



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: March 15, 2018
TO: Planning Commission
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RE: Divisadero and Fillmore NCTs Economic Feasibility Study

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Ordinance Number 158-17, adopted in July, 2017, established a requirement that an economic feasibility study be conducted to determine the feasibility of establishing specific on-site inclusionary housing requirements in certain areas where significant re-zonings have occurred in recent years. Specifically, Section 415.6 of the Planning Code states the following:

The Planning Department, in consultation with the Controller, shall undertake a study of areas greater than 5 acres in size, where an Area Plan, Special Use District, or other re-zoning is being considered for adoption or has been adopted after January 1, 2015, to determine whether a higher on-site inclusionary affordable housing requirement is feasible on sites that have received a 20% or greater increase in developable residential gross floor area or a 35% or greater increase in residential density over prior zoning, and shall submit such information to the Planning Commission and Board of Supervisors.

The Planning Department determined that these criteria were met by only two recent re-zoning actions: the re-zonings of the Divisadero Street and Fillmore Street Neighborhood Commercial Districts (NCDs) to the Divisadero Street and Fillmore Street Neighborhood Commercial Transit Districts (NCTs), which eliminated the residential density limit in both districts and modified other development standards, but did not modify the corresponding height and bulk districts. These NCTs were established by Ordinances 127-15 and 126-15, respectively, in July, 2015.

As required, the Planning Department and Office of the Controller jointly conducted a financial feasibility study for these areas, which was prepared by a qualified economic consultant, Century Urban, LLC. This study was designed to identify the maximum on-site inclusionary housing requirement that would be economically feasible for a typical development project in these zoning districts, under current economic conditions and assuming that any value increase effected by the re-zoning would be absorbed by the development project.

On March 22, 2018, the Planning Commission will hear an informational presentation from the Controller's Office of Economic Analysis and Planning Department staff summarizing the key assumptions, methodology, and findings of the economic feasibility study.