

SUPPORTING MATERIALS

The following supporting materials are provided to help inform the Board’s consideration of the draft Inclusionary Housing Ordinance policy decision options. These materials include information related to the range of feasible set-aside requirements, San Diego County Area Median Income levels, the County’s progress toward meeting Regional Housing Needs Allocation (RHNA) goals for the 6th Cycle Housing Element, projected affordable housing unit production under different project threshold scenarios, and inclusionary housing approaches utilized by comparable jurisdictions.

Range of Feasible Scenarios for Set-Aside Options

Table 1: Additional Information for Presented Options: For Sale Projects

For Sale	Residual Land Value (RLV)*	In-Lieu Fee (per sq.ft.)	Example: 30 Unit project pays In-Lieu Fee (2500 sq.ft. units) OR includes affordable units (without density bonus)	
10% Moderate	-13.2%	\$12.75	\$860,625	27 market-rate and 3 Moderate Income units
5% Very Low	-18.2%	\$10.74	\$765,225	28 market-rate and 2 Very-Low Income units
15% Moderate	-17.7%	\$18.34	\$1,169,175	25 market-rate and 5 Moderate Income units

*Set-aside was considered feasible if RLV less than -30% and return on cost (ROC) was positive. Source: [AECOM Economic Analysis](#)

Table 2: Additional Information for Presented Options: For Rent Projects

For Rent	Residual Land Value (RLV)*	In-Lieu Fee (per sq.ft.)	Example: 30 Unit project pays In-Lieu Fee (2500 sq.ft. units) OR includes affordable units (without density bonus)	
5% Very Low	-18.4%	\$14.16	\$1,008,900	28 market-rate and 2 Very-Low Income units
5% Extremely Low	-24.3%	\$18.69	\$1,331,663	28 market-rate and 2 Extremely-Low Income units
10% Low	-18.6%	\$15.17	\$1,023,975	27 market-rate and 3 Low Income units

*Set-aside was considered feasible if RLV less than -30% and return on cost (ROC) was positive. Source: [AECOM Economic Analysis](#)

Table 3: Additional Information for Presented Options: General Plan Amendment (GPA)

GPA	Supportable Lot Standard**	In-Lieu Fee (per sq.ft.)	Example: 30 Unit project pays In-Lieu Fee (2500 sq.ft. units) OR includes affordable units (without density bonus)	
10% Low	\$154,000	\$17.90	\$1,208,250	27 market-rate and 3 Low Income units
15% Low	\$137,000	\$27.76	\$1,769,700	25 market-rate and 5 Low Income units
20% Moderate	\$134,000	\$31.59	\$1,895,400	24 market-rate and 6 Moderate Income units
20% Low	\$113,000	\$41.82	\$2,509,200	24 market-rate and 6 Low Income units

** Set-aside Supportive Lot Standard was considered feasible if above \$110,000. Source: [AECOM Economic Analysis](#)

San Diego County Area Median Income and Household Income Limits - Effective May 6, 2026

San Diego County Income limits – Effective May 6, 2026*				
2026 Area Median Income (AMI) for San Diego County is \$130,900				
Family Size	30% of AMI Extremely Low Income	50% of AMI Very Low Income	80% of AMI Low Income	120% of AMI Moderate Income*
1	\$36,750	\$61,250	\$97,950	\$109,850*
2	\$42,000	\$70,000	\$111,950	\$125,550*
3	\$47,250	\$78,750	\$125,950	\$141,250*
4	\$52,450	\$87,450	\$139,900	\$156,950*

*2025 Moderate Income. 2026 Moderate data is not yet available. Source: [Income Limits AMI Chart](#)

San Diego County RHNA Progress (2020 – 2025)

San Diego County RHNA Progress – July 1, 2020, to December 31, 2025					
Income Category	Extremely/ Very Low	Low	Moderate	Above Moderate	Total Units
Allocation	1,834	992	1,165	2,709	6,700
Permitted Units	516	1,150	1,335	3,576	6,577
RHNA Progress	28%	116%	115%	132%	98%

In-Lieu Fee Calculation & Example Project

Affordability Gap Methodology: determines the in-lieu fee based on the difference in value between affordable and market-rate units.

Affordability Gap Methodology

Used to calculate in-lieu fee per sq.ft.

Market Rate Unit Value

Affordable Unit Value

Affordability Gap

Example Project

30 unit project, 2500 sq.ft per unit
 10% Moderate required = \$12.75/sq.ft. in-lieu fee

Example Total In-Lieu Fee Calculation

30 units * (100% - 10% required) * 2500 sq. ft. * \$12.75/sq.ft
 = \$860,625 total in-lieu fee

Affordable Housing Outcome

County provides gap funding for new deed-restricted housing.
 Can be reserved for Extremely or Very Low Income families.

Project Size & Expected Inclusionary Units Analysis

Over the last three years, the County of San Diego has **issued building permits for 3,240 units**. Most of these are small projects, building only one or two units (~80%). These projects are too small to meet the minimum project size and will not have an inclusionary requirement. Over the last three years, **seven discretionary projects** with 5 or more units were approved and would have been required to include affordable units.

If a 5% inclusionary requirement and a 5-unit minimum project size had been in place over the last three years, the County would have had about 32 more deed-restricted affordable units, or about 10 units per year.

Estimated Projects and Units Subject to Inclusionary Requirements Over 3 Years, Based on Approved Discretionary Housing Projects (2023 – 2025)			
	Approved Projects		
	5+ units	10+ units	50+ units
Number of Projects	7	4	3
Total Units from Projects	647	629	592
Total Estimated Affordable Units over 3 Years from Approved Projects			
5% Requirement	32	31	30
10% Requirement	65	63	59
15% Requirement	97	94	89
20% Requirement	129	126	118

Estimated Projects and Units Subject to Inclusionary Requirements Over 3 Years, Based on Submitted Discretionary Housing Projects (2023 – 2025)*			
	Submitted Projects		
	5+ units	10+ units	50+ units
Number of Projects	28	17	7
Total Units from Projects	1,535	1,474	1,192
Total Estimated Affordable Units over 3 Years from Submitted Projects			
5% Requirement	77	74	60
10% Requirement	154	147	119
15% Requirement	230	221	179
20% Requirement	307	295	238

*This list excludes a specific plan *amendment* project known as Rams Hill in Borrego Springs which includes 1,306 housing units. This amendment did not add any additional units to the existing specific plan.

Best Practice Table - Summary of San Diego Regional and County Inclusionary Comparison

Provisions of Draft Ordinance Options	Local Cities	Total	Rural Counties	Total
Policy Decision 1 – Set-Aside Requirements				
Tier 1 For Sale: 10% Moderate For Rent: 5% Very Low GPA: 10% Low	Vista Chula Vista	2	LA County (specific areas) Sacramento County	2
Tier 2 For Sale: 15% Moderate For Rent: 5% Extremely Low or 10% Low GPA: 15% Low or 20% Moderate	City of San Diego San Marcos Oceanside (For Sale) El Cajon (specific area)	4	LA County (specific areas) Santa Cruz County Santa Barbara County	3
Tier 3 For Sale: N/A (generally above 15-20%) For Rent: N/A (generally above 15-20%) GPA: 20% Low	Carlsbad Del Mar Oceanside (For Rent) Coronado Encinitas Poway Solana Beach	7	Sonoma County	1
Policy Decision 2 – Project Applicability Threshold				
5 or More Units	City of San Diego Solana Beach (Coastal Zone) Del Mar San Marcos Coronado Carlsbad Poway Encinitas El Cajon (Specific area)	9	LA County Santa Cruz County Sonoma County Santa Barbara County Sacramento County	5
10 or More Units	City of San Diego Oceanside Chula Vista (50+) Vista (20+)	4	N/A	0
Policy Decision 3 – Alternative Compliance Option				
Jurisdictions with limited Alternative Compliance Options (1 option only)	(In-Lieu Fees Only) Coronado Vista	2	(Offsite Development Only) LA County	1
Jurisdictions with multiple Alternative Compliance Options (2 or more options including: Land Donation, Off-Site, In-Lieu Fees, etc.)	City of San Diego Encinitas Diego Solana Beach San Marcos Del Mar Carlsbad Chula Vista Oceanside Poway El Cajon	10	Santa Cruz County Sonoma County Santa Barbara County Sacramento County	4
Policy Decision 4 – Incentives				
Jurisdictions aligned with State Density Bonus and provide additional local incentives	City of San Diego Solana Beach Diego Del Mar San Marcos Chula Vista Carlsbad Poway Oceanside El Cajon Encinitas	10	LA County Santa Cruz County Sonoma County Santa Barbara County	4
Jurisdictions aligned with State Density Bonus and provide no additional local incentives	Coronado	1	N/A	0
Jurisdictions not aligned with State Density Bonus and provide no additional local incentives	Chula Vista Vista	2	N/A	0