



The City of San Diego

**DATE ISSUED:** February 14, 2018

**TO:** City Council – Smart Growth and Land Use Committee

**FROM:** Councilmember Georgette Gómez

**SUBJECT:** California Sustainable and Affordable Housing Act (CASA): Floor Area Ratio Density Bonus Program – Informational Item

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**Council District(s):** Citywide

**OVERVIEW:** The 2017 Housing Action Plan presented by Councilmember Gómez included seven initiatives to address housing affordability and facilitate the development of new housing. The California Sustainable and Affordable Housing Act (CASA): Floor Area Ratio Density Bonus Program proposes to amend the State of California’s Affordable Housing Density Bonus regulations to provide the flexibility to allow for a project that includes a percentage of affordable housing to choose between the current dwelling units per acre (DU/acre) measurement system, or a floor area ratio (FAR) based bonus measurement system.

**PROPOSED ACTIONS:** This item is for information only.

**DISCUSSION OF ITEM:** The purpose of the CASA Act: Floor Area Ratio Density Bonus Program is to spur the development and construction of market rate and unsubsidized affordable housing by providing flexibility for projects to provide housing in a variety of housing sizes on parcels located along or in close proximity to major transit corridors. Please see Attachment 1, CASA Fact Sheet for more information.

The development of new housing units is of paramount statewide concern. It is imperative that local governments encourage the development of a variety of housing types for all income levels, including multifamily rental housing, and ensure the development of housing that is affordable for low- and moderate-income households in close proximity to transit.

In order to achieve this, the CASA Act provides a new floor area ratio equivalent measurement system, as follows: Allowable gross residential floor area in square feet

equals allowable residential density in dwelling units per acre x site area in acres x FAR variable. This new measurement system allows a project to exceed the base density allowed in zones thus increasing the allowable intensity on a site resulting in a significant increase in the number of developable units. Please see Attachment 2 which includes an analysis and comparison of the traditional dwelling units per acre measurement versus the proposed FAR bonus measurement.

The proposed legislation provides for the use of an alternate building density-based system to calculate the amount of allowable residential development in areas where the General Plan designates residential density in dwelling units per acre (DU/acre). It is proposed to spur the development of an increased number of smaller market rate and affordable unsubsidized dwelling units by allowing specific development sites along transit corridors to utilize a FAR-based calculation system for the development of new residential units.

In summary, the proposed CASA Program includes the following components:

1. Waives existing dwelling unit per acre density maximum requirements.
2. Development must include 20% pre-density bonus units at 50% AMI or less.
3. Reduces parking requirements to 0.1 spaces per bedroom for all units at 120% AMI or less.
4. The proposed project must be located in a land use category that:
  - a) Allows residential uses with an existing base density of at least 20 dwelling units per acre.
  - b) Is within the transit priority area (TPA).
  - c) Does not include land designated as low residential density, open space, heavy commercial or industrial.
5. Contains five or more residential units, not including additional units permitted through a density bonus.
6. Projects will not be eligible to use the incentives to exceed the maximum height limitation.
7. Cities shall allow an applicant to calculate impact fees based on square feet rather than on a per unit basis.

City Strategic Plan Goal(s)/Objective(s): Goal #3: Create and sustain a resilient and economically prosperous City with opportunity in every community; *Objective #1:* Create dynamic neighborhoods that incorporate mobility, connectivity, and sustainability.

Fiscal Considerations: Costs associated with implementation of the regulations in the future will be borne by project applicants through the existing project permitting process.

Environmental Impact: This is an informational item only. There is no discretionary action before the committee at this time and therefore, this item is not subject to review under the California Environmental Quality Action (CEQA) pursuant to section 15060(c)(1).

Equal Opportunity Contracting Information: N/A

Previous Council and/or Committee Actions: N/A

Key Stakeholders and Community Outreach Efforts: Key stakeholders include the San Diego Housing Commission, the development community, community and neighborhood groups, residents seeking additional housing opportunities, and property owners.

Attachments:

1. CASA Fact Sheet
2. Keyser Marston & Associates Scenario Evaluation

Lara Gates

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Chief of Policy