

# Executive Summary

The City of San Diego enacted its Affordable Homes Bonus Program (AHBP) in 2016, which substantially increased the production of both market-rate and deed-restricted affordable homes.

The AHBP builds upon California Density Bonus Law, and allows developers to build more homes if they agree to dedicate a portion of a new multi-family project as affordable.

By the numbers, the AHBP gave a serious boost to the production of both market-rate and deed-restricted affordable homes in the City of San Diego.

- 44 percent of homes entitled in 2020 were in developments that used the AHBP.
- Since the program began in 2016, the AHBP was used in projects creating 6,481 homes.
- Between 2016 and 2020, the AHBP was used to create 463 deed-restricted affordable homes in mixed-income projects, financed primarily without relying on public subsidy.

When the AHBP was created in 2016, California's Density Bonus Law allowed residential developers to build 35 percent more homes than allowed by base zoning, if they set aside up to 11 percent of the base zoning as affordable to very low-income households.

The AHBP expanded on the existing Density Bonus Law by allowing up to a 50 percent bonus, if a developer agreed to dedicate up to 15 percent of the base zoning as affordable to very low-income households.

San Diego's AHBP was so successful that in 2020, Governor Gavin Newsom signed AB 2345, authored by Assemblymember Lorena Gonzalez, to expand the AHBP statewide. AB 2345 was the most consequential housing production bill signed by Governor Newsom in 2020.

The success of the AHBP in the City of San Diego suggests three key takeaways for policymakers:

- The state legislature should continue to update and enhance California Density Bonus Law, and increase subsidies for affordable homes.
- Local governments should faithfully implement Density Bonus Law, and continue to innovate with their local enhancements to that policy.
- The growth in AHBP use happened after San Diego eliminated parking minimums for many residential projects, so parking reforms efforts should continue without fear of undermining Density Bonus Law.

San Diego's success can continue to be a template for State and local density bonus policies, to generate even more housing production.