NEIGHBORS for a BETTER SAN DIEGO

April 8, 2026

To: California State Assembly
Re: AB-2433 Housing development: density bonus

Assemblymembers:

Neighbors For A Better San Diego (NFABSD) strongly opposes AB-2433 as detailed below.

<u>AB-2433 doesn't address the real obstacle to condominium development.</u>

The added section 65915(d)(3) would give developers two additional incentives for including for-sale units in density bonus projects. However, it is widely accepted across the spectrum of housing advocates that the primary obstacle to new condominium development is the risk to developers from construction defect litigation. The Legislature should stop tiptoeing around this problem and address it head on, instead of workarounds like AB-2433.

<u>AB-2433 increases profits to landowners without receiving commensurate public benefit.</u>

The purpose of incentives in the bonus density program is to allow the developer to forego amenities that improve the quality of life for residents but cannot be fully recovered in rents. The rationale for incentives is that they provide a tradeoff between a public good (i.e., more affordable housing) and a developer benefit (lower cost of construction per unit). In the case of AB-2433, this is not a good trade. If anything, resolving the risk of construction defect litigation could potentially make it more attractive for developers to produce for-sale units without the incentives of AB-2433.

Accordingly, if and when construction defect litigation is addressed by the Legislature, will the provisions of AB-2433, that is Section 65915(d)(3), be removed because it will no longer be necessary? History suggests that this won't be the case – once a benefit has been given to developers, it becomes part of their business model and there will be intense opposition to taking that benefit away.

<u>AB-2433 promotes segregated housing.</u>

In addition to the unnecessarily generous incentives to build for-sale housing, the bill adds provisions that allow developers to build the market rate and affordable units on different sites. Aside from raising questions about how building departments will track project requirements and allowances across space and time, AB-2433 would allow housing to be segregated by income and opportunity, which clearly violates the principle of affirmatively furthering fair housing and should not be accepted by the Legislature.

<u>AB-2433 allowance of distributed projects will prove too difficult for cities to administer.</u>

Creating distributed projects raises a number of questions that are not addressed in the bill, such as:

- How is underlying zoning accounted for? (Different parcels may have different densities, floor area ratios, heights, setbacks, lot coverages, and other development conditions.)
- Can the market rate units be sold or rented before the affordable units are built? (San Diego, for example, has a 54 month lag between the permitting of market-rate units and the availability of the affordable units.)
- Are densities, bonuses, and incentives added up across projects, particularly when different sites may have different zoning?
- Will the tenants of the affordable units have equal access to project amenities, both onsite and offsite? (This is especially important if the affordable units are allowed to be built in lower resource areas than the market-rate units, which will be inevitable if developers are given discretion as to where these units are located.)
- What is the scope of a "geographic area"?

NFABSD strongly supports home ownership, but AB-2433 is the wrong solution to encouraging condominium development. Further, the creation of distributed projects, including segregation of market-rate and affordable units, is administratively difficult and contrary to affirmatively furthering fair housing.

We urge the Assembly to reject the convolutions of AB-2433 and instead work on solutions that better meet our state's housing needs.

Respectfully,

Geoffrey Hueter

Geoffrey Hueter, Chair
Neighbors For A Better San Diego