “in process” that have submitted applications to the County. Pending projects have been designed and underwritten based on regulations at the time of submittal. Requiring such projects to now provide affordable housing threatens their feasibility and could affect housing production.

3. Project Size

- i. Minimum Project Size. The following Projects shall be subject to the requirements under this ordinance.

Option 3

- a. A General Plan Compliant Project that proposes a minimum of ~~twelve~~ **thirteen (1213)** dwelling units that will be developed for rental or for sale.

EXPLANATION: The recommendation to use 13 units as the ultimate minimum project size is based on a project size that would encourage maximizing “very-low” affordable units under Density Bonus, consistent with the County’s needs under RHNA.

4. Exempt Projects

- ii. Exempt Projects. The following projects are exempt from the requirements of this ordinance:
 - e. Discretionary projects for which an application has been submitted to the County Department of Planning and Development Services shall be considered “grandfathered”.
 - f. Projects which qualify for, and use, State Density Bonus.

EXPLANATION: The recommendation to exempt projects that are “in process” is explained above. Projects which comply with, and utilize, Density Bonus should be exempt from any further local Inclusionary requirements. Both of these additional Exemptions would ensure that housing production is not negative affected, consistent with Board direction.

5. Phase In

- iii. Phase In. The Minimum Project Size for General Plan Compliant Projects shall be phased in over a period of 5 years as follows:
 - a. July 1, 2026 – 40 base units
 - b. July 1, 2027 – 33 base units
 - c. July 1, 2028 – 26 base units

d. July 1, 2029 – 20 base units

e. July 1, 2030 – 13 base units

EXPLANATION: Consistent with the Board’s direction in August 2024, the above schedule would allow for a phase in period. The intent is to start with larger projects, which may be less impacted by the Ordinance, and gradually reduce to a project size – 13 units – which may encourage maximizing “very-low” affordable units under Density Bonus.

6. Rounding Rules

6341.c. AFFORDABLE HOUSING UNIT COMPLIANCE REQUIREMENTS.

i. Rounding rules.

- a. In calculating the required number of affordable housing units, if set aside includes fractional units of 0.5 or above, one additional affordable unit shall be provided at the ~~lowest~~ affordability level ~~required by the set aside amount that results in the greatest total project size.~~

~~When the total set-aside requirement is below 0.5 unit, one (1) unit of affordable housing shall be rounded up provided, or paid unless the applicant pays for through an in-lieu fee [This section will be removed if the Board directs not to include in-lieu fee.]~~

EXPLANATION: Consistent with the direction to not negatively affect housing production, the revisions to the rounding rules would ensure that projects are not disincentivized from proposing projects which just exceed/trigger a fractional affordable unit. For example:

Under the existing language, a 21 unit project may have to provide a second “low income” unit instead of a third “moderate income” unit. In the former scenario, the developer would logically reduce the project to 20 units because the last unit would lose money; but in the latter scenario, the developer may decide not only to keep the 21-unit base project but utilize density bonus based on provided 14% of the units as “moderate” income.

7. Timing for Inclusionary Units

3. Timing for Construction of Inclusionary Housing Units

- i. All required affordable housing units, including offsite affordable housing units, shall be made available for occupancy concurrently with the market-rate units. For the purposes of this section, “concurrently” means the following, as applicable:

- a) ~~The County shall negotiate in good faith with the developer on an Affordable Housing Schedule as part of the Affordable Housing Agreement. In no instance shall the County may not~~ issue building

permits for more than ~~50~~75% of the market-rate units until it has issued building permits for all of the affordable units, and the County may not approve unit occupancy final inspections for more than ~~75~~90% of the market-rate units until it has issued unit occupancy final inspections for all of the affordable units, unless otherwise permitted by the Approving Body. The County and developer may agree on an alternative schedule for development that is included in the affordable housing agreement. A hold may be placed on the issuing of the permit and unit occupancy final inspection for market-rate developments if these requirements are not satisfied.

EXPLANATION: Every project is different in terms of how it best provides on-site affordable units. Rather than the “default” position being a standard which may be revised subject to an Affordable Housing Agreement, the standard should be for the County and developer to negotiate the schedule in the Affordable Housing Agreement. Otherwise, the County has no incentive to coordinate with developers to facilitate housing production. The recommended approach gives developers and the County incentive to work together.

8. In-Lieu Fees

6341.d ALTERNATIVE COMPLIANCE OPTIONS

1. In Lieu Fees. [The Board will have an option to direct one of the options below.]
 - v. Affordable Housing Inclusionary Fund. [This section will be removed if the Board directs not to include in-lieu fee.]
 - b. In-lieu fees shall be collected concurrently with other impact fees contingent on permitting and ~~shall not may~~ be deferred as part of the Affordable Housing Agreement.

EXPLANATION: Consistent with earlier proposed redlines, the timing of payment of in-lieu fees should be subject to the negotiations in the Affordable Housing Agreement to ensure that housing production is not negatively affected, consistent with Board direction.

9. Inclusionary Housing Fund

- c. Moneys deposited in the Inclusionary Affordable Housing Fund pursuant to this ordinance may be used to pay for direct costs associated with the administration and enforcement of the Inclusionary Housing Program established by this Section. Administration costs shall not exceed ~~ten~~

three percent (~~103%~~) of fees paid by applicants and deposited in the Inclusionary Affordable Housing Fund.

EXPLANATION: The overhead for managing an In-Lieu Fee should not exceed 3%. The fees should have to go to the production of affordable housing.

10. Projects Under 13 Units

- vi. Projects Under 13 Units. Projects proposing fewer than 13 units shall pay a per-unit In Lieu Fee equal to \$8,515 per unit. This per-unit fee shall be adjusted annually based on the ENR Construction Cost Index.

EXPLANATION: Consistent with the recommendation for the Ordinance to only apply to projects over 13 units, project under 13 units should instead be charged a consistent per-unit fee which is easier for smaller projects to underwrite and to absorb.

11. Off-Site Construction

2. Off-Site Construction of Affordable Units.
 - i. The applicant may propose to construct the affordable units required by this Section on another site within the unincorporated area. The County may approve the off-site construction only if the proposal meets all of the following requirements:
 - c. Off-site units must be located outside of High and Very High Fire Severity Zones, unless an approved Fire Protection Plan is prepared for the off-site location.

EXPLANATION: Off-site affordable housing projects in very-high and high fire hazard severity zone(s) should be permitted, subject to a Fire Protection Plan being prepared and implemented.

12. Accessory Dwelling Units

3. For Sale Accessory Dwelling Units. [The Board will have an option to include accessory dwelling units.]
 - iv. Comparability. ADUs must be comparable to the average on-site market rate units in terms of ~~unit bedroom count and~~ quality. Such comparability standards may be modified at the discretion of the Director of Planning & Development Services on a project-by-project basis.

EXPLANATION: Similar to other jurisdictions, ADU's should be available to meet the Inclusionary requirement without a requirement for comparable bedroom count. Because ADUs are limited to 1,200SF, they may not be able to strictly meet comparable bedroom counts. Without this flexibility, this Alternative Compliance option may not be useful.

13. Incentives

6341.e AFFORDABLE HOUSING LOCAL INCENTIVES

The developer of a residential ~~or mixed use~~ development providing all required affordable housing units upon the same ~~project~~ site as the market-rate units ~~may, at the developer's option and concurrently with the submittal of the affordable housing plan, submit a written request~~ is eligible for ~~one or more of~~ the following on-site affordable housing development local incentives:

1. ~~Density~~ Bonus incentives if the residential development contains sufficient affordable housing units to qualify for a density bonus, per Section 6365. If the applicant requests a density bonus, the ~~project is eligible for the other local incentives listed below~~ ~~may be provided only if each is individually requested as a regulatory incentive, which shall not count against any other statutory incentives and concessions allowed under Section 6365.~~

[The Board will have an option of either one or both of the options below.]

EXPLANATION: The redlines are necessary to ensure that any project that provides on-site affordable housing is not required to use a Density Bonus Concession or Incentive to request the local incentives. As written, the benefit of the local incentive is "offset" by having to use a Density Bonus Incentive/Concession.

Local Density Bonus

[Density Bonus – Option 1]

- i. Additional Local Density Bonus.
 - a. ~~The developer may apply for~~ shall be eligible for an additional 5% density increase in addition to the County's Density Bonus Program per Section 6360 if all required affordable housing units are provided on-site.
 - b. ~~The developer shall be eligible to double the density bonus otherwise allowed under the State Density Bonus Law, up to a total density bonus of 50%, if all required affordable housing units are provided on-site.~~
- ii. Additional Regulatory Concession/Incentive

- a. ~~and the~~ The developer may apply for shall receive one (1) additional regulatory incentive in addition to the County's Density Bonus Program per Section 6365 if all required affordable housing units are provided on-site.

EXPLANATION: The edits to Section i. are required to permit the additional density bonus that staff claims is available for projects to “double” the state density bonus, up to 50%. Currently as drafted, the Ordinance does NOT include this language. The edit to Section ii. is to clarify that the developer is automatically eligible for an additional Density Bonus concession if the project projects on-site affordable housing.

Priority Review

[Priority Review– Option 1]

2. Priority Review. The developer may apply for Priority Review if the developer provides at least 50% more affordable (up to 80% AMI) housing units than are required by this ordinance. The Priority Review shall be faster than any other permitted expedited review timeframes adopted pursuant to state law and/or local programs and policies.

EXPLANATION: Project's that apply under SB330 already benefit from 30-day reviews under state law. Further, project's that provide on-site affordable housing should be eligible to receive expedited processing under the County's Board Policy A-68. Thus, for “Priority Review” to be an incentive, any review must be guaranteed to be faster than what is already available.

Affordable Housing Plan

3. Affordable Housing Plan. The Affordable Housing Local Incentives requested by the developer shall be included in the proposed affordable housing plan ~~submitted at the time of application for the first approval of the Project,~~ and any Affordable Housing Local Incentives approved by the County shall be included in the affordable housing plan.

EXPLANATION: Projects may change during the application process. The revisions are intended to clarify that any incentives are part of an ultimate Affordable Housing Plan but should not be required at the time of project application.

14. Affordable Housing Plan

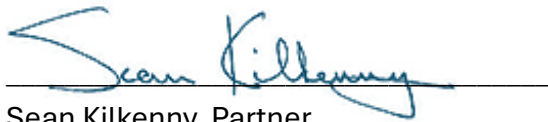
6341.f AFFORDABLE HOUSING PLAN

4. The approved affordable housing plan for a residential development, or for a building phase in a residential development, where phasing has been approved as part of a discretionary permit approvals, may be amended prior to issuance of any building permit for the residential development or building phase, if applicable. A request for a minor amendment of an approved affordable housing plan may be granted by the approval body if the amendment is substantially in compliance with the original affordable housing plan and conditions of approval. Other amendments to the affordable housing plan shall be processed in the same manner as the original plan. An affordable housing plan shall include, but not be limited to, the following:
 - i. The number of affordable housing units proposed;
 - ii. ~~The unit square footage, and number of bedrooms for market rate and affordable housing units and tenure (ownership or rental);~~
 - iii. ~~Detailed plot plan showing location/footprint of all affordable housing units, which shall be disbursed throughout the property.~~
 - iv. ~~Amenities and services provided, such as daycare, transportation, job training/employment services and recreation;~~
 - v. Level of affordability for affordable housing units (very low, low or moderate);
 - vi. ~~Schedule for production of dwelling units. The schedule must comply with Section 6341.c.3.~~
 - vii. Incentives requested.
 - viii. Any information necessary to describe and evaluate the applicant's proposed compliance method (i.e. on-site units, in lieu fee, off-site, etc.).

EXPLANATION: The level of detail identified above is not part of a typical entitlement-level approval (i.e., a Tentative Map). Requiring this much detail and design prior to an entitlement would add cost and delay to a project. This comment comes from experience as Nolen is currently experiencing additional delay and cost due to providing more details than are typically required for a Tentative Map.

SUMMARY

The above redlines are important revisions to the Ordinance to ensure it complies with the Board's 2024 direction, ensures the Ordinance does not negatively affect the production of housing, and can be supported by Nolen. Without these changes, Nolen does not support the Ordinance. We are available to review the changes at your convenience.

A handwritten signature in blue ink that reads "Sean Kilkenny". The signature is written over a horizontal line.

Sean Kilkenny, Partner
Nolen Communities, LLC

CC: Ms. Dahvia Lynch, Deputy Chief Administrative Officer
Mr. Vince Nicholetti, Director, Planning and Development Services
Mr. Rami Talleh, Deputy Director, Planning and Development Services
Mr. Ben Larson, Land Use and Environmental Planner, Planning and Development Services

Monday, June 22, 2026

The Honorable Chair Lawson-Remer and County Supervisors
San Diego County Board of Supervisors
1600 Pacific Highway, Room 335
San Diego, CA 92102

RE: Item 5: SAN DIEGO INCLUSIONARY HOUSING ORDINANCE - RESPONSE TO 2024 BOARD DIRECTION

Honorable Chair and Supervisors:

Nolen Communities has reviewed the Response to 2024 Board Direction (Attachment F of the Board Agenda Package). At the August 28, 2024 Board hearing, we were excited about the direction by the Board to delay consideration of the Inclusionary Housing Ordinance (IHO, or “Ordinance) until the County could conduct the DFA and consider housing in a more comprehensive manner.

Some of what we heard that day resonated with the message that we’ve been sharing with the County for several years. The Chair called for “integrating all the moving pieces, Housing Blueprint, VMT Mitigation, measures in the Climate Action Plan into a much more cohesive affordable housing implementation strategy.” By taking this more comprehensive approach and “... creating Pathways to affordable home ownership [the County can] help communities build generational wealth, ensuring that future generations can benefit from economic stability and prosperity in owning a home.”

Nolen worked with the Building Industry Association (BIA) to develop a comprehensive plan for the County – the Comprehensive Housing Implementation Plan & Strategy, which was submitted at the Housing Working in November 2025. The Inclusionary Ordinance is one of several policy decisions that must be addressed. However, we are now faced with the disappointment that, rather than comprehensively addressing housing, we face another regulation that increases the cost of housing and threatens housing production.

Below is our assessment of your direction from 2024 based on the materials prepared and the language included in the draft Ordinance. In addition, we have created a matrix that addresses several mistruths and unfair characterizations contained in staff's Update. Please refer to Attachment 1.

August 28, 2024 Board Direction

After the DFA and VMT Mitigations Programs Options are presented to the Board (Winter 2024), staff to return with options that include the following considerations:

a) Ensure overall housing production is not negatively impacted

Response – Staff have not ensured housing production would not be negatively impacted. Staff have learned from the DFA that development of certain densities are unlikely due to high costs. Staff have learned from the DFA that outdated zoning is a major impediment to development. Staff have learned from the Cost of New Construction Study that land costs are development costs are too high. And staff have learned from the Keyser Marston “peer review” that market conditions have changed meaningfully since the AECOM Economic Analysis was prepared using 2021/22 data. No changes have been proposed to consider what staff have learned from these efforts.

b) Align with state density bonus law

Response – While Option 1 aligns with the minimums under Density Bonus, Options 2 and 3 require more affordable housing than the minimum set-aside amounts under Density Bonus. For Tier 2, the 15% moderate set-aside amount is 5% more than required by Density Bonus. In addition, the Tier 3 “For Rent” Options even requires MORE than the maximum set-aside amount under Density Bonus to “maximize” the density bonus offered (20% total vs. 15% very low).

c) Include considerations for phasing-in the program to allow time for land values to adjust to the Program

Response – Nothing in the Ordinance language contemplates a “phase in” period. To the contrary, staff argues AGAINST a phase-in period based on fearmongering over the potential to trigger “No Net Loss” under RHNA. The lack of an Inclusionary Ordinance has never prevented the County from meeting its requirements under RHNA, which is primarily focused on identified sufficient sites to meet the very-low, low, moderate and above-moderate projections established by SANDAG every planning cycle. The idea that a phase-in period could jeopardize RHNA compliance intentionally conflates two separate issues.

d) Continue to Engage with experts and community

Response – Staff have engaged with industry. As a member of that industry, we appreciate staffs efforts to prioritize hearing our comments on the proposed Ordinance, including our thoughts on the set-aside Options, minimum project size, alternative compliance options, and Incentives. However, engagement has not translated into consideration for, or changes to address, concerns raised during that engagement.

Specifically, there are important revisions that must be made to the Ordinance language. Without those revisions, Nolen will not support the Ordinance.

e) Provide inclusionary housing production estimates for each of these options, including middle income home ownership

Response – The estimates provided are based on a flawed assumption that the same level of development will occur under worse market conditions (2026) than for which the Economic Analysis was prepared (2022). The Economic Analysis must be updated with current assumptions to confirm the feasibility of the set aside amounts and what impact the Ordinance could have on housing production.

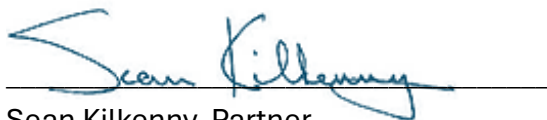
f) Development incentives that include infrastructure that can be provided in Option 3 to maximize units in the VMT Efficient and Infill areas, concurrent with the Development Feasibility Analysis for these areas.

Response – No additional incentives have been provided to address this request. Staff refers to the potential for alternative financing mechanisms identified by the DFA, but there is no correlation between the use of a CFD or EIFD and the incentives offered by the Ordinance. Further, the incentives already contemplated do not offset the impacts of the Ordinance.

g) Off-site development should be within a radius of 3 miles or the vicinity of the community planning area

Response – The draft Ordinance includes language that would allow for off-site affordable units to be built in VMT efficient area and high resource areas outside of the CPA, which is counter to Board direction.

Based on the above, as well as Attachment 1, we believe more work is required to be responsive to the Board's 2024 direction. We believe if you are committed to workforce and missing-middle housing, we can find reasonable solutions to the legitimate concerns we have raised. We are ready to work to find those solutions.

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Sean Kilkenny, Partner
Nolen Communities, LLC

Attachments

A. Response to Update on 2024 Board Direction Matrix

CC: Ms. Dahvia Lynch, Deputy Chief Administrative Officer

Mr. Vince Nicholetti, Director, Planning and Development Services

Mr. Rami Talleh, Deputy Director, Planning and Development Services

Mr. Ben Larson, Land Use and Environmental Planner, Planning and Development Services

a) *Ensure overall housing production is not negatively impacted*

<p>The goal of the Inclusionary Housing Ordinance is to increase affordable housing while supporting market rate housing production.</p>	<p>While this is the “goal” of the Ordinance, the direction from the Supervisors was very different – ENSURE OVERALL HOUSING PRODUCTION IS NOT NEGATIVELY IMPACTED.</p> <p>We have already called out specific language in the Ordinance that will negatively impact housing production. Staff must make those changes to comply with the Board direction.</p> <p>Mandatory affordable housing reduces project feasibility. AECOM reached this conclusion when stating, “[c]ompliance with a mandatory inclusionary housing requirement... will reduce project return” (AECOM, 2023, pg. 67). Just because an economic analysis, based on theoretical models, determines a cost increase can be absorbed does not equate to “not negatively impacting” housing production.</p> <p>On average, the set aside amounts would increase the total cost of a for-sale unit by \$43,000, and the cost of a rental unit by \$46,000. That will have an impact on housing production, especially since the “incentives” being offered come nowhere close to offsetting these cost increases.</p>
<p>The presented set asides are feasible (without density bonus incentives) based on the peer reviewed economic analysis which was independently reviewed again in 2026.</p>	<p>This statement is false. The 2026 Keyser Marsten peer review did NOT analyze economic feasibility, rather, the peer review focused on the methodology used in the 2023 Economic Analysis and found that it followed best practices.</p> <p>The KMA review also determined that based on data from 2021/22, the set aside amounts and in-lieu amounts were “in line” with the set-aside and in-lieu amounts of other jurisdictions.</p> <p>However, the 2026 peer review warned that since the Economic Analysis was prepared, market conditions have changed in meaningful ways:</p> <ul style="list-style-type: none"> • Significant increases in construction costs, permanent loan interest rates, and insurance costs. • Stabilization of home sales prices and apartment rental rates, limiting favorable revenue assumptions.

<p>The three set aside tiers reflect increasing levels of affordable housing production, ranging from the lowest impact that will provide the least affordable housing and least impact to development while aligned with State density bonus thresholds (Tier 1) to higher requirements that would produce the greatest number of affordable units (Tier 3).</p>	<ul style="list-style-type: none"> Ongoing construction cost volatility driven by labor, materials, tariffs, manufacturing delays, and shipping costs. <p>The KMA peer review found that:</p> <p>“Market shifts have affected the financial feasibility of residential development and the ability of projects to absorb additional regulatory requirements such as inclusionary set-asides.”</p> <p>Ultimately, the KMA peer review recommended, “Timely re-evaluation and update of the AECOM Study findings to ensure feasibility thresholds and in-lieu fees reflect current market conditions and applicable regulatory requirements.”</p> <p>Now, when the Board is considering adopting the Ordinance, is the time to re-evaluate the set-aside and in-lieu amounts, before the Board potentially sets back much needed housing projects by approving infeasible requirements. The data is already five years old.</p> <p>This statement is fundamentally flawed because it assumes that all projects would move forward under any of the Tier options. Based on the changes in market conditions, that is not reasonably foreseeable. Staff recognized this by initially REMOVING the Tier 3 options for both the “For Sale” and “For Rent” projects; however, these options have suspiciously re-entered as potentially feasible, even though the KMA analysis clearly warns that market conditions have gotten worse since the Economic Analysis was completed, as noted above. There is no assurance that Tier 3 would produce more affordable units because some projects would likely not proceed under those requirements.</p> <p>In fact, Nolen is currently processing a project using Density Bonus that would meet the requirements of Tier 1 and Tier 2, but the project would have to be changed to comply with Tier 3. At a minimum, it would cost the project several hundred thousand dollars.</p>
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b) Align with State density bonus law

<p>All set-aside options in the three Tiers are aligned with California State (State) density bonus law,</p>	<p>This is potentially misleading. While none of the set-aside options would exceed the maximum set-aside amounts contemplated to achieve the greatest bonus under Density</p>
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<p>allowing projects to access incentives provided under State and County of San Diego (County) density bonus programs.</p> <p>Tiers 1 and 2 align with the minimum affordability thresholds required for State density bonus incentives.</p> <p>Potential additional incentives encourage on-site affordable housing production. These incentives build upon the County's existing Density Bonus Program and include additional density bonus, a regulatory concession and priority review for projects that exceed the minimum affordable housing requirements.</p>	<p>Bonus (15% very-low, 25% low, and 44% moderate), several of the set-aside amounts require MORE than the minimum required to qualify for density bonus.</p> <p>This statement is false. The Teir 2 option that would require a set-aside of 15% moderate would EXCEED the minimum affordability threshold, which only requires 10% moderate.</p> <p>While the County offers “additional incentives”, they offer questionable benefits. For instance:</p> <ul style="list-style-type: none"> • the additional 5% local density bonus is only available for projects up to a total 50% bonus, therefore, it's not guaranteed to all projects. • the additional incentive is only available if it's requested by using an incentive, thereby offsetting its benefit (like giving an extra week of vacation but requiring an employee to work an extra week to make up for it). • the priority review does not specify whether it would provide any benefit beyond what is already required under state law (SB330) and the County's own Board Policy A-68.
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c) Consider phasing-in the program to allow time for land values to adjust

<p>During the 45-day public review of the proposed Ordinance, the building industry provided input suggesting a gradual phase-in of the inclusionary housing set-aside requirement. This approach looks to facilitate a smooth transition for transactions and projects currently under development or in-process. By implementing set-aside requirements gradually, the market and development community are allowed sufficient time to adjust to the new requirements.</p>	<p>The building industry is the only industry regulated under the Inclusionary Housing Ordinance. To suggest this is simply one of many affected stakeholders is to minimize the impact this Ordinance will have on the building industry.</p> <p>What the industry and its members asked for are consistent with best practices that have been implemented locally, including the City of San Diego. And the recommendation follows the same conclusion from KMA, which states:</p> <p>“Phased implementation of set-aside requirements and in-lieu fees to allow land prices to adjust, enable developers to plan based on expected costs and returns, and provide policymakers flexibility to modify requirements, if needed.”</p>
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<p>An example of this was found in San Luis Obispo County, which starting in 2010 phased in a 20% set-aside requirement over five years, starting at 4% in the first year and increasing by 4% in every following year. Similarly, the City of San Diego phased in a 10% set-aside requirement over five years, starting at 2% in the first year. The scheduled increase in the set-aside requirement provides time for land values, rents, and other program considerations to be absorbed by the market. Furthermore, the predictable schedule may create incentive for developers to expedite development, which could mitigate against short-term market shock that may result from full adoption of an inclusionary housing ordinance.</p>	<p>These examples demonstrate that it is possible to phase in this approach, and to do so in jurisdictions with either similar underlying land use constructs (San Luis Obispo County) and jurisdictions with much higher levels of development activity such as the City of San Diego. However, as described below, staff then spends an inordinance amount of effort arguing against a phase in.</p>
<p>One concern with the gradual phase-in of set-aside requirements is the additional complexity compared to a single-phase implementation. During the phase-up period, adjustments would need to be made annually to in-lieu fees and other alternative compliance options. This could present administrative challenges for staff and reduce clarity and certainty for applicants.</p>	<p>See response above – there is demonstrable proof that implementing a phase in approach is not only possible, but has been done successfully locally. Builders and developers have experience in San Diego with how to process projects under a phase-in approach. KMA event recommends such an approach.</p>
<p>Another aspect to consider is that lower set-aside requirements during the phase-in period will result in fewer affordable units produced. This is because the phased approach allows developers to meet their obligations by providing fractions of affordable housing units, often leading them to choose to pay in-lieu fees instead of delivering affordable housing units. As a result, the phased approach may not fully address the housing needs of the community or the County’s RHNA goals.</p>	<p>This is a flawed assumption. The purpose behind a phased-in set-aside is to give land values a chance to theoretically “reset” to account for the increased costs of housing. Because entitlements can take 3-4 years, and construction another 2-3 years before the full affects of the inclusionary requirement could be realized, it’s necessary to give sufficient time for land costs to sufficiently reset. If there is not time for land values to reset, land is not affordable, and projects won’t move forward.</p> <p>Broadly speaking, if a project is not going to take advantage of Density Bonus, it will opt to pay the in-lieu fee. Therefore, it’s not likely that a phase-in will reduce the amount of affordable housing units delivered by individual projects.</p>

<p>It is important to note that not meeting RHNA requirements could potentially prompt the need for rezoning certain areas of the County to comply with the State's "No Net Loss Law", which would require identification of additional RHNA sites to compensate for current RHNA sites that develop fewer affordable units than anticipated in the County's Housing Element.</p> <p>Phasing in the set-aside requirement also doesn't automatically qualify inclusionary housing projects for a density bonus, as the lowest percentage of affordable units to qualify for both the State and County programs is 5% Very-Low income unit or 10% Low-income units, both resulting in a 20% bonus. Set-aside requirements may not reach these minimum thresholds for the first few years of a phased implementation of the proposed Ordinance.</p> <p>To address this concern and ensure the production of affordable housing units, phasing-in the Inclusionary Housing Ordinance could be directed by beginning with the set-aside requirements in Tier 1 and gradually increasing to the levels in Tier 3. Staff does not recommend starting with a phase-in that includes requirements lower than Tier 1, as it would not allow projects to qualify for State density bonus and could reduce the program's effectiveness in producing affordable housing and limit progress towards RHNA goals, particularly for Very Low-income households.</p>	<p><u>This is fearmongering, inappropriately speculative, and frankly offensive.</u></p> <p>Not having an Inclusionary Ordinance has not impeded the County from meetings it's obligation to provide enough appropriately zoned land to demonstrate RHNA compliance. That is the County's primary responsibility under RHNA. However, the County has done a poor job identifying property with real developable potential as evidenced by how few projects since 2020 have been processed on RHNA sites. This is not the development communities fault. To suggest that phasing in the affordable set aside amount could somehow result in "No Net Loss" places the blame in the wrong place entirely.</p> <p>Currently, the vast majority of projects in the County do NOT use density bonus because developers have determined that it's not financially accretive to the project. This is consistent with the Findings of the AECOM Economic Analysis which determined that the benefits of Density Bonus do not offset the additional costs of Inclusionary housing.</p> <p>Project's that do realize a benefit from Density Bonus would not be precluded from pursuing higher set-aside amounts.</p> <p>Finally, it's possible to set a minimum set-aside of 5% for any affordability level – including Very Low – as the "starting point" which would allow a project to qualify for Density Bonus.</p> <p>This proposed approach negates the County's own argument that a phased-in approach would be difficult to monitor. Further, this approach advocates for Tier 3 set-aside amounts, which not only exceed minimum Density Bonus set aside amounts, but have not been confirmed as feasible based on current market conditions. So much so that staff previously had removed the Tier 3 Options for both the for-sale and rental projects.</p> <p>Projects do not need an Inclusionary Ordinance to qualify for Density Bonus. To suggest that somehow having a lower set-aside amount would prevent projects from using Density Bonus is not true – project's remain eligible to set aside enough affordable housing to qualify for Density Bonus.</p>
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<p>Additionally, jurisdictions like the City of San Diego, that have phased in inclusionary requirements have typically done so when modifying existing programs, rather than when adopting a program for the first time.</p>	<p>Perhaps the reason why a jurisdiction would need to phase in set-aside amounts retroactively is because they did not do so initially.</p>
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d) Engage with experts and community members

<p>County staff have engaged with experts and community during the past 6 years and held over 80 meetings with diverse groups. This has included technical experts, community members, building industry, environmental groups, affordable housing developers, community planning and sponsor groups, and community advocacy groups. The County began this project by engaging one-on-one with developers in 2020 and continued engaging with the development community via surveys, interviews, stakeholder group meetings, focus group meetings, one on one meetings, and public workshops and hearings. Several specific inputs and feedback have been incorporated into the what is presented to the Board, such as Tiers 1 and 2. Since the last adoption hearing in 2024, over 20 meetings have been held with experts and community members.</p> <p>Staff presented the Draft Ordinance at CPG and CSG All Chairs meetings in 2023 and 2026 and offered presentations to all CPG and CSGs. In 2023, the Draft Ordinance was presented to the 9 CPGs who requested meetings for additional feedback: Fallbrook, Jamul, Lakeside, Rainbow,</p>	<p>The engagement by staff is recognized and appreciated. However, as noted above, to suggest that market rate builders and developers are the same as other stakeholders such as technical experts, community members, environmental groups, affordable housing developers, community planning and sponsor groups, and community advocacy groups, is to minimize the impact of the Ordinance on market-rate builders and developers. Market rate builders are the ONLY stakeholder group regulated by this Ordinance.</p> <p>Despite being the only stakeholder regulated by this Ordinance, several reasonable requests by the industry and industry members such as a phase in – something that is also identified by the County’s own consultant as a best practice - have not been reflected in the Ordinance.</p> <p>Equity in this instance would be to ensure that the regulations being imposed on only one stakeholder group are only required after the concerns of that stakeholder group are fully and fairly considered. At this time, industry concerns have not been equitably considered. Staff have gone so far as to state that to consider certain feedback would require going back to the Planning Commission, which was unpalatable.</p> <p>In addition to comments on the set-aside amount, project size, alternative compliance options and incentives, the regulated stakeholder group has provided specific revisions to the Ordinance that must be fully and fairly considered before adoption.</p> <p>Finally, while there has been significant engagement, the language in the draft Ordinance has hardly changed since August 2024. We have created a redline version of the 2024 vs.</p>
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<p>San Dieguito, Sweetwater, Twin Oaks, Valle de Oro, and Valley Center. In 2026, the Draft Ordinance was presented to the 4 CPGs who requested meetings for additional feedback: Ramona, Sweetwater, San Dieguito, and Valley Center. Staff also met with CPG members from Fallbrook at a revitalization meeting hosted by District 5 Board Supervisor Desmond.</p> <p>Throughout the outreach process, several stakeholder group meetings were held, including numerous meetings with the Building Industry Association, Land Development Technical Working Group, San Diego Labor Union Stakeholder Group, San Diego Regional Chamber of Commerce, Farm Bureau, Environmental Coalition, Housing Federation, Wildlife Agencies, and the Quality-of-Life Coalition. These meetings ensured stakeholder groups were able to provide input and feedback to shape the Draft Ordinance and were kept informed of key project milestones, upcoming meetings, and next steps in the adoption process.</p> <p>In February and March 2022, staff held three focus group meetings with (1) affordable housing developers and advocates, (2) market rate developers and the development industry, and (3) environmental, equity, and labor union groups where staff discussed best practices and received input on Draft Ordinance. A public meeting was held with community members and stakeholders on June 28, 2022, where staff provided an overview of the project's scope and held an</p>	<p>2026 Ordinance language which clearly demonstrates how few changes have been made. As shown in Attachment A, very few changes to the Ordinance are proposed to address Board direction. This begs the question as to whether any expert feedback was actually considered by staff?</p>
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interactive forum to collect feedback on the Draft Ordinance. In January 2023, staff held three more focus group meetings with the same 3 focus groups listed above to notice stakeholders before the start of public review and to discuss the materials available for public review.

In February 2026, staff held three more focus group meetings with (1) affordable housing developers, (2) market rate developers, and (3) environmental advocates where staff discussed best practices and received feedback on the Draft Ordinance. A roundtable workshop was held for these stakeholders on February 27, 2026, where staff provided an overview of the project's scope and held an interactive forum to collect feedback on the Draft Ordinance Options. Staff met again with (1) affordable housing developers, (2) market rate developers, and (3) environmental advocates in May and June 2026. The Draft Ordinance had a 45-day public review period from January 20, 2023, to March 7, 2023. Among other outreach during this time, staff held a Planning Commission (PC) workshop on March 24, 2023, to receive Planning Commission and public input. Following the PC workshop, staff continued to present at CPG meetings through September 2023. The Draft Ordinance went to Planning Commission hearing on April 19, 2024, and staff held another public workshop on the Ordinance Options on June 12, 2024. Staff continued to present at stakeholder meetings and respond to public input from August 2024 through June 2026.

e) *Provide affordable housing production estimates for each Option, including middle income home ownership*

<p>A set-aside requirement of 5% would result in between 30 and 77 units across the next three years, while a set-aside requirement of 10% would result in 59 to 154 units across the next three years. Similarly, a set-aside of 15% would result in 89 to 230 units and a set-aside of 20% would result in 118 to 307 units in three years. All For-Sale set-asides would require for-sale affordable units that would result in more homeownership opportunities.</p> <p>Phasing-in requirements would decrease the Inclusionary Housing Ordinance’s impact on achieving Very Low-Income RHNA and other affordable housing goals.</p>	<p>The current Economic Analysis that justifies the set-aside and in-lieu fee amounts is outdated and may be inaccurate, which could threaten the feasibility of pending projects and could reduce the estimates projected by staff.</p> <p>Staff have not done any economic analysis to support this statement. Because the current analysis is outdated, there is no evidence that phasing in the set asides would decrease production of very-low income units.</p>
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f) *Consider development incentives that include infrastructure that can be provided in Option 3 to maximize units in the VMT Efficient and Infill areas, concurrent with the Development Feasibility Analysis for these areas*

<p>The Board can choose additional density bonus incentives, to maximize units within VMT Efficient Areas, Infill areas, and Development Feasibility Analysis (DFA) areas. As recommended in the 2025 Development Feasibility Analysis, the Board may separately establish an Enhanced Infrastructure Financing District (EIFD) or Community Facilities District (CFD). If an EIFD or CFD is established, the Board may authorize developments, subject to the Inclusionary Housing Ordinance, to access these infrastructure-supportive funds at a later date.</p>	<p>Staff have not developed or proposed any additional incentives.</p>
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g) Require alternative compliance through offsite development to be within a radius of 3 miles from the market-rate development or in the Community Planning Area vicinity.

<p>Per Board direction, off-site development and land donation would be allowed within the unincorporated area and: within a 3-mile radius of, or within the same Community Planning Area as the market-rate development, or within a High and Highest Resource Area, or within a VMT-Efficient area.</p>	<p>Staff have not revised the Ordinance to require off site units to be developed in the same CPA.</p>
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~~PRELIMINARY DRAFT~~ **ORDINANCE NO- _____ (NEW SERIES) AN
ORDINANCE AMENDING THE SAN DIEGO COUNTY ZONING ORDINANCE RELATED TO
THE AFFORDABLE INCLUSIONARY HOUSING PROGRAM**

PRELIMINARY DRAFT

ORDINANCE NO- (NEW SERIES)

AN ORDINANCE AMENDING THE SAN DIEGO COUNTY ZONING ORDINANCE RELATED
TO THE INCLUSIONARY AFFORDABLE HOUSING PROGRAM

The Board of Supervisors of the County of San Diego ordains as follows:

Section 1. The Board of Supervisors finds and determines that the Zoning Ordinance should be amended to update and revise regulations for an ~~affordable~~ inclusionary affordable housing program. The amendments made by this ordinance are intended to set forth reasonable standards and procedures for affordable housing development projects. The County desires to allow flexibility for affordable housing. This ordinance provides the amended standards for affordable housing projects within the County's unincorporated areas.

Section 2. Section 1100 Definitions (A) of the Zoning Ordinance is amended to add new definitions:

Affordable rent: The maximum monthly rent at the specified income level in accordance with the California Tax Credit Allocation Committee Income and Rent Limits for the Low Income Housing Tax Credit program.

Affordable sales price: The maximum purchase price that will be affordable to the specified household at the specified income level, calculated in accordance with California Health and Safety Code Section 50052.5 and implementing regulations. The affordable sales price shall include a reasonable down payment, and monthly housing payments (including interest, principal, mortgage insurance, property taxes, homeowner's insurance, homeowner's association dues, and a reasonable allowance for property maintenance, repairs, and utilities), all as determined by the County.

Area median income or AMI: The annual median income for San Diego County, adjusted for household size, as published periodically in the California Code of Regulations, Title 25, Section 6932, or its successor provision, or as established by the County in the event that such median income figures are no longer published periodically in the California Code of Regulations.

Section 3. Section 1100 Definitions (R) of the Zoning Ordinance is amended to add the following new definitions:

Rehabilitated Dwelling Unit: A ~~single detached, multifamily dwelling, or mobilehome unit~~ for which painting, roofing, plumbing, electrical or other work has been accomplished that restores or preserves the habitable condition of the ~~single detached, multi-dwelling or mobilehome unit.~~

Section 4. Section 6341 is hereby added to the San Diego County Zoning Ordinance to read as follows:

6341 INCLUSIONARY AFFORDABLE HOUSING PROGRAM

6341.a TITLE AND PURPOSE

The provisions of Section 6341 shall be known as the Inclusionary Affordable Housing Program. The purpose of these provisions is to establish standards and procedures to require the development of housing that is affordable to a range of households with varying income levels in order to ensure the addition of affordable housing units to the County's housing stock in proportion with the overall increase in new housing units.

It is the policy of the County that this Section be interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, affordable and inclusionary housing.

6341.b APPLICABILITY

1. Applicability. The requirements of this ordinance shall apply to all new residential and mixed-use development projects, for rent or for sale, approved after the date of this Ordinance, except as noted in Subsection 6341.b.1.ii (referred to herein as "Projects"). The requirements of this ordinance shall apply to all developers and their agents, successors-in-interest, and assigns proposing a Project. All inclusionary units required by this ordinance shall be sold or rented in compliance with this ordinance and the County's regulations for the implementation of the Inclusionary Affordable Housing Program. No building permit shall be issued, nor any development approval granted for a development that does not meet the requirements of this ordinance.

i. Project Size. The following Projects shall be subject to the requirements under this ordinance.

[The Board will have an option to direct one of the options below.]

Option 1

a) A General Plan Compliant Project that proposes a minimum of five (5) dwelling units that will be developed for rental or for sale.

b) A Project that seeks a General Plan Amendment to increase the maximum allowable density and that proposes a minimum of one (1) dwelling unit.

Option 2

a) A General Plan Compliant Project that proposes a minimum of ten (10) dwelling units that will be developed for rental or for sale.

b) A Project that seeks a General Plan Amendment to increase the maximum allowable density and that proposes a minimum of five (5) dwelling units.

Option 3

a) A General Plan Compliant Project that proposes a minimum of twelve (12) dwelling units that will be developed for rental or for sale.

b) A Project that seeks a General Plan Amendment to increase the maximum allowable density and that proposes a minimum of twelve (12) dwelling units.

ii. Exempt Projects. The following projects are exempt from the requirements of this ordinance:

a) Project Type. Projects that provide 100% of all units in the development, including total units and density bonus units, but exclusive of a manager's unit or units, as affordable housing (up to 80% of the AMI). Additionally, to be eligible for an exemption under this subparagraph (a), applicants must demonstrate to County's satisfaction the property is or will be subject to a regulatory agreement that restricts the property under a federal, state, or local affordable housing program.

b) Residential developments for which an application for a ministerial permit has been received or for which a discretionary permit has been deemed complete no later than the effective date of this ordinance.

c) Permit Expiration. Upon the expiration of any discretionary permit that is not eligible for renewal, and unless otherwise exempted, the residential development shall be subject to the affordable housing requirements of this ordinance and shall not proceed until an affordable housing plan is approved in conjunction with any other required discretionary or ministerial permit or amendment thereto.

d) Accessory dwelling units developed in accordance with Section 6156.x that are built as an accessory dwelling unit to an existing residential structure. Accessory dwelling units

built as part of a new residential development shall not be counted ~~towards a project's total unit count regarding inclusionary requirements.~~ for the purposes of this section.

d) Additional units granted through density bonus shall not be counted for the purposes of this section.

6341.c AFFORDABLE HOUSING UNIT COMPLIANCE REQUIREMENTS

1. Minimum Affordable Set-Aside Requirement for Onsite Units. Unless exempt from this ordinance, Projects must provide a percentage of the base units as affordable housing units as described below:

[The Board will have the option to decide the set-aside requirement. The economically feasible set-aside scenarios will be used to inform this decision.]

[Minimum Set-Aside for General Plan Compliant For Rent]

a) General Plan Compliant for Rent. If the Project is General Plan compliant and proposes rental units, the affordable housing set-aside units shall be provided as [Please refer to Table 50 of the Economic Analysis, which sets forth the required number of units that must be set aside at each level of affordability.]

[Minimum Set-Aside for General Plan Compliant For Sale]

General Plan Compliant for Sale. If the Project is General Plan compliant with for sale units, the affordable housing set-aside units shall be provided as [Please refer to Table 50 of the Economic Analysis, which sets forth the required number of units that must be set aside at each level of affordability].

[Minimum Set-Aside for General Plan Amendment]

c) General Plan Amendment. If the Project proposes a General Plan Amendment, the affordable housing set-aside units shall be provided as [Please refer to Table 50 of the Economic Analysis, which sets forth the required number of units that must be set aside at each level of affordability].

i. Rounding rules.

a) In calculating the required number of affordable housing units, if set-aside includes fractional units of 0.5 or above, one additional affordable unit shall be provided at the lowest affordability level required by the set-aside amount.

Total set-aside requirements below 0.5 unit shall be rounded up or paid for through an in-lieu fee [This section will be removed if the Board directs not to include in-lieu fee.].

ii. Comparability. Affordable housing units must conform to the following standards:

a) Affordable housing units shall be comparable in ~~size,~~ exterior appearance, and overall quality of construction to market-rate units in the same housing development. Interior finishes and amenities may differ from those provided in the market-rate units, provided they are new, durable, and of good quality.

b) Affordable housing units shall have the same amenities as the market-rate units, including the same access to and enjoyment of common open space, parking, storage, and other facilities in the residential development.

c) The unit mix based on bedroom count provided for affordable housing units shall be proportional to the unit mix based on bedroom count provided for market-rate units.

d) Affordable housing units shall be dispersed throughout the housing development, on each floor, elevation, and section of the building(s) and throughout the site.

iii. Density Bonus. If an applicant seeks to construct affordable housing to qualify for a density bonus in accordance with the provisions of Section 6350, those affordable dwelling units that qualify a residential development for a density bonus shall also be counted toward satisfying the inclusionary housing requirements of this ordinance.

2. Duration of Affordability.

i. Each affordable rental housing unit set aside pursuant to the requirements of this ordinance shall be limited to such below-market rates for a period of not less than 55 years, commencing from the date of the County's authorization for occupancy of the unit.

ii. Each affordable for-sale housing unit set aside pursuant to the requirements of this ordinance shall be subject to the re-sale provisions contained in the Affordable Housing Agreement in accordance with County Zoning Ordinance 7430, ~~which shall include equity sharing provisions and~~ pursuant to California Government Code 65915.

3. Timing for Construction of Inclusionary Housing Units

i. All required affordable housing units, including offsite affordable housing units, shall be made available for occupancy concurrently with the market-rate units. For the purposes of this section, "concurrently" means ~~one of the following:~~, as applicable:

a) The County may not issue building permits for more than 50% of the market-rate units until it has issued building permits for all of the affordable units, and the County may not approve ~~any~~ unit occupancy final inspections for more than 75% of the market-rate units until it has issued unit occupancy final inspections for all of the affordable units. The County and developer may agree on an alternative schedule for development that is

included in the affordable housing agreement. A hold may be placed on the issuing of the permit and unit occupancy final inspection for market-rate developments if these requirements are not satisfied.

b) In-lieu fees, as appropriate, have been paid. [This section will be removed if the Board directs not to include in-lieu fee.]

c) The applicant has met, or made arrangements satisfactory to the County to meet, an alternative requirement as permitted by Section 6341.d.

6341.d ALTERNATIVE COMPLIANCE OPTIONS

1. In Lieu Fees. [The Board will have an option to direct one of the options below.]

[In Lieu Fee Applicability - Option 1]

i. Applicability. Applicants may substitute up to one hundred percent (100%) ~~for~~of all set-aside requirements with the payment of in lieu fees only for Projects smaller than 10 housing units.

[In Lieu Fee Applicability - Option 2]

i. Applicability. Applicants may substitute up to one hundred percent (100%) ~~for~~of all set-aside requirements with the payment of in lieu fees.

ii. Fractional units. Applicant may meet compliance requirements by ~~splitting between providing on-site units and~~ paying an in-lieu fee ~~for any required fractional unit and using another approved compliance method for the required whole units~~. [This section will be removed if the Board directs not to include in-lieu fee.]

iii. In-Lieu Fees. [Please refer to Table 50 of the Economic Analysis, which sets forth the associated in-lieu fees based on the required number of units that must be set aside at each level of affordability] [This section will be removed if the Board directs not to include in-lieu fee.]

iv. In the case of multiple set-aside requirement options, the in-lieu fee paid shall be the highest in lieu fee option from the available set-aside requirement choices, per project type. [This section will be removed if the Board directs not to include in-lieu fee.]

v. Affordable Housing Inclusionary Fund. [This section will be removed if the Board directs not to include in-lieu fee.]

a) All in-lieu fees or other funds collected under this ordinance shall be deposited into the County's Inclusionary Affordable Housing ~~Inclusionary~~ Fund and shall be maintained and accounted for separately in an inclusionary housing program subaccount to be

administered by the Health and Human Services Agency ~~Director.~~ Deputy Chief Administrative Officer.

b) In-lieu fees shall be collected concurrently with other impact fees contingent on permitting and shall not be deferred.

c) Moneys deposited in the Inclusionary Affordable Housing ~~Inclusionary~~ Fund pursuant to this ordinance may be used to pay for direct costs associated with the administration and enforcement of the Inclusionary Housing Program established by this Section.

Administration costs shall not exceed ten percent (10%) of fees paid by ~~applicant~~ applicants and deposited in the Inclusionary Affordable Housing ~~Inclusionary~~ Fund.

d) After payment of expenses, if any, described in this ordinance, all of the remaining moneys held in the Inclusionary Affordable Housing ~~Inclusionary~~ Fund pursuant to this ordinance shall be expended in accordance with Section 7450.

2. Off-Site Construction of Affordable Units.

i. The applicant may propose to construct the affordable units required by this Section on another site within the unincorporated area. The County may approve the off-site construction only if the proposal meets all of the following requirements:

a) Comparability. Off-site units must be comparable to or greater than on-site average market-rate units in terms of unit ~~size,~~ bedroom count, and quality. Such comparability standards may be modified at the discretion of the Director of Planning & Development Services on a project-by-project basis.

[The Board will have an option one or all of the options below.]

[Off-site Criteria – Options. ~~None or all~~ Any combination of these options may be selected]

b) Off-site development must provide an additional five percent (5%) of lower-income housing (0-80% of the AMI).

c) Off-site units must be located outside of High and Very High Fire Severity Zones.

d) Off-site unit land must be located within the unincorporated County and meet at least one of the following:

a. Off-site units and land must be located within the same Community Plan Area or within a maximum distance of 53 miles of the market-rate project site; or

b. Off-site units and land must be located within a vehicle miles traveled (VMT) Efficient area or an Infill area found to have less than significant VMT impacts; or

c. Off-site units must be located in High or Highest resource areas (as defined by the California Tax Credit Allocation Committee (CTCAC)).

3. For Sale Accessory Dwelling Units. [The Board will have an option to include accessory dwelling units.]

i. Notwithstanding subsection 6341.b.ii.(d) above, as an alternative to providing single-family detached dwelling units as affordable housing units, an applicant may instead provide ~~an~~for sale affordable accessory dwelling unit(s) for ~~each~~some of the required affordable housing ~~unit~~, subject to the development standards ~~for~~in Section 6156.x, and provisions to sell accessory dwelling units contained in Section ~~6156.x.6156.x.C Sale of ADUs for or by a Nonprofit or Section 6156.x.D ADUs Sold as Condominiums.~~

ii. The term and affordability of the accessory dwelling units and the affordable housing agreement ~~and rent regulatory agreement~~ shall conform with the provisions of this ordinance applicable to ~~rental~~for sale affordable housing units.

iii. In no event shall a developer be allowed to construct more than 50% of the total required affordable housing units as accessory dwelling units or no more than five accessory dwelling units as required affordable housing units, whichever is less, in any given residential development to satisfy the requirements of this ordinance.

iv. Comparability. ADUs must be comparable to the average on-site market-rate units in terms of unit ~~size, bedroom count,~~ and quality. Such comparability standards may be modified at the discretion of the Director of Planning & Development Services on a project-by-project basis.

4. Land Donation [The Board will have an option to include land donation.]

i. Applicability.

a) Land dedication ~~shall~~may be allowed as an alternative to providing on-site units. Land dedication may be used to fulfill all or part of an applicant's development application.

b) The requirements of this ordinance may be satisfied by the donation of land if the donation is completed in accordance with California Government Section 65915(g) and if the value of the land on the date of donation is equal to or greater than the inclusionary in-lieu fee applicable to the Applicant's development on the date of donation.

ii. Site Suitability.

a) The County shall have the discretion to approve a developer's proposal to donate property. The developer must provide evidence of the following when the land donation proposal is submitted: and shall bear the cost of such evidence:

1) The developer must provide a Preliminary Title Report for the property and have site control with a lien-free title. Any encumbrances or easements that adversely impact the property's title must be remediated to the County's satisfaction prior to conveyance of the site. Anything that cannot be remedied must be approved by County and factored into the estimated value of the interests proposed to be conveyed to the County.

2) The developer must provide an appraisal report of the property that complies with the Uniform Standards of Professional Appraisal Practice (USPAP) and is prepared by a California Certified General license real estate appraiser. The purpose of the appraisal is to establish the "as-is" market value of the land. County of San Diego must be listed as an intended user. The appraisal report must be reviewed and approved by Department of General Services Real Estate Valuation. Definition of "market value" is based on the most current edition of The Appraisal of Real Estate published by the Appraisal Institute.

3) An initial review of hazardous materials must be performed by Department of Environmental Health and Quality, and all recommendations based on the findings must be completed, including any potential Phase 1 or 2 Environmental Reports. The property must not contain any hazardous materials at the time the land donation proposal is submitted, and the developer must disclose whether any hazardous materials were previously contained, stored or located on the site; and if hazardous materials were previously remediated, the developer must provide evidence that the cleanup was performed in accordance with applicable law.

4) The property is not environmentally constrained and does not include steep slopes, wetlands, floodway, floodplain, prime farmland, farmland, conservation land, habitant land, or conservation easements. In addition, the project must be outside high and very-high fire hazard zones.

5) The property has not been improved with any residential use for at least five years prior to the submission of a land donation proposal.

6) The property owner has paid in full all property taxes and special taxes when the proposal is submitted and again at the time of conveyance of the property to the County.

7) The site has General Plan and Zoning designations that authorize residential uses, including multifamily and is zoned for residential development, including multifamily, at a density to accommodate at least the number of otherwise required affordable housing units within the residential development.

8) The developer provides the location of all utilities via a plot map (water, sewer, electric and gas). All necessary utilities must be located on the property or at minimum on a site that is immediately adjacent to the property.

iii. Location.

a) The site of the land must be located within the unincorporated County and meet at least one of the following:

1) Land must be located within the same Community Plan Area or within a maximum distance of ~~53~~ miles of the market-rate project site; or

2) Land must be located within a vehicle miles traveled (VMT) Efficient area or an Infill area found to have less than significant VMT impacts; or

3) Land must be located in High or Highest resource areas (as defined by the California Tax Credit Allocation Committee (CTCAC)).

5. Rehabilitation of Units [The Board will have an option to include rehabilitation of units]

i. Requirement.

a) The affordable housing requirement may be satisfied by the rehabilitation and preservation of existing affordable housing units at risk of loss or by conversion of market-rate units to affordable units, if the preservation or conversion of these units is consistent with Government Code Section 65583.1 and allows the County to substitute the preservation or conversion of these units for the obligation to identify adequate sites in its Regional Housing Needs Assessment.

[The Board will have an option to include one of the options below.]

[Rate of Rehabilitation – Option 1]

b) Rehabilitation/conversion of market-rate units into affordable housing units must be provided at twice the amount of required on-site units.

[Rate of Rehabilitation – Option 2]

b) Rehabilitation/conversion of market-rate units into affordable units must be provided in the same number and level of affordability as required by the set-aside.

ii. Comparability

a) Rehabilitated/converted affordable housing units must be comparable to or greater than the average market-rate units in terms of unit ~~size,~~ bedroom count, and quality. Standards

may be modified at the discretion of the Director of Planning & Development Services on a project-by-project basis.

iii. Value.

a) The Applicant must provide evidence that the existing structure has a remaining useful life of at least 55 years from the approval of the dwelling unit as an inclusionary dwelling unit.

b) The Applicant must provide evidence that the rehabilitation work complies with California Building Code requirements to the satisfaction of the Building Official.

c) The Applicant must provide a physical needs assessment to the satisfaction of the County Planning and Development Services Department for each dwelling unit to be rehabilitated, for the premises where the dwelling units are located, and for any associated common area. All items identified in the physical needs assessment needing repair or replacement at the time of the assessment or that will likely require repair or replacement within three years of the assessment shall be completed by the applicant during the rehabilitation work.

d) On or before the time the applicant's application is deemed complete, the applicant must comply with the State Relocation Act codified in California Government Code Section 7260 and provide all costs of notice to, and relocation of, any existing residents occupying the dwelling units to be rehabilitated.

iv. Location.

a) Rehabilitated/converted dwelling units shall be located in High or Highest resource areas (as defined by the California Tax Credit Allocation Committee (CTCAC)).

6341.e AFFORDABLE HOUSING INCENTIVES

The developer of a residential development providing all required affordable housing units upon the same site as the market-rate units may, at the developer's option and concurrently with the submittal of the affordable housing plan, submit a written request for one or more of the following on-site affordable housing development incentives:

1. Density bonus incentives if the residential development contains sufficient affordable housing units to qualify for a density bonus, per Section 6365. If the applicant requests a density bonus, the other incentives listed below may be provided only if each is individually requested as a regulatory incentive.

[The Board will have an option of either one or both of the options below.]

[Density Bonus – Option 1]

2. Additional Density Bonus. The developer may apply for an additional 5% density increase up to a total density bonus of 50%, and the developer may apply for one (1) additional regulatory incentive in addition to the County’s Density Bonus Program per Section 6365 if all required affordable housing units are provided on-site.

[Priority Review– Option 1]

3. Priority Review. The developer may apply for Priority Review if the developer provides at least 50% more affordable (up to 80% AMI) housing units than are required by this ordinance.

4. Affordable Housing Plan. The incentives requested by the developer shall be included in the proposed affordable housing plan submitted at the time of application for the first approval of the Project, and any incentives approved by the County shall be included in the affordable housing plan.

6341.f AFFORDABLE HOUSING PLAN

An application for the first approval of a residential or mixed use development shall include an affordable housing plan describing how the development will comply with the provisions of this ordinance.

1. No application for a first approval for a residential or mixed use development subject to this section may be deemed complete unless an affordable housing plan is submitted in conformance with this ordinance.

2. The affordable housing plan shall be processed concurrently with all other permits required for the residential development. Before approving the affordable housing plan, ~~the approval body~~ (“Housing and Community Development Services and Planning and Development Services (the “approval body”)”) shall find that the affordable housing plan conforms to this ordinance.

3. A condition shall be attached to the first approval of any residential development to require recordation of the Affordable Housing Agreement described in Section 7430 of the Zoning Ordinance prior to the approval of any final or parcel map or building permit for the residential development.

4. The approved affordable housing plan for a residential development, or for a building phase in a residential development, where phasing has been approved as part of a discretionary permit approvals, may be amended prior to issuance of any building permit for the residential development or building phase, if applicable. A request for a minor

~~modification amendment~~ of an approved affordable housing plan may be granted by the approval body if the ~~modification amendment~~ is substantially in compliance with the original affordable housing plan and conditions of approval. Other ~~modifications amendments~~ to the affordable housing plan shall be processed in the same manner as the original plan. An affordable housing plan shall include, but not be limited to, the following:

- i. The number of affordable housing units proposed;
- ii. The unit square footage, and number of bedrooms for market rate and affordable housing units and tenure (ownership or rental);
- iii. Detailed plot plan showing location/~~footprint~~ of all affordable housing units, which shall be disbursed throughout the property.
- iv. Amenities and services provided, such as daycare, transportation, job training/employment services and recreation;
- v. Level of affordability for affordable housing units (very low, low or moderate);
- vi. Schedule for production of dwelling units. The schedule must comply with Section ~~63406341~~.c. 3.
- vii. Incentives requested.
- viii. Any information necessary to describe and evaluate the applicant's proposed compliance method (i.e. on-site units, in lieu fee, off-site, etc.).

Section 5. Section 7430 of the San Diego County Zoning Ordinance is hereby amended to read as follows:

SEC. 7430 AFFORDABLE HOUSING AGREEMENT

a. Agreement Required. The applicant shall enter into a contract with County Health and Human Services Agency, Housing and Community Development Services, to the satisfaction of the Director of Planning & Development Services, agreeing to the specific terms and conditions of the Density Bonus/~~Affordable Housing Program or the Affordable / Inclusionary Affordable~~ Housing Program and to periodic inspections of the housing by County employees. The provisions contained within the agreement shall be enforceable by the County, and a violation of the agreement shall constitute a violation of this Ordinance. The property owner ~~shall execute an Affordable Housing Agreement and~~ must provide a copy of the ~~recorded restriction for the inclusionary housing units~~ approved Affordable Housing Plan prior to any of the following:

i. The ~~County taking~~County's issuing a ministerial ~~action with regard to~~permit for the project.

ii. The County's issuing a discretionary permit for the project-, as a condition of approval for the discretionary permit.

iii. Each final map or parcel map shall bear a note indicating the method of compliance with the requirements of the Density Bonus/ Inclusionary Affordable Housing ~~Program~~Programs and stating that an affordable housing agreement shall be recorded prior to issuance of a building permit with respect to ~~each~~any parcel created by the map.

iv. No building permit shall be issued for a residential unit until the applicant has demonstrated recordation of an Affordable Housing Agreement, including providing a copy of the recorded restriction for the inclusionary housing units.

b. Execution of Agreement.

i. Following execution of the Affordable Housing Agreement by all parties, the County shall record the completed agreement on the parcels created by the final or parcel map at the County Recorder's Office.

ii. The approval and recordation shall take place at the same time as recording of the final or parcel map or, where a map is not being processed, before issuance of a building permit.

iii. The agreement shall be binding on all future owners, developers, and/or successors-in-interest.

Section 6. This ordinance shall take effect and be in force thirty days after its passage, and before the expiration of fifteen days after its passage, a summary hereof shall be published once with the names of the members of this Board voting for and against it in the _____, a newspaper of general circulation published in the County of San Diego.

APPROVED AS TO FORM AND LEGALITY ~~Claudia G. Silva~~

Damon M. Brown, County Counsel

By: Jerod Markley, ~~Senior~~Supervising Deputy County Counsel

From: [Mahamud Umar](#)
To: [FGG, Public Comment](#)
Cc: [Jessica Ripper](#); [Nicole Lillie](#); [Guadalupe Rojas](#)
Subject: [External] Inclusionary Housing PowerPoint
Date: Tuesday, June 23, 2026 10:55:04 PM
Attachments: [Inclusionary Housing Ordinance 06-24-26 CLEAN.pptx](#)

Hello,

Attached are the Coalition for Equitable Development (CED) Inclusionary Housing PowerPoint slides for our presentation.

The presentation will be led by Mahamud Umar , GuadaLupe Rojas and Nicole Lillie. Please let me know if any additional information is needed.

Thank you.

--

Mahamud Umar

Community Organizer

Partnership for the Advancement of New Americans — PANA

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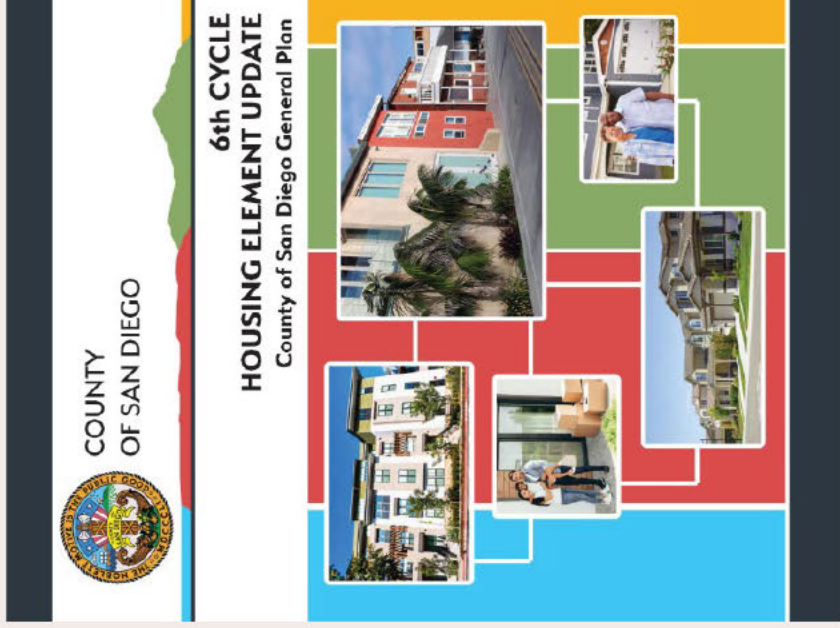
County of San Diego Inclusionary Housing Ordinance

Item #5

COALITION FOR EQUITABLE DEVELOPMENT
JUNE 24, 2026



Inclusionary Housing Supports Strategic Goals



Economic Opportunity & Mobility



Community Safety



Environmental Sustainability

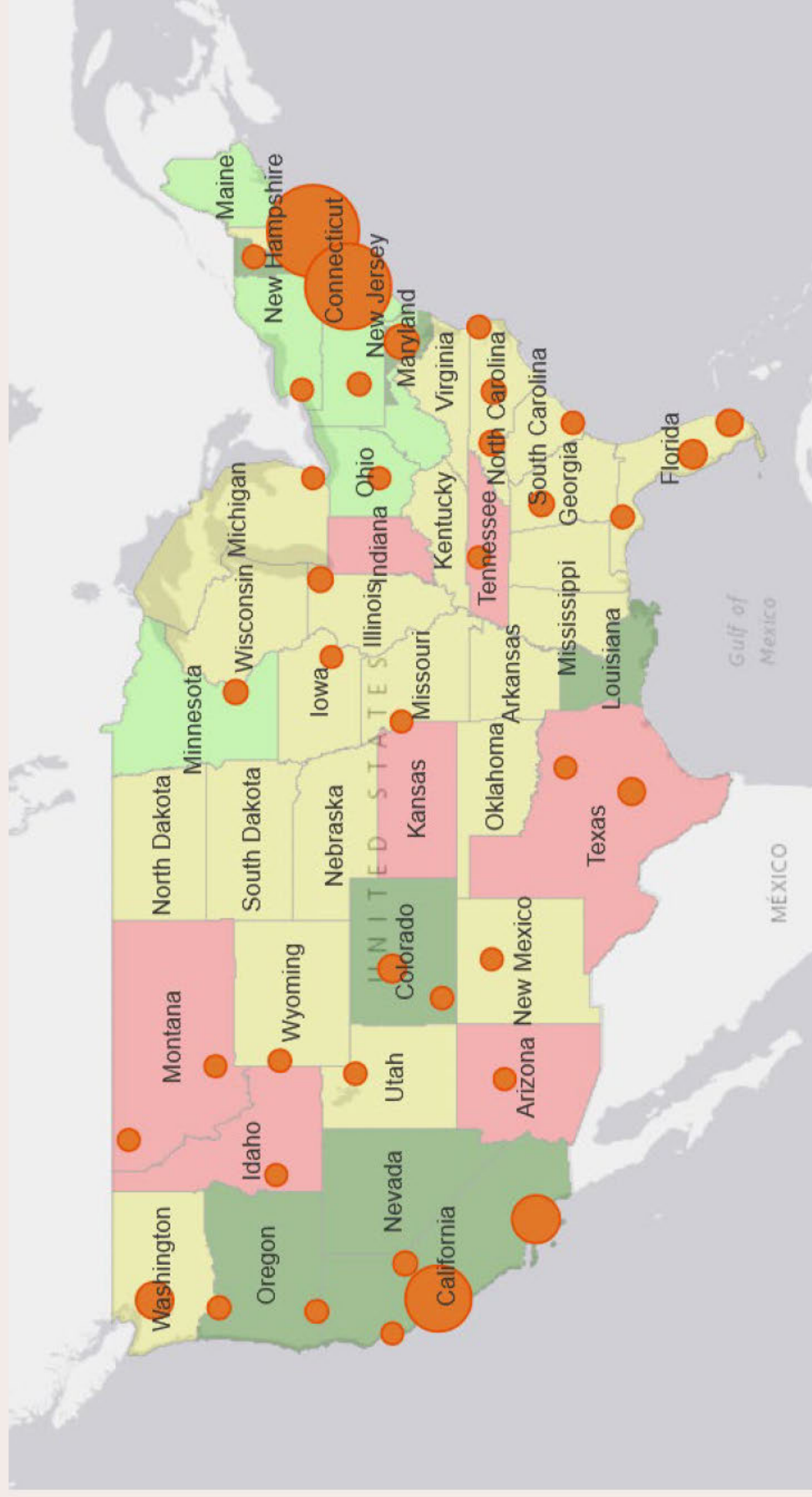


Population Health

Few
Affordable
Homes for
People
Earning
<50% AMI

Income Level	RHNA Progress	RHNA Need	Percent Progress
Very Low (15-50% AMI)	516	1,834	28%
Low Income (50-80% AMI)	1,150	992	116%
Moderate (80-120% AMI)	1,335	1,165	115%
Above Moderate	3,576	2,709	132%
Total Allocation	6,577	6,700	98%

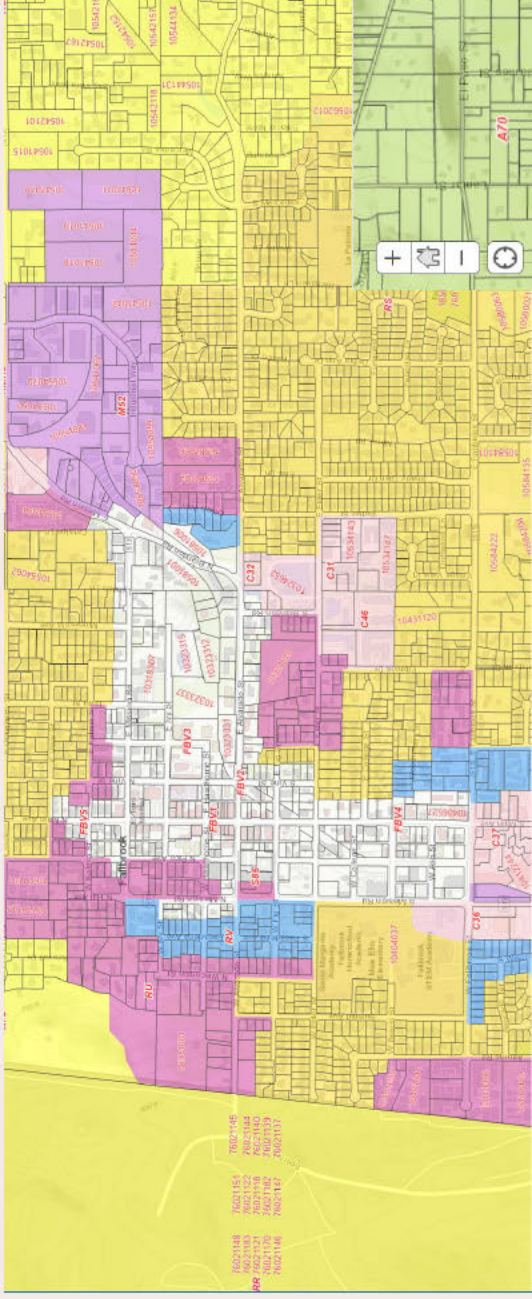
Inclusionary Housing: A Vital Tool for Producing Affordable Homes



Proposed Policy Requirements

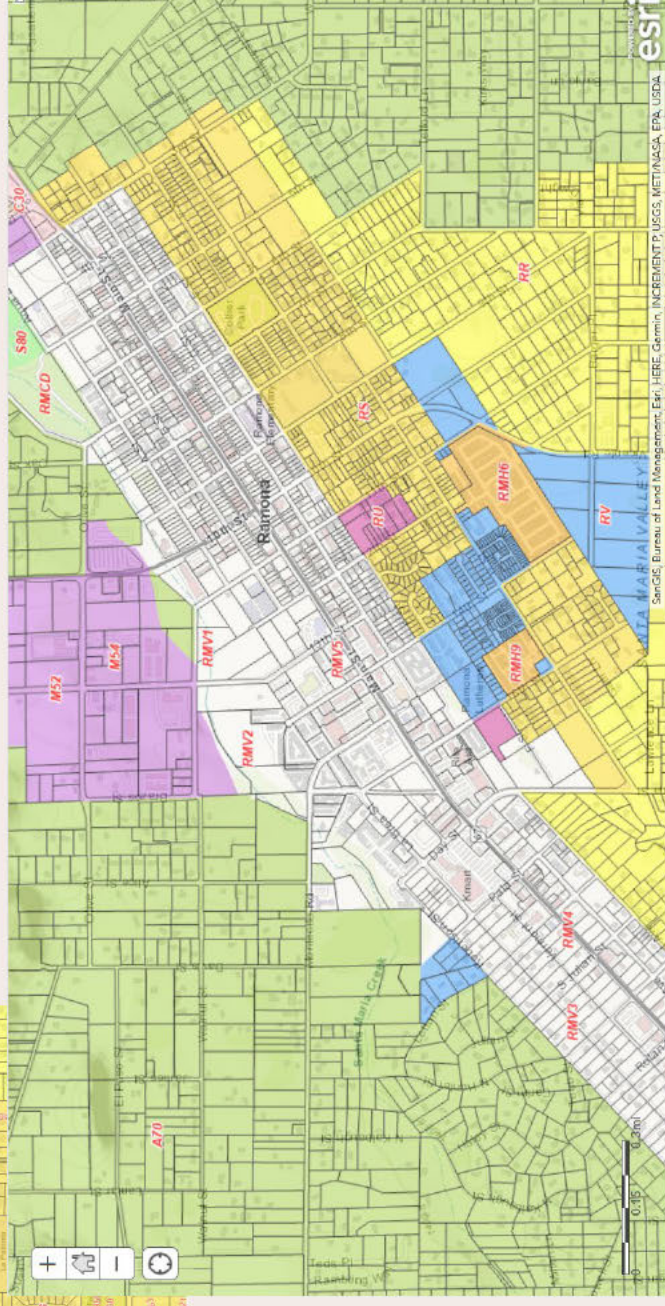
- Apply to all housing developments in unincorporated area that result in net increase of available units:
 - New development
 - Substantial rehabilitation and conversion of existing commercial to residential
 - Substantial rehabilitation of multi-family developments
- Conduct a feasibility study update every 3-5 years from the last feasibility study update
- Review and adjust set-aside requirements at least every other year based on Housing Element Annual Progress Report

Incentivize Density Where It's Designated: Tailor Thresholds and Set-Asides Based on Zoning



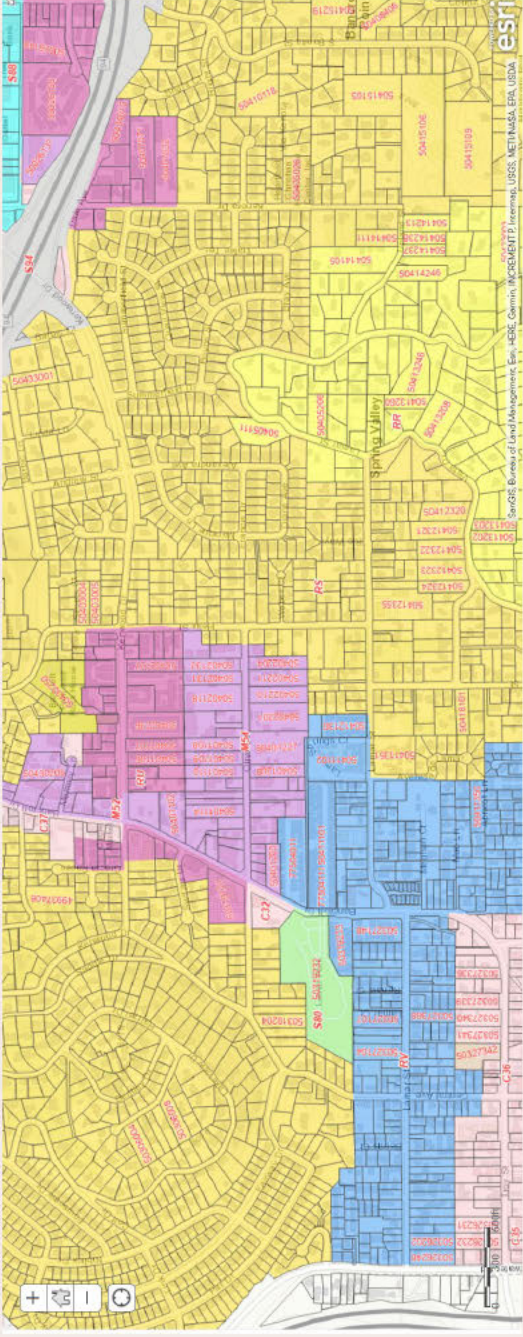
Fallbrook

Ramona



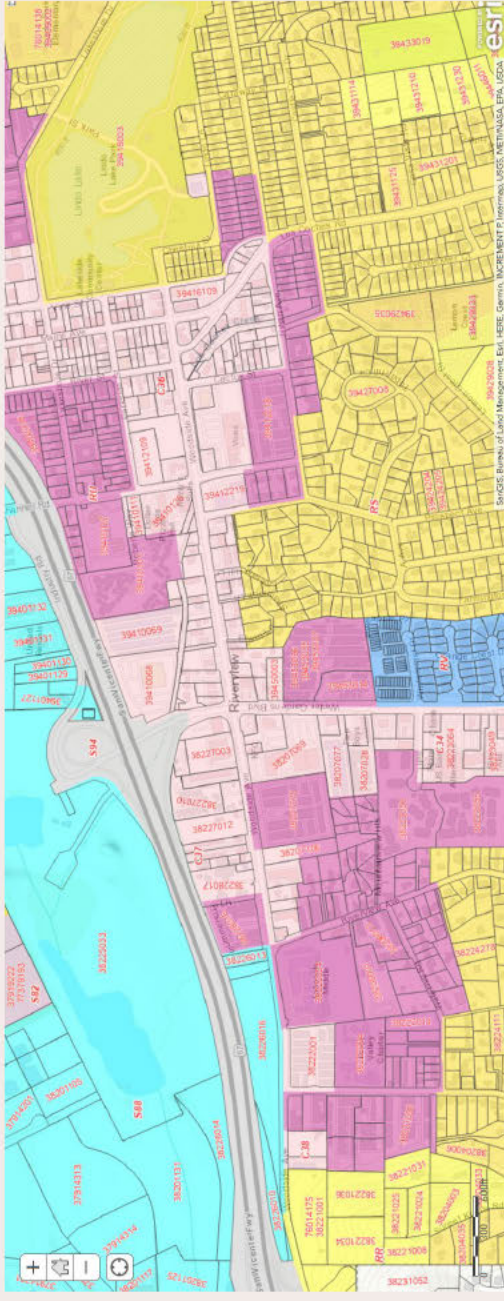
- Lower threshold (5 units) in higher density zones
- Higher threshold (10 units) in areas zoned for lower density

Incentivize Density Where It's Designated: Tailor Threshold and Set-Asides Based on Zoning



Spring Valley

Lakeside



- Tier 2 for rent and for sale set-asides in lower density areas
- Tier 3 for rent and for sale set-asides in higher density-areas

Tailor In-Lieu Fees to Project Type

FOR SALE UNITS

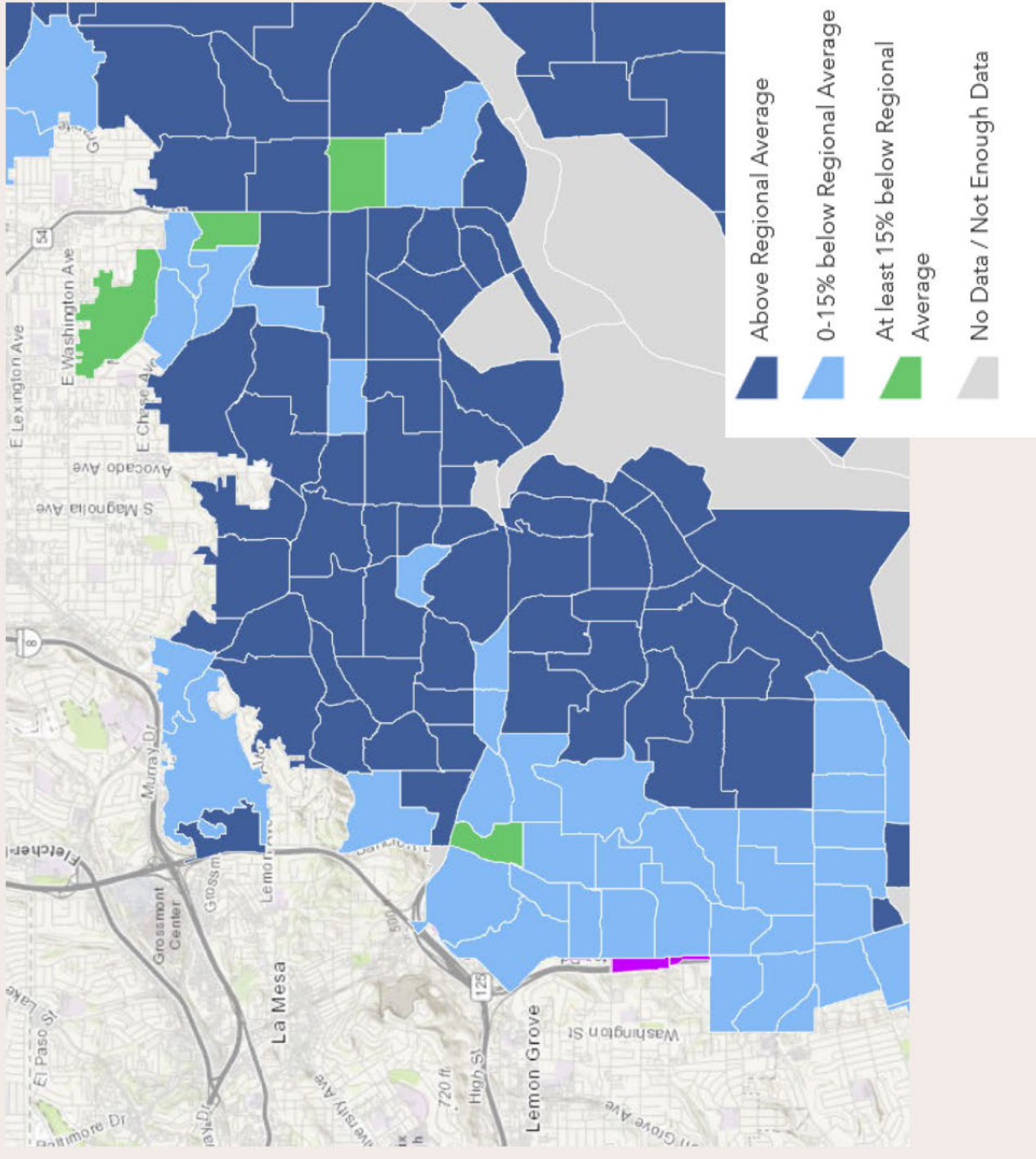
- Concerns that rising HOA fees could compromise affordability of on-site inclusionary
- Allow fee to satisfy all affordable housing obligations
- Update fee annually

FOR RENT UNITS

- Limit fees to projects less than 10 units
- Set in-lieu fees 5-10% higher to incentivize on-site construction
- Update fee annually

Limit Options for Off-Site Development and Land Donation

- Limit off-site development and land donations to the following areas:
 - VMT-efficient or infill area
 - High/highest resource area



Thank You!



From: [Mahamud Umar](#)
To: [FGG, Public Comment](#)
Subject: [External] CED Presentation – Item 5
Date: Tuesday, June 23, 2026 11:02:27 PM
Attachments: [Inclusionary Housing Ordinance 06-24-26 CLEAN.pptx](#)

Hello,

Please note that the Coalition for Equitable Development (CED) will be presenting on Item 5: Inclusionary Housing Ordinance, Related In-Lieu Fee Ordinance, and CEQA Exemption.

The presentation will be led by **Mahamud Umar, Guadalupe Rojas, and Nicole Lillie.**

Attached are the Coalition for Equitable Development (CED) Inclusionary Housing PowerPoint slides for our presentation.

Please let me know if any additional information is needed.

Thank you.

--

Mahamud Umar

Community Organizer

Partnership for the Advancement of New Americans — PANA

[Redacted]

[Redacted]

[Website](#) | [Instagram](#) | [Linkedin](#) | [Twitter](#) | [Facebook](#)



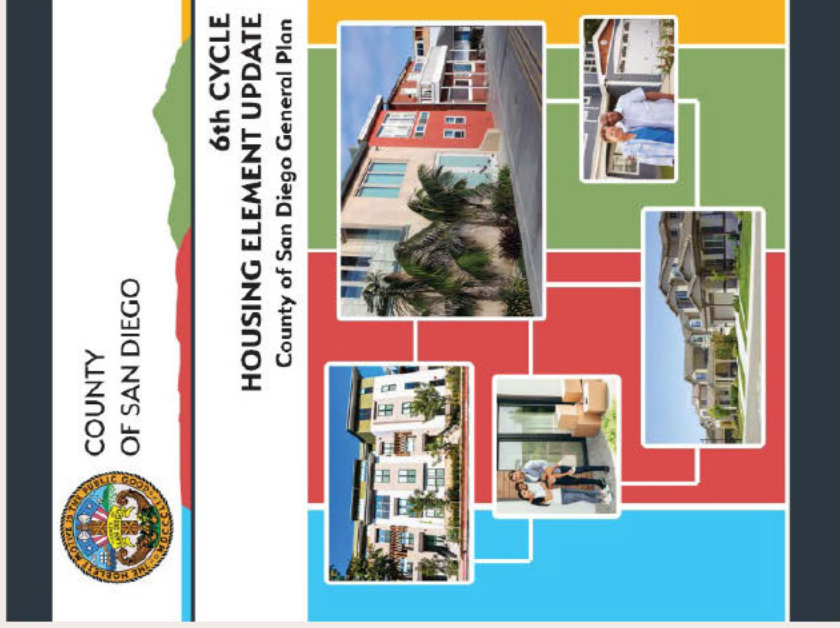
County of San Diego Inclusionary Housing Ordinance

Item #5

COALITION FOR EQUITABLE DEVELOPMENT
JUNE 24, 2026



Inclusionary Housing Supports Strategic Goals



Economic Opportunity & Mobility



Community Safety



Environmental Sustainability

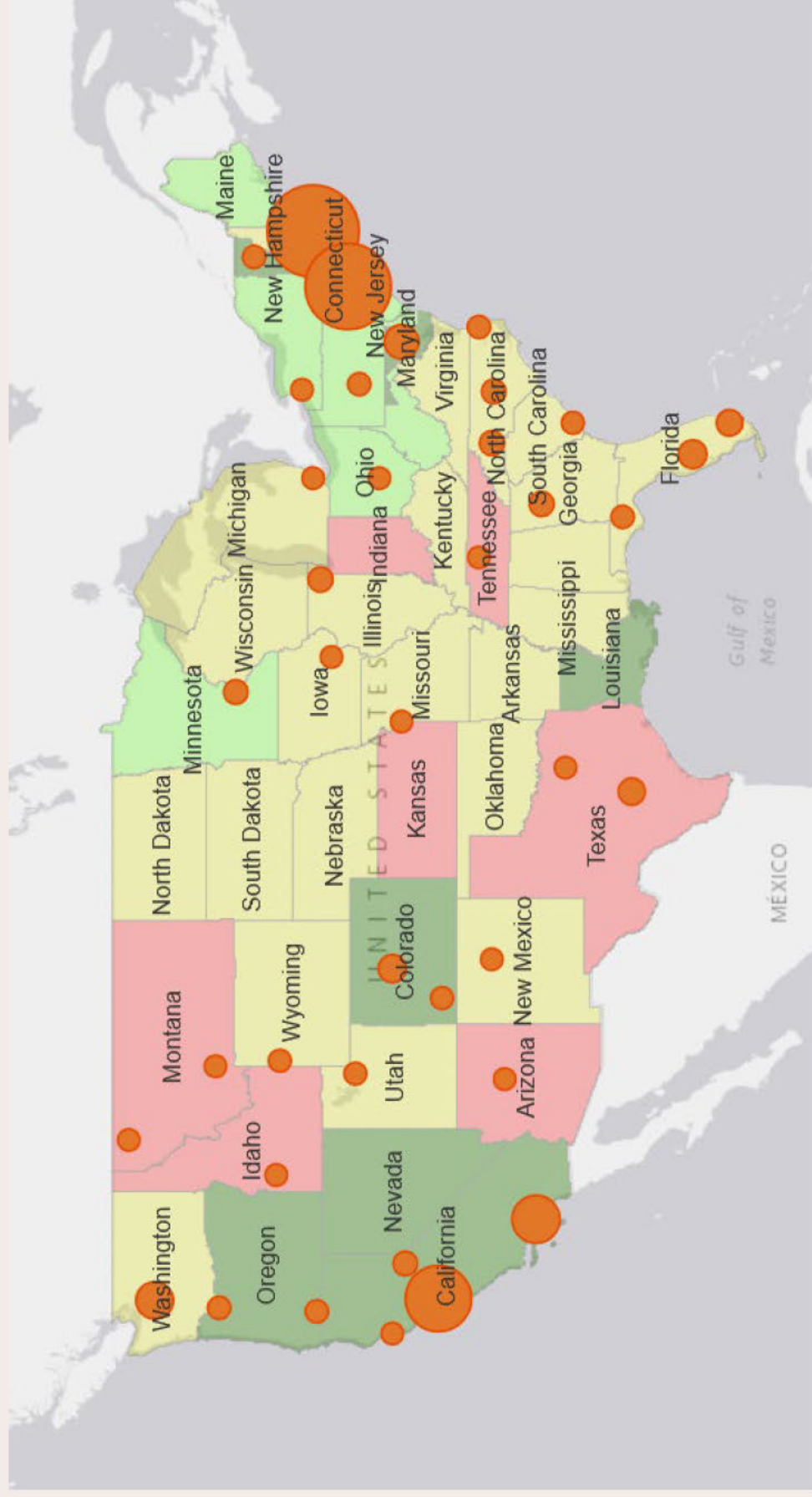


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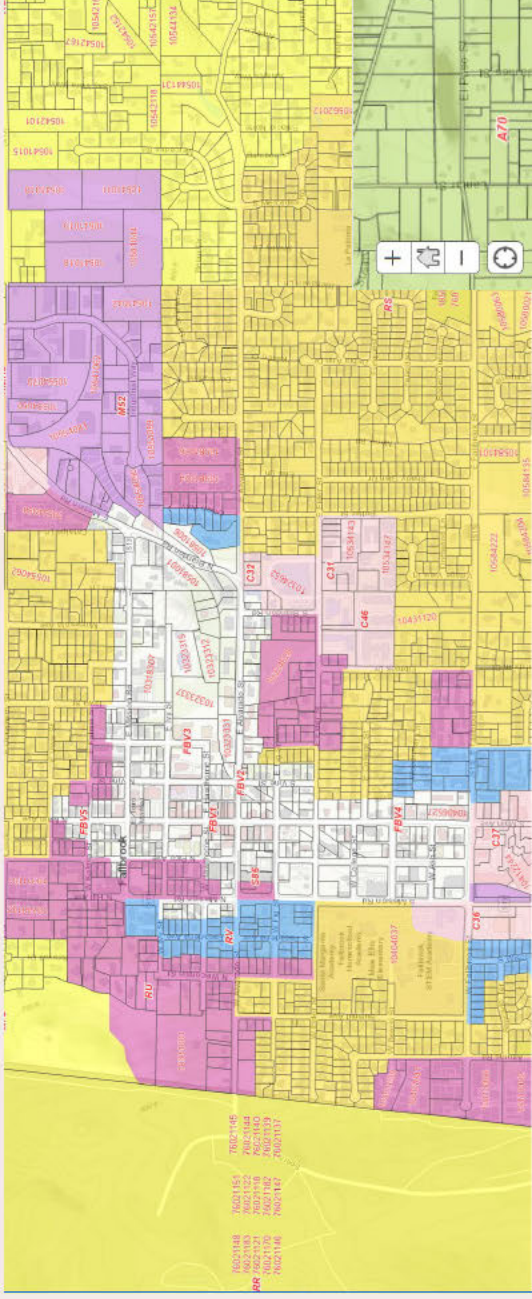
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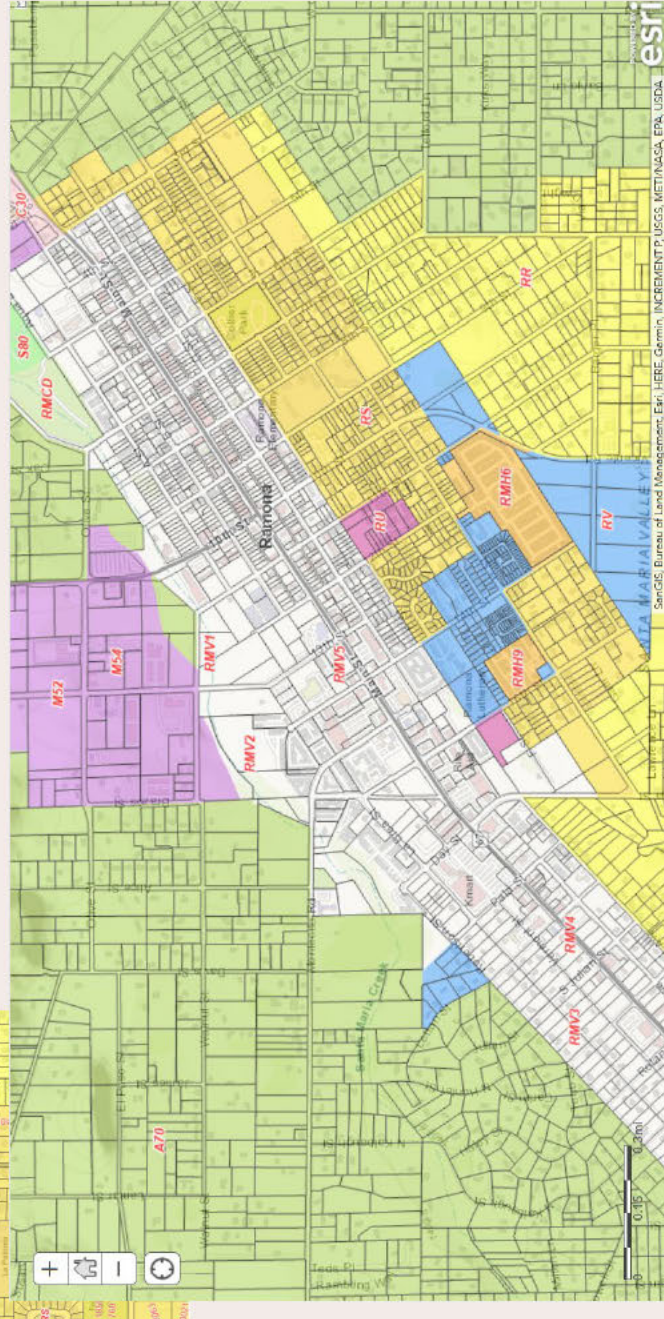
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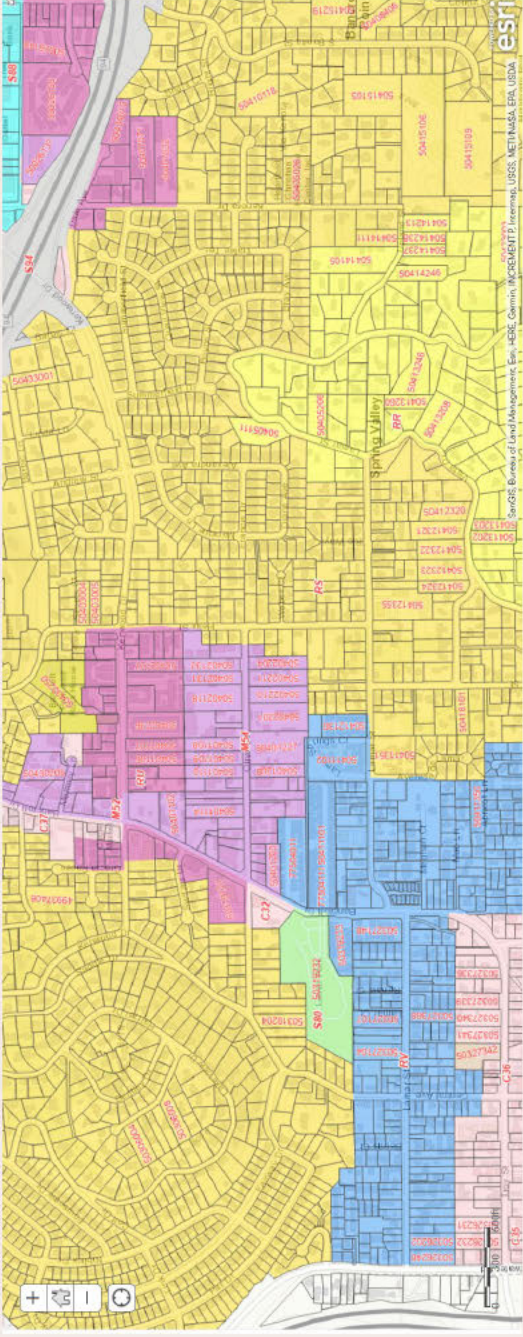
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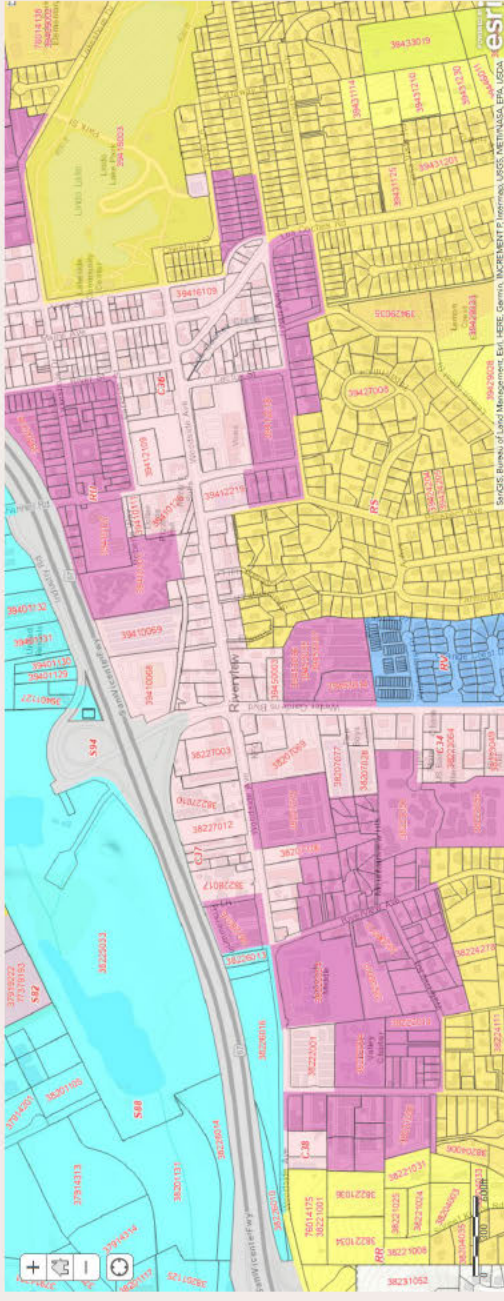
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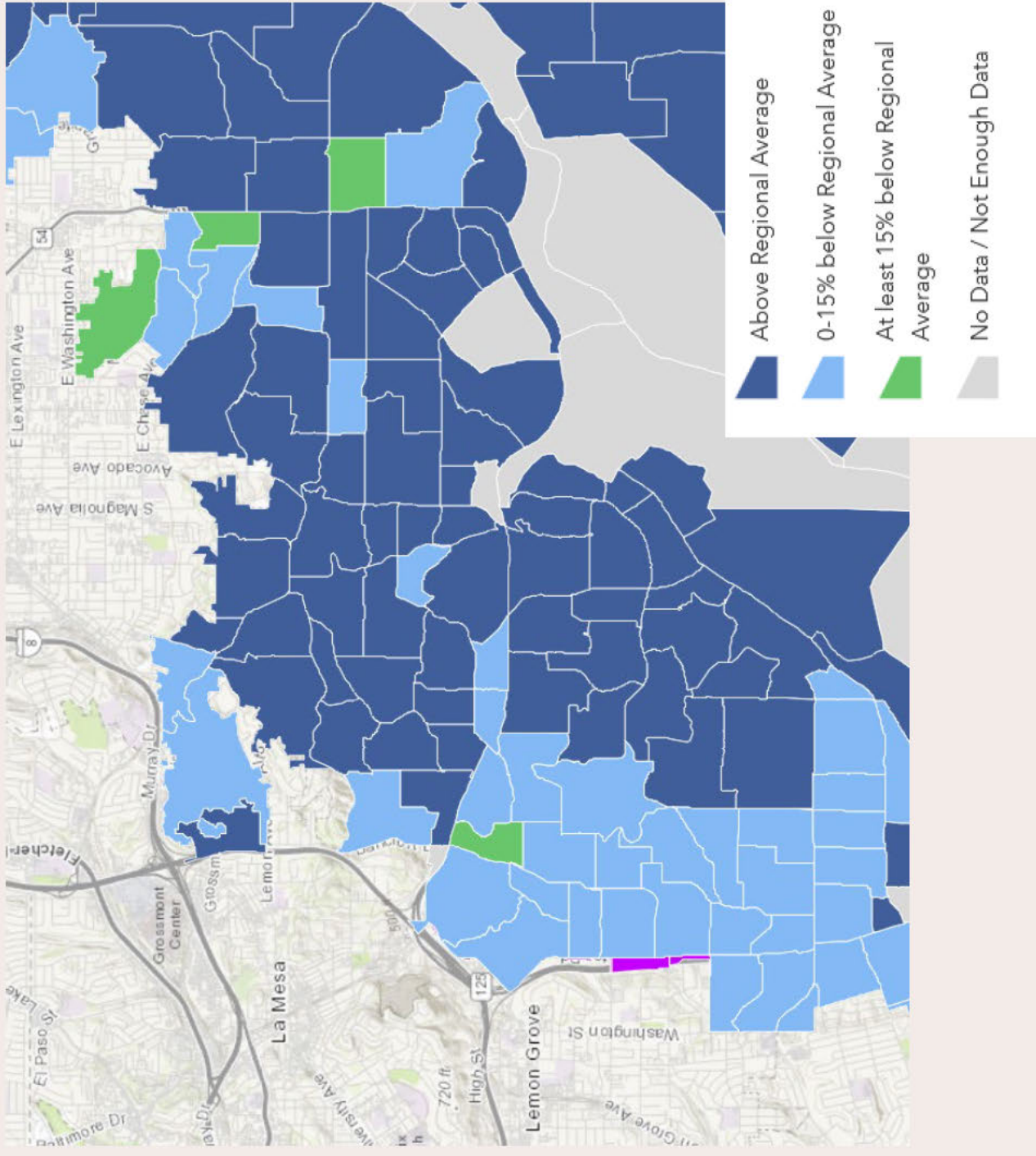
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Thank You!



From: [Susan Baldwin](#)
To: [FGG, Public Comment](#)
Cc: [Nico Calavita](#); [Larson, Ben](#); skilkenny@nolencommunities.com; [Peter Andersen](#); [Mark West](#); [Lisa Ross](#); [Dan Silver](#); [Michael Beck](#); [Henson, Eric](#); mylesp@lwvsandiego.org; [Craig Jones](#); [Pam Heatherington](#)
Subject: [External] Item 5 (6-24-26) - County of San Diego Inclusionary Housing Ordinance - Comments from the San Diego Chapter of the Sierra Club
Date: Wednesday, June 24, 2026 8:59:18 AM
Attachments: [County Inclusionary Housing Comment Letter - Sierra Club San Diego 3-7-23.pdf](#)

TO: County Board of Supervisors

Please note the comments in the attached Sierra Club letter signed by myself and Dr. Peter Andersen, dated March 7, 2023 regarding the proposed Inclusionary Housing Ordinance.

In particular, for General Plan Amendments (GPAs) the Sierra Club urges the County Board of Supervisors to require 20 percent affordable units at 65 percent Area Median Income (AMI) with no In-Lieu Fee option (allowing as alternative compliance a dedication of developable land of equivalent value) like the City of San Diego's North City Inclusionary Housing requirement. It is important that the affordability requirement be set at 65 percent (OR lower) AMI, NOT at 80 percent AMI, which is the high end of the Low Income category and given the region's high Area Median Income would provide units that are close to market rate in cost, and therefore would not serve households with greater affordability needs.

Thank you for your consideration.

Susan Baldwin, AICP
Sierra Club San Diego Executive Committee



SIERRA CLUB

SAN DIEGO CHAPTER

8304 Clairemont Mesa Blvd., Ste 101 • San Diego, CA. 92111
TEL: 858-569-6005 • FAX: 858-569-0968
<http://sandiego.sierraclub.org>

March 7, 2023

Dear Ms Easland:

Subject: Sierra Club San Diego Comments on Draft County Inclusionary Housing Ordinance

Sierra Club San Diego commends the County for addressing the difficult and important issue of inclusionary housing. It is our belief that your plan is on the right track and we offer the following comments to amplify and modify your plan, not to critique it or replace it.

Before addressing the specific points in a potential inclusionary housing ordinance Sierra Club San Diego would like to state several principles about housing in general that should impact any potential inclusionary housing plan.

Sierra Club San Diego opposes any large development (i.e. more than 5 units) in the high and very high fire hazard severity zones, or outside of the infill areas adopted by the county.

Sierra Club San Diego generally opposes General Plan Amendments that would add housing in new areas. The appropriate way to make such changes would be through a new General Plan process that would solicit feedback from all stakeholders not to make ad hoc changes to the general plan. Such amendments undermine the integrity of the general plan and the general plan process.

Sierra Club strongly believes all new housing, particularly inclusionary housing, should be located near public transportation, shopping infrastructure, and employment hubs.

The following are our positions on the programmatic options for the County's Draft Inclusionary Housing Ordinance.

Inclusionary Housing Ordinance Sections with Programmatic Options

- **Minimum Project Size for Ordinance Applicability (Project Size)**

Require all residential units to be subject to the Inclusionary Ordinance, which includes option to pay an in-lieu fee for smaller projects that don't result in requirement for a full unit.

This is a modification to Option 1, which for General Plan (GP) Compliant Projects proposes applying the ordinance to projects proposing 5 or more units, and for GP Amendment Projects proposes applying the ordinance to projects proposing 1 or more units.

- **Set-Aside Requirement (minimum number of affordable housing units required and affordability level of those units)**

General Plan Compliant – Rent: 5% VL + 5% L + 10% M (5% L should be affordable to households making 65% AMI and 10%M should be affordable to households making 100% AMI)

General Plan Compliant – Sale: 5% L + 10% M (5% L should be affordable to households making 80% AMI and 10% M should be affordable to households making 110% AMI)

General Plan Amendment – Require 20% affordable units at 65% of AMI. (This is the requirement that has been in place in the North City (Future Urbanizing Area) of the City of San Diego for 20+ years. No in lieu fee option should be allowed; the units should be included in the project. If alternative compliance is required, propose language included in the City of San Diego Municipal Code allowing “A dedication of developable land of equivalent value. See page 18 of Chapter 14: General Regulations of the Municipal Code for details of this Inclusionary Housing requirement: <https://docs.sandiego.gov/municode/MuniCodeChapter14/Ch14Art03Division04.pdf> §143.0450 Supplemental Planned Development Permit

Regulations for Residential Rural Cluster Development with Increased Density (d) (1) - (4).

- **Alternative Compliance**

Only two alternative compliance options should be included in the Inclusionary Housing Ordinance:

- In-Lieu Fee – Such a fee should be sufficient to reflect the true cost of producing on-site units and should be restricted to projects smaller than 10 units.
- Land Dedication - Dedicated land should be of equivalent value to the set-aside requirement.

The ordinance **should not include** the following alternative compliance options: Off-site Development, Accessory Dwelling Units, or Rehabilitation of Units.

- **Location Criteria (for land donations)**

- Must be outside high and very high fire hazard severity zones.
- Must be located within a 1-mile distance of the proposed project/amendment.

- **Incentives**

- Expedited review for project that provides all units (100%) as affordable (up to 80% AMI)
- Expedited review for project that provides 50% more affordable housing than required.

Thank you for your consideration of these important items.

Sincerely,

Susan Baldwin, AICP
Sierra Club San Diego Executive Committee

Dr. Peter Andersen, Vice-Chairperson
Sierra Club San Diego Conservation Committee



cc: Nora Vargas, Chair, District 1, District1community@sdcounty.ca.gov
Terra Lawson-Remer, Vice-Chair, District 3, terra.lawsonremer@sdcounty.ca.gov
Joel Anderson, District 2, joel.anderson@sdcounty.ca.gov
Nathan Fletcher, District 4, Nathan.fletcher@sdcounty.ca.gov
Jim Desmond, District 5, jim.desmond@sdcounty.ca.gov



June 24, 2026

Dear Honorable Chair and Members of the Board of Supervisors,

I am writing to express my strong opposition to the proposed Inclusionary Housing Ordinance scheduled for consideration on June 24, 2026.

As a small developer with over 30 years of experience building housing in San Diego County, I have watched the cost of delivering residential projects increase to levels that would have been unimaginable just a decade ago. While each new regulation, fee, study, mitigation measure, and housing mandate may appear reasonable when viewed independently, the cumulative effect has become devastating. The development community is being asked to absorb an ever-growing list of requirements, while simultaneously being expected to solve the region's housing crisis.

The reality is that housing projects do not fail because of one fee, one study, or one ordinance. They fail because of the combined weight of dozens of requirements that continue to accumulate without regard to overall project feasibility.

Today, developers in unincorporated San Diego County face escalating entitlement timelines, environmental compliance costs, permit fees, school fees, water and sewer connection fees, fire impact fees, park fees, transportation impact fees, VMT mitigation requirements, stormwater regulations, utility undergrounding requirements, prevailing wage mandates, construction cost inflation, financing costs, insurance costs, and increasing regulatory uncertainty. Every one of these costs directly impacts whether a housing project can move forward.

At Woodcrest Homes, we historically focused on multifamily projects ranging from 30 to 54 units. Today, many of those same project types are no longer financially viable. As a result, we have been forced to pursue substantially smaller developments consisting of fewer than 10 units, often averaging approximately 600 square feet per unit. This is not a business preference, it is a survival strategy in response to an increasingly hostile development environment.

The proposed Inclusionary Housing Ordinance threatens to push many projects beyond the point of feasibility altogether.

The County must recognize that there is a breaking point. When enough costs and mandates are layered onto a project, the result is not reduced profitability, it is cancellation. The project simply does not get built.

If this ordinance is adopted in its current form, it will have the unintended consequence of reducing housing production, particularly among small and medium-sized infill developers who lack the scale and resources of large institutional builders. These are often the very projects that can be integrated into existing communities, utilize existing infrastructure, and provide attainable housing opportunities without requiring large-scale master-planned developments.

The unfortunate reality is that many developers are already reevaluating whether it makes economic sense to continue pursuing housing projects in unincorporated San Diego County. Additional mandates without meaningful offsets, incentives, fee reductions, or alternative compliance pathways will only accelerate that trend.

At some point, the question must be asked: If developers cannot economically build housing, who will?

Housing policy must be grounded in economic reality. A housing ordinance that makes projects financially infeasible does not create affordable housing, it creates no housing at all.

I respectfully urge the Board to carefully consider the concerns raised by the Building Industry Association and other stakeholders regarding project thresholds, affordability set-asides, compliance options, and economic feasibility. The County should be focused on removing barriers to housing production, not creating new ones.

San Diego County is facing a housing shortage, not a housing surplus. The solution is to encourage housing construction of all types and at all price points. Policies that further burden already marginal projects risk shutting down the very housing production the County is seeking to promote.

I urge you to reconsider the proposed ordinance and pursue solutions that increase housing supply while preserving the financial feasibility necessary to actually get projects built.

Thank you for your time and consideration.

Respectfully,



Steve Powell
President
Woodcrest Homes, Inc.