



## City of San Diego Accessory Dwelling Unit (ADU) Bonus Program Application Process San Diego Housing Commission (SDHC)

The City of San Diego ADU Bonus program allows additional ADUs to be built on a property after the owner has maximized the number of ADUs allowed by right. (To understand what is allowed on your site, see Section I.C. of the City of San Diego's [Information Bulletin 400](#).)

### What does the ADU Bonus Program allow?

- One additional unrestricted ADU is allowed for every deed-restricted ADU.
  - If your property is within the Transit Priority Area (TPA), there is no limit on the bonus ADUs (subject to space).
  - If your property is not within the TPA, the limit is two bonus ADUs - one restricted ADU and one unrestricted ADU.
- Property owners have the choice of Area Median Income (AMI) levels (very low, low, or moderate) for deed restrictions. Please see ADU rent and income chart.
- The affordable ADUs shall be comparable in size, bedroom mix, amenities and features to the market-rate ADU(s).
  - In projects where it is not possible to provide direct proportionality, the affordable units shall be either within one bedroom of the market-rate units (where the square footage is the same) or within 15 percent of the market-rate square footage (with the same bedroom count).

### What does the ADU Bonus Program require?

- Moderate-income, deed-restricted ADU(s) must have affordability restrictions in place for 15 years. Low-income, deed-restricted ADU(s) must have affordability restrictions for 10 years.
  - In a single-family zone, the affordability restriction will be on title in second lien position.
  - In a multifamily zone, the affordability restriction will be on title in first lien position.
- Property owners shall submit income verification to SDHC before tenant occupancy so SDHC can determine tenant eligibility. Tenants in the affordable unit shall provide income information annually to confirm continued eligibility.
- If tenants' incomes rise beyond the income limits, there is an income threshold at which tenants will be asked to vacate.
  - Very low- and low-income tenants' incomes can rise to low- and moderate-income, respectively.
  - Moderate-income tenants' income can rise up to 140 percent of AMI. After 140 percent of AMI, the tenant shall be given 180 notice to vacate.

- Prior to the end of the 10- and 15-year affordability restriction, tenants shall be provided with rent restriction expiration notices. Notices are required three years, 12 months, and six months prior to restriction expiration. Additional information about these notices can be found in [California Government Code 65863.10](#).

### **What is the ADU Bonus Program application process?**

- Owners will submit their project plans to the City of San Diego Development Services Department (DSD). DSD will provide the plans to SDHC for review. SDHC will provide project conditions to DSD and the applicant.
- Owners will submit the ADU Bonus Program application, supplemental attachments, and \$600 application fee (to cover Legal fees) directly to SDHC. Contact Ann Kern at [annk@sdhc.org](mailto:annk@sdhc.org) for a copy of the application.
- After the application has been reviewed, SDHC will provide drafts of the affordable housing agreement and deed of trust. Both documents will be recorded on the property.
- Once the documents have been recorded, SDHC will sign off on the building permit.

### **Are there other considerations to keep in mind?**

- The application process with SDHC can take several weeks to complete. Please plan accordingly.
- Owners will need to pay an annual monitoring fee (per deed-restricted unit) and submit income verification for the duration of affordability restrictions. The current annual fee is \$150 per unit.
- The rent limit for the restricted ADU(s) will be reduced by the utility allowance amount if those utilities are paid by the tenant.
  - The charts that show the rent and income limits and the utility allowances can be found on SDHC's website here: <https://www.sdhc.org/about-us/compliance-monitoring/>

For questions on the ADU Bonus Program process, please contact Ann Kern at [annk@sdhc.org](mailto:annk@sdhc.org).

For more information on ADUs, please see the following resources:

- [City of San Diego's Information Bulletin 400](#)
- [City of San Diego Companion Unit Handbook](#)
- [City of San Diego Affordable Housing Toolkit, ADU Bonus Program website](#)