

# AHBP MEMO: Historic Preservation Commission

INFORMATIONAL HEARING DATE: DECEMBER 16, 2015

*Project Name:* **Affordable Housing Bonus Program (AHBP)**

*Case Number:* **2014-001503PCA** [Board File No. 150969]

*Initiated by:* **Mayor Lee and Supervisor Tang**  
Introduced September 29, 2015

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## Introduction

Attached is the November 5<sup>th</sup>, 2015 Planning Commission Memoranda on the proposed Affordable Housing Bonus Program (AHBP), introduced by Mayor Lee and Supervisor Tang on September 29<sup>th</sup>. The purpose of the AHBP is to encourage higher levels of affordable housing in new construction. The AHBP could produce upwards of 5,000 new permanently affordable units without public subsidy (pages 21-27), a key part in achieving the City's overall affordable housing goals (pages 2-5). As the case packet discusses this program is related to the State Density Bonus Law (pages 6 – 8).

The proposed ordinance includes **two main programs**: 1. **the State Program** which offers up to a 35% density bonus and other incentives for projects providing 5 to 20% affordable housing to very low, low and moderate income households; and 2. **the Local Program (AHBP) (together, the AHBP)**, which offers two additional stories of height for projects providing 30% affordable housing, including a percentage to middle income households (pages 12-16). Generally, the AHBP applies in residential zoning districts with density limits defined as a ratio of units to lot area (RMs, RCs and RH-3), except for RH-1 and RH-2 districts, although it would apply to 100% affordable projects in all districts (except RH-1 and RH-2), and would apply to certain State Program projects in all districts that can support five or more units of housing.

The Planning Commission hosted hearings on this item on November 5<sup>th</sup> and December 3<sup>rd</sup>. Commission discussion included public outreach, coordination with transportation planning, discussion on building design and renderings, interface with rent control housing, lot mergers, and affordable housing goals.

## HISTORIC PRESERVATION AND THE AFFORDABLE HOUSING BONUS PROGRAM

The AHBP encourages residential development in many of San Francisco's neighborhoods, except for the RH-1 and RH-2 zoning districts, consistent with the City's and region's affordable housing goals. This section reviews the intersection of the State and Local AHBP programs with historic resources and historic districts. Generally the AHBP includes protections for historic resources and provides clear guidance for new construction within historic districts.

Projects seeking to develop under the AHBP continue to be subject to CEQA, Planning Department and Commission Review, design review and an entitlement process consistent with the existing processes.

**Any project which is currently reviewed by the HPC would continue to be reviewed by the HPC.** The section below discusses additional guidance and limitations on the program as it relates to historic resources.

### Applicability - Historic Resources

Generally, interface of the program with State-listed historic resources may be rare. The State Density Bonus Law (Government Code section 65915 et seq) provides consideration for historic resources, by clarifying that the City is not required to approve any projects that:

*"would have a specific adverse impact. . . on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact, without rendering the development unaffordable to low- and moderate-income households." (Government Code Sections 65915 (d)(1)(B))*

The State Density Bonus Law further clarifies that:

*"Nothing in this subdivision shall be interpreted to require a local government to grant an incentive or concession that would have an adverse impact on any real property that is listed in the California Register of Historical Resources. The city, county, or city and county shall establish procedures for carrying out this section, that shall include legislative body approval of the means of compliance with this section." (Government Code Sections 65915 (d)(3))*

It is important to note the State Program does not provide the same consideration for properties determined to be eligible historic resources or those designated at the local level. There may be projects in the future involving historic resources; however, it is likely to be rare. The affordability requirement for additional density or height will likely limit the financial feasibility of the program for use with existing buildings given the small net gain in the number of units.

**The Local Program is only available to new construction projects,** and vertical additions to existing buildings are not allowed. This limitation further reduces any potential conflict between the Local

Program and historic resources. The Local Program also includes the following additional requirement for all projects:

*“demonstrate(s) to the satisfaction of the Environmental Review Officer that the Project does not: (A) cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5.” (draft ordinance)*

This additional requirement within the Local Program would apply to all buildings listed or determined eligible for the purposes of CEQA, including both state and locally designated buildings.

#### **Infill in Historic Districts – Design Guidelines**

AHBP projects will also be reviewed for consistency with the AHBP Design Guidelines. Specific design guidelines have been prepared for infill projects, including those that fall within all listed or determined eligible historic districts. Acknowledging that AHBP projects may result in buildings greater in height than the surrounding historic context, additional effort must be made to maintain historic integrity, character, and cultural expressions within the district. Compatible AHBP projects will demonstrate conformance with each of the nine guidelines outlined in the document (pages 17-19 of the AHBP Guidelines).

#### **NEXT STEPS**

Staff will continue to discuss the program with the community – several outreach meetings are scheduled in the coming weeks. On January 29<sup>th</sup> the Planning Commission will hold an adoption hearing. Following Commission resolution, hearings will be scheduled at the Land Use Committee and the Board of Supervisors.



# SAN FRANCISCO PLANNING DEPARTMENT

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## AHBP MEMO

INFORMATIONAL HEARING DATE: NOVEMBER 5, 2015

*Project Name:* **Affordable Housing Bonus Program (AHBP)**

*Case Number:* **2014-001503PCA** [Board File No. 150969]

*Initiated by:* **Mayor Lee and Supervisor Tang**  
Introduced September 29, 2015

*Staff Contact:* Menaka Mohan, Legislative Affairs  
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## Introduction

The following executive summary provides a detailed account of the Affordable Housing Bonus Program (AHBP) background, development, and proposal. It also includes discussion of key issues raised by Planning Commissioners and members of the public. Staff and consultants will provide a detailed presentation on November 5<sup>th</sup> including issues discussed in this report. The Planning Commission scheduled an adoption hearing for the proposed General Plan and Planning Code Amendments on December 3, 2015. Staff recommendations will accompany that agenda item.

### BACKGROUND

The Affordable Housing Bonus Program is one of the many programs necessary to achieve San Francisco's Affordable Housing Goals. In addition to addressing the City's housing goals, the Affordable Housing Bonus program furthers the City's compliance with State law, including requirements for the Housing Element and the State Density Bonus Law. The City began developing this program in early 2014.

## THE NEED FOR AFFORDABLE HOUSING

San Francisco is in a housing affordability crisis and is frequently described as among the worst in the nation,<sup>1 2 3 4</sup> and the demand for housing is expected to increase. The 2012 American Community Survey estimated San Francisco's population to be about 807,755. The Association of Bay Area Governments projects continued population growth to 981,800 by 2030 or an overall increase of about 174,045 people who will need to be housed over the next 18 years. Household growth, an approximation of the demand for housing, indicates a need for some 72,530 new units in the 18 years to 2030 just to accommodate projected population and household growth.<sup>5</sup> The City's challenge is to find new ways to accommodate more housing units into the existing urban fabric in order to meet current and future demands without negatively impacting neighborhood character.

## CREATING AFFORDABLE HOUSING

Historically, affordable housing requires public subsidy. In the United States funding for affordable housing has generally devolved from a function historically performed by the federal government to the state and local level. The National Housing Trust Fund provides federal funds for low-income housing. The entire state of California has been allocated \$30,000,000 in 2015, which would build just 75 units of low-income housing in San Francisco. In robust housing markets, such as San Francisco, the need for affordable housing far outstrips localities' ability to fund affordable housing.

San Francisco is a leader in developing local funding sources for affordable housing. Our recent efforts include establishing a local housing trust fund, one of the older inclusionary housing programs, and the Hope SF program. Also San Francisco dedicated a high proportion (40%) of all redevelopment generated tax increment funding (TIF) to affordable housing. However given that it costs \$250,000 or more to subsidize an affordable housing unit in San Francisco, if the City were to fund the Regional Housing Needs Allocation (RHNA) target of 16,000 affordable units by 2022, it would need to generate \$4 billion in local subsidies. Local public subsidies cannot be the only approach to securing permanently affordable housing.

*"Cities and older suburbs are growing again. To accommodate rising demand for urban living, localities are relaxing height and other zoning restrictions in transit-served neighborhoods, along old commercial corridors, and in formerly industrial areas, creating valuable new development potential for residential and commercial builders. An increasing number of local governments are linking this growth with affordability expectations."*

*Center for Housing Policy, 2014*

<sup>1</sup> Fortune Magazine. July 10, 2014. "Americas Housing Affordability Crisis is Getting Worse" Matthews, Chris. Retrieved at: <http://fortune.com/2014/07/10/us-housing-affordability/>

<sup>2</sup> A June 21, 2014 article in the NextCity, a city planning nonprofit wrote: "Mayor Lee has called the lack of affordable housing a "crisis" that "threatens to choke off [the city's] economic growth and prosperity for the future". Retrieved from: <http://nextcity.org/daily/entry/san-francisco-apartment-cost-affordable-housing>

<sup>3</sup> New York Times. April 14, 2014. "In Many Cities, Rent Is Rising Out of Reach of Middle Class". Dewan, Shaila. Retrieved from: <http://www.nytimes.com/2014/04/15/business/more-renters-find-30-affordability-ratio-unattainable.html>

<sup>4</sup> The Economist. April 16, 2014. "The Spectre Haunting San Francisco". London, R.A. Retrieved from: <http://www.economist.com/blogs/freeexchange/2014/04/housing-markets>

<sup>5</sup> San Francisco General Plan 2014 Housing Element

The AHBP will increase the potential of the inclusionary housing program to generate permanently affordable housing units for San Franciscans. San Francisco has had some form of inclusionary housing since 1993. Currently it offers project sponsors an option to pay an in lieu fee, provide 12% Below Market Rate (BMR) units on site, or build the affordable units offsite. The program has generated less than 2,000 BMR units<sup>6</sup> and roughly \$59 Million.

There have been several amendments to the program since 2003 – but the on-site inclusionary requirement in most zoning districts has never been higher than 15% of the total project units. Nationwide, the majority of inclusionary housing programs offer density bonuses to offset costs and in some cases to incentivize participation.<sup>7</sup> The AHBP program proposes to incentivize higher levels of onsite affordable housing with the help of a density bonus.

## **Policy Goals: Affordable Housing**

### **SAN FRANCISCO AFFORDABLE HOUSING GOALS**

The need for affordable housing is well documented in the conversations in the public, the media, and also by official City policy documents. This section will summarize relevant City adopted policies as they relate to affordable housing goals. These goals informed the development of the AHBP.

#### **Mayor Lee's Affordable Housing Goals**

In 2014 Mayor Edwin Lee's State of the City announced three primary goals to address the City's housing shortage and affordable housing crisis, which included:

- Construction of 30,000 new and rehabilitated homes throughout the City;
- At least one-third of those permanently affordable to very low, low and moderate income families; and
- The majority of those within financial reach of working, middle class San Franciscans.

Mayor Lee formed a Housing Working Group to develop policies, programs, process improvements and additional resources to achieve these goals. The group's focus was around facilitating housing development generally, with a specific focus on increased affordable housing. The Working Group had a subcommittee focused on the Affordable Housing Bonus Program. The Working Group was comprised of several

*"The recommendations that follow provide a roadmap forward, but they are not the end of our effort. We need to work together to ensure that we . . . turn these ideas into homes. . ."*

**Mayor Edwin Lee**

*December 2014  
Housing Working Group  
Findings and Recommendations*

<sup>6</sup> Including roughly 1,430 onsite units and 357 off-site units, generated from 222 Market Rate Projects.

<sup>7</sup> National Housing Policy, Robert Hickey, 2014.

stakeholders including: San Francisco Planning and Urban Research (SPUR), Council of Community Housing Organizations (CCHO), SF Apartment Association, Small Property Owners, the Housing Rights Committee, housing developers, housing financiers, and architects; as well as many City agencies including: Planning, Department of Building Inspection (DBI), and Mayor's Office of Housing and Community Development (MOHCD), Rent Board, Fire Department, SF Public Works, SF Public Utilities Commissions, Mayor's Office on Disability, Commission on Community Investment and Infrastructure, City Attorney's Office, Planning Commission, and Building Inspection Commission. Planning staff participated in both process improvements and housing policy efforts to increase housing production.

### **2014 Housing Element Affordable Housing Goals**

The 2014 Housing Element sets long term housing policy for San Francisco. The Housing Element includes objectives and policies that address the growing housing demand, focusing on strategies that can be accomplished within the City's limited land supply and that meet the housing goals developed through a comprehensive community process. The 2014 Housing Element relies on the strong policy framework established for the 2009 Housing Element that was overseen by a Community Advisory Board comprised of Citywide stakeholders and neighborhood groups. Key relevant Objectives and policies include:

1. Plan for the full range of housing needs in San Francisco, especially affordable housing.
2. Foster a housing stock that meets the needs of all residents;
3. Facilitate permanently affordable housing;
4. Prioritizing sustainable development;
5. Support housing for middle income households, especially through programs that do not require a direct public subsidy;
6. Encourage new housing that relies on transit use
7. Ensure new housing is sustainably supported by the City's public infrastructure systems;
8. Maintain balance in affordability of existing housing stock by supporting affordable moderate ownership opportunities.

Implementation Program 39a of the recently adopted 2014 Housing Element of San Francisco's General Plan specifically calls for the development of a density bonus program to increase the production of affordable housing.

### **The Voters' Affordable Housing Goals - Proposition K (2014)**

In 2014, voters of San Francisco adopted Proposition K which made it official City policy to construct or rehabilitate 30,000 new housing units by 2020 with at least one-third permanently affordable to low and moderate income households and half within reach of middle-class San Franciscans.

*Proposition K would establish the following as City policy: by 2020, the City will help construct or rehabilitate at least 30,000 homes. More than 50% of the housing will be affordable for middle-class households, with at least 33% affordable for low- and moderate-income households;*

Affordable housing advocates, Supervisors, the Mayor, and the development community supported this proposition as a clear articulation of the City’s affordable housing goals. The broad political support resulted in roughly 66% of voter support for this proposition. While Proposition K did not include a specific mechanism to achieve these goals – the strong support by voters encouraged the City, and specifically the Housing Working Group to look for creative solutions to achieve these affordable housing goals.

### City Goals Inform the AHBP

The City’s Housing Goals, the Mayor’s Housing Group, the Housing Element, and Proposition K informed the development of the Local and State AHBP – specifically building new housing, permanent affordability, serving a range of household incomes include moderate to middle income housing units, and incentivizing a high percentage of affordable housing.

### The AHBP’s Policy Goals

The Affordable Housing Bonus Program is one tool that contributes to the City’s Affordable Housing strategy. The four AHBP goals relate to City housing goals, and also present a strategy for achieving higher levels of affordability. This program has four key goals:

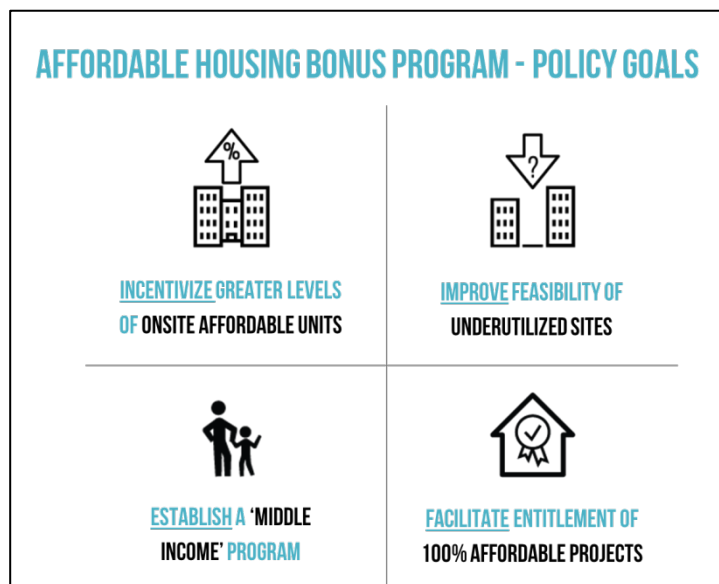
**Incentivize greater levels of onsite Affordable Units the numbers of on-site affordable units.** Projects sponsors who might otherwise choose to pay an in lieu fee are offered an incentive to provide affordable units on site. Both the State and Local AHBP offer greater incentives for projects that provide more affordable units than the basic 12% required by the San Francisco Planning Code.

**Improve the feasibility of underutilized sites.** Much of the program area’s zoning controls were established in the late 70’s and 80’s.

Review of many sites found not only antiquated density controls but also instances where density limits and height controls were mismatched, resulting in the financial infeasibility. This program offers zoning tweaks that bring these sites to feasibility.

**Establish a middle-income housing program.** The Local AHBP will be the first program in San Francisco to secure permanently affordable housing for middle income households without public subsidy.

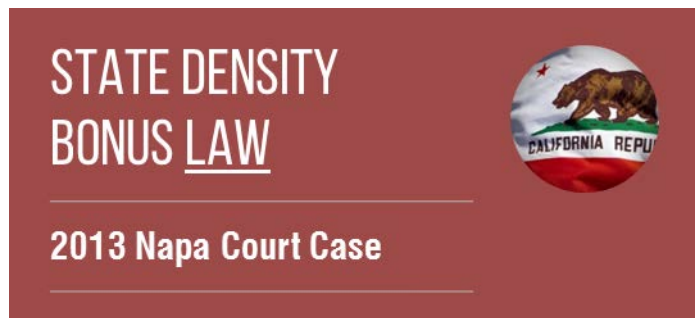
**Facilitate the entitlement of 100 percent affordable housing projects.** This program will facilitate the entitlement process and extend the entitlements for these complicated publicly subsidized projects providing much needed affordable housing.





## COMPLIANCE WITH CALIFORNIA STATE DENSITY BONUS LAW

The California State Density Bonus Law was first enacted in 1979 to address the State's shortfall of affordable housing. The State Law offers incentives to developers who provide on-site affordable housing. The law is specific and allows project sponsors who provide certain levels of affordable housing to choose a specific number of concessions, incentives and waivers.



First the State Law allows developers a maximum of a 35% density bonus above the allowable limit under a local jurisdiction's zoning laws. Second, the State Law allows project sponsors to request up to 3 incentives or concessions from local zoning laws to offset the costs of providing affordable housing on site. Municipalities must generally grant the requested incentive or concession the municipality can provide evidence that it does not have a positive financial impact on the project. Third, the State Law allows developers waivers from local planning or building control in order to accommodate, or fit, their project and the increased permitted density on a site.

Historically San Francisco has implemented the State Density Bonus Law through a series of Special Use Districts (SUDs). San Francisco has approved about 10-15 housing projects through this process, primarily 100% affordable projects. [In a recent survey the State found that over 92% of California jurisdictions have adopted a local ordinance to implement the State Density Bonus Law.](#)

## NAPA COURT RULING

In addition to various amendments, several court cases have further elaborated on the reach of the State law. In 2013, the First District Court of Appeal resolved a long-standing ambiguity over the interface of the State Density Bonus Law and local inclusionary housing ordinances. In *Latinos Unidos de Napa v. City of Napa*,<sup>8</sup> the court resolved this ambiguity and held that the State Density Bonus law applies to any affordable housing unit provided by a developer,, including affordable units are required by a local inclusionary ordinance. Thus, projects that comply with the Inclusionary Housing Program by providing inclusionary housing units onsite are eligible for a State density bonus.

## THE NEED FOR A LOCAL PROGRAM TO IMPLEMENT STATE LAW

The clarification provided by the *Latinos Unidos* case provided the impetus for San Francisco decision makers and planners to consider updating and expanding the local density bonus law. Specifically, the City recognized the need to clarify the procedures for applying for a density bonus, recognizing that potentially any residential project with ten or more units<sup>9</sup> meeting its inclusionary housing obligation on-site may apply for a State density bonus. The City would see a high volume of projects requesting bonuses, without a clear process. The majority of residential projects in San Francisco include 10 units or more. In 2014, 95% of all units constructed were in projects with 10 or more units.<sup>10</sup> This means that the majority of new housing projects might request a density bonus under State Law.

The need to update San Francisco's local implementation of the State density bonus law also lead planners and decision makers to evaluate the State law and whether it was the best tool to incentivize affordable housing, while maintaining neighborhood character, urban form and other elements valued in San Francisco. In reviewing the State law, which is very prescriptive and inflexible for local jurisdictions, a pressing question arose: How could the City incorporate the state mandate for density bonuses and work towards our local policy goals?

<sup>\*1169</sup> "We conclude that the interpretation of "the vast majority of cities, counties and experts" correctly reflects the plain meaning of the statutory language. The county's ordinance which fails to credit low cost units satisfying the county's inclusionary requirement toward satisfying the density bonus requirements fails to comply with the state law."

217 Cal.App.4th 1160, Court of Appeal,  
Filed July 11, 2013

<sup>8</sup> (2013) 221 Cal.App.4th 192. For further information on the *Latinos Unidos* case, please refer to a law alert from Goldfarb & Lipman published July 19, 2013 available at: <http://goldfarblipman.com/wp-content/uploads/2013/07/LAW-ALERT-LOCAL-DENSITY-BONUS-ORDINANCES-MUST-OFFER-A-DENSITY-BONUS-FOR-REQUIRED-AFFORDABLE-UNITS.pdf>

<sup>9</sup> San Francisco's Inclusionary housing program applies to all residential projects of ten units or more. Per Planning Code Section 415 project sponsors have the option to pay in lieu fee or make 12% of their proposed project affordable to households earning 55% AMI for rental projects and 120% AMI for ownership projects.

<sup>10</sup> 2014 Housing Inventory. San Francisco Planning Department.

**The City needs a local program to create clarity in the potential program development outcomes and clarify the review and approval process.** The City needs a local ordinance that clearly spells out the process for reviewing density bonus requests, reduces the overall process demands given the potential scale of the program, and candidly spells out expectations for planners, community members and developers about how these projects should look.

## Analysis and Program Development

Faced with the challenge of incorporating state law into existing planning controls – the City designed a study to better understand the physical implications – ie. what would these buildings look like; and the financial implications – specifically could a program encourage higher levels of affordable housing and would incentives offset the costs of additional affordable housing?

San Francisco’s General Plan was the first in the nation to include an Urban Design Element. Subsequent planning processes consistently address program specific design considerations, including the AHBP. The Department worked with David Baker Architects (DBA) to better understand the physical impact of the affordable housing bonus on typical sites in San Francisco. Later in the process the Department also worked with OpenScope Studios to better understand the application of the AHBP on smaller development sites.

### DEVELOPING THE STATE ANALYZED AHBP WITH AN URBAN DESIGN LENS

The first question on everyone’s mind – what might buildings with 35% more density look like in the study area? Staff worked with DBA to understand the physical implications of increased density and heights in a variety of conditions in the program area. DBA was asked to propose a building form that achieved the state mandated increased density and heights, while also expressing the character of San Francisco’s built form. There were many unknowns – when would buildings need additional heights to accommodate additional densities? What other zoning concessions would buildings need to accommodate the density? **How could a San Francisco Ordinance set parameters for density bonus requests?**

The City selected 11 prototypical sites within the program area for modelling. The 11 sites represent the most common conditions in the program area, and covering the range of site conditions including varying neighborhoods, lot sizes, zoning districts, density limits, height limits and bulk district. Sites likely to be attractive to developers and sites with larger lots were prioritized, as they offer a manageable scale of development, but a handful of smaller lots were also included to illustrate the full programmatic impact.

DBA completed massing studies for each site (see Exhibit 2). First DBA established a **Base Case** scenario which articulated the form that would be allowed by the current planning code given the permitted density, bulk, and other related controls. Planning staff reviewed these scenarios for code consistency. These two scenarios established the baseline, before any density bonus.

Next, DBA modeled the **State Analyzed** scenario, which shows the 11 prototypical sites with a 35% increase in density, the maximum increase in density permitted by the State Law. The State-analyzed scenarios were required to have 35% more units than the base case/market informed scenario. To accommodate that additional density DBA was directed to design the building to best match the neighborhood context.

When a project increases the number of units by 35%, it is unlikely that it can accommodate that density and remain completely code compliant. The State Law anticipates the likely need for zoning flexibility and directs municipalities to grant concessions or incentives that do not adversely impact health, safety, historical resources, or the physical environment . In other words, the City must allow height, bulk, open space, lot coverage, or other zoning concessions to accommodate increased density and promote more affordable housing. Planning staff completed a design review of these scenarios and in some cases suggested some modifications.

The DBA study identified a set of code constraints that could be partially or completely waived to enable increased density. It is important to note that the bulk of Planning Code requirements remain unchanged and are not affected by the Menu of Waivers. The zoning regulations most often waived currently are rear yard, height, parking, and unit exposure, often simultaneously. Within this study, modified rear yards were treated as code compliant (and in practice DBA has found that projects with modified rear yards still satisfy the intent of the exposure requirement).

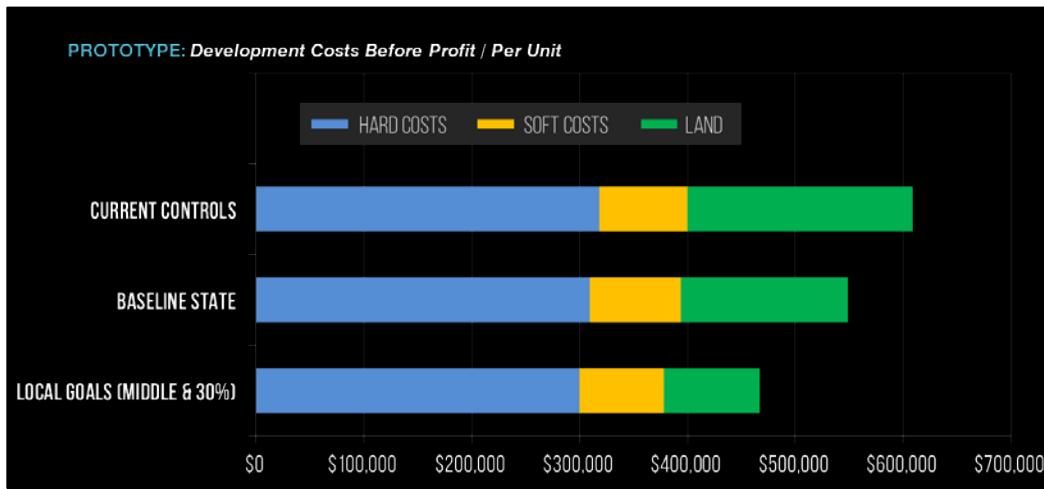
This work informed both the types of concessions the AHBP's State-analyzed program offers, and the extent or limit on those concessions. For example, this work determined that sites can achieve 35% increased density with 2 additional stories, and in some cases much less. The findings of this portion of the study established the State Analyzed Program.

## **FINANCIAL FEASIBILITY ANALYSIS**

Seifel Consulting modeled the financial implications for the proposed programs (See Exhibit 4). This analysis ensured that the program could work – that is to say that the program would strike a balance between providing incentives for project sponsors to participate, and also recapture the additional value

conferred through the program in the form of additional affordable housing units. Seifel Consulting studied three of the prototypical sites that DBA analyzed.

Much like the DBA study, Seifel first looked at the current conditions and the likely State Law scenario. The State Law requires that projects that elect to provide affordable housing be offered concessions that make the project more financially feasible. Seifel's analysis demonstrates that the concession and incentives proposed by DBA do make the projects more feasible than current conditions. This finding validates the proposed State Analyzed program.



The analysis presumes that land value for a particular parcel would be fixed at the fair market value under current zoning. So while hard costs and soft costs remain generally constant under each scenario, the land costs per unit are reduced. This creates an 'internal subsidy' that results in higher levels of affordable housing.

## DEVELOPING A PROGRAM THAT MEETS LOCAL HOUSING GOALS

Seifel Consulting's work demonstrated that if projects chose to seek the maximum density bonus permitted under State Law, the projects would likely result in only 13% affordability for rental projects and 20% affordability for ownership projects. While this is an improvement over our existing inclusionary requirements, the City established policy targets for 33% affordability for new construction and incentives for middle income housing.

Seifel consulting was asked to test three sites and indicate how to make 30% affordable housing financially feasible in the program area. DBA then modeled what these buildings might look like if:

- They added no more than 2 stories of height
- Maintained the existing 12% inclusionary housing requirement

- Resulted in a building that would complement and enhance the existing neighborhood context.

The combined DBA and Seifel studies confirmed, that on some sites in the program area, the Local AHBP could incentive 30% onsite affordable housing – while also meeting the unit mix and design requirements, so long as projects were offered additional development incentives.

Open Scope also modeled prototypes of lots that are less than 5,000 sq. feet to determine what zoning modifications would be necessary for the program to perform. Results demonstrated that deeper reduction in parking maybe necessary for projects to achieve the number of on-site units available for the Local AHBP.

## **OUTREACH AND STAKEHOLDER ENGAGEMENT**

As discussed earlier – the goals of the AHBP were established by several planning efforts that included extensive community outreach and stakeholder engagement. The input gathered from these planning processes and the ballot measure, directly informed the goals and mechanics of the proposed AHBP.

These include:

- The Mayor’s Housing Working Group
- The 2014 and 2009 Housing Elements
- Proposition K – which includes 66% voter support
- Invest in Neighborhoods

Also the Mayor’s Office and Planning Department gathered input on the specifics of the AHBP from various stakeholders through out the planning process. Initial conversations included key stakeholders such as affordable housing developers, affordable housing advocates, market rate developers, architects, economists, market rate developers, and citywide policy organizations. Stakeholders were convened through a number of forums including a sub committee of the Mayor’s Working Group, topical meetings, and staff participation in organization specific meetings, including: CCHO, SFHAC, SPUR, Invest in Neighborhoods working group<sup>11</sup>, and AIA.

The City has developed several tools to enable the public to learn about the proposal and provide feedback. These include:

- Presentations to several neighborhood organizations and community groups
- Open House at City Hall

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<sup>11</sup> Invest in Neighborhoods is an interagency partnership to strengthen and revitalize neighborhood commercial districts around San Francisco. The initiative, led by the Office of Economic and Workforce Development (OEWD) currently being piloted in 25 commercial districts, aims to strengthen existing business, improve physical conditions, increase quality of life, and increase community capacity. Part of the IIN program is designed to encourage development on underutilized and vacant parcels as well as provide support to small businesses.

- Online interactive webinar – including a one - hour detailed presentation of the program, followed by a question and answer session.
- Several public hearings at the Planning Commission and Board of Supervisors
- Extensive online resources, including:
  - Video Explaining the Program
  - Recorded Webinar
  - Several Program Presentations
  - Open House Materials

Exhibit 1 includes a one-page summary of the various phases of the AHBP Planning process. The City continues to receive valuable input about the proposed AHBP. Amendments to the proposal are anticipated during the public hearing process, including recommendations from this Commission.

## Program Details

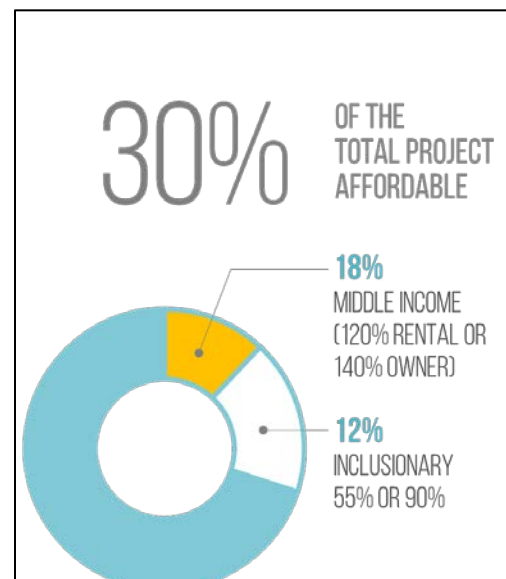
The Proposed Affordable Housing Bonus Program is an optional program for market rate and publicly funded affordable housing projects. Generally, the program requires that projects provide greater benefits to the City in the form of more affordable housing. Projects that choose to provide higher levels of affordable housing will be awarded commensurate development incentives in the form of increased density, heights, and limited reductions in other zoning requirements.

The analysis completed by DBA and OpenScope Studios demonstrates that development incentives offered through these programs can result in high quality buildings that will add to San Francisco’s urban fabric and housing supply. The AHBP Design Guidelines ensure that the projects will be well designed. While the financial considerations may vary for a given parcel, the analysis conducted by Seifel Consulting demonstrates that the AHBP programs are feasible and maximizes the re-capture of value conferred to development sites in the form of additional affordable housing.

This section summarizes some key elements of the proposed ordinance (see Exhibit 5).

### THE LOCAL AHBP – MIXED INCOME

**Goals:** The Mixed Income Local Affordable Housing Bonus Program (AHBP) builds on the State Density Bonus Law, but encourages project sponsors to achieve local affordable housing goals – particularly providing 30% of all units as affordable and incentivizing middle income units. These projects would provide two levels of affordable housing and market rate housing in each project.



**Benefits:** Projects that elect to pursue a Local Affordable Housing Bonus Program must provide 30% onsite permanently affordable units including 12% of the total project to meet the inclusionary housing requirements (55% AMI for rental and 90% AMI for owners) and 18% Middle Income units (120% AMI for rental and 140% AMI for owners). Also, in an effort to secure a diverse housing supply, 40% of all units must include two bedrooms or more. In an effort to further incentivize family sized housing project sponsors may elect to provide 50% of all bedrooms in units that have more than two bedrooms. This could incentivize 3 bedroom units, in lieu of two bedroom units.

**Incentives and regulations:** The Local AHBP program offers two stories of additional height, up to three zoning modifications from the AHBP concessions menu, and density regulated by height, bulk, and unit mix. These projects would be subject to the AHBP Design Guidelines (discussed below).

**Geography and Requirements:** The mixed income version of the Local AHBP is only available in the AHBP program area, which excludes RH-1 and RH-2 districts, and areas where density is not regulated by a ratio of units to lot area (generally recently adopted plan areas). Projects must include 3 or more units.

## THE LOCAL AHBP – 100% AFFORDABLE HOUSING

**Goal:** This program was developed to reduce the process required for 100% affordable projects to seek density bonuses – and facilitate the entitlement of these projects by offering a clear program. Projects seeking entitlement under this program would be reviewed as code conforming projects and would not generally require conditional use authorization or variances. Also this program offers a clearly delineated increase in development potential. This enables publicly funded projects to achieve more affordable housing units on each site – potentially reducing the land costs, and certainly reducing the soft costs such as architecture and project management expended per unit. Generally, 100% affordable projects require deep public subsidies – this program enables affordable housing developers to maximize those subsidies.

**Benefits:** The 100 Percent Affordable Housing Bonus program applies to projects where 100 percent of the units are affordable to households earning 80% of the AMI or below, and affordable for at least 55 years or the life of the project.

**Incentives and regulations:** The 100% Affordable Local AHBP program offers three stories of additional height, an unlimited number of zoning modifications from the AHBP concessions menu, and density regulated by height and bulk.



AHBP projects would be subject to the AHBP Design Guidelines (discussed below). Further the Planning Department and the Mayor’s Office of Housing and Community Development (MOHCD) will be working to develop an improved design review process for publicly funded projects. Specifically Planning Staff will join the planning process for 100% affordable projects earlier in the process. For example – Planners will provide a full code and design evaluation of a site before a request for proposals or



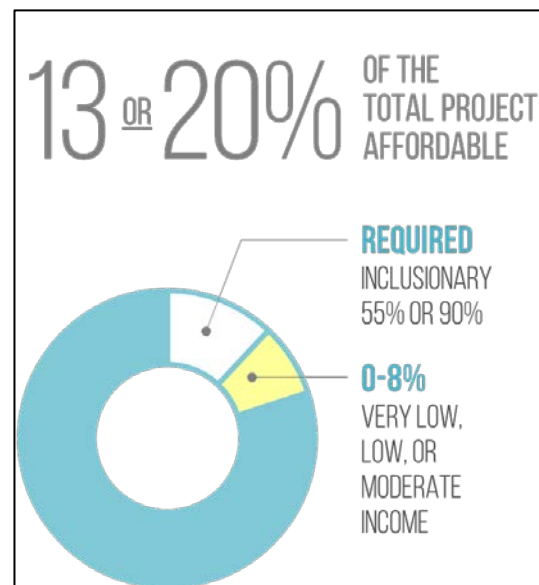
qualifications is issued. This step will ensure that initial project development conversations between MOHCD and project sponsors will be better informed by Planning controls. Also Planning Staff will join any preliminary design discussions, including community design processes to ensure that projects are designed consistent with the relevant design guidelines, and to reduce the chance of a costly serial design process that extends time and costs for projects.

**Geography and Requirements:** The 100% Affordable Local AHBP is available citywide in any district that allows housing, except RH-1 and RH-2. Specifically, 100% Affordable projects in form based density areas or plan areas may participate in this program.

### STATE ANALYZED AHBP

**Goals:** State Analyzed Affordable Housing Bonus Program. The state analyzed program builds off the State Density Bonus Law (California Government Code Section 65915) and would offer a clear and simple programmatic approach to implementing the State Density Bonus Law. The program intends to clearly communicate to developers, planners, and community members the City's preferred implementation of the State Density Bonus Law – especially in reference to increased heights, bulk, and related development concessions and waivers.

**Benefits:** Projects that elect to pursue a State Analyzed AHBP are required to provide at least 5% of the units as affordable. Projects would likely elect to provide their full inclusionary housing requirement on site, so the City anticipates that projects would provide more than the minimum number of units required by the State. In fact, per analysis completed by Seifel consulting the City anticipates that project sponsors would provide 13 to 20% affordability depending on the tenure of the building, in order to receive the maximum density bonus allowed under State Law. Projects would likely provide the required inclusionary units, and then add a few more units for a slightly lower AMI.



**Incentives and regulations:** Project sponsors would be granted a density bonus of up to 35%, depending on the level of affordable housing provided. This program implements density bonuses consistent with the State Law. Project sponsors may receive height increases under this program, as determined by a non-negotiable formula that is based on the permitted envelope and the additional percentage of density bonus requested. This program never offers more than two stories of additional height. Project sponsors would be eligible for 1-3 concessions from the AHBP Menu, depending on the number of affordable units provided and their level of affordability. These projects would be subject to the AHBP Design Guidelines (discussed below).

**Geography and Requirements:** The State Analyzed AHBP is only available in the AHBP program area, which excludes RH-1, RH-2, and areas where density is not regulated by a ratio of units to lot area (generally recently adopted plan areas). This program is only available to projects with 5 units or more.

## **INDIVIDUALLY REQUESTED AFFORDABLE HOUSING BONUS PROGRAM**

**Goals:** State Individually Requested Affordable Housing Bonus Program outlines the City's approach to granting State mandated density bonuses to project sponsors that cannot achieve the State mandated Density Bonus under the State analyzed program. Specifically the City recognizes that the State Analyzed program may not have considered a particular site condition or particular development scenario when developing the State analyzed program. Therefore, projects will be required to conduct a comprehensive site specific analysis to demonstrate the base case project, the proposed density bonus project, and the particular feasibility and physical needs for the project to seek and receive any requested concessions, incentives or waivers as described by State and Local Code.

The City will not presume that any analysis completed to develop the analyzed program is applicable to the unique development conditions of a project that is un contemplated by that body of work.

This program is not intended to provide any additional incentives to project sponsors than those already required under the State law. The program sets out application procedures and requirements, including requirements for providing support for requests for waivers and concessions and incentives.

**Benefits:** Projects must provide at least 5% affordable housing. Projects may seek density benefits for units that are all provided at only one level of affordability.

**Incentives and regulations:** Project sponsors would be granted a density bonus of up to 35%, depending on the level of affordable housing provided and the number of affordable units; this program implements density bonuses consistent with the State Law. Project sponsors may receive height increases under this program, based on the analysis completed on the specific site and as reviewed and approved by the City. Project sponsors would be eligible for 1-3 development concessions, depending on the number of affordable units provided and the level of affordability, based on the analysis completed by the project sponsor to demonstrate the need for these concessions and incentives. The project sponsor may seek and receive development waivers in addition to concessions and incentives, depending on the analysis completed by the project sponsor and review and approved by the City. These projects would be subject to the AHBP Design Guidelines (discussed below).

**Geography and Requirements:** The Individually Requested State Density Bonus Program is available citywide in any district that allows housing. Projects must include 5 units or more. Projects must include at least 5% affordable housing.

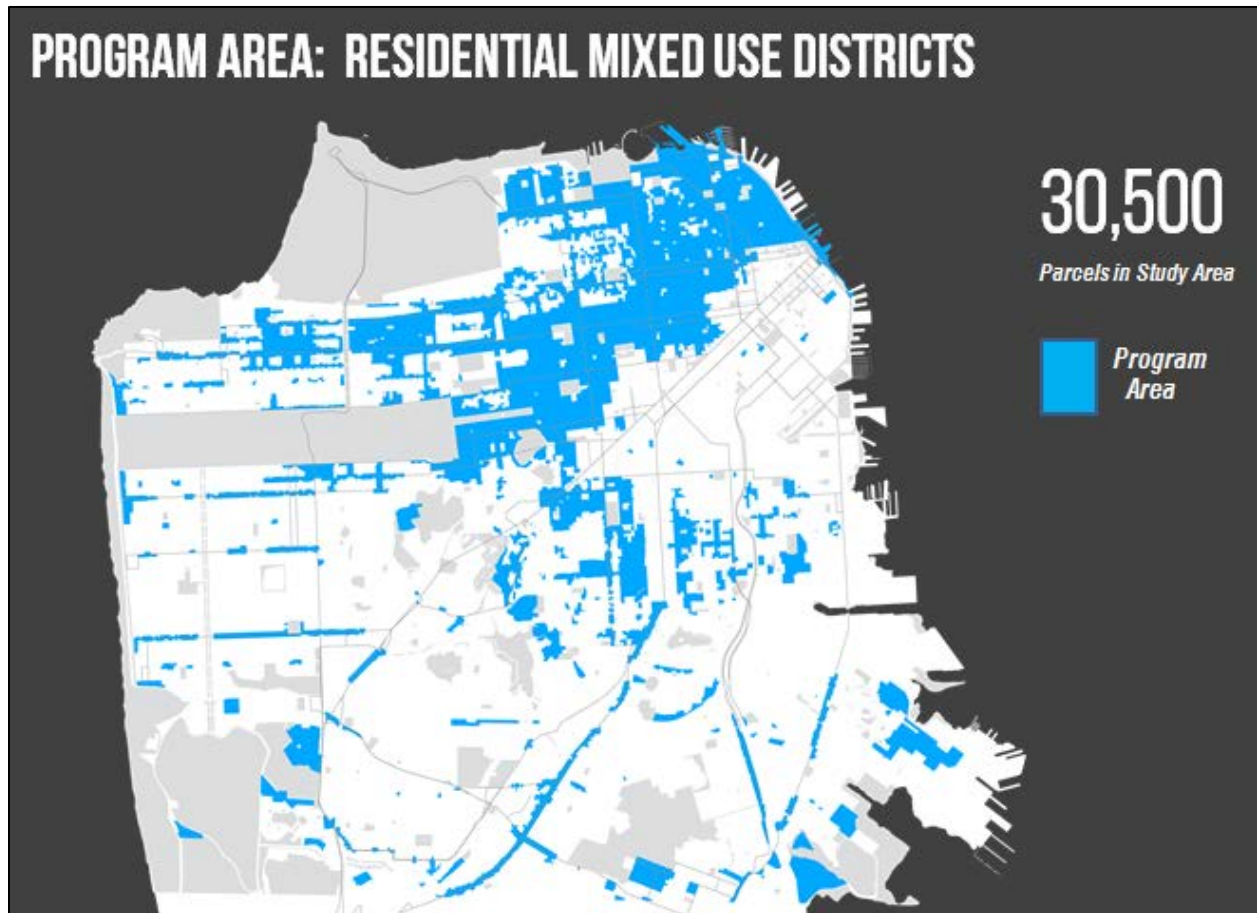
**AHBP CONCESSIONS AND INCENTIVES MENU**

The AHBP concessions and incentives were developed through the analysis completed by DBA and OpenScope Studio (discussed above). Many of the concessions are frequently granted through the variance process. Some other cities implement the State Law with a menu of preferred incentives, including Santa Monica and Los Angeles. Project sponsors may select 1-3 incentives depending on the level of affordability. The following are the proposed menus for the Local, 100 Percent, and State Analyzed Affordable Housing Bonus Program:

<b>Program</b>	<b>Incentives/Concessions</b>	<b>Description</b>
<b>Local AHBP</b>	Rear Yard	No less than 20% of the lot depth, or 15 feet whichever is greater
	Dwelling Unit Exposure	Can be satisfied through qualifying windows facing an unobstructed open area that is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.
	Off-Street Loading	None required
	Parking	Up to a 75% reduction in residential and commercial requirements
	Open Space	Up to a 5% reduction in common open space.
	Open Space	An additional 5% reduction in common open space.
<b>100 Percent AHBP</b>	Rear Yard	No less than 20% of the lot depth, or 15 feet whichever is greater
	Dwelling Unit Exposure	Can be satisfied through qualifying windows facing an unobstructed open area that is no less than 15 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.
	Off-Street Loading	None required
	Parking	Up to a 100% reduction in residential and commercial requirements
	Open Space	Up to a 10% reduction in common open space if provided per Section 135 or any applicable special use district.
<b>State Analyzed AHBP</b>	Rear Yard	No less than 20% of the lot depth, or 15 feet whichever is greater
	Dwelling Unit Exposure	Can be satisfied through qualifying windows facing an unobstructed open area that is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.
	Off-Street Loading	None required
	Parking	Up to a 50% reduction in residential and commercial requirements
	Open Space	Up to a 5% reduction in common open space if provided
	Open Space	Up to an additional 5% reduction in common open space

## THE PROGRAM AREA

The Affordable Housing Bonus Program would apply generally in zoning districts that: a) allow residential uses, and b) regulate density by a ratio of units to lot area. These districts contain roughly 30,500 of the City's 150,000+ parcels.<sup>12</sup>



AHBP eligible districts generally include the City's neighborhood commercial districts, where residents have easy access to daily services, and are located along major transit corridors. AHBP eligible districts generally allow or encourage mixed uses and active ground floors. Almost the entire program area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

Districts that allow only 1 or 2 units (i.e. RH-1 and RH-2, which comprise almost 70% of the city's parcels) are not eligible to participate in the AHBP. These districts do not allow the minimum threshold of 5 units required by the State law. The Local AHBP is available to sites that currently allow at least 3 units, including parcels zoned RH-3. RH-3 districts are generally adjacent to, and contain buildings with characters more typical of Neighborhood Commercial (NC) and Residential Mixed (RM) districts.

<sup>12</sup> See the Draft Planning Code Ordinance for a complete listing of applicable zoning districts.

Districts that do not regulate residential density by lot area e.g. RTO are not eligible to participate in the AHBP. The City, as part of the Mission 2020 Planning Process, will be studying additional ways to increase affordability in these areas.

Districts that do not allow residential uses (e.g. PDR) will not be allowed to participate in the AHBP.

## **AHBP DESIGN GUIDELINES**

All AHBP projects will be reviewed under existing design guidelines, including the Urban Design Element, the Draft Ground Floor Residential Design Guidelines, and the Residential Design Guidelines. In addition, Exhibit 6 of this case report include the AHBP proposed design guidelines which include new guidelines, some existing design guidelines that do not currently apply citywide, and guidelines for review of projects in historic districts.

The four new AHBP specific design guidelines will apply to all AHBP projects. These guidelines are limited to considerations that are unique to AHBP projects, primarily providing direction around the integration of larger buildings in existing neighborhoods both midblock and on corner lots. The four AHBP specific design guidelines are:

**AHBP Specific Design Guidelines**

1. Create a gracious, well-defined ground floor.
2. Ensure tops of buildings contribute to neighborhood quality.
3. Articulate Sidewalls.
4. Express Exceptionally Complimentary Architectural Character.

The AHBP Design Guidelines also include several existing design guidelines from recently completed planning processes that address massing, articulation, ground floor treatment and streets. Eventually these design guidelines will be incorporated into citywide design guidelines, but until such time they will be used to review all AHBP proposals. These guidelines were selected to ensure that the all AHBP projects achieve a higher quality of design.

Finally, the AHBP program area includes some historic districts. Accordingly, the AHBP Design Guidelines include ten guidelines for infill development in historic districts that speak to 1. Materials, features and forms; and 2. Complementary and differentiated design.

## **AHBP PROJECT REVIEW AND APPROVAL**

The San Francisco Planning Code establishes several varying project authorization processes and procedures dependent on the nature of the project, the zoning district, and in some cases the scale of the project. Review of new residential construction projects always includes environmental review, design review, review for code compliance, and community notification and input; sometimes entitlements include Planning Commission approval or zoning administrator approval. All projects

entitled as part of the AHBP would continue to be reviewed for environmental impacts, design, planning code consistency, and community notification and input.

Projects that provide 20% affordable housing or more are currently eligible for priority processing – which means they are the first priority project for assigned staff. Priority processing does not change the steps in the review process, however it can reduce some processing time that backlogs may cause on other projects.

The proposed legislation also includes a specific entitlement process for projects that include 30% affordable housing or more – which is included in Section 328 of the draft Planning Code Ordinance. This process was modeled after the existing Large Project Authorization (LPA Section 329) of the Planning Code. It generally consolidates all of a project's entitlements into a single case.

Section 328 requires a Planning Commission hearing for all projects entitled under the Local AHBP or 100% Affordable AHBP. Some commenters have noted this could unintentionally increase process for smaller projects that provide 30% affordable housing that under current rules do not require a Planning Commission hearing. The LPA process excludes smaller projects, so a size threshold could be incorporated for Section 328.

## **MONITORING THE AHBP PROGRAM**

The Local and State AHBP are innovative programs, working to offer creative solutions to the City's Affordable Housing needs. The staff and consultants reviewed the existing conditions and various iterations of the program. Also many of the policy and programmatic solutions borrowed from other recent successful planning processes such as the Better Neighborhoods Plans – utilizing design guidelines and some zoning strategies from these plans.

The Program includes a strong monitoring and evaluation component (Section 206.8) to both ensure that the program remains feasible and relevant in a changing housing market, achieves intended policy outcomes, and results in buildings that contribute meaningfully to the neighborhood context. Specifically the monitoring program includes:

- An early look at the first several entitled projects in the first year of the program
- An annual reporting of projects entitled through the AHBP programs
- A program evaluation and update that includes both data and policy analysis of the program outcomes.

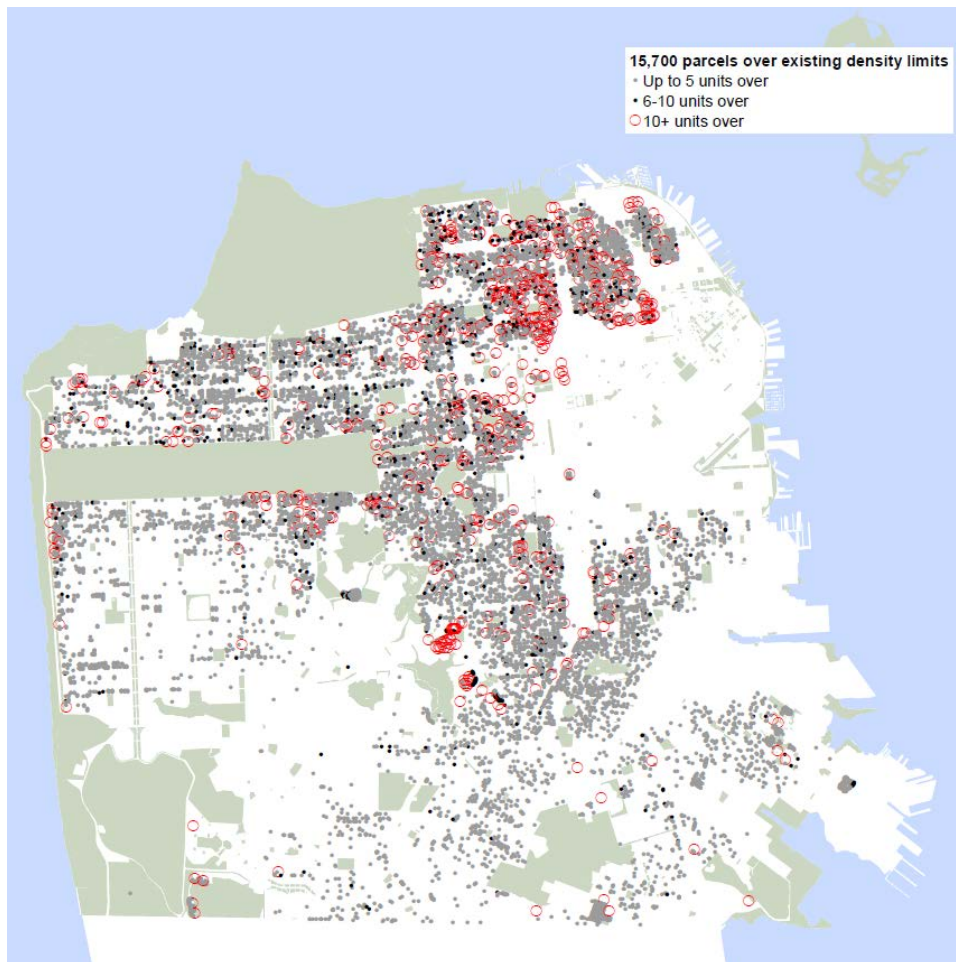
The program evaluation ensures that the City will be diligent about checking the program outcomes with the program objectives. Specifically the program evaluation shall review: Program AMI's relative to market values for housing, financial feasibility of the program, requested concessions, and any geography or neighborhood specific considerations. Also the report requirements are designed to enrich existing reports rather than add additional reports currently generated about San Francisco's housing production. Specifically quarterly and annual reporting will be completed as part of the pipeline report and Housing Inventory.

## PROGRAM IN SF PLANNING CONTEXT

Most portions of the AHBP Program Area, have not had an update to their zoning controls for nearly 40 years – which means that new development in these areas is still measured and regulated by older controls. In many cases, the AHBP study discovered, the older rules conflict with each other, or result in a development condition that is not feasible in today’s market. It is not unusual for projects in these districts to require variances and modifications.

When current density controls were applied across the city’s residential and neighborhood commercial areas in the 1970s and 80s, they followed the general pattern of higher density closer to downtown, and lower density in outlying neighborhoods. Generally, these density controls were applied without regard to the existing height limits or the varied building and development patterns that had taken shape throughout the city, the vast majority of which was built before the 1970s.

Several examples of the mismatch between heights and density are on Irving Street in the Inner Sunset and along Franklin Street, among many others. Several parcels surrounding the intersection of 20th Avenue and Irving Street are zoned NCD (1 unit per 800 square feet of lot area) while the height limits on those same parcels are 105 ft. Along Franklin Street from Post to California Streets, several parcels are zoned NC-3 (1 unit per 600 square feet of lot area) with height limits of 130 ft. In order for development to reach its fully zoned height potential under these density controls, developers would



have to build unrealistically large units (over 3,000 gsf/unit), an extremely unlikely scenario.

Over 15,700 buildings throughout San Francisco exceed density limits under their current zoning. As the map below indicates, there are several instances where buildings have 10 or more units more than their currently permitted density limits. Increased densities in many neighborhoods may enable new development to better match existing development in terms of height and density, than would currently be allowed.

## **Program Outcomes**

This program changes the development potential in the program area, but also requires increased contributions in affordable housing. The analysis completed by Seifel Consulting indicates that the programs are generally feasible, however those conditions will vary depending on housing market and site specific conditions. Housing construction is generally cyclical; it is unclear whether many projects in the current development cycle would benefit from this program. Generally we anticipate that the softsites in the program area would seek development over a 20 year period.

There are several factors that contribute to delayed development over the program area. First, developers must first identify and acquire land in the program area. Land sale can be complicated – especially in instances where the current land owner does not understand the development potential and exactions, or where land is owned by a family trust or other complicated party. Also developers must secure financing for projects that meet new program requirements. Many have hypothesized that regardless of this program, developers will continue to concentrate on opportunity sites on the eastern side of the City. Others imagine that the next housing development cycle will include projects participating in the AHBP. There is no way to predict the exact schedule for new development, however the AHBP program will develop over a longer time period.

### **HOUSEHOLDS SERVED**

The AHBP generally encourages and incentivizes mixed income housing projects with higher levels of affordable housing. An increase in market rate units will ONLY happen if project sponsors include significantly more affordable onsite units than would otherwise be required.

Much of the new housing produced through this program will not be price regulated, or so-called “market rate” units. This means that households must compete in the private market to acquire access to the new units. In San Francisco general sentiment is mixed about the provision of “market rate” housing. Some assert that increases in “market rate” housing increase the supply of housing for San Franciscans – offering more housing options for San Francisco’s existing and future households. This perspective suggests that additional market rate units reduce the pressure on the existing housing supply – reducing evictions, displacement, and further increases in sales and rental rates for housing. Others fear that the market rate units generally serve as luxury housing for households that do not



actually reside in San Francisco, or that increased supply of market rate units will increase the number of high-income households and result in gentrification and further stratification of San Francisco's households.

Market rate units enabled through the AHBP program will be varied, but in many cases have a lower likelihood of being luxury housing. The majority of the AHBP program area includes outlying neighborhoods with lower average housing costs. The location could reduce the relative value of these market rate units. Further, the majority of the program area would only allow projects to reach heights of 40 to 85 feet. Construction at these heights has both lower construction costs, which can translate into lower construction values. Further lower height buildings do not command the high prices that taller buildings that offer views and services. By definition the market rate units produced through the AHBP are not price controlled, so the actual values are not guaranteed, but these factors indicate that much of the market rate units enable through this program will have relatively lower values.

### **Below Market Rate Units**

Below market rate units are price controlled housing units that offer affordable housing for households that make no more than the income specified by the program or funding source. Affordable housing means a household is spending no more than 30% of their income on housing costs. Household income is generally discussed relative to the Area Median Income (AMI).

Half of the households in San Francisco earn below the AMI while the other half of households earn above the City's AMI. AMI is established annually based on the income of households in the area. The City uses these annually published income limits to inform its various housing programs.

San Francisco's Area Median Income (AMI) in 2015 is \$71,350 for a single-person household, or \$101,900 for a family of four. A studio or one-bedroom that rents for \$1,784 per month is considered affordable to a single person earning San Francisco's average median income, while a monthly rent of \$2,293 is considered an affordable monthly rent for a two-bedroom apartment for a family of three earning the area median income.

The AHBP incentivizes affordable housing for very low, low, moderate, and middle-income households. Specifically the State Law offers

incentives for projects at a progressive rate for projects that are very low, low and moderate income. The Local AHBP incentivizes those income levels, but also adds middle income households.

**MIDDLE INCOME HOUSEHOLDS**

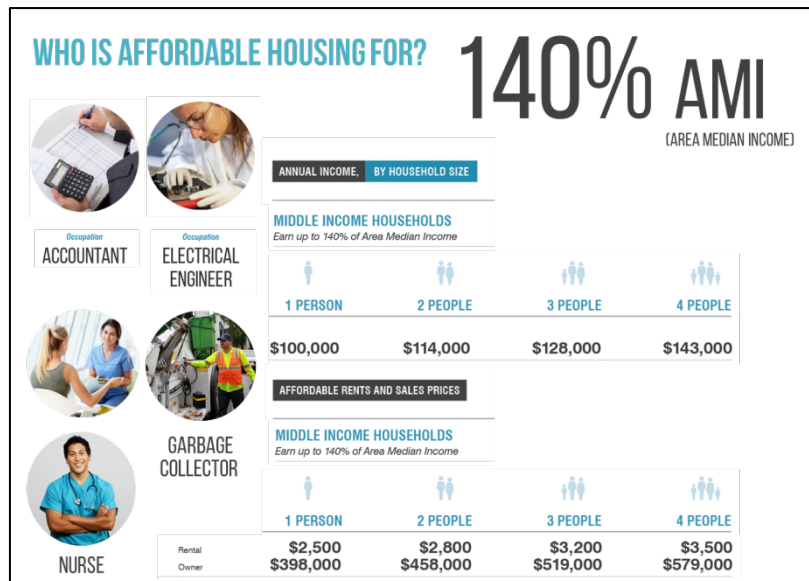
San Francisco middle-income households cannot afford to rent or own a home at today’s market rate and are also unable to qualify for most of the City’s existing affordable housing programs. Over the last two decades, the percentage of the San Francisco middle-income households has decreased, while those in the very low income (up to 50% AMI) and highest income levels (more than 150% AMI) have increased.

The average rent for a new two-bedroom is \$4,214 as of July 2014; affordable to households earning more than 150% of AMI, or \$131,000 annually. The typical price for a 2-bedroom home in San Francisco has increased to \$950,000 as of July 2014, affordable to households earning \$215,000 (~245% AMI) or above could afford this home.

Yet the City continues to create middle class jobs, further exacerbating the housing shortage for this vital part of the

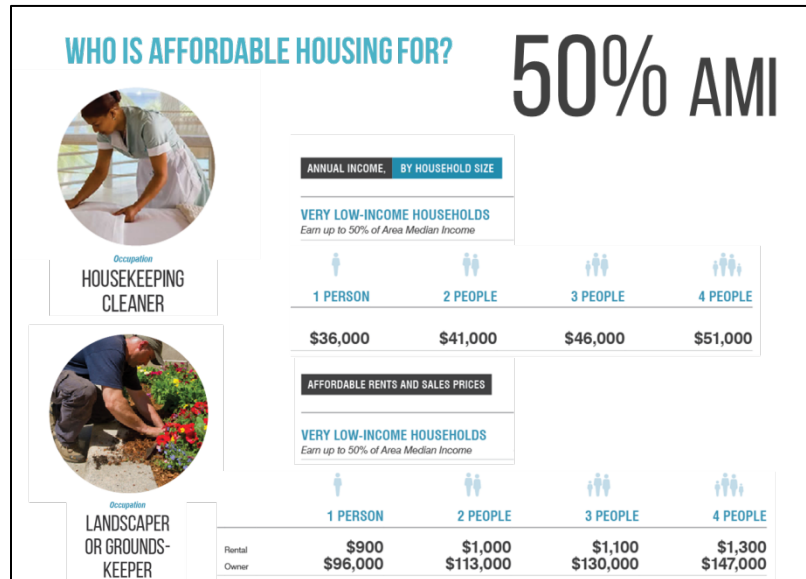
City’s economy. The Controller’s Office credits the technology industry for creating two middle income jobs in other industries, for every tech sector job. There is a growing demand for housing to support these households.

Existing public resources to support affordable housing are focused at below 60% of AMI (though in some cases they can extend up to 120% of AMI). Because of the limited ability to leverage funds over 60% of AMI, local sources are rarely focused toward middle income housing. The local AHBP includes incentives for middle income housing. If adopted this would be the first program in the City to develop permanently affordable housing for middle income households, without public subsidy.



**VERY LOW, LOW, AND MODERATE INCOME HOUSEHOLDS**

The Local and State Analyzed AHBP will encourage higher percentages of units affordable housing for very low, low and moderate income households. San Francisco’s inclusionary program encourages housing units at 55% AMI for rental or 90% AMI for ownership. Under both programs project sponsors would meet their inclusionary housing requirements on site – meaning that 12% of the units would be provided at these income levels. Under the State program, project sponsors would likely add a few more units at 50%



AMI for rental and 80% AMI for ownership, to achieve the full 35% density bonus available under the state law. Under the local AHBP – the overall percentage of low and moderate income units would not increase, but because projects entitled under the AHBP would include a greater number of units, they would also include a greater number of low and moderate income units.

**100% AFFORDABLE HOUSING PROJECTS**

The AHBP will enable some proposed 100% affordable housing sites to provide more homes, and increase the returns on public investments in affordable housing. Since this program is available citywide, several sites in the Mission district will be able to provide several more affordable units.

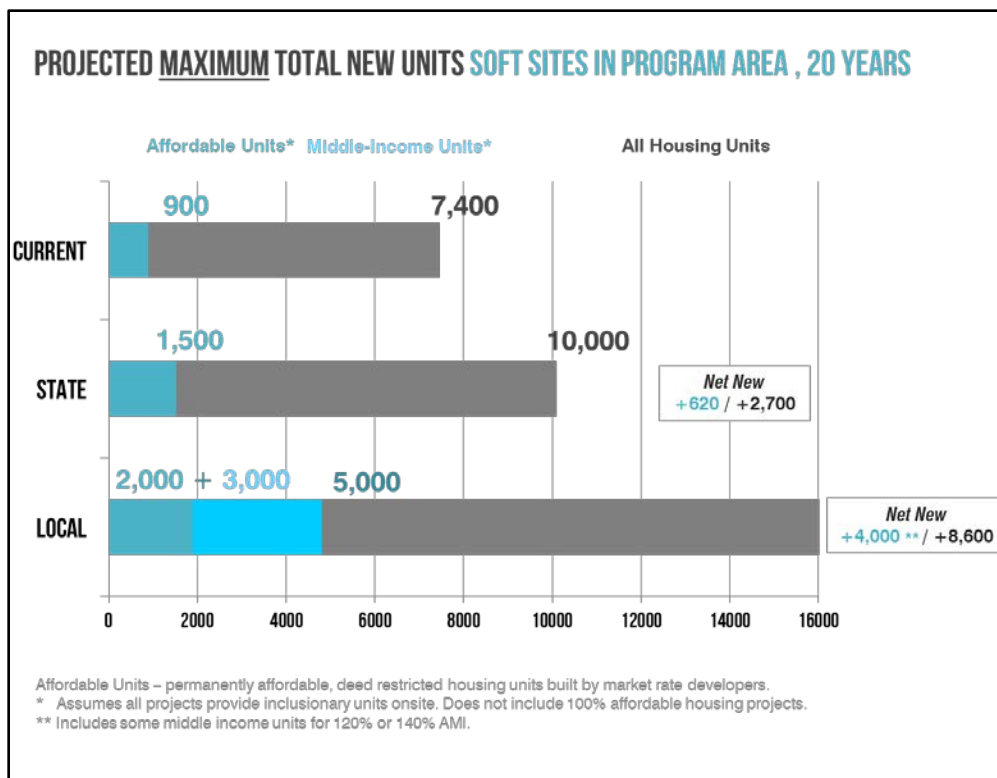
Affordable housing projects require public subsidy to move forward. San Francisco continues to grow the pool of local revenues dedicated to affordable housing, however based on current revenue projects the City expects to complete 2 or 3 affordable housing projects a year. These projects will provide a number of much needed permanently affordable homes, however will be a very small portion of the overall residential units generated through this program.

Affordable projects are offered three stories of additional height through this program, because this enables the public and non-profits to maximize the number of units produced on a given site, without significantly increasing the costs of construction per square foot. As building get taller, additional structural and life safety standards apply, these increased standards increase costs per square foot. For example shorter buildings can be wood frame, while concrete is required in middle size projects, and taller building require steel.

**HOW MANY UNITS OR BUILDINGS, AND WHERE?**

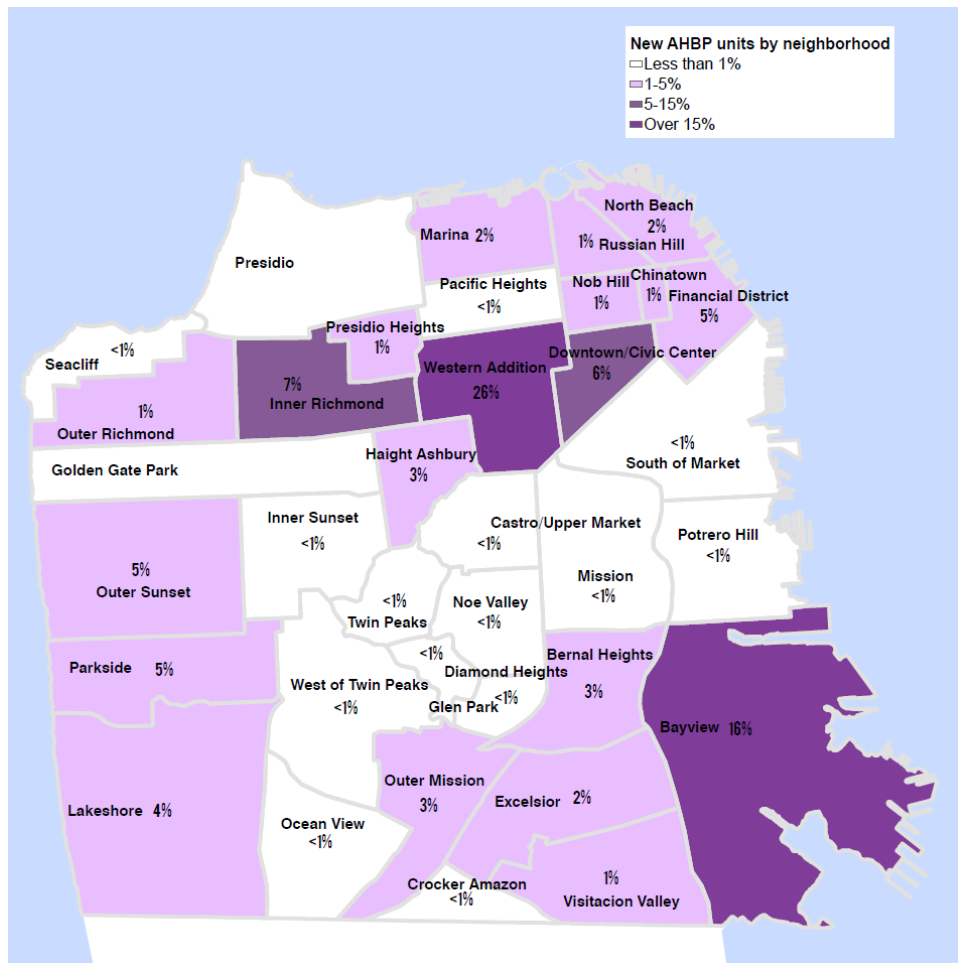
The program area includes over 30,000 parcels, however most of these parcels host healthy buildings, some historic resources, and existing housing units. On most of these sites the maximum development potential, even with increased development benefits, would not incentivize new housing development. Most parcels in the program area will not benefit from the program.

The Planning Department completed a soft site analysis - which is a standard methodology to predict when or if a particular parcel of land is so underbuilt that the land owner might be incentivized to develop the site. Essentially this analysis compares the existing use to the total development potential. Within the AHBP Program Area, the City predicts about 240 parcels within the program area are soft, or might take advantage of the new program.



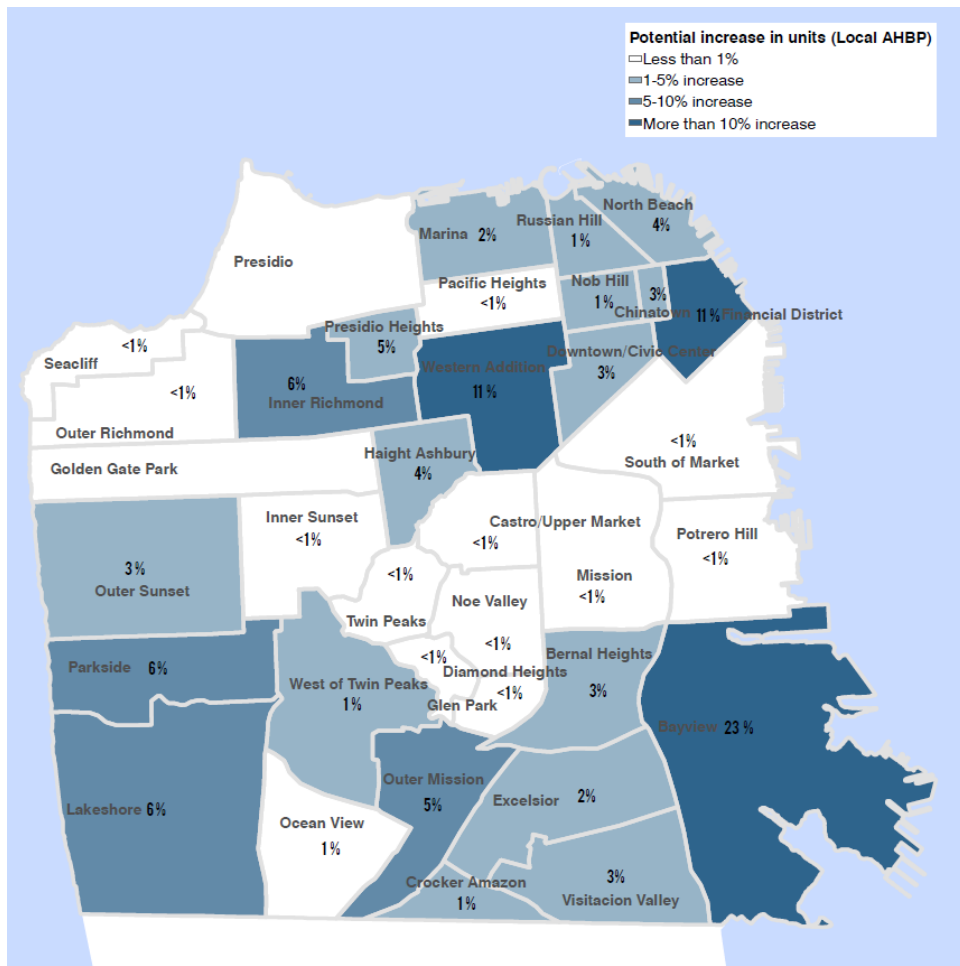
If all of those sites develop under the current zoning controls they would result in 7,400 new units, of which 900 would be affordable (assuming all projects chose to meet their inclusionary housing units by providing the units on site). If the same sites all sought a state density bonus, the city would gain 10,000 new units, including approximately 1,500 permanently affordable housing for households Low and Moderate income households (between 50 and 90% AMI). However if those same sites all developed under the local program the total number of units generated through the program would be 5,000 – including 2,000 units for Low and Moderate income households and an 3,000 affordable for middle income households.

The approximately 240 soft sites most likely to take advantage of the AHBP are spread quite evenly throughout San Francisco’s many neighborhood commercial and mixed-residential districts. If each were to develop to its maximum potential – a total of 16,000 units – the full effect of the program would represent roughly a 4% increase over the city’s 380,000 housing units<sup>13</sup>. The map below shows the geographic distribution of projected units by Planning District.



Some districts will host less than one percent of the total projected production – largely because most of the parcels in those districts are not included in the program area. However the majority of the City’s neighborhoods will host less than 5% of the total new units.

<sup>13</sup> 2014 Housing Inventory, SF Planning.



This map shows that the percent increase, or percent change, in each district would be relatively small. In many cases districts will gain less than 1% of their existing housing supply. Most of the growth will happen in districts where the housing supply will increase by 3 to 6 percent. As a comparison point major rezoning efforts such as Market-Octavia and Central SOMA, both of which either have or plan to increase the potential for housing development by roughly 42%, concentrated in much smaller geographies.

**WHAT MIGHT AHBP BUILDINGS LOOK LIKE?**

David Baker Architects and Open Scope Studios each modeled potential building forms on real sites throughout the AHBP program area, to demonstrate how buildings utilizing the program might look. These examples show a building developed under current regulations and height limits compared to one developed under the proposed AHBP Local Program, at two stories higher than the existing limit and with 30% on-site affordability.

As part of this work, DBA also completed a study of the existing built form included the documentation of strong residential buildings constructed above the established height limits.

# POSSIBLE UNDER CURRENT ZONING



Current zoning allows up to 47 homes in a 65' building.

- MAXIMUM ALLOWED HEIGHT UNDER THE AHBP—WITH 30% AFFORDABLE HOMES
- CURRENT HEIGHT LIMIT

# POSSIBLE UNDER AHBP



Under the AHBP, 65 homes could be built in a 90' building.

- MAXIMUM ALLOWED HEIGHT UNDER THE AHBP—WITH 30% AFFORDABLE HOMES
- CURRENT HEIGHT LIMIT

## Questions Raised by Commissioners

### TRANSPORTATION CONSIDERATIONS IN THE AHBP PROGRAM AREA

Transportation and land use planning should be coordinated. In the past several years the City of San Francisco has made great progress on several citywide transportation planning efforts and has established several new transportation revenue sources. The City has determined that managing transportation in our dynamic 49 square miles requires a citywide approach to transit, pedestrian, bicycle and auto systems as comprehensive networks – rather than trying to focus on specific patches of the network.

Transportation investments and land use improvements evoke the classic chicken and egg question – which comes first, or more precisely which *should* come first? Some suggest that increased user base can make the case for greater transit investments; while others suggest no new development should happen until the transportation improvements are in place. Fortunately, the land use changes enabled through the proposed AHBP would be geographically dispersed and incremental, enabling the transportation investments and land use changes to be more closely coordinated over time.

Also, as the City's transportation services improve and modernize, user behavior has responded. The mode shift trends in San Francisco are echoed in many major urban areas. The future of urbanism includes more fuel and space efficient modes of transportation.

### Recent Transportation Planning and Future Projects in San Francisco

Transportation 2030 summarizes the City's capital plan for improved transportation in the City. Most of the projects the city anticipates funding are system-wide improvements required to support growth. The projects fall into the following categories:

- **Improved Transit.** More Muni buses and trains to improve reliability and reduce travel times.
  - *Specific projects:* 5 Fulton Rapid project, 28 19<sup>th</sup> Avenue Rapid project, N-Judah Rapid Project, bus rapid transit on Geary Boulevard, and upgrade Muni maintenance facilities.
- **Safer Streets.** Make the transportation network safer no matter where you're going or how you get there. Implement Vision Zero, the City's goal of eliminating traffic fatalities in San Francisco by 2024.
  - *Specific projects:* pedestrian crossing signals, lighting enhancements, traffic calming measures and wider, more visible crosswalks. installing new traffic signals where none currently exist, creating a safer environment for people walking and bicycling. raised sidewalks, speed humps, well defined bikeways and shortened street crossings.
- **Better Roads.** Repaving roads to create smoother, safer roadways citywide.
  - *Specific Projects:* The City will repave at least 20% of City blocks.



### Funding Additional Transportation Services

The City has identified several new sources of funding to support the necessary capital improvements. In addition to the ongoing revenue sources, in 2014 voters supported a \$500 Million transportation bond. Also voters supported Proposition B (2014) which tethers transportation funding rates to population growth.

Also the City will soon adopt an expanded Citywide Transportation Sustainability Fee (TSF) which is anticipated to generate \$1.2 billion in revenue over 30 years. AHBP projects would be subject to the fee enabling the City to: “Invest in our transportation network” and “shift by requiring new developments to prioritize more sustainable travel methods”. Our transportation network needs to keep pace. That includes more transit vehicles, more bike lanes, and safer streets for people walking. For years, Muni has been underfunded, in part because the city didn’t require many developers to offset the transportation impacts of their new buildings. Voters have recently approved funding to help fix some of the structural deficits, but growing the system to accommodate new riders requires more investment.

Projects entitled through the AHBP program would be subject to the soon to be adopted TSP fee, meaning that there will be a direct link between new housing projects and revenue for transportation improvements.

### Mode shift – people are moving more efficiently.

Let’s be clear, there is no scenario where everyone in San Francisco will move efficiently without the use of a private automobile. However, many residents are finding that modes of transportation, other than the private automobile, are more efficient and effective for them. The AHBP program area is within walking distance of the Muni Rapid Network – meaning it incentivizes new housing generally along the same transit corridors the City is increasing investment.

In addition to publicly funded transportation improvements, there are several major private transportation improvements that have led to higher density of residents without the proportionate transportation and parking congestion. Including – a major uptick in the use of car sharing services such as ZipCar, Getaround, City Carshare and Enterprise, a rapid increase in private taxi-like services such as Lyft and Uber, the availability and planned expansion of bike sharing, private employer shuttles, and shared scooters<sup>14</sup>.

### Some Data

- Transit Ridership is up, 5 year high! Approx. 3% increase in average weekday transit boardings.<sup>15</sup>
- Car Sharing is growing: Six percent of San Franciscans use carshare.<sup>16</sup> There are nearly 2,000 carshare vehicles parked in private spaces<sup>17</sup> and 200 on street parking spaces for carshare vehicles.<sup>18</sup>

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<sup>14</sup> Scoot currently has 75 locations with 3 to 18 scooters at each location. Scoot has recently added 10 Scoot Quads to their fleet. Scoot quads are electric mini cars that fit two people.

<sup>15</sup> 2014, SFMTA report to Board of Directors. <http://sf.streetsblog.org/wp-content/uploads/sites/3/2015/02/2-3-15-Board-Workshop-Presentation.pdf>

<sup>16</sup> 2014, SFMTA report to Board of Directors. <http://sf.streetsblog.org/wp-content/uploads/sites/3/2015/02/2-3-15-Board-Workshop-Presentation.pdf>

<sup>17</sup> Data on three companies as of December 2014.

- Over 52% of all trips were made **without** private automobiles in 2014. (23% Transit, 25% Walking, 4% bicycle and other; and 21% carpooling and 27% driving alone).<sup>19</sup>

## WHY CREATE INCENTIVES FOR THE AFFORDABLE HOUSING BONUS PROGRAM

The state density bonus law established a number of incentives and concessions that a developer may choose from that result in a financial incentive for a project. On the October 15, initiation of General Plan Amendments for the AHBP, several commenters stated that there was not a need for additional incentives for development. It is in fact hard to imagine a need for incentives for development in this hot housing market. However development patterns in San Francisco vary greatly by neighborhood.

The Housing Balance Report<sup>20</sup> reports the Cumulative Housing Balance by Supervisor District. The report documents affordable housing units in the City as well as new market rate housing. The first table in the report documents that District 1, District 2, and District 4 have entitled 39, 69, and 56 housing units respectively from 2005 to the last quarter of 2014. Other areas of the City such as District 5, 6, and 10 have entitled 444, 3,814, and 1,667 housing units respectively in the same time period. To improve the feasibility of sites the Local AHBP provides incentives for developers to distribute housing development more equitably through the city.

In the AHBP program area density is regulated by a ratio of units to lot area, for example one unit to 600 square feet of lot area. With this type of control, 4-story mixed use development projects, generally, tend to “not pencil” because the density limit greatly reduce the over all development potential.

## EXISTING COMMERCIAL BUSINESSES

San Francisco’s diverse economy includes a number of important neighborhood serving businesses of varying scales. Unlike residential tenants, commercial tenants are not afforded protections such as controlled rental rates or tenant rights. Accordingly to volatility of a commercial rental space can be triggered by a number of market forces, including new construction.

Numerous challenges exist for small businesses looking to relocate. For example, a commercial business would need to find an affordable space, they may need a small business loan, and they would need to navigate the bureaucracy of the Planning Department and the Department of Building Inspection to open a new space. These lengthy and time consuming steps can take many months, particularly when a new space requires capital improvements, such as for a restaurant. Many small businesses facing eviction lack the business plans to compete in the current real estate market. In addition, businesses facing eviction due to building demolition are not entitled to financial compensation for early termination of their lease unless expressly stated in their lease.

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<sup>18</sup> [https://www.sfmta.com/sites/default/files/projects/2015/CSO\\_Space\\_Requests\\_citywide\\_v8.pdf](https://www.sfmta.com/sites/default/files/projects/2015/CSO_Space_Requests_citywide_v8.pdf)

<sup>19</sup> 2014, SFMTA report to Board of Directors. <http://sf.streetsblog.org/wp-content/uploads/sites/3/2015/02/2-3-15-Board-Workshop-Presentation.pdf>

<sup>20</sup> Housing Balance Report; July 7, 2015. Can be found: <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=9376>

### Existing Policies and Programs for Displaced Businesses

To support displaced small businesses, the city and state operate several programs. There are multiple access points to these services; there is not a cohesive program and knowledge of these programs may be limited.

- Invest in Neighborhoods program. OEWD staff working in the Invest In Neighborhoods (IIN) program provide technical assistance to businesses and help them identify relocation sites when possible. For businesses relocating to one of the 24 IIN areas, OEWD can offer funds for specific improvements, such as façade upgrades.
- Small Business Development Center. OEWD staff work closely with the San Francisco Small Business Development Center. Both agencies offer pro bono legal advice and technical assistance, and each agency has its particular area of expertise. Neither agency currently employs real estate brokers to help small businesses navigate the commercial real estate marketplace.
- Office of Small Business. The City also operates the Office of Small Business in City Hall. This one-stop shop offers case management and referrals for everything from business registration, permits and licensing, taxes, compliance with ADA, zoning and land use, the permitting process, and technical assistance resources.

OEWD staff is currently working to identify ways to improve small business transition and to reach businesses before they are in crisis.

There are also new strategies under consideration, which would augment existing policies and programs, including expanding small business lease negotiation and eviction intervention services and creating a nonprofit and creative space displacement program with \$4.5 million in funding.

### Additional Support for Commercial Tenants with the AHBP

The AHBP program will add two additional and important protection to the existing programs and services available to businesses that need to move. OEWD, who currently administers small business services, report that often small businesses are given very little notification before they need to relocate. This process can be more successful and achievable with more time. Therefore the AHBP program requires that any project that participates in the AHBP would be required to submit documentation to the Planning Department that they have alerted all residential and commercial tenants of their intent to file for demolition. This notification would be required before environmental review commences – meaning that businesses would have a minimum of a 1-2 year notification. This is valuable time to work with OEWD and partner agencies to refine their business plan and successful relocate. Also these businesses would have priority processing at the Planning Department, to help expedite entitlement at their new location.

Also, the AHBP will generate a net increase in neighborhood commercial space. Newer spaces may command a higher commercial rent than some businesses can afford to pay – however supply of new

commercial space could reduce the demand for existing and older commercial spaces that are more affordable.

## PROTECTIONS FOR RENT CONTROL HOUSING AND RESIDENTS

Some have expressed concern that the AHBP could incentive demolition and replacement of the existing housing supply, including rent control units. Older buildings are often more affordable either due to the dated amenities or because they may also be subject to rent control ordinances (which only applies to buildings built before 1979). Rent control units are an asset to the City's housing supply. In most cases the AHBP, even with two additional stories, would not incentivize demolition of healthy building supply, due to the high affordable housing requirements.

### Existing Regulations: Demolition or Residential Units

The City currently has strict rules regarding the demolition of residential dwelling units in several districts in the City. The following circumstances require Conditional Use Authorization:

1. The loss of one or more Residential Units still requires Conditional Use authorization in the RTO, RTO-M, NCT, and Upper Market NCD Zoning Districts, as well as the loss of any residential unit above the ground floor in the C-3 Zoning District; however, the loss of any Residential Unit through merger at the ground floor in C-3 Districts.
2. In all other districts, the loss or removal of three or more Residential Units.
3. In all other Districts, the loss or removal of one to two Residential Units due to demolition or conversion requires Mandatory Discretionary Review; however, the merger of one to two dwelling units.
4. Mergers of Residential Units that are demonstrably not affordable or financially accessible housing.

The City is also pursuing legislation to require a CU for the removal of a dwelling unit.

### Existing Policies and Programs: Displaced Residents

Several existing programs mitigate the impacts of residential displacement. They are not specifically tailored to tenants displaced due to demolition.

- **Ellis Act Housing Preference Program.** Initiated in early 2014, the Ellis Act Housing Preference Program (EAHP) targets tenants evicted under the State's Ellis Act. Displaced tenants (back to 2010) are now given preference for the City's affordable housing programs. Even with preference, applicants must meet strict income eligibility requirements, making most middle income households ineligible for affordable housing programs yet still priced out of market rate housing. And the demand for affordable housing far outstrips the available supply.
- **Proposed Preferences in Affordable Housing Programs.** Under proposed legislation, the Ellis Act Preference Program would be expanded to serve any displaced tenant, not just those impacted by the Ellis Act. It would not only expand the eviction preference to include tenants displaced by way of any no-fault eviction, unit merger, or condo conversion since January 1, 2010, it would

also create a third preference for 'residents in the neighborhood' where the affordable housing is being built.

- **Relocation Payments.** Evicted tenants are due \$5,551 each for relocation costs (capped at \$16,653 per unit).

In addition, there are affordable housing opportunities provided by nonprofit agencies, inclusionary affordable rental units, and public housing. These are generally available only to very low income household earning less than 60% of the area median income (e.g., for a family of four, household income cannot exceed \$61,150).

### **New Protections: AHBP Programs and Replacement Units**

Any proposed demolition of a rent controlled unit under the AHBP program would be subject to state law AB 2222. This law requires that all rent control and affordable units are replaced by like affordable housing. The total number of affordable units in the replacement project must be greater than the number of existing rent control or affordable units. The new replacement units, which would be permanently affordable, would count towards the affordability requirement.

Some commenters have suggested that the replacement requirements should be higher than the baseline program. For example, they assert that a 20 unit building that proposes to demolish two rent control units, should have a higher affordable housing burden than a 20 unit building proposed on a vacant parcel. Others feel that the total number of affordable units in the new project, should be greater than the existing building.

The need for a clear City policy around balancing the maintenance of existing rent control units with the production of new affordable units is clear. Recent development proposals, and other planning processes, such as the Mission 2020 effort have identified this as a central issue. Accordingly Department staff intend to work with decision makers to develop a more robust rent control unit requirement and will explore the following principles in more depth:

- Demolish of rent control units should be limited to cases where overall affordability is greater in the replacement project.
- Projects that demolish rent control units should be subject to some type of replacement requirement
- All affordable and replacement units will be permanently affordable Below Market Rate Units, not 'replacement rent control units'.
- Tenants of rent control units that are demolished shall be afforded additional benefits, for example a right to return to the completed building, neighborhood preference for affordable units, etc.

### **New Protections: AHBP Programs and Connecting Residents to Services**

Prior to filing the first permit with the City of San Francisco planning department, all residents shall receive a letter from the project sponsor including a reference to relevant citywide and neighborhood specific housing counseling services. Additionally displaced residents would qualify for neighborhood preference in lotteries hosted by the City.

## WHAT'S NOT PERMITTED WITH THE AHBP

### Vertical Additions

The Local Affordable Housing Bonus program will not allow vertical additions to existing buildings at this time. The City will amend the draft legislation to clarify this restriction. This is because the City has not studied the financial incentives of this construction type. While the additional market rate and affordable units could benefit the City's housing supply, there are many unknowns about vertical additions to existing residential buildings. When are these projects viable? What are the physical considerations? What are the financial considerations? Would existing residents be evicted or forced to live in long term construction conditions. These types of questions should be studied extensively before a program incentivizing vertical additions to existing buildings is established.

While the City cannot limit a project sponsor's access to the State Density bonus law for additions, State law states that the affordability requirements apply to the "total" number of units<sup>21</sup> in the housing development, not just the new units. Accordingly, in order to access a density benefit, existing buildings would need to be 5-20% affordable. Because projects can only get a maximum of a 35% density bonus, most of the units added to the development through vertical addition, would need to be affordable. It is unlikely that a project would pursue a vertical addition if most or all were required to be income-restricted. Clearly, the State did not intend for the Density Bonus Law to incentivize additions to existing buildings.

### Shadows

The Local and 100% Affordable Housing Bonus Programs do not allow projects to create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas. If a project applying under the Local or 100% Affordable AHBP is able to mitigate the significant impact due to shadow, the project could then apply under the Local or 100% Affordable AHBP. If a project does trigger impacts on shadow it no longer qualifies under the Local or 100 % Affordable Housing Bonus. If a project triggers shadow impacts but applies under the State Analyzed or State Individually Requested program and the impacts cannot be mitigated, a project could still be approved. State law confers density bonuses and other concessions and incentives to all projects of 5 units or more that provide the required level of affordable housing, and the City's ability to disapprove such projects is limited. However, the normal requirements of the California Environmental Quality Act continue to apply to all projects under any of the Affordable Housing Bonus Programs.

### Historic Resources

Local AHBP and 100% Affordable Housing Bonus programs must not cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5. If, however, a project applying under the Local or 100% Affordable AHBP is able to mitigate the impact on a historic resource, the project could then apply under the Local AHBP. If a project does trigger impacts on historic resources it no longer qualifies under the Local or 100% Affordable Housing

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<sup>21</sup> Per Section 65915(b)(1)(A), (B), and (D) affordable housing percentage applies to the "total units of a housing development".

Bonus. If a project triggers historic resource impacts but applies under the State Analyzed or State Individually Requested program and the impacts cannot be mitigated, a project could still be approved under the state law. State law confers density bonuses and other concessions and incentives to all projects of 5 units or more that provide the required level of affordable housing, and the City’s ability to deny such projects is limited. However, the normal requirements of the California Environmental Quality Act continue to apply to all projects under any of the Affordable Housing Bonus Programs.

**LIMITS ON LOT WIDTH AND LOT MERGERS**

Limits on lot widths and mergers, help regulate the urban form and scale of projects. Currently, Planning Code section 121.7 regulates lot mergers in several districts (see table below). In addition, most NC districts require a Conditional Use Application (CU) if the lot size is above a certain size, for example in smaller scale districts (NC-1) at 5,000 square feet and at moderate scale (NC-3) districts at 10,000 square feet.

Street or District	Lot Frontage Limit
Hayes, from Franklin to Laguna; RED and RED-MX; Inner and Outer Clement NCDs; NC-2 districts on Balboa Street between 2nd Avenue and 8th Avenue, and between 32nd Avenue and 38th Avenue	50 feet
Church Street, from Duboce to 16th Street; Divisadero Street NCT except for the east and west blocks between Oak and Fell, Fillmore Street NCT, Folsom Street NCT, RCD, WMUG, WMUO, and SALI;	100 feet
Market, from Octavia to Noe	150 feet

Additionally, the Department recognizes that projects that take advantage of the Affordable Housing Bonus program will sometimes be taller or of differing mass than the surrounding context the AHBP Design Guidelines were created to clarify how projects shall both maintain their size and adopt to be compatible with their neighborhood context.

Supervisor Tang has expressed an interest in amending the proposed ordinance to include more clear regulations around lot mergers for projects entitled under the AHBP. Potential amendments might include a broader application of lot merger regulations, and a clear process for projects seeking entitlement on larger lots.

## **Exhibits**

Exhibit 1. AHBP Planning Process Summary

Exhibit 2. Draft Planning Code Ordinance

Exhibit 3. Draft AHBP Design Guidelines



**Affordable Housing Bonus Program: Planning Process Summary**

<p><b>Scoping Project</b> <i>January to June 2014</i></p>	<p><b>Mayor’s Housing Working Group</b></p> <ul style="list-style-type: none"> <li>- Three general meetings</li> <li>- Three State Density bonus law meetings</li> <li>- Three 100% affordable housing focus meetings</li> </ul>
<p><b>Gathering Information</b> <i>August to November 2014</i></p>	<p><b>Working Sessions with Key Stakeholders</b></p> <ul style="list-style-type: none"> <li>- Two working sessions with SFHAC</li> <li>- Three working sessions with CCHO</li> <li>- Two working sessions with AIA</li> </ul>
<p><b>Public Priorities</b> <i>November 2014</i></p>	<p>Prop K passes with 66% of voter support</p>
<p><b>Developing and Vetting Proposal</b> <i>January to June 2015</i></p>	<ul style="list-style-type: none"> <li>- David Baker Architects</li> <li>- Seifel Consulting</li>   <li>- Mayor’s Office</li> <li>- Board of Supervisors</li> <li>- Office of Economic and Workforce Development</li> <li>- Planning Department Staff</li> </ul>
<p><b>Share Proposal with the Public</b> <i>Summer 2015</i></p>	<p><b>Provide Materials to the Public</b></p> <ul style="list-style-type: none"> <li>- Website launched</li> <li>- DBA study completed</li> <li>- Seifel Study Completed</li> </ul> <p><b>Presentations to Key Stakeholders</b></p> <p>August 11: SPUR              August 14: San Francisco Housing Action Coalition (SFHAC)              August 24: Coalition for San Francisco Neighborhoods (CSFN)              August 26: Council of Community Housing Organizations (CCHO)              September 15: Coalition for San Francisco Neighborhoods (CSFN)              September 15: Residential Builders Association (RBA)</p>
<p><b>Outreach and Adoption</b> <i>October through December 2015</i></p>	<p><b>Public Events and Hearings</b></p> <p>September 24: Planning Commission Informational Hearing              September 29: Mayor and Supervisor Introduce Legislation              October 26: Open House              October 22: Webinar              November 5: Planning Commission Hearing</p> <p>TBD: Board of Supervisor Hearings</p>

1 [Planning Code – Affordable Housing Bonus Programs]

2

3 **Ordinance amending the Planning Code to create the Affordable Housing Bonus**  
 4 **Programs, consisting of the Local Affordable Housing Bonus Program, the 100 Percent**  
 5 **Affordable Housing Bonus Program, the Analyzed State Density Bonus Program and**  
 6 **the Individually Requested State Density Bonus Program, to provide for development**  
 7 **bonuses and zoning modifications for affordable housing, in compliance with, and**  
 8 **above those required by the State Density Bonus Law, Government Code Section**  
 9 **65915 et seq.; to establish the procedures in which the Local Affordable Housing**  
 10 **Bonus Program and the 100 Percent Affordable Housing Bonus Program shall be**  
 11 **reviewed and approved; and amending the Planning Code to exempt projects from the**  
 12 **height limits specified in the Planning Code and the Zoning Maps; and affirming the**  
 13 **Planning Department’s determination under the California Environmental Quality Act;**  
 14 **and making findings of consistency with the General Plan and the eight priority**  
 15 **policies of Planning Code Section 101.1.**

16 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
 17 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
 18 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
 19 **Board amendment additions** are in double-underlined Arial font.  
 20 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
 21 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
 22 subsections or parts of tables.

20

21 Be it ordained by the People of the City and County of San Francisco:

22

23 Section 1.

24 (a) The Planning Department has determined that the actions contemplated in this  
 25 ordinance comply with the California Environmental Quality Act (California Public Resources

1 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of  
2 Supervisors in File No. \_\_\_\_\_ and is incorporated herein by reference. The Board  
3 affirms this determination.

4 (b) On \_\_\_\_\_, the Planning Commission, in Resolution No. \_\_\_\_\_,  
5 adopted findings that the actions contemplated in this ordinance are consistent, on balance,  
6 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The  
7 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of  
8 the Board of Supervisors in File No. \_\_\_\_\_, and is incorporated herein by reference.

9 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code  
10 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth  
11 in Planning Commission Resolution No. \_\_\_\_\_, and the Board incorporates such  
12 reasons herein by reference.

13  
14 Section 2. The Planning Code is hereby amended by adding Section 206 to read as follows:

15 **SEC. 206. THE AFFORDABLE HOUSING BONUS PROGRAMS.**

16 This section shall be known as the Affordable Housing Bonus Programs, which includes the  
17 Local Affordable Housing Bonus Program, the 100 Percent Affordable Housing Bonus Program, the  
18 Analyzed State Density Bonus Program and the Individually Requested State Density Bonus Program.

19 **SEC. 206.1. PURPOSE AND FINDINGS.**

20 (a) The purpose of the Affordable Housing Bonus Programs is to facilitate the development and  
21 construction of affordable housing in San Francisco. Affordable housing is of paramount statewide  
22 concern, and the California State legislature has declared that local and state governments have a  
23 responsibility to use the powers vested in them to facilitate the improvement and development of  
24 housing to make adequate provision for the housing needs of all economic segments of the community.  
25 The State Legislature has found that local governments must encourage the development of a variety of

1 types of housing for all income levels, including multifamily rental housing and assist in the  
2 development of adequate housing to meet the needs of low- and moderate-income households.

3 (b) Affordable housing is an especially paramount concern in San Francisco. San Francisco  
4 has one of the highest housing costs in the nation, but San Francisco's economy and culture rely on a  
5 diverse workforce at all income levels. It is the policy of the Board of Supervisors to provide housing  
6 to these workers and ensure that they pay a proportionate share of their incomes to live in adequate  
7 housing and to not commute ever-increasing distances to their jobs. The Association of Bay Area  
8 Governments determined that San Francisco's share of the Regional Housing Need for January 2015  
9 to June 2022 was provision of 28,870 new housing units, with 6,234 (or 21.6%) as very low, 4,639 (or  
10 16.1%) as low, and 5,460 (or 18.9%) as moderate income units.

11 (c) This Board of Supervisors, and the voters in San Francisco, have long recognized the need  
12 for the production of affordable housing. The voters, or this Board have adopted measures such as the  
13 establishment of the mandatory Inclusionary Affordable Housing Ordinance in Planning Code section  
14 415; the San Francisco Housing Trust Fund, adopted in 2012, which established a fund to create,  
15 support and rehabilitate affordable housing, and set aside \$20 million in its first year, with increasing  
16 allocations to reach \$50 million a year for affordable housing; the adoption of Proposition K in 2014  
17 which established as City policy that the City, by 2020, will help construct or rehabilitate at least  
18 30,000 homes, with more than 50% of the housing affordable for middle-income households, and at  
19 least 33% as affordable for low-and moderate income households; and the multiple programs that rely  
20 on Federal, State and local funding sources as identified in the Mayor's Office of Housing and  
21 Community Development Comprehensive Plan.

22 (d) Historically, in the United States and San Francisco, affordable housing requires high  
23 levels of public subsidy, including public investment and reliance on public dollars. Costs to subsidize  
24 an affordable housing unit vary greatly depending on a number of factors, such as household income of  
25 the residents, the type of housing, and the cost to acquire land acquisition. Currently, MOHCD

1 estimates that the level of subsidy for an affordable housing units is approximately \$250,000 per unit.  
2 Given this high cost per unit, San Francisco can only meet its affordable housing goals through a  
3 combination of increased public dollars dedicated to affordable housing and other tools that do not  
4 rely on public money.

5 (e) Development bonuses are a long standing zoning tool that enable cities to encourage  
6 private development projects to provide public benefits including affordable housing. By offering  
7 increased development potential, a project sponsor can offset the expenses necessary to provide  
8 additional public benefits. In 1979, the State of California adopted the Density Bonus Law,  
9 Government Code section 65915 et seq, which requires that density bonuses and other concessions and  
10 incentives be offered to projects that provide a minimum amount of on-site affordable housing.

11 (f) In recognition of the City's affordable housing goals, including the need to produce more  
12 affordable housing without need for public subsidies, the Planning Department contracted with David  
13 Baker Architects and Seifel Consulting to determine a menu of zoning modifications and development  
14 bonuses that could offset a private developer's costs of providing various levels of additional on-site  
15 affordable housing. David Baker Architects and Seifel Consulting analyzed various parcels in San  
16 Francisco, to determine the conditions in which a zoning accommodation would be necessary to  
17 achieve additional density. The analysis modeled various zoning districts and lot size configurations,  
18 consistent with current market conditions and the City's stated policy goals, including to achieve a mix  
19 of unit types, including larger units that can accommodate larger households. These reports are on file  
20 in Board of Supervisors File No. \_\_\_\_\_.

21 (g) Based on the results of the studies, the Department developed four programs set forth in  
22 this Section 206, the Affordable Housing Bonus Programs, which provide options by which developers  
23 can include affordable units on-site in exchange for increased density and other zoning or design  
24 modifications. These programs are the Local Affordable Housing Bonus Program, the 100 Percent  
25

1 Affordable Housing Bonus Program, the Analyzed State Density Bonus Program and the Individually  
2 Requested Bonus Program.

3 (h) The goal of the Local Affordable Housing Program is to increase affordable housing  
4 production, especially housing affordable to Middle Income households. Housing for Middle Income  
5 Households in San Francisco is necessary to stabilize San Francisco’s households and families, ensure  
6 income and household diversity in the long term population of San Francisco, and reduce  
7 transportation impacts of middle income households working in San Francisco. Middle Income  
8 households do not traditionally benefit from public subsidies.

9 (i) The 100 Percent Affordable Housing Bonus Program provides additional incentives for  
10 developers of 100% affordable housing projects, thereby reducing the overall cost of such  
11 developments on a per unit basis.

12 (j) The Affordable Housing Bonus Program also establishes a clear local process for all  
13 projects seeking the density bonuses guaranteed through the State Density Bonus Law. The State  
14 Analyzed Program provides an expedited process for projects that comply with a pre-determined menu  
15 of incentives, concessions and waivers of development standards that the Department, in consultation  
16 with David Baker Architects and Seifel Consulting can appropriately respond to neighborhood context  
17 without causing adverse impacts on public health and safety, and provide affordable units through the  
18 City’s already-established Inclusionary Housing Program. Projects requesting density or concessions,  
19 incentives and waivers outside of the City’s preferred menu may seek a density bonus consistent with  
20 State law in the Individually Requested Density Bonus Program.

21 **SEC. 206.2 DEFINITIONS.**

22 This Section applies to Sections 206 through 206.8. The definitions of Section 102 and the  
23 definitions in Section 401 for “Area Median Income” or “AMI,” “First Construction Document,”  
24 “Housing Project,” “Inclusionary Unit,” “Life of the Project,” “MOHCD,” “On-site Unit,” “Off-site  
25 Unit,” “Principal Project,” and “Procedures Manual,” shall generally apply. For purposes of this

1 Section 206 et seq., the following definitions shall apply, and shall prevail if there is a conflict with  
2 other sections of the Planning Code.

3 “100 Percent Affordable Housing Project” shall be a project where all of the dwelling units  
4 with the exception of the manager’s unit are “Affordable Units” as that term is defined in section  
5 406(b).

6 “Affordable to a Household of Lower, Very Low, or Moderate Income shall mean, at a  
7 minimum (1) a maximum purchase price that is affordable to a Household of Lower, Very Low, or  
8 Moderate Income, adjusted for the household size, assuming an annual payment for all housing costs of  
9 33 percent of the combined household annual gross income, a down payment recommended by the  
10 Mayor’s Office of Housing and Community Development and set forth in the Procedures Manual, and  
11 available financing; and (2) an affordable rent as defined in Section 50053 of the Health and Safety  
12 Code sufficient to ensure continued affordability of all very low and low-income rental units that  
13 qualified the applicant for the award of the density bonus for 55 years or a longer period of time if  
14 required by the construction or mortgage financing assistance program, mortgage insurance program,  
15 or rental subsidy program.

16 “Affordable to a Household of Middle Income” shall mean, at a minimum, (1) a maximum  
17 purchase price that is affordable to a Household of Middle Income at 140% of Area Median Income,  
18 adjusted for the household size, assuming an annual payment for all housing costs of 33 percent of the  
19 combined household annual gross income, a down payment recommended by the Mayor’s Office of  
20 Housing and Community Development and set forth in the Procedures Manual, and available  
21 financing; and (2) the maximum annual rent for an affordable housing unit shall be no more than 30%  
22 of the annual gross income for a Household of Middle Income at an Area Median Income of 120%, as  
23 adjusted for the household size, as of the first date of the tenancy.

24 “Base Density” is the number of units permitted per a parcel’s zoning controls as established in  
25 Article 2, 7 and 8 of this Code.

1           "Density Bonus" means a density increase over the Maximum Allowable Residential Density  
2 granted pursuant to Government Code Section 65915 and Section 206 et seq.

3           "Density Bonus Units" means those market rate dwelling units granted pursuant to the  
4 provisions of this Section 206.3, 206.5 and 206.6 that exceed the otherwise Maximum Allowable  
5 Residential Density for the development site.

6           "Development standard" shall mean a site or construction condition, including, but not limited  
7 to, a height limitation, a setback requirement, a floor area ratio, an onsite open space requirement, or  
8 an accessory parking ratio that applies to a residential development pursuant to any ordinance,  
9 general plan element, specific plan, charter, or other local condition, law, policy, resolution or  
10 regulation.

11           "Household of Middle Income" shall mean a household whose combined annual gross income  
12 for all members does not exceed 140% of AMI to qualify for ownership housing and 120% of AMI to  
13 qualify for rental housing.

14           "Inclusionary Units" shall mean on-site income-restricted residential units provided within a  
15 development that meet the requirements of the Inclusionary Affordable Housing Program, Planning  
16 Code Section 415 et seq.

17           "Lower, Very Low, or Moderate Income" means annual income of a household that does not  
18 exceed the maximum income limits for the income category, as adjusted for household size, applicable  
19 to San Francisco, as published and periodically updated by the State Department of Housing and  
20 Community Development pursuant to Sections 50079.5, 50105, or 50093 of the California Health and  
21 Safety Code. Very low income is currently defined in California Health and Safety Code section  
22 50105 as 50% of area median income. Lower Income is currently defined in California Health and  
23 Safety Code section 50079.5 as 80% of area median income. Moderate Income is currently defined in  
24 California Health and Safety Code section 50093 as 120% of area median income.



1 "Maximum Allowable Residential Density" means the maximum number of dwelling units per  
2 square foot of lot area or, in zoning districts without such a density measurement, the maximum  
3 number of dwelling units permitted in the Housing Project by the City's General Plan, Planning Code,  
4 and Zoning Map at the time of application, excluding the provisions of Section 206 et seq., permitted  
5 per the Planning Code without use of a modification, Conditional Use Authorization, Variance,  
6 Planned Unit Development (PUD) or other exception from the Planning Code. In the Fillmore  
7 Neighborhood Commercial Transit District and the Divisadero Neighborhood Commercial Transit  
8 District, "Base Density" shall mean 1 unit per 600 square feet of lot area.

9 "Middle Income Unit" shall mean a residential unit affordable to a Household of Middle  
10 Income.

11 "Qualifying Resident" means senior citizens or other persons eligible to reside in a Senior  
12 Citizen Housing Development.

13 "Regulatory Agreement" means a recorded and legally binding agreement between an applicant  
14 and the City to ensure that the requirements of this Chapter are satisfied. The Regulatory Agreement,  
15 among other things, shall establish: the number of Restricted Affordable Units, their size, location,  
16 terms and conditions of affordability, and production schedule.

17 "Restricted Affordable Unit" means a dwelling unit within a Housing Project which will be  
18 Affordable to Very Low, Lower or Moderate Income Households, as defined in this Section 206.2 for a  
19 minimum of 55 years. Restricted Affordable Units shall meet all of the requirements of Government  
20 Code 65915, except that Restricted Affordable Units that are ownership units shall not be restricted  
21 using an equity sharing agreement."

22 "Senior Citizen Housing Development" has the meaning in California Civil Code section 51.3.

23 **SEC. 206.3 LOCAL AFFORDABLE HOUSING BONUS PROGRAM.**

24 (a) Purpose. This Section sets forth the Local Affordable Housing Bonus Program. The Local  
25 Affordable Housing Bonus Program or "Local Program" provides benefits to project sponsors of

1 housing projects that set aside a total of 30% of residential units onsite at below market rate rent or  
2 sales price, including a percentage of units affordable to low and moderate income households  
3 consistent with Section 415, the Inclusionary Housing Program, and the remaining percentage  
4 affordable to a Household of Middle Income. The purpose of the Local Affordable Housing Bonus  
5 Program is to expand the number of Inclusionary Units produced in San Francisco and provide  
6 housing opportunities to a wider range of incomes than traditional affordable housing programs, which  
7 typically provide housing only for very low, low or moderate income households. The Local Program  
8 allows market-rate projects to match the City's shared Proposition K housing goals that 50% of new  
9 housing constructed or rehabilitated in the City by 2020 be within the reach of working middle class  
10 San Franciscans, and at least 33% affordable for low and moderate income households.

11 (b) **Applicability.** A Local Affordable Housing Bonus Project or "Local Project" under this  
12 Section 206.3 shall be a project that:

13 (1) contains three or more residential units, as defined in Section 102, not including  
14 Density Bonus Units permitted through this Section 206.3, or any other density bonus; and

15 (2) is located in any zoning district that: (A) is not designated as an RH-1 or RH-2  
16 Zoning Districts; and (B) establishes a maximum dwelling unit density through a ratio of number of  
17 units to lot area, including RH-3, RM, RC, C-2, Neighborhood Commercial, Named Neighborhood  
18 Commercial, Chinatown Mixed Use Districts, and Soma Mixed Use Districts; or in (C) the Fillmore  
19 Neighborhood Commercial Transit District and Divisadero Neighborhood Commercial Transit  
20 District; and,

21 (3) is not seeking and receiving a density or development bonus under the provisions of  
22 California Government Code Section 65915 et seq, Planning Code Section 207, Section 124(f), Section  
23 202.2(f), 304, or any other State or local program that provides development bonuses; and

24 (4) includes at least 135% of the Base Density as calculated under Planning Code  
25 Section 206.5.

1           (c) Local Affordable Housing Bonus Project Eligibility Requirements. To receive the  
2 development bonuses granted under this Section, a Local Project must meet all of the following  
3 requirements:

4           (1) Comply with the Inclusionary Affordable Housing Program, Section 415 of this  
5 Code, by providing the applicable number of units on-site under Section 415.6. For projects not subject  
6 to the Inclusionary Affordable Housing Program, the applicable number of on-site units under this  
7 section shall be zero;

8           (2) Provide an additional percentage of affordable units in the Local Project as Middle  
9 Income Units, as defined herein, such that the total percentage of Inclusionary Units and Middle  
10 Income Units equals 30%. The Middle Income Units shall be restricted for the Life of the Project and  
11 shall comply with all of the requirements of the Procedures Manual authorized in Section 415. As  
12 provided for in subsection (e), the Planning Department and MOHCD shall amend the Procedures  
13 Manual to provide policies and procedures for the implementation, including monitoring and  
14 enforcement, of the Middle Income units;

15           (3) Demonstrate to the satisfaction of the Environmental Review Officer that the Local  
16 Project does not:

17                   (A) cause a substantial adverse change in the significance of an historic  
18 resource as defined by California Code of Regulations, Title 14, Section 15064.5,

19                   (B) create new shadow in a manner that substantially affects outdoor recreation  
20 facilities or other public areas; and

21                   (C) alter wind in a manner that substantially affects public areas;

22           (4) Has a minimum of a nine foot floor to ceiling height on all residential floors;

23           (5) Inclusive of Inclusionary Units and Middle Income Units, provides either (A) a  
24 minimum unit mix of at least 40% of all units as two bedroom units or larger; or (B) any unit mix such  
25 that 50% of all bedrooms within the Local Project are provided in units with more than one bedroom.

1 Local Projects are not eligible to modify this requirement under Planning Code Section 303, 328, or  
2 any other provision of this Code; and,

3 (6) Provides replacement units for any units demolished or removed that are subject to  
4 the San Francisco Rent Stabilization and Arbitration Ordinance, San Francisco Administrative Code  
5 Section 37, or are units qualifying for replacement as units being occupied by households of Low or  
6 Very Low Income, consistent with the requirements of Government Code section 65915(c)(3).

7 (d) **Development Bonuses.** Any Local Project shall, at the project sponsor's request, receive  
8 any or all of the following:

9 (1) **Form based density.** Notwithstanding any zoning designation to the contrary,  
10 density of a Local Project shall not be limited by lot area but rather by the applicable requirements and  
11 limitations set forth elsewhere in this Code. Such requirements and limitations include, but are not  
12 limited to, height, including any additional height allowed by subsection (d)(2), Bulk, Setbacks,  
13 Required Open Space, Exposure and unit mix as well as applicable design guidelines, elements and  
14 area plans of the General Plan and design review, including consistency with the Affordable Housing  
15 Bonus Program Design Guidelines, referenced in Section 328, as determined by the Planning  
16 Department.

17 (2) **Height.** Up to 20 additional feet, not including allowed exceptions permitted under  
18 Section 260(b), above the height authorized for the Local Project under the Height Map of the Zoning  
19 Map. The distance between the floor and ceiling for each residential floor of the Project shall be no  
20 less than nine feet, so as to result in no more than two additional residential floors than would be  
21 permitted by the applicable zoning rules for the Local Project lot.

22 (3) **Ground Floor Ceiling Height.** In addition to the permitted height allowed under  
23 (d)(2), Local Projects with active ground floors as defined in Section 145.1(b)(2) shall receive one  
24 additional foot of height, up to a maximum of an additional 5 feet in height at the ground floor, to  
25 exclusively provide a minimum 14-foot (floor to ceiling) ground floor ceiling height.

1                   (4) Zoning Modifications. Local Affordable Housing Bonus Projects may select up to  
2 three of the following zoning modifications:

3                   (A) Rear yard: The required rear yard per Section 134 or any applicable  
4 special use district may be reduced to no less than 20 percent of the lot depth, or 15 feet, whichever is  
5 greater. Corner properties may provide 20 percent of the lot area at the interior corner of the property  
6 to meet the minimum rear yard requirement, provided that each horizontal dimension of the open area  
7 is a minimum of 15 feet; and that the open area is wholly or partially contiguous to the existing  
8 midblock open space, if any, formed by the rear yards of adjacent properties.

9                   (B) Dwelling Unit Exposure: The dwelling unit exposure requirements of  
10 Section 140(a)(2) may be satisfied through qualifying windows facing an unobstructed open area that  
11 is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in  
12 every horizontal dimension at each subsequent floor.

13                   (C) Off-Street Loading: Off-street loading spaces per Section 152 shall not be  
14 required.

15                   (D) Parking: Up to a 75% reduction in the residential and commercial parking  
16 requirements Section 151 or any applicable special use district.

17                   (E) Open Space: Up to a 5% reduction in common open space if provided per  
18 Section 135 or any applicable special use district.

19                   (F) Additional Open Space: Up to an additional 5% reduction in common open  
20 space if provided per Section 135 or any applicable special use district, beyond the 5% provided in  
21 subsection (E) above.

22                   (e) Implementation.

23                   (1) Application. The following procedures shall govern the processing of a request for  
24 a project to qualify under the Local Program.

1                   (A) An application to participate in the Local Program shall be submitted with  
2 the first application for approval of a Housing Project and processed concurrently with all other  
3 applications required for the Housing Project. The application shall be submitted on a form prescribed  
4 by the City and shall include at least the following information:

5                   (i) A full plan set, including a site plan, elevations, sections and floor  
6 plans, showing total number of units, number of and location of Inclusionary Units, and Middle Income  
7 Units;

8                   (ii) The number of dwelling units which are on the property, or if the  
9 dwelling units have been vacated or demolished in the five year period preceding the application, have  
10 been and which were subject to a recorded covenant, ordinance, or law that restricts rents to levels  
11 affordable to persons and families of lower or very low income; subject to any other form of rent or  
12 price control through the City or other public entity's valid exercise of its police power; or occupied by  
13 lower or very low income households; and

14                   (iii) If the property includes a parcel or parcels in which dwelling units  
15 under subsection (ii) are located or were located in the five year period preceding the application, the  
16 type and size of those units, and the incomes of the persons or families occupying those units.

17                   (iv) The requested development bonuses and/or zoning modifications  
18 from those listed in subsection (d).

19                   (B) Documentation that the applicant has provided written notification to all  
20 existing commercial or residential tenants that the applicant intends to develop the property pursuant  
21 to this section. Any affected commercial tenants shall be given priority processing similar to the  
22 Department's Community Business Priority Processing Program, as adopted by the San Francisco  
23 Commission on February 12, 2015 under Resolution Number 19323, to support relocation of such  
24 business in concert with access to relevant local business support programs.

1                   (2) **Procedures Manual.** The Planning Department and MOHCD shall amend the  
2 Procedures Manual, authorized in Section 415, to include policies and procedures for the  
3 implementation, including monitoring and enforcement, of the Middle Income units. As an amendment  
4 to the Procedures Manual, such policies and procedures are subject to review and approval by the  
5 Planning Commission under Section 415.

6                   (3) **Notice and Hearing.** Local Projects shall comply with Section 328 for review and  
7 approval.

8                   (4) **Controls.** Local Projects shall comply with Section 328. Notwithstanding any other  
9 provision of this Code, no conditional use authorization shall be required for a Local Project unless  
10 such conditional use requirement was adopted by the voters.

11                   **SEC. 206.4: THE 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAM.**

12                   (a) **Purpose and Findings.** This Section 206.4 describes the 100 Percent Affordable Housing  
13 Bonus Program, or “100 Percent Affordable Housing Program”. In addition to the purposes  
14 described in section 206.1, the purpose of the 100 Percent Affordable Housing Program is to facilitate  
15 the construction and development of projects in which all of the residential units are affordable to Low  
16 and Very-Low Income Households. Projects pursuing a development bonus under this 100 Percent  
17 Affordable Program would exceed the City’s shared Proposition K housing goals that 50% of new  
18 housing constructed or rehabilitated in the City by 2020 be within the reach of working middle class  
19 San Franciscans, and at least 33% affordable for low and moderate income households.

20                   (b) **Applicability.** A 100 Percent Affordable Housing Bonus Project under this Section 206.4  
21 shall be a Housing Project that:

22                   (1) contains three or more Residential Units, as defined in Section 102, not including  
23 Density Bonus Units permitted through this Section 206 through a density bonus;

24                   (2) is located in any zoning district that:

25                   (A) is not designated as an RH-1 or RH-2 Zoning District; and

1 (B) allows Residential Uses;

2 (3) is not seeking and receiving a density or development bonus under the provisions of  
3 California Government Code Section 65915 et seq., Planning Code Sections 207, 124(f), 304, 803.8 or  
4 any other state or local program that provides development bonuses; and

5 (4) meets the definition of a “100 Percent Affordable Housing Project” in Section  
6 206.2.

7 (5) demonstrates to the satisfaction of the Environmental Review Officer that the  
8 Project does not:

9 (A) cause a substantial adverse change in the significance of an historic  
10 resource as defined by California Code of Regulations, Title 14, Section 15064.5,

11 (B) create new shadow in a manner that substantially affects outdoor recreation  
12 facilities or other public areas; and

13 (C) alter wind in a manner that substantially affects public areas.

14 (c) **Development Bonuses.** A 100 Percent Affordable Housing Bonus Project shall, at the  
15 project sponsor’s request, receive any or all of the following:

16 (1) **Priority Processing.** 100 Percent Affordable Housing Bonus Projects shall receive  
17 Priority Processing.

18 (2) **Form based density.** Notwithstanding any zoning designation to the contrary,  
19 density of the 100 Percent Affordable Housing Bonus Project shall not be limited by lot area but rather  
20 by the applicable requirements and limitations set forth elsewhere in this Code. Such requirements and  
21 limitations include, but are not limited to, height, including any additional height allowed by subsection  
22 (c)(2) herein, Bulk, Setbacks, Open Space, Exposure and unit mix as well as applicable design  
23 guidelines, elements and area plans of the General Plan and design review, including consistency with  
24 the Affordable Housing Bonus Program Design Guidelines, referenced in Section 328, as determined  
25 by the Planning Department.



1                   (3) **Height.** 100 Percent Affordable Housing Bonus Projects shall be allowed up to 30  
2 additional feet, not including allowed exceptions per Section 260(b), above the property's height  
3 district limit in order to provide three additional stories of residential use.

4                   (4) **Ground Floor Ceiling Height.** In addition to the permitted height allowed under  
5 subsection (c)(3), 100 Percent Affordable Housing Bonus Projects with active ground floors as defined  
6 in Section 145.1(b)(2) shall receive one additional foot of height, up to a maximum of an additional five  
7 feet at the ground floor, exclusively to provide a minimum 14-foot (floor to ceiling) ground floor ceiling  
8 height.

9                   (5) **Zoning Modifications.** 100 Percent Affordable Housing Bonus Projects may select  
10 any or all of the following zoning modifications:

11                   (A) **Rear Yard:** the required rear yard per Section 134 or any applicable  
12 special use district may be reduced to no less than 20% of the lot depth or 15 feet, whichever is greater.  
13 Corner properties may provide 20% of the lot area at the interior corner of the property to meet the  
14 minimum rear yard requirement, provided that each horizontal dimension of the open area is a  
15 minimum of 15 feet; and that the open area is wholly or partially contiguous to the existing midblock  
16 open space, if any, formed by the rear yards of adjacent properties.

17                   (B) **Dwelling Unit Exposure:** The dwelling unit exposure requirements of  
18 Section 140(a)(2) may be satisfied through qualifying windows facing an unobstructed open area that  
19 is no less than 15 feet in every horizontal dimension, and such open area is not required to expand in  
20 every horizontal dimension at each subsequent floor.

21                   (C) **Off Street Loading:** No off-street loading spaces per Section 152.

22                   (D) **Parking:** Up to a 100% reduction in the minimum off-street residential and  
23 commercial parking requirement per Article 1.5 of this Code.

24                   (E) **Open Space:** Up to a 10% reduction in common open space requirements if  
25 required by Section 135, but no less than 36 square feet of open space per unit.

1            **(d) Implementation.**

2            **(1) Application.** *The following procedures shall govern the processing of a request for*  
3 *a project to qualify as under the 100 Percent Affordable Housing Bonus Program.*

4            **(A)** *An application to participate in the 100 Percent Affordable Housing Bonus*  
5 *Program shall be submitted with the first application for approval of a Housing Project and processed*  
6 *concurrently with all other applications required for the Housing Project. The application shall be*  
7 *submitted on a form prescribed by the City and shall include at least the following information:*

8            **(i)** *A full plan set including a site plan, elevations, sections and floor*  
9 *plans, showing total number of units, unit sizes and planned affordability levels and any applicable*  
10 *funding sources;*

11            **(ii)** *The requested development bonuses from those listed in subsection*  
12 *(c); and,*

13            **(iii)** *Unit size and distribution of multi-bedroom units.*

14            **(B)** *Documentation that the applicant has provided written notification to all*  
15 *existing commercial or residential tenants that the applicant intends to develop the property pursuant*  
16 *to this section. Any affected commercial tenants shall be given priority processing similar to the*  
17 *Department's Community Business Priority Processing Program, as adopted by the San Francisco*  
18 *Commission on February 12, 2015 under Resolution Number 19323 to support relocation of such*  
19 *business in concert with access to relevant local business support programs.*

20            **(2) Conditions.** *Entitlements of 100 Percent Affordable Housing Bonus Projects*  
21 *approved under this Section shall be valid for 10 years from the date of Planning Commission or*  
22 *Planning Department approval.*

23            **(3) Notice and Hearing.** *100 Percent Affordable Housing Bonus Projects shall comply*  
24 *with Section 328 for review and approval.*

25

1                    (4) **Controls.** Notwithstanding any other provision of this Code, no conditional use  
2 authorization shall be required for a 100 Percent Affordable Housing Bonus Project, unless such  
3 conditional use requirement was adopted by the voters.

4                    **206.5 STATE RESIDENTIAL DENSITY BONUS PROGRAM: ANALYZED**

5                    (a) **Purpose:** Sections 206.5, 206.6, and 206.7 shall be referred to as the San Francisco State  
6 Residential Density Bonus Program or the State Density Bonus Program. First, the Analyzed State  
7 Density Bonus Program in Section 206.5 offers an expedited process for projects that seek a density  
8 bonus that is consistent with the pre-vetted menu of incentives, concessions and waivers that the  
9 Planning Department and its consultants have already determined are feasible, result in actual cost  
10 reductions, and do not have specific adverse impacts upon public health and safety of the physical  
11 environment. Second the Individually Requested State Density Bonus Program in Section 206.6 details  
12 the review, analysis and approval process for any project seeking a density bonus that is consistent  
13 with State Law, but is not consistent with the requirements for the Analyzed State Density Bonus  
14 Program established in Section 206.5. Third, Sections 206.7, describes density bonuses available  
15 under the State code for the provision of childcare facilities.

16                    This Section 206.5 implements the Analyzed State Density Bonus Program or “Analyzed State  
17 Program.” The Analyzed State Program offers an expedited process for projects that seek a density  
18 bonus that is consistent with, among other requirements set forth below, the pre-vetted menu of  
19 incentives, waiver and concessions.

20                    **(b) **Applicability:****

21                    (1) A Housing Project that meets all of the requirements of this subsection (b)(1) or is a  
22 Senior Housing Project meeting the criteria of (b)(2) shall be an Analyzed State Density Bonus Project  
23 or an “Analyzed Project” for purposes of Section 206 et seq. A Housing Project that does not meet all  
24 of the requirements of this subsection (b), but seeks a density bonus under State law may apply for a  
25 density bonus under Section 206.6 as an Individually Requested State Density Bonus Project. To

1 qualify for the Analyzed State Density Bonus Program a Housing Project must meet all of the  
2 following:

3 (A) contain five or more residential units, as defined in Section 102, not  
4 including Density Bonus Units permitted through this Section 206.5;

5 (B) is not seeking and receiving a density or development bonus under Section  
6 207; the Local Affordable Housing Bonus Program, Section 206.3; the 100 Percent Affordable Housing  
7 Bonus Program, Section 206.4; or any other local or State density bonus program that provides  
8 development bonuses;

9 (C) is located in any zoning district that: (i) is not designated as an RH-1 or  
10 RH-2 Zoning District; and (ii) establishes a maximum dwelling unit density through a ratio of number  
11 of units to lot area, including but not limited to, RH-3, RM, RC, C-2, Neighborhood Commercial,  
12 Named Neighborhood Commercial, Chinatown Mixed Use Districts, and Soma Mixed Use Districts; or  
13 (iii) is in the Fillmore Neighborhood Commercial Transit District and Divisadero Neighborhood  
14 Commercial Transit District

15 (D) is providing all Inclusionary Units as On-site Units under Section 415.6. If the Dial  
16 Alternative currently proposed in an ordinance in Board of Supervisors File No. 150911 is adopted and  
17 permits a project sponsor to provide more Inclusionary Units at higher AMIs than currently required  
18 (referred to as “dialing up”), a project sponsor may dial up and meet the requirements of this  
19 subsection (D). If the Dial Alternative of the Inclusionary Affordable Housing Program is ever  
20 amended to allow a project sponsor to provide fewer Inclusionary Units at lower AMIs than currently  
21 required (referred to as “dialing down”), then a Project cannot qualify for this Section 206.5 if it elects  
22 to dial down;

23 (E) includes a minimum of nine foot ceilings on all residential floors;

24 (F) is seeking only Concessions or Incentives set forth in subsection (c)(4);

1 (G) is seeking height increases only in the form of a waiver as described in  
 2 subsection (c)(5); and,

3 (H) provides replacement units for any units demolished or removed that are  
 4 subject to the San Francisco Residential Rent Stabilization and Arbitration Ordinance, San Francisco  
 5 Administrative Code Section 37, or are units qualifying for replacement as units being occupied by  
 6 households of low or very low income, consistent with the requirements of Government Code section  
 7 65915(c)(3).

8 (2) A Senior Housing Project, as defined in Section 102, may qualify as an Analyzed  
 9 State Density Bonus Project if it follows all of the procedures and conditions set forth in Planning Code  
 10 Section 202.2(f).

11 (c) **Development Bonuses.** All Analyzed State Law Density Bonus Projects shall receive, at the  
 12 project sponsor’s written request, any or all of the following:

13 (1) **Priority Processing.** Analyzed Projects that provide 30% or more of Units as On-  
 14 site Inclusionary Housing Units or Restricted Affordable Units that meet all of the requirements of for  
 15 an Inclusionary Housing Unit shall receive Priority Processing.

16 (2) **Density Bonus.** Analyzed Projects that provide On-site Inclusionary Housing Units  
 17 or Restricted Affordable Units that meet all of the requirements of for an Inclusionary Housing Unit  
 18 shall receive a density bonus as described in Table 206.5 A as follows:

19 Table 206.5A

20 Density Bonus Summary – Analyzed

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Restricted Affordable Units or Category</u>	<u>Minimum Percentage of Restricted Affordable Units</u>	<u>Percentage of Density Bonus Granted</u>	<u>Additional Bonus for Each 1% Increase In Restricted Affordable Units</u>	<u>Percentage of Restricted Units Required for Maximum 35% Density Bonus</u>
<u>Very Low Income</u>	<u>5%</u>	<u>20%</u>	<u>2.50%</u>	<u>11%</u>

1	<u>Lower Income</u>	<u>10%</u>	<u>20%</u>	<u>1.50%</u>	<u>20%</u>
2	<u>Moderate Income</u>	<u>10%</u>	<u>5%</u>	<u>1%</u>	<u>40%</u>
3	<u>Senior Citizen Housing, as</u>	<u>100%</u>	<u>50%</u>	<u>-----</u>	<u>-----</u>
4	<u>defined in § 102, and meeting</u>				
5	<u>the requirements of</u>				
6	<u>§ 202.2(f).</u>				

7 Note: A density bonus may be selected from more than one category, up to a maximum of 35% of the  
8 Maximum Allowable Residential Density.

9 In calculating density bonuses under this subsection 206.5(c)(2) the following shall apply:

10 (A) When calculating the number of permitted Density Bonus Units or Restricted  
11 Affordable Units, any fractions of units shall be rounded to the next highest number. Analyzed Density  
12 Bonus Program projects must include the minimum percentage of Restricted Affordable Units  
13 identified in Column B of Table 206.5A for at least one income category, but may combine density  
14 bonuses from more than one income category, up to a maximum of 35% of the Maximum Allowable  
15 Residential Density.

16 (B) An applicant may elect to receive a Density Bonus that is less than the  
17 amount permitted by this Section; however, the City shall not be required to similarly reduce the  
18 number of Restricted Affordable Units required to be dedicated pursuant to this Section and  
19 Government Code Section 65915(b).

20 (C) In no case shall a Housing Project be entitled to a Density Bonus of more  
21 than 35%, unless it is a Senior Housing Project meeting the requirements of Section 202.2(f).

22 (D) The Density Bonus Units shall not be included when determining the  
23 number of Restricted Affordable Units required to qualify for a Density Bonus. Density bonuses shall  
24 be calculated as a percentage of the Maximum Allowable Residential Density.

1 (E) Any Restricted Affordable Unit provided pursuant to the on-site  
 2 requirements of the Inclusionary Affordable Housing Program, Section 415 et seq., shall be included  
 3 when determining the number of Restricted Affordable Units required to qualify for a Development  
 4 Bonus under this Section 206.5. The payment of the Affordable Housing Fee shall not qualify for a  
 5 Development Bonus under this Section. The provision of Off-site Units shall not qualify the Principal  
 6 Project for a Density Bonus under this Section; however an Off-site Unit may qualify as a Restricted  
 7 Affordable Unit to obtain a density bonus for the Off-site Project.

8 (F) In accordance with state law, neither the granting of a Concession,  
 9 Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in and of  
 10 itself, to require a general plan amendment, zoning change, variance, or other discretionary approval.

11 (3) Concessions and Incentives. Analyzed Projects shall receive concessions or  
 12 incentives, in the amounts specified in Table 206.5B :

13  
 14 Table 206.5B

15 Concessions and Incentives Summary – Analyzed Projects

<u>Target Group</u>	<u>Restricted Affordable Units</u>		
<u>Very Low Income</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>
<u>Lower Income</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>
<u>Moderate Income (Common Interest Development)</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>
<u>Maximum Incentive(s)/Concession(s)</u>	<u>1</u>	<u>2</u>	<u>3</u>

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 21 Notes: 1. Concessions or Incentives may be selected from only one category (very low, lower, or  
moderate) 2. Common Interest Development is defined in California Civil Code Section 4100.

22  
 23 (4) Menu of Concessions and Incentives: In submitting a request for Concessions or  
 24 Incentives, an applicant for an Analyzed State Density Bonus Project may request the specific  
 25 Concessions and Incentives set forth below. The Planning Department, based on Department research

1 and a Residential Density Bonus Study prepared by David Baker Architects, Seifel Consulting, and the  
2 San Francisco Planning Department dated August 2015, on file with the Clerk of the Board of  
3 Supervisors in File No. \_\_\_\_\_, has determined that the following Concessions and Incentives are  
4 generally consistent with Government Code Section 65915(d) because, in general, they: are required  
5 in order to provide for affordable housing costs; will not be deemed by the Department to have a  
6 specific adverse impact as defined in Government Code Section 65915(d); and are not contrary to State  
7 or Federal law.

8 (A) **Rear yard:** the required rear yard per Section 134 or any applicable special  
9 use district may be reduced to no less than 20% of the lot depth, or 15 feet, whichever is greater.  
10 Corner properties may provide 20% of the lot area at the interior corner of the property to meet the  
11 minimum rear yard requirement, provided that each horizontal dimension of the open area is a  
12 minimum of 15 feet; and that the open area is wholly or partially contiguous to the existing midblock  
13 open space, if any, formed by the rear yards of adjacent properties.

14 (B) **Dwelling Unit Exposure:** the dwelling unit exposure requirements of  
15 Section 140(a)(2) may be satisfied through qualifying windows facing an unobstructed open area that  
16 is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in  
17 every horizontal dimension at each subsequent floor.

18 (C) **Off-Street Loading:** off-street loading spaces under Section 152 shall not  
19 be required.

20 (D) **Parking:** up to a 50% reduction in the residential and commercial parking  
21 requirement, per Section 151 or any applicable special use district.

22 (E) **Open Space:** up to a 5% reduction in required common open space per  
23 Section 135, or any applicable special use district.



1 (F) Additional Open Space: up to an additional 5% reduction in required  
2 common open space per Section 135 or any applicable special use district, beyond the 5% provided in  
3 subsection (E) above.

4 (5) Waiver or Modification of Height Limits. Analyzed Projects may request a waiver  
5 of the applicable height restrictions if the applicable height limitation will have the effect of physically  
6 precluding the construction of a Housing Project at the densities or with the Concessions or Incentives  
7 permitted by this subsection (c)(4). Analyzed Projects may receive a height bonus as of right of up to  
8 twenty feet or two stories, excluding exceptions permitted per Section 260(b), if the applicant  
9 demonstrates that it qualifies for a height waiver through the following formula:

10 **Step one: Calculate Existing and Bonus Density Limits**

11 Existing Density Limit (ED): Lot Area divided by the maximum lot area per unit  
12 permitted under existing density regulation (e.g. 200, 400, 600, 800, or 1000)

13 Bonus Density Limit (BD): ED multiplied by 1.XX where XX is the density bonus  
14 requested per Section 206.5 of this Code (e.g. 7%, 23%, 35%), not to exceed 1.35, the maximum density  
15 bonus available by this Section.

16 **Step two: Calculate Permitted Envelope (PE).** Buildable envelope available under  
17 existing height and bulk controls.

18 PE equals lot area multiplied by permitted lot coverage, where lot coverage equals .75,  
19 or .8 if the developer elects to request a rear yard modification under Section 206.5(c)(4)(A), multiplied  
20 by existing height limit (measured in number of stories), minus one story for projects in districts where  
21 non-residential uses are required on the ground floor, and minus any square footage subject to bulk  
22 limitations (for parcels that do not have an X bulk designation).

23 **Step three: Calculate Bonus Envelope (BE)** Residential envelope necessary to  
24 accommodate additional density (“Bonus envelope” or “BE”)

25 BE equals Bonus Density multiplied by 1,000 gross square feet

1                   **Step four: Calculate Additional Residential Floors. Determine the number of stories**  
2 required to accommodate bonus:

3                   (A) If BE is less than or equal to PE, the project is not awarded height under  
4 this subsection (c)(5).

5                   (B) If BE is greater than PE, the project is awarded height, as follows:

6                   (i) If BE minus PE is less than the lot area multiplied by 0.75, project is  
7 allowed 1 extra story; total gross square footage of building not to exceed BE;

8                   (ii) If BE minus PE is greater than the lot area multiplied by 0.75 (i.e. if  
9 the difference is greater than one story), project is allowed two extra stories; total gross square footage  
10 of building not to exceed BE.

11                   (d) **Application.** An application for an Analyzed State Density Bonus Project under this  
12 Section 206.5 shall be submitted with the first application for approval of a Housing Project and shall  
13 be processed concurrently with all other applications required for the Housing Project. The  
14 application shall be on a form prescribed by the City and, in addition to any information required for  
15 other applications, shall include the following information:

16                   (1) A description of the proposed Housing Project, including the total number of  
17 dwelling units, Restricted Affordable Units, and Density Bonus Units proposed;

18                   (2) Any zoning district designation, assessor's parcel number(s) of the project site, and  
19 a description of any Density Bonus, Concession or Incentive, or waiver requested;

20                   (3) A list of the requested Concessions and Incentives from Section 206.5(c)(4);

21                   (4) If a waiver or modification of height is requested under Section 206.5(c)(5), a  
22 calculation demonstrating how the project qualifies for such waiver under the formula;

23                   (5) A full plan set including site plan, elevations, sections, and floor plans, showing  
24 location of market-rate units, Restricted Affordable Units, and Density Bonus units within the proposed  
25 Housing Project;

1                   (6) Level of affordability of the Restricted Affordable Units and a draft Regulatory  
2 Agreement;

3                   (7) The number of rental dwelling units which are on the property, or if the dwelling  
4 units have been vacated or demolished in the five year period preceding the application, have been and  
5 which were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to  
6 persons and families of lower or very low income; subject to any other form of rent or price control  
7 through the City or other public entity's valid exercise of its police power; or occupied by lower or very  
8 low income households; and

9                   (8) If the property includes a parcel or parcels in which dwelling units under subsection  
10 (7) are located or were located in the five year period preceding the application, the type and size of  
11 those units, and the incomes of the persons or families occupying those units.

12                   (9) Documentation that the applicant has provided written notification to all existing  
13 commercial or residential tenants that the applicant intends to develop the property pursuant to this  
14 section. Any affected commercial tenants shall be given priority processing similar to the  
15 Department's Community Business Priority Processing Program, as adopted by the San Francisco  
16 Commission on February 12, 2015 under Resolution Number 19323 to support relocation of such  
17 business in concert with access to relevant local business support programs.

18                   (e) **Review Procedures.** An application for an Analyzed State Density Bonus Project, shall be  
19 acted upon concurrently with the application for other permits related to the Housing Project.

20                   (1) Before approving an application for an Analyzed Project, the Planning Department  
21 or Commission shall make written findings that the Housing Project is qualified as an Analyzed State  
22 Density Bonus Project.

23                   (2) The review procedures for an Analyzed Project, including notice, hearings, and  
24 appeal, shall be the procedures applicable to the Housing Project regardless of whether it is applying  
25 for a State Density Bonus under this Section 206.5. However, any notice shall specify that the Housing

1 Project is seeking a Development Bonus and shall provide a description of the Development Bonuses  
2 requested. Analyzed Projects shall also be reviewed for consistency with the Affordable Housing Bonus  
3 Program Design Guidelines.

4 **SEC. 206.6 STATE DENSITY BONUS PROGRAM: INDIVIDUALLY REQUESTED.**

5 (a) Purpose and Findings: This Section 206.6 details the review, analysis and approval  
6 process for any project seeking a density bonus that is consistent with State Law, Government Code  
7 section 65915 et seq., but is not consistent with the pre-vetted menu of concessions, incentives or  
8 waivers, or other requirements established in Section 206.5 as analyzed by the Planning Department in  
9 coordination with David Baker and Seifel Consulting, and shall be known as the Individually Requested  
10 State Density Bonus Program.

11 California State Density Bonus Law allows a housing developer to request parking ratios not to  
12 exceed the ratios set forth in Government Code section 65915(p)(1), which may further be reduced as  
13 an incentive or concession. Because in most cases San Francisco regulates parking by dwelling unit as  
14 described in Article 1.5 of this Code, the minimum parking ratios set forth in the Government Code are  
15 greater than those allowed in San Francisco. Given that San Francisco's parking ratios are already  
16 less than the State ratios, the City finds that the State's minimum parking ratio requirement does not  
17 apply.

18 (b) Applicability. A Housing Project that does not meet any one or more of the criteria of  
19 Section 206.5(b) under the Analyzed State Density Bonus Program, but meets the following  
20 requirements, may apply for a Development Bonus under this Section 206.6 as an "Individually  
21 Requested State Density Bonus Project" or "Individually Requested Project" if it meets all of the  
22 following criteria:

23 (1) contains five or more residential units, as defined in Section 102;

24 (2) is not seeking and receiving a density or development bonus under Section 207; the  
25 Local Affordable Housing Bonus Program, Section 206.3; the 100 Percent Affordable Housing Bonus

1 Program, Section 206.4; Section 304, or any other local or state bonus program that provides  
 2 development bonuses.

3 (3) provides Restricted Affordable Housing Units, including but not limited to  
 4 Inclusionary Housing Units, at minimum levels as provided in Table 206.6A; and,

5 (4) provides replacement units for any units demolished or removed that are subject to  
 6 the San Francisco Rent Stabilization and Arbitration Ordinance, San Francisco Administrative Code  
 7 Section 37, or are units qualifying for replacement as units being occupied by households of low or  
 8 very low income, consistent with the requirements of Government Code section 65915(c)(3).

9 (c) **Development Bonuses.** Any Individually Requested Density Bonus Project shall, at the  
 10 project sponsor’s request, receive any or all of the following:

11 (1) **Density Bonus.** Individually Requested Projects that provide On-site Inclusionary  
 12 Housing Units or Restricted Affordable Units shall receive a density bonus as described in Table  
 13 206.6A as follows:

14 Table 206.6 A

15 Density Bonus Summary – Individually Requested Project

<u>Restricted Affordable Units or Category</u>	<u>Minimum Percentage of Restricted Affordable Units</u>	<u>Percentage of Density Bonus Granted</u>	<u>Additional Bonus for Each 1% Increase In Restricted Affordable Units</u>	<u>Percentage of Restricted Units Required for Maximum 35% Density Bonus</u>
<u>Very Low Income</u>	<u>5%</u>	<u>20%</u>	<u>2.50%</u>	<u>11%</u>
<u>Lower Income</u>	<u>10%</u>	<u>20%</u>	<u>1.50%</u>	<u>20%</u>
<u>Moderate Income</u>	<u>10%</u>	<u>5%</u>	<u>1%</u>	<u>40%</u>
<u>Senior Citizen Housing</u>	<u>100%</u>	<u>20%</u>	<u>-----</u>	<u>-----</u>

23 Note: A density bonus may be selected from only one category up to a maximum of 35% of the  
 24 Maximum Allowable Residential Density.

1 In calculating density bonuses under this subsection 206.6(c)(1) the following shall  
2 apply:

3 (A) When calculating the number of permitted Density Bonus Units or Restricted  
4 Affordable Units, any fractions of units shall be rounded to the next highest number.

5 (B) An applicant may elect to receive a Density Bonus that is less than the  
6 amount permitted by this Section; however, the City shall not be required to similarly reduce the  
7 number of Restricted Affordable Units required to be dedicated pursuant to this Section and  
8 Government Code Section 65915(b).

9 (C) Each Housing Project is entitled to only one Density Bonus, which shall be  
10 selected by the applicant based on the percentage of Very Low Income Restricted Affordable Units,  
11 Lower Income Restricted Affordable Units, or Moderate Income Restricted Affordable Units, or the  
12 Housing Project's status as a Senior Citizen Housing Development. Density bonuses from more than  
13 one category may not be combined. In no case shall a Housing Project be entitled to a Density Bonus  
14 of more than thirty-five percent (35%), unless it is a Senior Housing Project meeting the requirements  
15 of Section 202.2(f).

16 (D) The Density Bonus Units shall not be included when determining the  
17 number of Restricted Affordable Units required to qualify for a Density Bonus. Density bonuses shall  
18 be calculated as a percentage of the Maximum Allowable Residential Density.

19 (E) Any Restricted Affordable Unit provided pursuant to the on-site  
20 requirements of the Inclusionary Affordable Housing Program, Section 415 et seq., shall be included  
21 when determining the number of Restricted Affordable Units required to qualify for a Development  
22 Bonus under this Section 206.6. The payment of the Affordable Housing Fee shall not qualify for a  
23 Development Bonus under this Section. The provision of Off-site Units shall not qualify the Principal  
24 Project for a Density Bonus under this Section; however an Off-site Unit may qualify as a Restricted  
25 Affordable Unit to obtain a density bonus for the Off-site Project.

1                    (F) In accordance with state law, neither the granting of a Concession,  
2 Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in and of  
3 itself, to require a general plan amendment, zoning change, variance, or other discretionary approval.

4                    (G) No additional Density Bonus shall be authorized for a Senior Citizen  
5 Development beyond the Density Bonus authorized by subsection (1) of this Section.

6                    (H) Certain other types of development activities are specifically eligible for a  
7 development bonuses pursuant to State law, including land donation under Government Code Section  
8 65915(g), condominium conversions under Government Code section 65915.5 and qualifying mobile  
9 home parks under Government Code section 65915(b)(1)(C). Such projects shall be considered  
10 Individually Requested State Density Bonus Projects.

11                    (2) **Concessions and Incentives.** This Section includes provisions for providing  
12 Concessions or Incentives pursuant to Government Code Section 65915 et seq, as set forth in Table  
13 206.6B. For purposes of this Section 206.6, Concessions and Incentives as used interchangeably shall  
14 mean such regulatory concessions as specified in Government Code Section 65915(k) to include:

15                    (A) A reduction of site Development Standards or architectural design  
16 requirements which exceed the minimum applicable building standards approved by the State  
17 Building Standards Commission pursuant to Part 2.5 (commencing with Section 18901) of Division 13  
18 of the Health and Safety Code, including, but not limited to, a reduction in setback, coverage, and/or  
19 parking requirements which result in identifiable, financially sufficient and actual cost reductions;

20                    (B) Allowing mixed use development in conjunction with the proposed  
21 residential development, if nonresidential land uses will reduce the cost of the residential project and  
22 the nonresidential land uses are compatible with the residential project and existing or planned  
23 development in the area where the Housing Project will be located; and

24                    (C) Other regulatory incentives or concessions proposed by the developer or the  
25 City that result in identifiable, financially sufficient, and actual cost reductions.

1 Table 206.6B

2 Concessions and Incentives Summary – Individually Requested Project

3

<u>Target Group</u>	<u>Restricted Affordable Units</u>		
<u>Very Low Income</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>
<u>Lower Income</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>
<u>Moderate Income (Common Interest Development)</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>
<u>Maximum Incentive(s)/Concession(s)</u>	<u>1</u>	<u>2</u>	<u>3</u>

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8 Notes: 1. Concessions or Incentives may be selected from only one category (very low, lower, or moderate). 2. Common Interest Development is defined in California Civil Code Section 4100.

9 (3) Request for Concessions and Incentives. In submitting a request for Concessions or

10 Incentives that are not specified in Section 206.5(c)(4), an applicant for an Individually Requested

11 Density Bonus Project must provide documentation described in subsection (d) below in its application.

12 The Planning Commission shall hold a hearing and shall approve the Concession or Incentive

13 requested unless it makes written findings, based on substantial evidence that:

14 (A) The Concession or Incentive is not required in order to provide for

15 affordable housing costs, as defined in Section 50052.5 of the California Health and Safety Code, or for

16 rents for the Restricted Affordable Units to be as specified in this Section 206.6; or

17 (B) The Concession or Incentive would have a specific adverse impact, as

18 defined in Government Code Section 65589.5(d)(2) upon public health and safety or the physical

19 environment or any real property that is listed in the California Register of Historical Resources and

20 for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact

21 without rendering the Housing Project unaffordable to low- and moderate-income households.

22 (C) The Concession or Incentive would be contrary to state or federal law.

23 (4) Waiver or Modification. An applicant may apply for a waiver or modification of

24 Development Standards that will have the effect of physically precluding the construction of a Housing

25 Project at the densities or with the Concessions or Incentives permitted by this Section 206.6. The



1 Planning Commission will not grant a waiver or modification under this Section unless it is necessary  
2 to achieve the additional density or the Concessions or Incentives permitted by this Section 206.6. The  
3 developer must submit sufficient information as determined by the Planning Department demonstrating  
4 that Development Standards that are requested to be waived or modified will have the effect of  
5 physically precluding the construction of a Housing Project meeting the criteria of this Section 206.6 at  
6 the densities or with the Concessions or Incentives permitted. The Planning Commission shall hold a  
7 hearing to determine if the project sponsor has demonstrated that the waiver is necessary. The  
8 Planning Commission may deny a waiver if it finds on the basis of substantial evidence that:

9 (A) It is not required to permit the construction of a Housing Project meeting the  
10 density permitted or with the Concessions and Incentives permitted under this Section 206.6;

11 (B) The Waiver is not required in order to provide for affordable housing costs,  
12 as defined in Section 50052.5 of the California Health and Safety Code, or for rents for the Restricted  
13 Affordable Units to be as specified in this Section 206.6;

14 (C) The Waiver would have a specific adverse impact, as defined in Government  
15 Code Section 65589.5(d)(2) upon public health and safety or the physical environment or any real  
16 property that is listed in the California Register of Historical Resources and for which there is no  
17 feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the  
18 Housing Project unaffordable to low- and moderate-income households; or,

19 (D) The Waiver would be contrary to state or federal law.  
20 (5) Nothing in this Section shall be construed to require the provision of direct financial  
21 incentives for the Project, including the provision of publicly owned land by the City or the waiver of  
22 fees or dedication requirements.

23 (d) **Application.** An application for a Density Bonus, Incentive, Concession, or waiver under  
24 this Section 206.6 shall be submitted with the first application for approval of a Housing Project and  
25 shall be processed concurrently with all other applications required for the Housing Project. The

1 application shall be on a form prescribed by the City and, in addition to any information required for  
2 other applications, shall include the following information:

3 (1) A description of the proposed Project, and a full plan set, including a site plan,  
4 elevations, section and floor plans, with the total number and location of dwelling units, Restricted  
5 Affordable Units, and Density Bonus Units proposed;

6 (2) A plan set sufficient for the Planning Department to determine the project site's  
7 Base Density. The project sponsor shall submit plans for a base project that demonstrates a Code  
8 complying project on the Housing Project site without use of a modification, Conditional Use  
9 Authorization, Variance, Planned Unit Development, or other exception from the Planning Code. Such  
10 plans shall include similar detail to the proposed Housing Project. The project sponsor shall  
11 demonstrate that site constraints do not limit the Maximum Allowable Residential Density for the base  
12 project in practice. If the project sponsor cannot make such a showing, the Zoning Administrator shall  
13 determine whether the Maximum Allowable Residential Density shall be adjusted for purposes of this  
14 Section.

15 (3) The zoning district designations, assessor's parcel number(s) of the project site, and  
16 a description of any Density Bonus, Concession or Incentive, or waiver requested;

17 (4) If a Concession or Incentive is requested that is not included within the menu of  
18 Incentives/Concessions set forth in subsection 206.5(c), a submittal including financial information or  
19 other information providing evidence that the requested Concessions and Incentives result in  
20 identifiable, financially sufficient, and actual cost reductions required in order to provide for  
21 affordable housing costs as defined in Health and Safety Code Section 50052.5, or for rents for the  
22 Restricted Affordable Units to be provided as required under this Program. The cost of reviewing any  
23 required financial information, including, but not limited to, the cost to the City of hiring a consultant  
24 to review the financial data, shall be borne by the applicant. The financial information shall include all  
25 of the following items:

1                                    (A) The actual cost reduction achieved through the Concession or Incentive;

2                                    (B) Evidence that the cost reduction allows the applicant to provide affordable  
3 rents or affordable sales prices; and

4                                    (C) Any other information requested by the Planning Director. The Planning  
5 Director may require any financial information including information regarding capital costs, equity  
6 investment, debt service, projected revenues, operating expenses, and such other information as is  
7 required to evaluate the financial information;

8                                    (5) If a waiver or modification is requested, a submittal containing the following  
9 information. The cost of reviewing any required information supporting the request for a waiver,  
10 including, but not limited to, the cost to the City of hiring a consultant to review the architectural  
11 information, shall be borne by the applicant.

12                                    (A) Why the Development Standard would physically preclude the construction  
13 of the Development with the Density Bonus, Incentives, and Concessions requested.

14                                    (B) Any other information requested by the Planning Director as is required to  
15 evaluate the request;

16                                    (6) Level of affordability of the Restricted Affordable Units and a draft Regulatory  
17 Agreement;

18                                    (7) The number of residential units which are on the property, or if the residential units  
19 have been vacated or demolished in the five year period preceding the application, have been and  
20 which were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to  
21 persons and families of lower or very low income; subject to any other form of rent or price control  
22 through the City or other public entity's valid exercise of its police power; or occupied by lower or very  
23 low income households;

24  
25

1                   (8) If the property includes a parcel or parcels in which dwelling units under (6) are  
2 located or were located in the five year period preceding the application, the type and size of those  
3 units, the incomes of the persons or families occupying those units.

4                   (9) Documentation that the applicant has provided written notification to all existing  
5 commercial or residential tenants that the applicant intends to develop the property pursuant to this  
6 section. Any affected commercial tenants shall be given priority processing similar to the  
7 Department’s Community Business Priority Processing Program, as adopted by the San Francisco  
8 Commission on February 12, 2015 under Resolution Number 19323 to support relocation of such  
9 business in concert with access to relevant local business support programs.

10                   (10) If a Density Bonus or Concession is requested for a land donation, the application  
11 shall show the location of the land to be dedicated, provide proof of site control, and provide evidence  
12 that all of the requirements and each of the findings included in Government Code Section 65915(g)  
13 can be made;

14                   (11) If a density bonus or Concession is requested for a Child Care Facility under  
15 Section 206.7, the application shall show the location and square footage of the child care facilities  
16 and provide evidence that all of the requirements and each of the findings included in Government  
17 Code Section 65915(h) can be made;

18                   (12) If a Density Bonus or Concession is requested for a condominium conversion, the  
19 applicant shall provide evidence that all of the requirements found in Government Code Section  
20 65915.5 can be met.

21                   (e) **Review Procedures.** An application for a Density Bonus, Incentive, Concession, or waiver  
22 shall be acted upon concurrently with the application other permits related to the Housing Project.

23                   (1) Before approving an application for a Density Bonus, Incentive, Concession, or  
24 waiver, for any Individually Requested Density Bonus Project, the Planning Commission shall make the  
25 following findings as applicable.

1 (A) The Housing Project is eligible for the Affordable Housing Bonus Program.

2 (B) The Housing Project has demonstrated that any Concessions or Incentives  
3 are required in order to provide for affordable housing costs, as defined in Section 50052.5 of the  
4 California Health and Safety Code, or for rents for the targeted units, based upon the financial analysis  
5 and documentation provided.

6 (C) If a waiver or modification is requested, a finding that the Development  
7 Standards for which the waiver is requested would have the effect of physically precluding the  
8 construction of the Housing Project with the Density Bonus or Concessions and Incentives permitted.

9 (D) If the Density Bonus is based all or in part on donation of land, a finding  
10 that all the requirements included in Government Code Section 65915(g) have been met.

11 (E) If the Density Bonus, Concession or Incentive is based all or in part on the  
12 inclusion of a Child Care Facility, a finding that all the requirements included in Government Code  
13 Section 65915(h) have been met.

14 (F) If the Concession or Incentive includes mixed-use development, a finding  
15 that all the requirements included in Government Code Section 65915(k)(2) have been met.

16 (2) If the findings required by subsection (a) of this Section cannot be made, the  
17 Planning Commission may deny an application for a Concession, Incentive, waiver or modification  
18 only if it makes one of the following written findings, supported by substantial evidence:

19 (A) The Concession, Incentive, waiver or modification is not required to provide  
20 for the affordability levels required for Restricted Affordable Units;

21 (B) The Concession, Incentive, waiver or modification would have a specific,  
22 adverse impact upon public health or safety or the physical environment or on real property listed in  
23 the California Register of Historic Resources, and there is no feasible method to satisfactorily mitigate  
24 or avoid the specific adverse impact without rendering the Housing Project unaffordable to Low and  
25 Moderate Income households. For the purpose of this subsection, "specific adverse impact" means a

1 significant, quantifiable, direct, and unavoidable impact, based on objective, identified, written public  
2 health or safety standards, policies, or conditions as they existed on the date that the application for the  
3 Housing Project was deemed complete; or

4 (C) The Concession, Incentive, waiver or modification is contrary to state or  
5 federal law.

6 (3) The review procedures for an Individually Requested Density Bonus Project,  
7 including notice, hearings, and appeal, shall be the procedures applicable to the Housing Project  
8 regardless of whether it is applying for a State Density Bonus under this Section 206.6. However, any  
9 notice shall specify that the Housing Project is seeking a Development Bonus and shall provide a  
10 description of the development bonuses requested. Individually Requested Projects shall also be  
11 reviewed for consistency with the Affordable Housing Bonus Program Design Guidelines.

12 (4) In accordance with state law, neither the granting of a Concession, Incentive,  
13 waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in and of itself, to  
14 require a general plan amendment, zoning change, variance, or other discretionary approval.

15 (f) **Regulatory Agreements.** Applicants for a Density Bonus, Incentive, Concession, waiver, or  
16 modification shall enter into a Regulatory Agreement with the City, as follows.

17 (1) The terms of the agreement shall be acceptable in form and content to the Planning  
18 Director, the Director of MOHCD, and the City Attorney. The Planning Director shall have the  
19 authority to execute such agreements.

20 (2) Following execution of the agreement by all parties, the completed Density Bonus  
21 Regulatory Agreement, or memorandum thereof, shall be recorded and the conditions filed and  
22 recorded on the Housing Project.

23 (3) The approval and recordation of the Regulatory Agreement shall take place prior to  
24 the issuance of the First Construction Document. The Regulatory Agreement shall be binding to all  
25 future owners and successors in interest.

1                   (4) The Regulatory Agreement shall be consistent with the guidelines of the City's  
2 Inclusionary Housing Program and shall include at a minimum the following:

3                   (A) The total number of dwelling units approved for the Housing Project,  
4 including the number of Restricted Affordable Units;

5                   (B) A description of the household income group to be accommodated by the  
6 Restricted Affordable Units, and the standards for determining the corresponding Affordable Rent or  
7 Affordable Sales Price;

8                   (C) The location, dwelling unit sizes (in square feet), and number of bedrooms  
9 of the Restricted Affordable Units;

10                  (D) Term of use restrictions for Restricted Affordable Units of at least 55 years  
11 for Moderate Income units and at least 55 years for Low and Very Low units;

12                  (E) A schedule for completion and occupancy of Restricted Affordable Units;

13                  (F) A description of any Concession, Incentive, waiver, or modification, if any,  
14 being provided by the City;

15                  (G) A description of remedies for breach of the agreement (the City may identify  
16 tenants or qualified purchasers as third party beneficiaries under the agreement); and

17                  (H) Other provisions to ensure implementation and compliance with this  
18 Section.

19                  **SEC. 206.7 CHILD CARE FACILITIES.**

20                  (a) For purposes of this Section 206.7, "Child Care Facility" means a child day care facility  
21 other than a family day care home, including, but not limited to, infant centers, preschools, extended  
22 day care facilities, and school age child care centers

23                  (b) When an applicant proposes to construct a Housing Project that is eligible for a Density  
24 Bonus under Section 206.6 and includes a Child Care Facility that will be located on the premises of,  
25 as part of, or adjacent to, the Housing Project, all of the provisions of this Section 206.7 shall apply

1 and all of the provisions of Section 206.6 shall apply, except as specifically provided in this Section  
2 206.7.

3 (c) When an applicant proposes to construct a Housing Project that is eligible for a Density  
4 Bonus under Section 206.6 and includes a Child Care Facility that will be located on the premises of,  
5 as part of, or adjacent to, the Housing Project, the City shall grant either:

6 (1) An additional density bonus that is an amount of square feet of residential space  
7 that is equal to or greater than the square footage of the Child Care Facility; or

8 (2) An additional Concession or Incentive that contributes significantly to the economic  
9 feasibility of the construction of the Child Care Facility.

10 (d) The City shall require, as a condition of approving the Housing Project, that the following  
11 occur:

12 (1) The Child Care Facility shall remain in operation for a period of time that is as long  
13 as or longer than the period of time during which the Affordable Units are required to remain  
14 affordable. In the event the childcare operations cease to exist, the Zoning Administrator may approve  
15 in writing an alternative community service use for the child care facility.

16 (2) Of the children who attend the Child Care Facility, the children of Very Low, Lower  
17 and Moderate Income households shall equal a percentage that is equal to or greater than the  
18 percentage of Restricted Affordable Units in the Housing Project that are required for Very Low,  
19 Lower and Moderate Income households pursuant to Section 206.6.

20 (e) Notwithstanding subsections (a) and (b) above, the City shall not be required to provide a  
21 density bonus or a Concession or Incentive for a child care facility if it finds, based upon substantial  
22 evidence, that the community has adequate child care facilities.

23 **SEC. 206.8 AFFORDABLE HOUSING BONUS PROGRAM EVALUATION.**

24 (a) Within one year from the effective date of Section 206 and following, the Planning  
25 Department shall provide an informational presentation to the Planning Commission, and any other



1 City agency at their request, presenting an overview of all projects that request or receive development  
2 bonuses under the Local Affordable Housing Bonus Program, the 100 Percent Affordable Housing  
3 Bonus Program and the Analyzed and Individually Requested State Density Bonus Program (“the  
4 Bonus Programs”).

5 (b) Annual Reporting. The Planning Department shall include information on projects which  
6 request and receive development bonuses under the Bonus Programs in any relevant Department  
7 publications regarding the development of housing in San Francisco, including, but not limited to, the  
8 Quarterly Pipeline Report, the Housing Inventory and the Housing Balance Report.

9 (c) Data Report. The Planning Department, in coordination with MOHCD, shall prepare a  
10 Data Report reviewing the Bonus Programs every five years, beginning five years from the Effective  
11 Date of Section 206 and following. This report shall include, but not be limited to, information on: the  
12 number of projects utilizing the Bonus Programs; the number of units approved and constructed under  
13 the Bonus Programs and the AMI levels of such units; the number of additional affordable units in  
14 excess of that otherwise required by Section 415; and the geographic distribution of projects, including  
15 the total number of units in each project, utilizing the Bonus Programs.

16 (d) Program Evaluation and Update:

17 (1) Purpose and Contents. In coordination with the Time Series Report, the  
18 Department shall prepare a Program Evaluation and Update. The Program Evaluation and Update  
19 shall include an analysis of the Bonus Programs effectiveness as it relates to City policy goals  
20 including, but not limited to Proposition K (2014) and the Housing Element. The Program Evaluation  
21 and Update shall include a review of all of the following:

22 (A) Target income levels for the Local Affordable Housing Bonus Program in  
23 relation to market values and assessed affordable housing needs.

24 (B) Feasibility of the Local Affordable Housing Bonus Program, in relations to  
25 housing policy goals, program production, and current market conditions.

1 (C) Requested and granted concessions and incentives, including consideration  
2 of whether the menu of zoning modification or concessions and incentives set forth in Section  
3 206.3(d)(4), 206.4(c)(5) and 206.5(c)(4) respond to the needs of projects seeking approvals under the  
4 Bonus Programs; consideration of whether the elected zoning modifications or incentives and  
5 concessions result in a residential project that responds to the surrounding neighborhood context; and  
6 review and recommendation for additions or modifications to the list of zoning modifications or  
7 concessions and incentives in 206.3(d)(4), 206.4(c)(5) and 206.5(c)(4).

8 (D) Geography and neighborhood specific considerations. Review and analysis  
9 of where Bonus Program projects are proposed and approved, including an analysis of land values,  
10 zoning, height controls and neighborhood support.

11 (2) Public Hearing: The Program Evaluation and Update shall be prepared no less  
12 than every five years, beginning five years from the Effective Date of this Ordinance, and may be  
13 completed as a series of reports and in coordination with ongoing monitoring of affordable housing  
14 policies, or feasibility analyses. The Planning Commission shall hold a hearing on the Program  
15 Evaluation and Update and any recommendations for modification to any of the Bonus Programs.

16  
17 Section 3. The Planning Code is hereby amended by adding Sections 328, to read as  
18 follows:

19 SEC. 328. LOCAL AND 100 PERCENT AFFORDABLE HOUSING BONUS PROJECT  
20 AUTHORIZATION

21 (a) Purpose. The purpose of this Section is to ensure that all Local and 100 Percent Affordable  
22 Housing Bonus projects under Section 206.3 or 206.4 are reviewed in coordination with priority  
23 processing available for certain projects with greater levels of affordable housing. While most projects  
24 in the Program will likely be somewhat larger than their surroundings in order to facilitate higher  
25 levels of affordable housing, the Planning Commission shall ensure that each project is consistent with

1 the Affordable Housing Bonus Design Guidelines and any other applicable design guidelines, as  
2 adopted and periodically amended by the Planning Commission, so that projects respond to their  
3 surrounding context, while still meeting the City's affordable housing goals.

4 (b) Applicability. This section applies to all qualifying Local and 100 Percent Affordable  
5 Housing Bonus Projects that meet the requirements described in Planning Code Sections 206.3 or  
6 206.4.

7 (c) Planning Commission Design Review: The Planning Commission shall review and evaluate  
8 all physical aspects of a Local or 100 Percent Affordable Housing Bonus Project at a public hearing.  
9 The Planning Commission recognizes that most qualifying projects will need to be larger in height and  
10 mass than surrounding buildings in order to achieve the Affordable Housing Bonus Program's  
11 affordable housing goals. However, the Planning Commission may, consistent with the Affordable  
12 Housing Bonus Program Design Guidelines, and any other applicable design guidelines, and upon  
13 recommendation from the Planning Director, make minor modifications to a project to reduce the  
14 impacts of such differences in scale.

15 Additionally, as set forth in subsection (d) below, the Planning Commission may grant minor  
16 exceptions to the provisions of this Code. However, such exceptions should only be granted to allow  
17 building mass to appropriately shift to respond to surrounding context, and only when such  
18 modifications do not substantially reduce or increase the overall building envelope permitted by the  
19 Program under Section 206.3 or 206.4. All modifications and exceptions should be consistent with the  
20 Affordable Housing Bonus Program Design Guidelines and any other applicable design guidelines. In  
21 case of a conflict with other applicable design guidelines, the Affordable Housing Bonus Program  
22 Design Guidelines shall prevail.

23 The Planning Commission may require these or other modifications or conditions, or  
24 disapprove a project, in order to achieve the objectives and policies of the Affordable Housing Bonus  
25

1 Program or the purposes of this Code. This review shall limited to design issues including the  
2 following:

3 (1) whether the bulk and massing of the building is consistent with the Affordable  
4 Housing Bonus Design Guidelines.

5 (2) whether building design elements including, but not limited to architectural  
6 treatments, façade design, and building materials, are consistent with the Affordable Housing Bonus  
7 Program Design Guidelines and any other applicable design guidelines.

8 (3) whether the design of lower floors, including building setback areas, commercial  
9 space, townhouses, entries, utilities, and parking and loading access is consistent with the Affordable  
10 Housing Bonus Program Design Guidelines, and any other applicable design guidelines.

11 (4) whether the required streetscape and other public improvements such as tree  
12 planting, street furniture, and lighting are consistent with the Better Streets Plan, and any other  
13 applicable design guidelines.

14 (d) Exceptions. As a component of the review process under this Section 328, the Planning  
15 Commission may grant minor exceptions to the provisions of this Code as provided for below, in  
16 addition to the development bonuses granted to the project in Section 206.3(d) or 206.4(c). Such  
17 exceptions, however, should only be granted to allow building mass to appropriately shift to respond to  
18 surrounding context, and only when such modifications: 1) do not substantially reduce or increase the  
19 overall building envelope permitted by the Program under Sections 206.3 or 206.4; and 2) are  
20 consistent with the Affordable Housing Bonus Design Guidelines. These exceptions may include:

21 (1) Exception from residential usable open space requirements per Section 135, or any  
22 applicable special use district.

23 (2) Exception from satisfaction of loading requirements per Section 152.1, or any  
24 applicable special use district.

1                   (3) Exception for rear yards, pursuant to the requirements of Section 134, or any  
2 applicable special use district.

3                   (4) Exception from dwelling unit exposure requirements of Section 140, or any  
4 applicable special use district.

5                   (5) Exception from satisfaction of accessory parking requirements per Section 152.1, or  
6 any applicable special use district.

7                   (6) Where not specified elsewhere in this Subsection (d), modification of other Code  
8 requirements that could otherwise be modified as a Planned Unit Development (as set forth in Section  
9 304), irrespective of the zoning district in which the property is located.

10                  (e) Required Findings. If a Local Affordable Housing Bonus Program Project or 100 Percent  
11 Affordable Housing Bonus Project otherwise requires a conditional use authorization due only to 1) a  
12 specific land use, 2) use size limit, or 3) requirement adopted by the voters, then the Planning  
13 Commission shall make all findings and consider all criteria required by this Code for such use or use  
14 size as part of this Local and 100 Percent Affordable Housing Bonus Project Authorization.

15                  (f) Hearing and Decision.

16                  (1) Hearing. The Planning Commission shall hold a public hearing for all projects that  
17 are subject to this Section.

18                  (2) Notice of Hearing. Notice of such hearing shall be provided pursuant to the same  
19 requirements for Conditional Use requests, as set forth in Section 306.3 and 306.8.

20                  (3) Director's Recommendations on Modifications and Exceptions. At the hearing, the  
21 Planning Director shall review for the Commission key issues related to the project based on the  
22 review of the project pursuant to Subsection (c) and recommend to the Commission modifications, if  
23 any, to the project and conditions for approval as necessary. The Director shall also make  
24 recommendations to the Commission on any proposed exceptions pursuant to Subsection (d).

1                   (4) Decision and Imposition of Conditions. The Commission, after public hearing and,  
2 after making appropriate findings, may approve, disapprove or approve subject to conditions, the  
3 project and any associated requests for exception. As part of its review and decision, the Planning  
4 Commission may impose additional conditions, requirements, modifications, and limitations on a  
5 proposed project in order to achieve the objectives, policies, and intent of the General Plan or of this  
6 Code.

7                   (5) Appeal. The decision of the Planning Commission may be appealed to the Board of  
8 Appeals by any person aggrieved within 15 days after the date of the decision by filing a written notice  
9 of appeal with that body, setting forth wherein it is alleged that there was an error in the interpretation  
10 of the provisions of this Code or abuse of discretion on the part of the Planning Commission.

11                   (6) Discretionary Review. No requests for discretionary review shall be accepted by the  
12 Planning Department or heard by the Planning Commission for projects subject to this Section.

13                   (7) Change of Conditions. Once a project is approved, authorization of a change in any  
14 condition previously imposed by the Planning Commission shall require approval by the Planning  
15 Commission subject to the procedures set forth in this Section.

16  
17                   Section 4. The Planning Code is hereby amended by amending Sections 250 and 260,  
18 to read as follows:

19                   **SEC. 250. HEIGHT AND BULK DISTRICTS ESTABLISHED.**

20                   (a) In order to carry out further the purposes of this Code, height and bulk districts are  
21 hereby established, subject to the provisions of this Article 2.5.

22                   (b) No building or structure or part thereof shall be permitted to exceed, except as  
23 stated in Sections 172, ~~and~~ 188, and 206 of this Code, the height and bulk limits set forth in this  
24 Article for the district in which it is located, including the height limits for use districts set forth  
25 in Section 261.

1 \* \* \* \*

2  
3 **SEC. 260 HEIGHT LIMITS; MEASUREMENT**

4 (a) **Method of Measurement.** The limits upon the height of buildings and structures  
5 shall be as specified on the Zoning Map, *except as permitted by Section 206*. In the measurement  
6 of height ~~for purposes of such limits~~, the following rules shall be applicable:

7 \* \* \* \*

8  
9 Section 5. Effective Date. This ordinance shall become effective 30 days after  
10 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
11 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
12 of Supervisors overrides the Mayor’s veto of the ordinance.

13  
14 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
15 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
16 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
17 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
18 additions, and Board amendment deletions in accordance with the “Note” that appears under  
19 the official title of the ordinance.

20  
21 APPROVED AS TO FORM:  
22 DENNIS J. HERRERA, City Attorney

23 By: \_\_\_\_\_  
24 Susan Cleveland-Knowles  
25 Deputy City Attorney

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SAN FRANCISCO

**AFFORDABLE HOUSING BONUS PROGRAM DESIGN GUIDELINES**

DRAFT







### *Mayor*

Edwin M. Lee

### *Board of Supervisors*

London Breed, President  
John Avalos  
David Campos  
Julie Christensen  
Malia Cohen  
Mark Farrell  
Jane Kim  
Eric Mar  
Katy Tang  
Scott Wiener  
Norman Yee

### *Planning Commission*

Rodney Fong, President  
Cindy Wu, Vice President  
Michael Antonini  
Rich Hillis  
Christine Johnson  
Kathrin Moore  
Dennis Richards

### *San Francisco Planning Department*

John Rahaim, Director of Planning  
Jeff Joslin, Director of Current Planning  
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### *Architects/Consultants*

David Baker & Associates  
Daniel Simon  
Amanda Loper

# Introduction

Inviting and active ground floors, sidewalks and streets and high-quality design and construction enrich and enliven dense neighborhoods. Above the first twenty feet, thoughtful small-scale adjustments can help larger-scale volumes that add significant housing complement existing neighborhood architectural character. In recognition that the projects utilizing the **Affordable Housing Bonus Program (AHBP)** will sometimes be taller or of differing mass than the surrounding context the AHBP Design Guidelines clarify how projects shall both maintain their size and adapt to their neighborhood context.

In order to ensure consistency with the intent of the Planning Code and, the General Plan, and construct high quality buildings, as well as provide project sponsors with guidance and predictability in forming their building proposals, the Planning Commission and City Agencies will use the following guidelines as an evaluating tool for specific project implementation.

- Four categories of **AHBP Specific Design Guidelines** clarify how projects shall both maintain their size and adapt to their neighborhood context. These categories consist of Tops of Buildings, Building Mass and Articulation, Ground Floors, and Historic Preservation.
- Because several portions of the AHBP program area, such as the neighborhood commercial districts, do not have design guidelines, design principles around massing, articulation, ground floor treatment and streets apply as well as these specifically noted to address additional height.
- Guidelines applicable to AHBP projects in historic districts ensure that projects will preserve material features of the District and be complementary and differentiated.

# Interface with Existing Design Guidelines

Generally, **AHBP** projects will be reviewed under existing guidelines, however in some cases, due to the specific goals of the bonus program, guidelines adopted in this program will supplement or supersede portions of them. These existing guidelines include the Residential Design Guidelines, the Draft Ground Floor Residential Design Guidelines and the forthcoming Urban Design Guidelines. The general principles and the related policies of these documents shall apply to **AHBP** projects. In cases where there is a discrepancy between the unique architectural attributes accessible through the **AHBP** and existing guidelines the **AHBP Specific Design Guidelines** shall apply.

# T Tops of Buildings

*As this program would result in projects that would have two- to three-story height increases above existing zoning, the following program-specific design principles shall apply.*

- T1. Sculpt tops of buildings to contribute to neighborhood quality.
- T2. Enliven Sidewalls
- T3. Express Exceptional and Complementary Architectural Character

## T

**TOPS OF BUILDINGS****1. Sculpt tops of buildings to contribute to neighborhood quality.**

New buildings taking advantage of additional height offered by the AHBP should shall articulate building mass to most appropriately complement the surrounding neighborhood context. Significant reductions in building volume at the tops of buildings, however, are detrimental to achieving the housing

goals that are the basis of the AHBP and should be avoided. Instead, small to medium scale features, such as notches or bays, can contribute to the shaping of upper stories with minimal impact to floor area.

Building design elements should be selected and composed in a manner that assures – to the extent possible – that such projects are contextually compatible despite greater bulk than otherwise allowed.

**2. Enliven Sidewalls**

As some AHBP buildings will extend above existing height limits and thus be more vertically prominent than adjacent structures, their likely exposed sidewalls alongside property lines should be given special attention. Lightwells, decks, or balconies can help modify or sculpt the building volumetrically. Exposed surfaces can be given greater articulation by including planting or green walls, premium materials, fenestration, and/or art.



### 3. Express Exceptional and Complementary Architectural Character

While overall building mass may be larger for AHBP projects than adjacent ones, thoughtful design and fine-grain detailing with high-quality materials can provide patterns of visual interest to enhance the pedestrian experience. AHBP projects should elevate this aspect to enhance compatibility and design quality.



This can be achieved in a variety of ways, such as:

- » Window detailing or sun shading devices
- » Fenestration proportions or patterns
- » Variation in materiality or depth of materiality on visible facades
- » Fine-grain façade detailing
- » High-quality, durable materials, particularly at the building base and street level.
- » Contemporary reflections or interpretations of neighborhood design elements such as building termination, important datums, or base components.





# B Building Mass and Articulation

*Embodying important design principles that guide building mass and articulation, this section details guidelines to be applied to all AHBP projects.*

- B1. Most new buildings should be built to all property lines facing public rights-of-way.
- B2. Building façades should include three-dimensional detailing
- B3. The façades of new buildings should extend patterns.
- B4. Buildings on sloping sites should follow the slope to reinforce and accentuate the city's natural topography and maintain a strong relationship to the street.
- B5. High-quality building materials should be used on all visible façades and should include stone, masonry, ceramic tile, wood (as opposed to composite, fiber-cement based synthetic wood materials), precast concrete, and high-grade traditional "hard coat" stucco (as opposed to "synthetic stucco" that uses foam).



## B

**BUILDING MASSING AND ARTICULATION**

1. Most new buildings should be built to all property lines facing public rights-of-way.



2. Building façades should include three-dimensional detailing

Facades may include bay windows, cornices, belt courses, window moldings, and reveals to create shadows and add interest. Fenestration systems should include significant depth, beyond three inches, and sliding windows or applied mullions should not be incorporated on windows facing the street or the public realm (streets, alleys and other publicly-accessible spaces). Windows and building termination features are especially important elements contributing to the creation of a comfortable “urban room” and pedestrian environment. Other façade elements that contribute to visual interest may include awnings, canopies, projections, trellises, and detailed parapets.

3. The façades of new buildings should extend patterns.

New building frontages should reflect the proportions and widths of neighborhood structures. This is ideally achieved through individual buildings on narrow frontages. On wider lots, vertical elements or massing breaks should break down the visual scale of larger buildings and create a rhythm that visually minimizes overall massing, consistent with historic development patterns.



**4. Buildings on sloping sites should follow the slope to reinforce and accentuate the city's natural topography and maintain a strong relationship to the street.**

One of the qualities most revered in San Francisco is streets and buildings that rise and fall with topography. New buildings or additions should follow the slope of the street to accent and celebrate the natural topography and provide a vertical rhythm to the street. Where buildings fail to step up slopes, they adversely “flatten” the city's natural topography.



**5. High-quality building materials should be used on all visible façades and should include stone, masonry, ceramic tile, wood (as opposed to composite, fiber-cement based synthetic wood materials), precast concrete, and high-grade traditional “hard coat” stucco (as opposed to “synthetic stucco” that uses foam).**



Rich architectural detailing on individual buildings significantly contributes to the public realm. Detailing is encouraged to provide interest and create variation in wall planes; materials and level of detail should be drawn from the best examples in the area. Base and cornice materials should be balanced in material and color.





# G Ground Floors

*To support a high-quality pedestrian environment, this section details guidelines to improve the activation and design quality of ground floor uses to be applied to all AHBP projects.*

- G1. Create a gracious, well-defined ground floor.
- G2. Surface parking should not be permitted between the street facing property line and the fronts of buildings in most instances.
- G3. No more than 30 percent of the width of the ground floor may be devoted to garage entries or blank walls.
- G4. Where present, retail frontages should occupy no less than 75 percent of a building frontage at the ground floor.
- G5. Building entries and shop fronts should add to the character of the street by being clearly identifiable and inviting.
- G6. Building projections and recesses, along with variations in materials and color and other architectural design features, should be used to emphasize pedestrian entries and de-emphasize garage doors and parking.
- G7. Residential units on the first (to third) floor(s) should generally be directly and independently accessible from the sidewalk, rather than from common lobbies.
- G8. For buildings on slopes, the ground floor and building entries should step-up in proportion to the slope between façade segments. Ground floor retail use should be directly accessible from the street at the grade of the sidewalk onto which it fronts.

## G

## GROUND FLOORS

### 1. Create a gracious, well-defined ground floor.

Generous ground floor heights are crucial to ensuring flexibility, diversity, and activity at the level of the public realm. New construction projects shall strongly consider adding additional ground floor



height to make a gracious commercial ground floor, including heights from 10 to 15 feet.

Residential uses on the ground floor facing a public right-of-way or other publicly-accessible pathway should be elevated a minimum of 3' above the adjacent exterior sidewalk and connect directly to that right-of-way or pathway.

Projects must comply with the Draft Ground Floor Residential Design Guidelines which includes direction on stoops and landscape buffers.



### 2. Surface parking should not be permitted between the street facing property line and the fronts of buildings in most instances.

The use of setbacks for parking detracts greatly from the sidewalk character and pedestrian comfort. Parking should not be permitted at the front of buildings, except on parcels with 25 feet or less of frontage, where it is in a garage that is integrated into the structure of the building.



**3. No more than 30 percent of the width of the ground floor may be devoted to garage entries or blank walls.**

The building area immediately facing the street should support residential or commercial uses, have a human scale, and contribute active uses to the street. Large garage entries are extremely detrimental to a street's design character and pedestrian safety. Vehicular traffic crossing the sidewalk should be limited to the absolute minimum necessary to facilitate access to parcels. No façade may feature garage entries that together total more than 20 feet in width.

At least 70 percent of the width of the ground floor facing streets must be devoted to windows, entrances to dwelling units, store windows and entrances, landscaping or planters, and other architectural features that provide visual relief and interest.

**4. Where present, retail frontages should occupy no less than 75 percent of a building frontage at the ground floor.**

The interior of the retail space should be visible at pedestrian eye level to help activate the street. Retail spaces in the neighborhood typically provide ample transparency to the street. Businesses often use retail frontages to display goods and provide views to the interior. Dark or mirrored glass is not permitted. Solar consideration should be treated architecturally, through the use of recesses, eyebrows, or awnings.



**5. Building entries and shop fronts should add to the character of the street by being clearly identifiable and inviting.**

Blank walls (absent windows, entries, or ornamentation) should be avoided. Display windows with unobstructed views into interior spaces and building entrances should line major streets. Service functions such as trash, utility, or fire rooms, should not be placed at the street front where possible.



6. Building projections and recesses, along with variations in materials and color and other architectural design features, should be used to emphasize pedestrian entries and de-emphasize garage doors and parking.

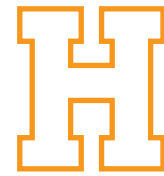
7. Residential units on the first (to third) floor(s) should generally be directly and independently accessible from the sidewalk, rather than from common lobbies.

Individual entries to residential units help to provide rhythm to a building façade, contribute activity, interest, and “eyes” on the street, and enhance the sense of connectedness between residential units and the public life of the street.



8. For buildings on slopes, the ground floor and building entries should step-up in proportion to the slope between façade segments. Ground floor retail use should be directly accessible from the street at the grade of the sidewalk onto which it fronts.

Storefronts located above or below grade often feel removed from the life of the street and are notoriously difficult to make successful. Steps up or down should be avoided. On sloping sites, taller retail spaces at the low end of the site are preferable to sinking a portion of the retail floor below sidewalk grade.



# Historic District

*This section details guidelines applicable for AHBP projects located in historic districts.*

- H1. Design a site plan that is harmonious with the characteristics found with the district. Avoid unnecessary contrast with historic fabric in form or building articulation, to maintain the integrity and character of the site and its context.
- H2. Strengthen the primary characteristics of the district through infill construction by referencing and relating to the historic design, landscape, use, and cultural expressions found within the district.
- H3. Utilize character-defining features of the historic district to inspire the design.
- H4. Respect the historic and architectural features without duplicating historic styles or features that will create a false sense of history.
- H5. Design to be visually distinguishable to the historic district.
- H6. Design to be identifiable as contemporary and harmonious with the historic district in terms of general site characteristics, materials, and features.
- H7. Reference the size, proportion, rhythm and alignment of doors and windows found in the district to reinforce compatibility in the design.
- H8. Design roofs to fit within the historic context and integrated into the building's overall composition.
- H9. Select materials that are harmonious and referential to the general character, color, and textures of the historic district. Avoid contrast

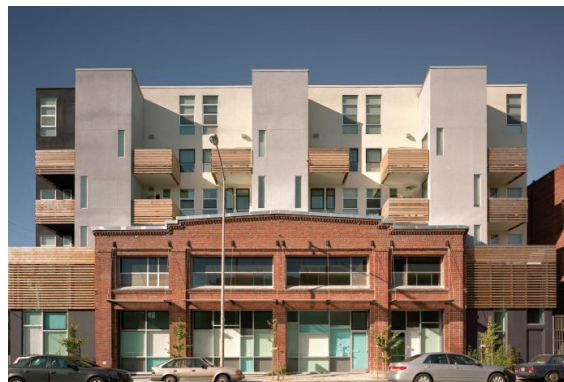


**H****HISTORIC DISTRICT****APPLICABILITY**

The Guidelines below apply to AHBP projects located within districts determined to be Historic Resources eligible for local, state or National registers. Infill construction shall preserve historic features, character, and spatial relationships. Recognizing that AHBP projects may be taller than existing buildings, the design of infill construction should be differentiated yet compatible within the overall district. Design differences between new and historic may be subtle but also must be legible.

In districts with uniform character, the design may require particularly subtle differentiation from the dominating character-defining features. In districts with mixed character, the design may define the character of the district by referencing significant features.

1. Design a site plan that is harmonious with the characteristics found with the district. Avoid unnecessary contrast with historic fabric in form or building articulation, to maintain the integrity and character of the site and its context.
2. Strengthen the primary characteristics of the district through infill construction by referencing and relating to the historic design, landscape, use, and cultural expressions found within the district.
3. Utilize character-defining features of the historic district to inspire the design.
4. Respect the historic and architectural features without duplicating historic styles or features that will create a false sense of history.
5. Design to be visually distinguishable to the historic district.
6. Design to be identifiable as contemporary and harmonious with the historic district in terms of general site characteristics, materials, and features.



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7. Reference the size, proportion, rhythm and alignment of doors and windows found in the district to reinforce compatibility in the design.
  8. Design roofs to fit within the historic context and integrated into the building's overall composition.
  9. Select materials that are harmonious and referential to the general character, color, and textures of the historic district. Avoid contrast that detracts or visually competes with the historic district.

DRAFT



**San Francisco**  
**Planning**

**FOR MORE INFORMATION:**  
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No appointment is necessary.*