



February 11, 2021

San Rafael City Council  
 1400 Fifth Avenue  
 San Rafael, CA 94901

**RE: Revised Inclusionary Housing Requirements**

Honorable Mayor and Council Members:

Sustainable San Rafael appreciates the City’s exploration of a range of inclusionary housing alternatives, with the goal of optimizing both development feasibility and housing affordability. We ask that you adopt the following simplified scenario, which assures a minimum of 10% affordable units onsite while lowering the secondary onsite option to 5% moderate-income units to maintain reasonable levels of development feasibility and flexibility:

**Simplified Affordable Housing Scenario**

	Rental		For Sale	
	2-15 units	16+ units	2-15 units	16+ units
<i>Primary—required of all projects</i>	10% low	5% low 5% very low	10% low	10% low
<i>+ Option 1: onsite</i>	<i>None required</i>	5% moderate	<i>None required</i>	5% moderate
<i>Option 2: in-lieu \$</i>	Fractional units	\$ = 5% total units	Fractional units	\$ = 5% total units
<i>Option 3: offsite</i>	<i>None required</i>	Similar benefit	<i>None required</i>	Similar benefit
<i>Option 4: land</i>	<i>None required</i>	Similar benefit	<i>None required</i>	Similar benefit

We believe that this scenario approximates the feasibility of the original 15% scenario, which was established in earlier staff reports. While securing the basic floor of 10% affordable units in all projects, it also provides developers a flexible menu of additional options, including in-lieu payments to the City’s Housing Trust Fund. And it advances the City’s goals of more housing and greater affordability.

We would also support the original 15% Scenario, which achieves similar affordability and feasibility.

A number of points in the staff report bear further scrutiny. We ask that you consider:

- Earlier staff memos stated that the 15% Scenario was feasible except if the developer chose the low-income option. Our simplified scenario solves that by removing the low-income option and reducing to 5% the moderate-income option that yields near market-rate returns.
- The main challenge of RHNA is meeting its low and very low income housing goals, which are also essential to sustaining a diverse and equitable community and economy. The current staff proposal omits very-low-income units altogether. While we welcome new funding and staff resources becoming available for affordable housing, San Rafael should not be removing or drastically limiting proven existing tools like inclusionary housing. Old-fashioned reliance on ‘supply and demand’ is insufficient to fully address the current housing crisis.

- Some indicators suggest that the uncertainties related to the COVID pandemic may strengthen rather than diminish suburban housing markets like San Rafael.
- The use of Housing Trust funds to leverage new construction of affordable units is essential, whether in partnership with non-profit developers or by buying-down additional units in for-profit developments. We urge that at least half of Trust funds be dedicated to new units.
- Existing commitments to provide affordable housing in approved developments should be honored. We encourage case-by-case consultation with project teams to see what, if any, additional City assistance might help motivate timely construction.
- Although state density bonuses incentivize developers to meet local inclusionary requirements by allowing more market-rate units, they do not in themselves increase onsite affordability. Only maintaining a firm floor of inclusionary units accomplishes that critical goal.

Thank you for your diligent efforts to increase San Rafael's production of affordable housing, and thereby sustain and enhance the economic diversity of our community.

Sincerely,

William Carney,  
President, Sustainable San Rafael