

Mandatory inclusionary programs are producing some affordable housing

By ERIK PISOR, The Daily Transcript

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When describing the San Diego County housing market, affordable is a word unlikely to be mentioned since the supply of this type of housing is minimal. However, a recently published study, "Affordable By Choice: Trends in California Inclusionary Housing Programs," indicates that some local jurisdictions are attempting to increase their "affordable" housing stock through the implementation of inclusionary housing policies.

Currently 12 cities within the county have some type of inclusionary housing program in place, which typically requires builders to price a percentage of newly built market-rate homes at "affordable" levels or else pay a fee to the city that will be used for the future development of such units.

From 1999 through 2006, eight inclusionary housing programs within the county have resulted in the construction of 4,528 units, including 353 that were built through the utilization of in-lieu fees, according to the report authored by the San Diego Housing Federation, the Non-Profit Housing Association of Northern California, the California Coalition for Rural Housing and the Sacramento Housing Alliance.

San Diego County cities that contributed to the total 4,528 inclusionary units included Chula Vista, with 977 units built; Encinitas, with 106 units; Oceanside, with four units produced with in-lieu fees; Poway, nine in lieu produced units; San Diego, 1,284 units; San Marcos, 536 units, including 340 in-lieu; and Vista with 22 units.

Recognized in the report as one of the top producing jurisdictions in the state was Carlsbad, whose policy requiring that 15 percent of a development include inclusionary housing resulted in 1,246 "affordable" units being built from 1999 through 2006.

Incentives offered to developers and homebuilders to increase interest in building "affordable" units in the jurisdiction included density bonuses, local subsidies, and fee reduction deferral or waiver.

Statewide, 170 jurisdictions have inclusionary policies on their books, or 32 percent of all cities and counties. This percentage previously stood at 20 in 2003, according to the report.

Although Southern California has fewer jurisdictions with inclusionary housing policies, 26, compared to the San Francisco Bay Area, 38, it produced 582 more

affordable units.

Spanning the past seven years 29,291 "affordable" units have been built in those 170 jurisdictions, which includes 17,144 inclusionary-development units and 4,798 in-lieu fee units.

Also included in the statewide total were 7,339 units that were added by the report's researchers.

"Because not all of the jurisdictions with inclusionary programs filled out the production survey, researchers extrapolated an additional number of inclusionary units built throughout the state but not reported," the study stated.

A surprising statement in the report was that market-rate developers are producing most of the housing built through inclusionary policies, 78 percent, either alone or in partnership with affordable housing developers.

"Where partnerships occurred, the housing was significantly more affordable," the report said, adding partnerships produced 32 percent of inclusionary units.

Of the 78 percent of affordable units built with the participation of market-rate developers, the majority were built on-site along with market-rate units, while a smaller number were built elsewhere at an off-site location, the report found.

Another surprising aspect of the report was the finding that of the 63 jurisdictions that collect in-lieu fees, only 27 have allocated them to affordable units and 26 "appear to be collecting funds that are not yet being spent to produce new affordable housing units."

Of the 29,291 statewide housing units created through inclusionary policies, 71 percent represent rental stock, with the remaining percentage, 29, being offered to potential homebuyers.

The study also found that 47 percent of people who live in inclusionary housing statewide are considered "low income" and 25 percent are considered "very low income."