

# AFFORDABLE HOUSING BONUS PROGRAM

WEBINAR – OCTOBER 22, 2015

[www.sf-planning.org/AHBP](http://www.sf-planning.org/AHBP)

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**San Francisco**  
**Planning**

**WELCOME!**

# AGENDA

10:05 – 11:00AM	Presentation
11:00AM – 12:00PM	Questions & Answers

- Please mute your conference line.
- Please type your questions in the Chat function.
- We will answer your questions in the order received after the presentation during the Q&A period.
- If there are questions requesting clarification, we will answer those during the presentation.

# PRESENTATION

- Background
  - State Density Bonus Law
  - Affordable Housing Needs, Plans, and Initiatives
  - Affordable Housing Programs
  - Program Goals
  - Program Development
- The Basics
  - Density Bonus
  - Affordable Housing
- Proposed Program
  - Program Area
  - Local Program
  - State Program
- Design Guidelines and Small Site Opportunities
- Outcomes, Next Steps, and Timeline

**BACKGROUND**

# BACKGROUND

## STATE DENSITY BONUS LAW



### 2013 Napa Court Case

## AFFORDABLE HOUSING PROGRAMS

### Inclusionary Housing Program Existing Affordable Housing Programs

## SF AFFORDABLE HOUSING NEEDS

### Proposition K Middle Income Housing

## SF PLANS AND INITIATIVES

### Mayor's Working Group Housing Element

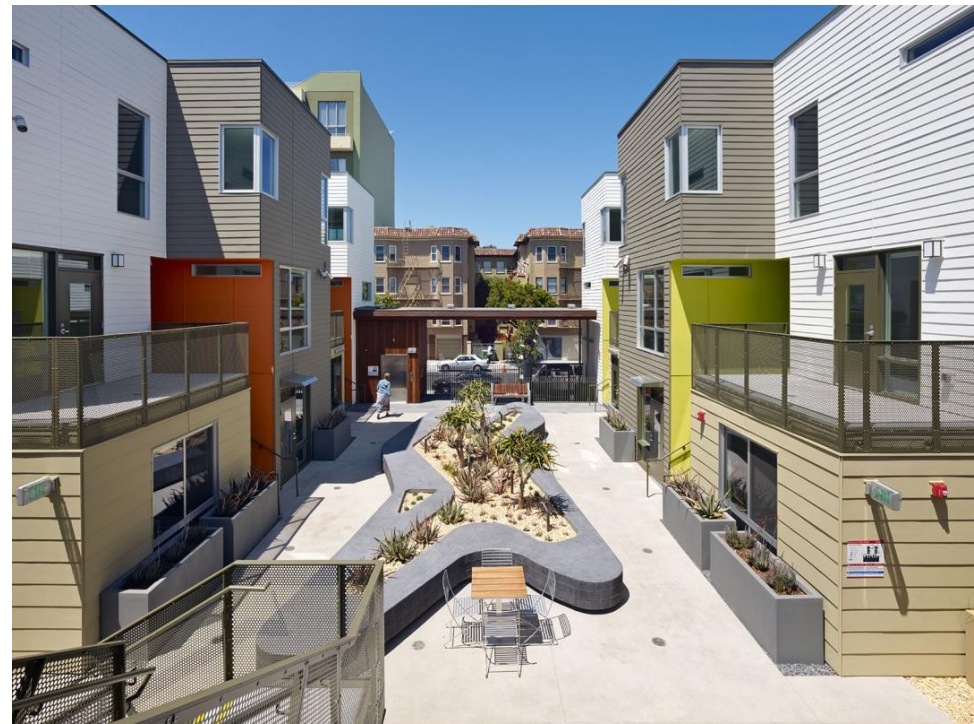


# DENSITY BONUS LAW — 1979



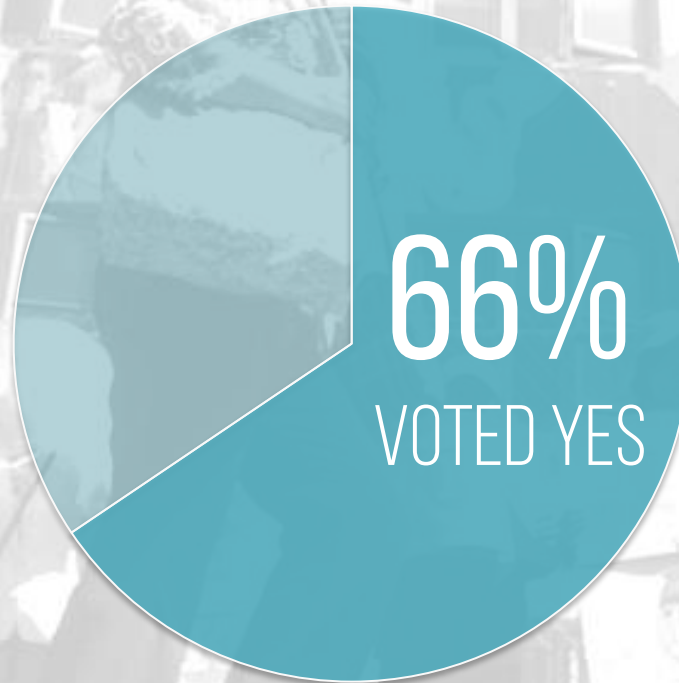


# 2013 NAPA COURT CASE

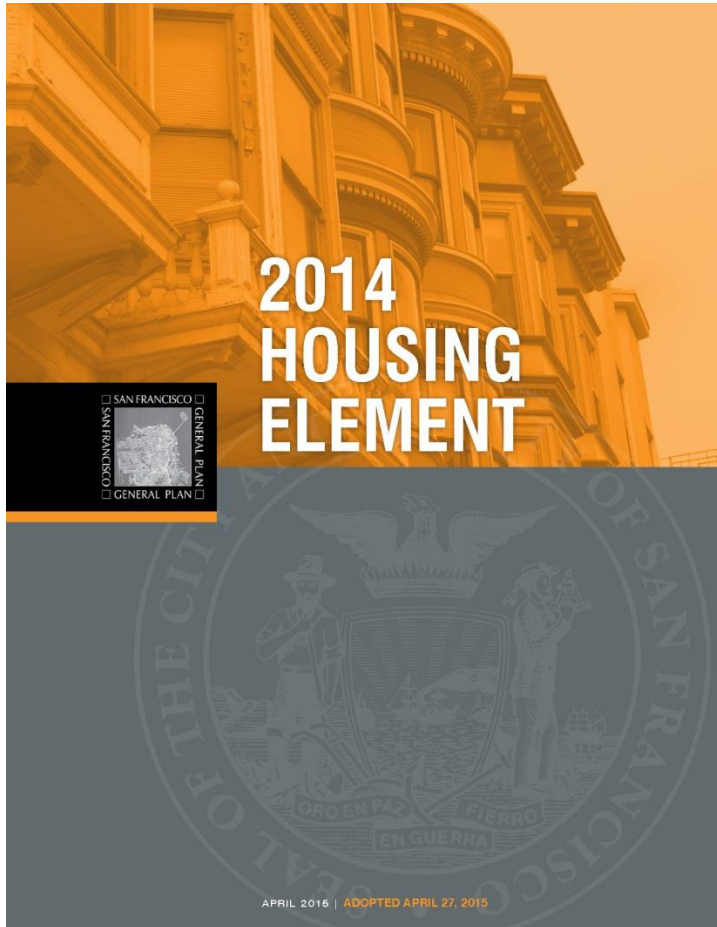




# PROPOSITION K — MANDATE FOR 33% AFFORDABLE



# AFFORDABLE HOUSING PLANS AND INITIATIVES



# AFFORDABLE HOUSING PROGRAMS

- San Francisco's Inclusionary Housing Program
  - Contribute to the City's Affordable Housing fund commensurate with the number of total project units;
  - Build 12% of the affordable housing units on-site to low- and moderate-income households; or
  - Build 20% of the affordable housing units off-site to low- and moderate-income households.



# OTHER EXISTING AND PROPOSED AFFORDABLE HOUSING PROGRAMS

Salary Qualifications	Existing Affordable Housing Programs	Proposed Affordable Housing Bonus Program
\$21,400–\$37,500 annual salary (30–50% AMI)	Subsidized Affordable Housing (various programs)	
Up to \$37,500 annual salary (55% AMI)	Below Market Rate Inclusionary Rental	X
Up to \$41,000 annual salary (60% AMI)	Below Market Rate Affordable Rental	
Up to \$61,000 annual salary (90% AMI)	Below Market Rate Inclusionary Ownership	X
Up to \$82,000 annual salary (120% AMI)	Down Payment Assistance Loan Program	X
Up to \$95,000 annual salary (140% AMI)	No existing program	X
Up to \$136,000 annual salary (200% AMI)	Teacher Next Door Down Payment Assistance	



# AFFORDABLE HOUSING BONUS PROGRAM GOALS



INCENTIVIZE GREATER LEVELS  
**OF ONSITE AFFORDABLE UNITS**



IMPROVE FEASIBILITY OF  
**UNDERUTILIZED SITES**



ESTABLISH A 'MIDDLE  
**INCOME' PROGRAM**



FACILITATE ENTITLEMENT OF  
**100% AFFORDABLE PROJECTS**

# PROGRAM DEVELOPMENT — WHY NOW



# PROGRAM DEVELOPMENT — WHY NOW

- Building from the State Density Law to meet San Francisco's needs
- Providing affordable housing to address the current housing crisis



# HOW WE DEVELOPED THE PROGRAM

The Program was developed at the direction of the Mayor's Office by San Francisco Planning and consultants.

## Key Stages:

- Density Bonus Study
- Financial Analysis
- Input from Key Stakeholders
- San Francisco Planning Efforts



# THE BASICS

# AREA MEDIAN INCOME

- **Area** A particular geographical area, e.g., San Francisco
- **Median** Middle point: half of the households earn below the median while the other half earn above
- **Income** Total income of the entire household

**In 2015, San Francisco's Area Median Income for one person is \$71,380.**



# WHO IS AFFORDABLE HOUSING FOR?

# 50% AMI

(AREA MEDIAN INCOME)



Occupation

**HOUSEKEEPING  
CLEANER**



Occupation

**LANDSCAPER  
OR GROUNDS-  
KEEPER**

## ANNUAL INCOME, BY HOUSEHOLD SIZE

### VERY LOW-INCOME HOUSEHOLDS

*Earn up to 50% of Area Median Income*

			
1 PERSON	2 PEOPLE	3 PEOPLE	4 PEOPLE
\$36,000	\$41,000	\$46,000	\$51,000

## AFFORDABLE RENTS AND SALES PRICES

### VERY LOW-INCOME HOUSEHOLDS

*Earn up to 50% of Area Median Income*

				
	1 PERSON	2 PEOPLE	3 PEOPLE	4 PEOPLE
Rental	\$900	\$1,000	\$1,100	\$1,300
Owner	\$96,000	\$113,000	\$130,000	\$147,000

# WHO IS AFFORDABLE HOUSING FOR?

# 80% AMI

(AREA MEDIAN INCOME)



*Occupation*

ELEMENTARY/  
SECONDARY SCHOOL  
TEACHER

## ANNUAL INCOME, BY HOUSEHOLD SIZE

### LOW-INCOME HOUSEHOLDS

*Earn up to 80% of Area Median Income*



1 PERSON

\$57,000



2 PEOPLE

\$65,000



3 PEOPLE

\$73,000



4 PEOPLE

\$82,000



*Occupation*

CONSTRUCTION  
WORKER

## AFFORDABLE RENTS AND SALES PRICES

### LOW-INCOME HOUSEHOLDS

*Earn up to 80% of Area Median Income*



1 PERSON

\$1,400  
\$197,000



2 PEOPLE

\$1,600  
\$228,000



3 PEOPLE

\$1,800  
\$260,000



4 PEOPLE

\$2,000  
\$291,000

Rental

Owner



# WHO IS AFFORDABLE HOUSING FOR?

# 120% AMI

(AREA MEDIAN INCOME)



Occupation

POLICE, FIRE,  
AMBULANCE  
DISPATCH

## ANNUAL INCOME, BY HOUSEHOLD SIZE

### MODERATE-INCOME HOUSEHOLDS

Earn up to 120% of Area Median Income

1 PERSON	2 PEOPLE	3 PEOPLE	4 PEOPLE
\$85,000	\$98,000	\$110,000	\$122,000



Occupation

ELECTRICIAN

## AFFORDABLE RENTS AND SALES PRICES

### MODERATE-INCOME HOUSEHOLDS

Earn up to 120% of Area Median Income

1 PERSON	2 PEOPLE	3 PEOPLE	4 PEOPLE
Rental \$2,100 Owner \$331,000	Rental \$2,400 Owner \$382,000	Rental \$2,700 Owner \$432,000	Rental \$3,000 Owner \$483,000

# WHO IS AFFORDABLE HOUSING FOR?

# 140% AMI

(AREA MEDIAN INCOME)



Occupation  
**ACCOUNTANT**

## ANNUAL INCOME, BY HOUSEHOLD SIZE

### MIDDLE INCOME HOUSEHOLDS

Earn up to 140% of Area Median Income



1 PERSON



2 PEOPLE



3 PEOPLE



4 PEOPLE

\$100,000

\$114,000

\$128,000

\$143,000

## AFFORDABLE RENTS AND SALES PRICES

### MIDDLE INCOME HOUSEHOLDS

Earn up to 140% of Area Median Income



1 PERSON



2 PEOPLE



3 PEOPLE



4 PEOPLE

Rental  
\$2,500  
Owner  
\$398,000

\$2,800  
\$458,000

\$3,200  
\$519,000

\$3,500  
\$579,000



Occupation  
**ELECTRICAL  
ENGINEER**

# WHAT IS A DENSITY BONUS

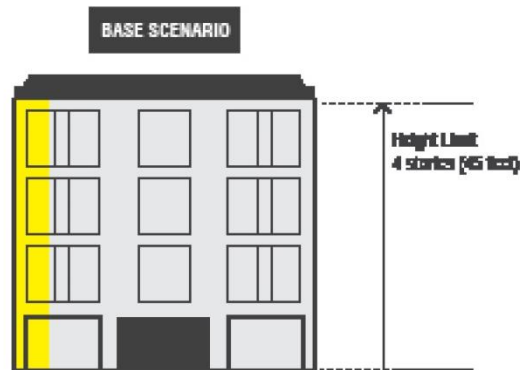
An increase in the number of housing units than are currently allowed under a specific zoning regulation in exchange for building more affordable housing units.

## EXAMPLE SCENARIO

Neighborhood Commercial

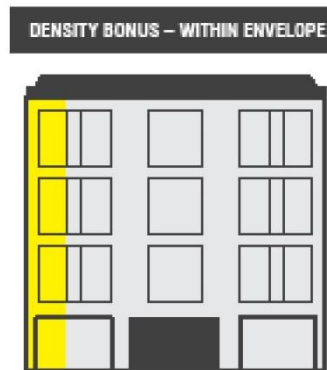
Market Rate Units

Affordable Units



**Affordable Units:** 12% (3 units)

**Total Units:** 23



**Affordable Units:** 13% (4 units)

**Additional Units with Density Bonus:** 35% (8 units)

**Total Units:** 31



**Affordable Units:** 30% (13 units)

**Additional Units with Density Bonus:** 53% (20 units)

**Total Units:** 43

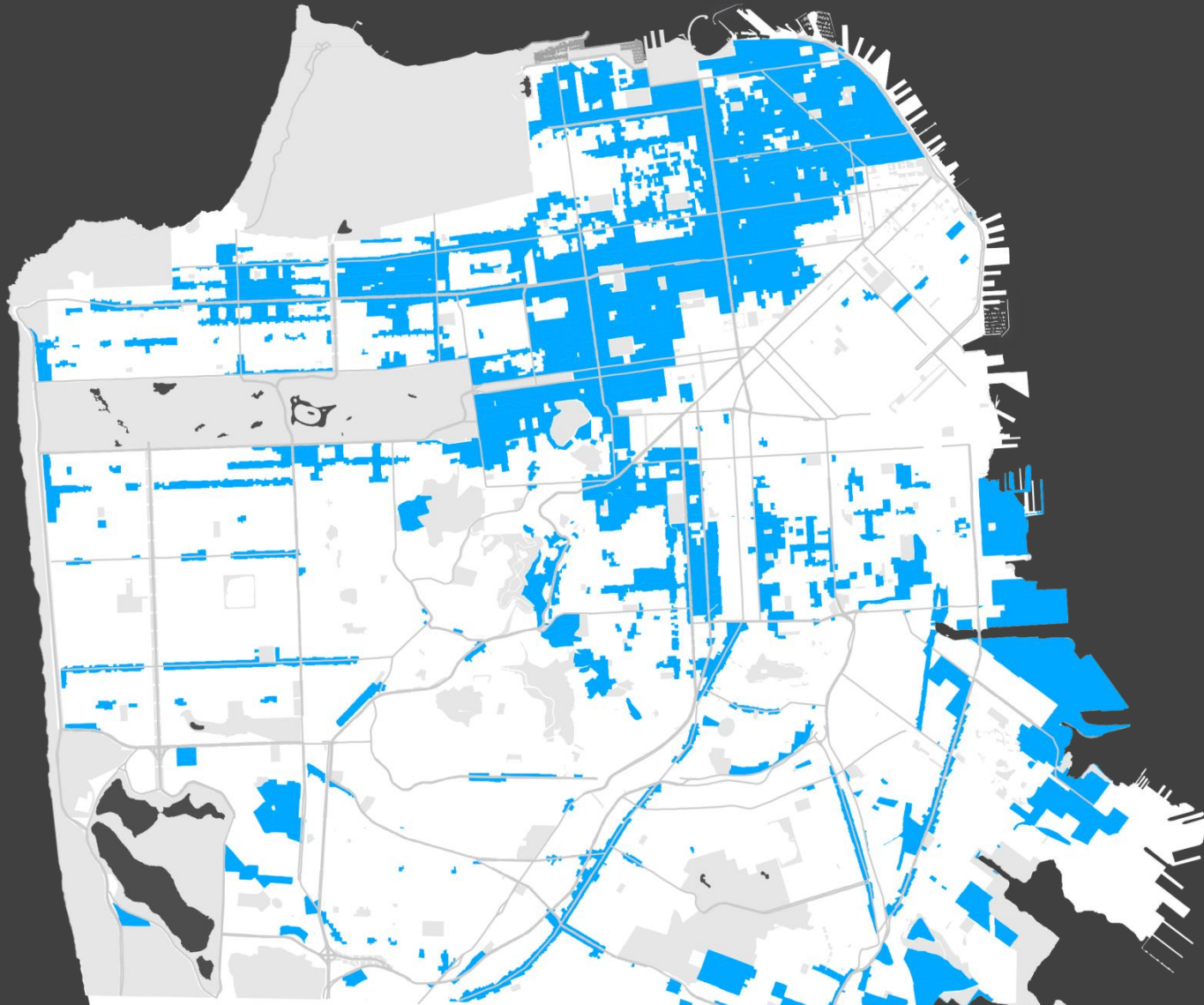
# THE PROPOSED PROGRAM



# PROGRAM AREA: RESIDENTIAL MIXED USE DISTRICTS

30,850

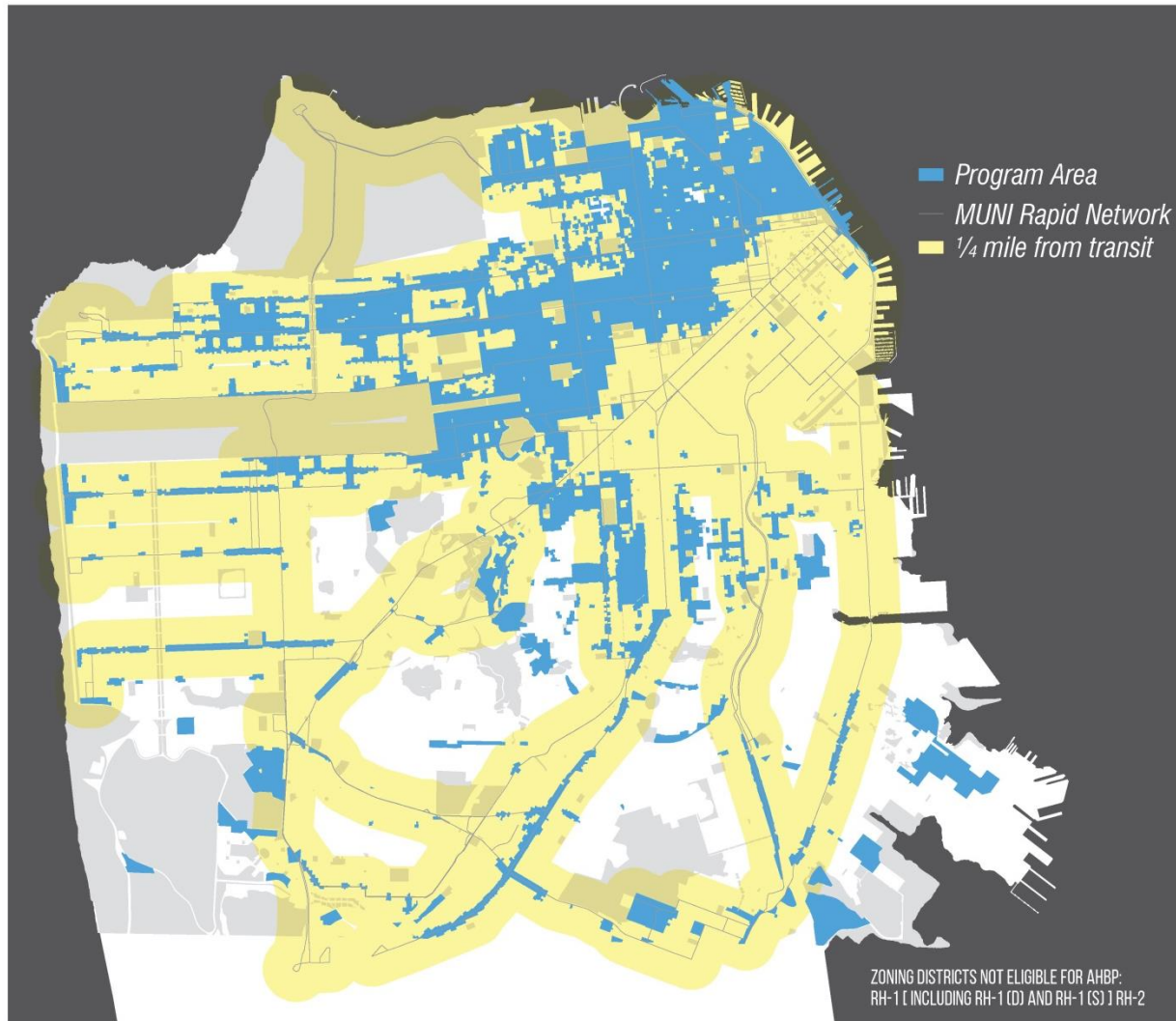
*Parcels in Study Area*



# WHERE THE PROGRAM APPLIES

- **Commercial Districts**
  - C-2 – Community Business
- **Community Business in Chinatown's Mixed Use Districts**
  - CCB – Community Business
  - CRNC - Residential/Neighborhood Commercial
  - CVR – Visitor Retail
- **Industrial Districts**
  - M-1 – Light Industrial
  - M-2 – Heavy Industrial
- **Neighborhood Commercial Districts**
  - NC-1 – Cluster (1 Commercial Story)
  - NC-2 – Small-Scale (2 Commercial Stories)
  - NC-3 – Moderate-Scale (3+ Commercial Stories)
  - NC-S – Shopping Center (2 Commercial Stories)
  - NCD – Individual (Named, Controls Vary)
- **Residential-Commercial Combined Districts**
  - RC-3 – Medium Density (1 Unit per 400 sf)
  - RC-4 – High Density (1 Unit per 200 sf)
- **Residential, Mixed (Houses and Apartments) Districts**
  - RM-1 – Low Density (1 unit per 800 sf)
  - RM-2 – Moderate Density (1 Unit per 800 sf)
  - RM-3 – Medium Density (1 Unit per 400 sf)
  - RM-4 – High Density (1 Unit per 200 sf)
- **South of Market Mixed Use Districts**
  - RSD – Residential/Service
  - SSO – Service/Secondary Office
- **Residential, House Character Districts**
  - RH-3 – Three Units Per Lot

# PROGRAM AREA WITH TRANSIT OVERLAY



# PROPOSED LOCAL AFFORDABLE HOUSING BONUS PROGRAM

If a project of any size proposes:

**12% units for low or moderate-income households**  
(Up to 55% or 90% AMI)

+

**18% units for middle-income households**  
(Rental – Up to 120% AMI / Owner – Up to 140% AMI)

=

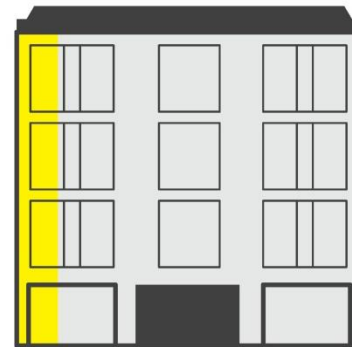
**30% Total Affordable Housing Units On-site**

**Then, incentives will be available:**

- » Up to 2 stories above existing height limits
- » Increased density based on:
  - Height and bulk controls
  - 40% 2-bedroom requirement
  - Design principles



Market Rate Units



Base Scenario: 12%

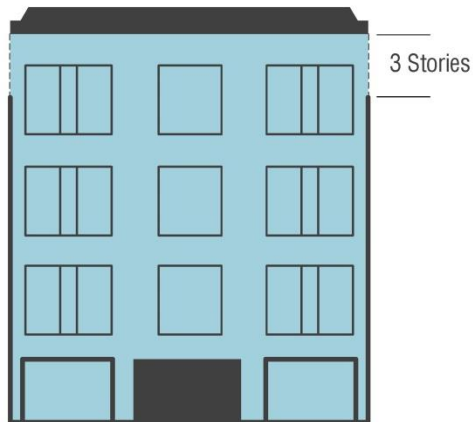


AHBP Participant: 30%

# PROPOSED LOCAL AFFORDABLE HOUSING BONUS PROGRAM

If a project proposes:

**100% affordable units**



Then, incentives will be available:

- » Up to 3 stories above existing height limits
- » Extended entitlements of 10 years
- » Increased density based on:
  - Height and bulk controls
  - Design principles





# PROPOSED STATE PROGRAM

This program is referenced as 'The State Program' because it is intended to locally implement the State Density Bonus Law.

**If a project of 5 units or more proposes:**

**12% units for low or moderate-income households**  
(Up to 55% or 90% AMI)

+

**1–8% units for very low, low, or moderate income households**  
(Up to 50%, 80%, or 120% AMI)

=

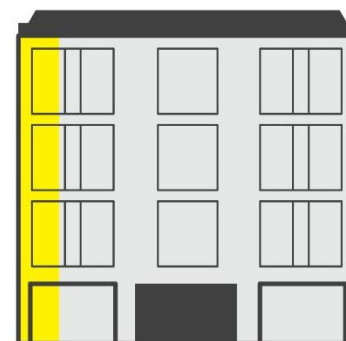
**13–20% Total Affordable Housing Units On-site**

**Then, incentives will be available:**

- » Up to 2 stories above existing height limits
- » 7–35% density bonus granted on a graduated scale:
  - Percent of affordable units
  - Income levels by affordable units



Market Rate Units



**Base Scenario: 12%**



**State Participant: 20%**

# DESIGN GUIDELINES AND SMALL SITE OPPORTUNITIES

## DESIGN GUIDELINES

# AHBP BUILDINGS HAVE GREAT GROUND FLOORS

GENEROUS CEILING HEIGHTS, FRIENDLY STOOPS, AND TRANSPARENCY





## DESIGN GUIDELINES

# AHBP BUILDINGS ARE CONSIDERATE NEIGHBORS

ACTIVATE WALLS WITH WINDOWS, ART, PLANTS, AND SETBACKS





## DESIGN GUIDELINES

# AHBP BUILDINGS PAY ATTENTION TO DETAIL

## BALCONIES, BAYS, SUNSHADES, AND WINDOWS





# WHAT COULD NEW AHBP BUILDINGS LOOK LIKE?

## POSSIBLE UNDER CURRENT ZONING



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

## 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

# WHAT COULD NEW AHBP BUILDINGS LOOK LIKE?

## POSSIBLE UNDER CURRENT ZONING



Up to 8 homes in a 40' building are allowed under current zoning.

## POSSIBLE UNDER AHBP



Under the AHBP, 13 homes could be built in a 65' building.

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



Up to 15 homes in a 50' building are allowed under current zoning.



Under the AHBP, 46 homes could be built in a 75' building.



# WHAT COULD NEW AHBP BUILDINGS LOOK LIKE?

## THEY MAY LOOK A LOT LIKE WHAT ALREADY EXISTS

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



Buildings in this area are currently allowed 40' in height, but this 1911 apartment building is about 65', similar to a new AHBP building with 35% affordable homes.



Buildings in this area are currently allowed 40' in height, but this 1913 building is about 55'.



This apartment building (circa 1928) exceeds the existing 40' height limit by at least 3 stories.



Buildings in this area are currently allowed 40' in height, but this 1926 apartment building is about 60'—similar to the height allowed under the AHBP.



This apartment building (circa 1928) exceeds the existing 65' height limit by at least 4 stories.



Buildings in this area are currently allowed 40' height, but this building is about 75'—taller than the height allowed under the AHBP.

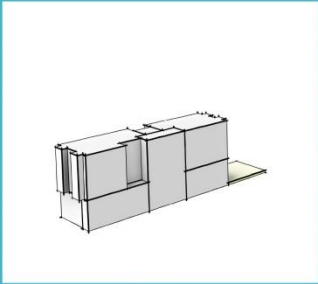
# OPPORTUNITIES WITH SMALL SITES





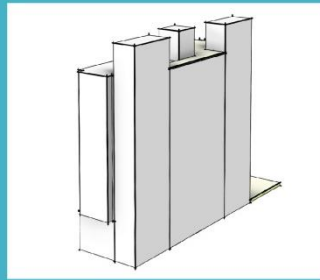
# OPPORTUNITIES WITHIN SMALL SITES

## 25' WIDE LOTS



*A. 3 story building with 6 units*

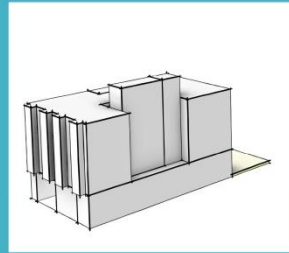
Shorter buildings provide lower overall building heights, but smaller unit sizes. Open space can be entirely accommodated in the rear yard.



*B. 6 story building with 9 units*

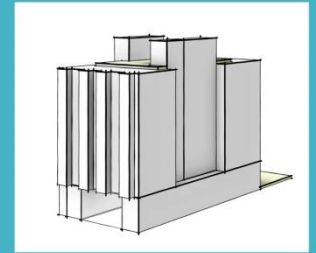
By enlarging the building to six stories, this option provides larger units that may be more suited to families. Open space is split between a roof deck and the rear yard.

## 50' WIDE LOTS



*A. 4 story building with 9 units*

This is a four story building that has nine units on a site previously limited to six. Open space is located in a rear yard and there is a small retail space on the ground floor.



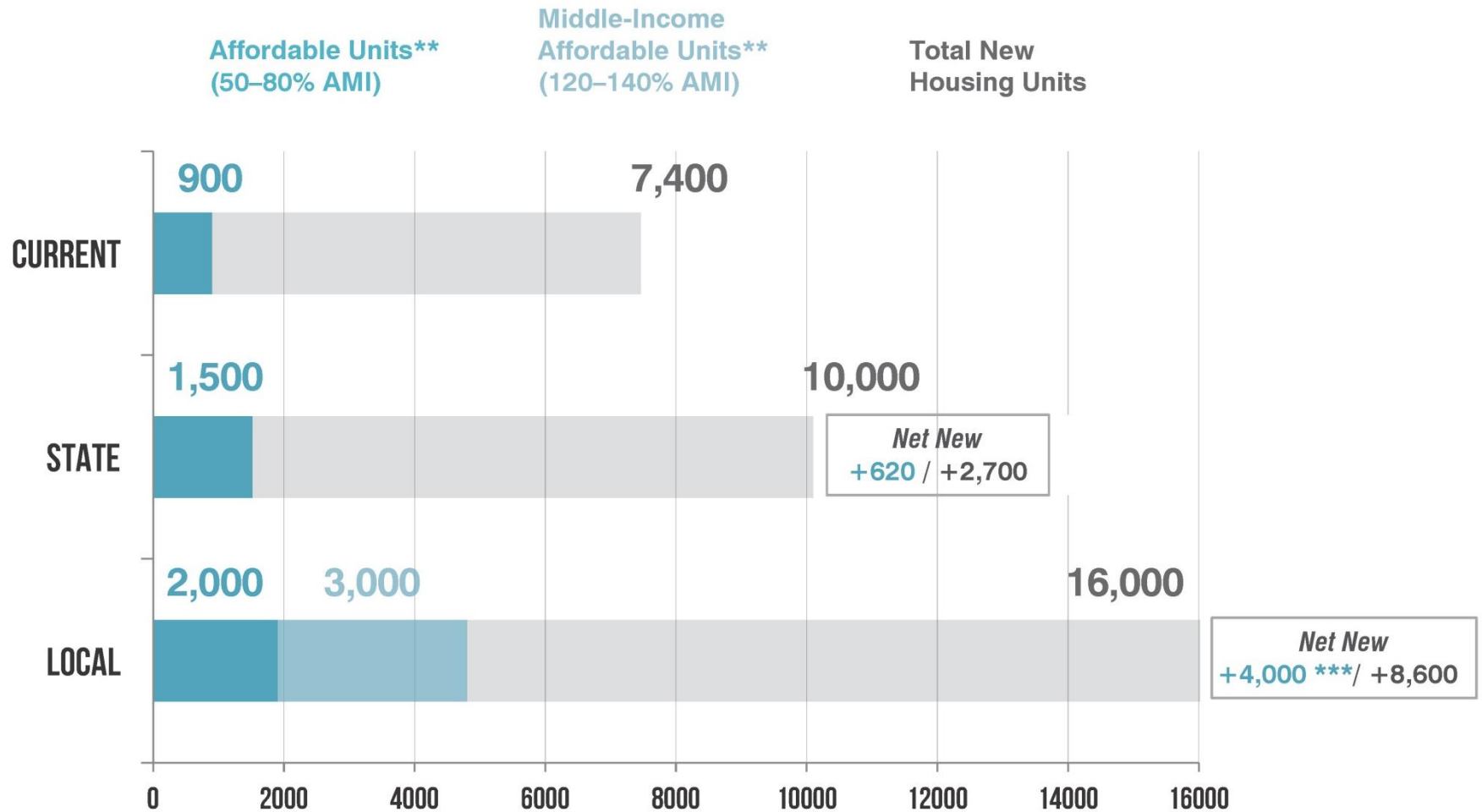
*B. 6 story building with 15 units*

A six story building adds a roof deck for additional open space. This would be at a similar scale to many of San Francisco's older apartment buildings.



# OUTCOMES AND NEXT STEPS

# TOTAL PROJECTED MAXIMUM NEW UNITS IN PROGRAM AREA – 2036\*



Affordable Units – permanently affordable, deed restricted housing units built by market rate developers.

\* Analysis was conducted on soft sites in the Program Area. Soft sites are parcels where the existing use comprises five percent or less of the total permitted volume of space. There are approximately 240 soft sites in the Program Area. These 240 sites are most likely to benefit from the AHBP and some will elect to participate in either the State Program or Local Program.

\*\* Assumes all projects provide inclusionary units on-site. Does not include 100% affordable housing projects.

\*\*\* Includes some middle income units for 120% or 140% AMI.

# TIMELINE AND NEXT STEPS

## WINTER 2014

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- » Housing Working Group 2014

## SUMMER 2015

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- » Residential Density Bonus Study
- » Financial Analysis of the Program
- » Meetings with stakeholders

## FALL 2015

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- » Meetings with stakeholders
- » Planning Commission informational meeting
- » Legislation introduction
- » Webinar
- » Open House

WE ARE HERE!

## WINTER 2015

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NOVEMBER 5 AT 12PM

Legislative Chamber  
Room 250, City Hall

- » Planning Commission review
- » Land Use Committee review
- » Board of Supervisors review
- » Mayor signs legislation

# QUESTIONS AND ANSWERS

# THANK YOU!

<http://www.sf-planning.org/AHBP>