WHY ARE WE DOING THIS?

STATE DENSITY BONUS LAW
2013 Napa Court Case

AFFORDABLE HOUSING BONUS PROGRAM
No Public Subsidies
Tradeoffs

SF AFFORDABLE HOUSING NEEDS
Mayor’s Working Group
Proposition K
Middle Income Housing

SF PLANNING EFFORTS
Housing Element
Density Bonus
Sunset Blueprint
Invest in Neighborhoods

OTHER HOUSING PROGRAMS
Inclusionary Housing Updates
Housing Trust Fund
COMPARING STATE LAW & AHBP PROGRAMS

STATE LAW—1979

STATE ANALYZED PROGRAM

LOCAL ANALYZED PROGRAM

NO MAX OR MIN % AFFORDABLE

DENSITY  WAIVERS  HEIGHT

MENU AND FORMULA BASED ANALYSIS

DENSITY  WAIVERS  HEIGHT

13–20% AFFORDABLE

13–20% AFFORDABLE

30% AFFORDABLE
AFFORDABLE HOUSING BONUS PROGRAM - POLICY GOALS

- **Incentivize greater levels of onsite affordable units**
- **Establish a ‘middle income’ program**
- **Improve feasibility of underutilized sites**
- **Facilitate entitlement of 100% affordable projects**
DEVELOPING THE PROGRAM
HOW WE DEVELOPED THE PROGRAM

PROGRAM DEVELOPMENT (2 YEARS)

AHP TEAM
(San Francisco Planning and Mayor’s Office of Housing and Community Development)

RESEARCH AND ANALYSIS
- Density Bonus Study
- Financial Analysis
(David Baker Architects and Seifel Consulting)

PROPOSED PROGRAM

KEY STAKEHOLDERS AND COMMUNITY GROUPS
PUBLIC OUTREACH AND ENGAGEMENT

• Getting the word out to Community Members
  • Website
  • Video
  • Media
  • Mailing lists
  • Public Forums

• Gathering input from Community Members
  • Interactive Webinar
  • Open House
  • Community Meetings
  • Public Hearings at the Commission and Board

• Amendments to the Proposed Legislation
PROGRAM AREA AND OUTCOMES
AHBP PROGRAM AREA: RESIDENTIAL MIXED USE DISTRICTS

30,500
Parcels in Program Area

Program Area
AHBP PROGRAM AREA: NEAR TRANSIT

Walking distance to Muni Rapid
**Projected Maximum Total New Units**

**Soft Sites in Program Area, 20 Years**

<table>
<thead>
<tr>
<th></th>
<th>Affordable Units*</th>
<th>Middle-Income Units*</th>
<th>All Housing Units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>900</td>
<td>7,400</td>
<td></td>
</tr>
<tr>
<td><strong>STATE</strong></td>
<td>1,500</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td><strong>LOCAL</strong></td>
<td>2,000 + 3,000 = 5,000</td>
<td>16,000</td>
<td></td>
</tr>
</tbody>
</table>

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

* Assumes all projects provide inclusionary units onsite. Does not include 100% affordable housing projects.

** Includes some middle income units for 120% or 140% AMI.
PROJECTED AHBP UNITS BY NEIGHBORHOOD

New AHBP units by neighborhood
- Less than 1%
- 1-5%
- 5-15%
- Over 15%

Affordable Housing Bonus Program
PROJECTED INCREASE IN HOUSING UNITS
STUDying WHAT BUILDINGS MIGHT LOOK LIKE WITH DAVID BAKER ARCHITECTS (DBA).
AHBP STUDY: PROTOTYPICAL SITES
STUDY METHODOLOGY
STUDY METHODOLOGY
DENSITY IS CONSTRAINED BY ONE OF TWO FACTORS
MAXIMUM PHYSICAL ENVELOPE
1 UNIT ALLOWED PER 200 SF
400 SF
600 SF
800 SF OF LOT AREA

DENSITY LIMITS
60,000 GSF CAN BE
25 UNITS OR 100 UNITS
2,400 GSF UNIT SIZE
600 GSF UNIT SIZE

DENSITY LIMITS
PHYSICAL ENVELOPE AND DENSITY LIMITS RARELY RELATE
NC-3, 130-E
1/600 DENSITY LIMIT
60 UNITS ALLOWED

HEIGHT LIMIT
60 UNITS @ 3,000+ SF EACH
60 UNITS @ 1,000 SF EACH
NO DENSITY CAP
35% DENSITY INCREASE UNDER THE STATE LAW
HOW IS 30% ON SITE AFFORDABILITY POSSIBLE?

ON SOME SITES, IT CAN WORK WITH 2 STORIES OF ADDED HEIGHT
ELIMINATE DENSITY CAPS

UP TO 2 EXTRA STORIES

40% 2 BR’s
40-X, Jackson & Baker
Current Zoning: 15 Homes @ 50′
No Density Cap: 27 Homes @ 50′ (1,333 SF)
AHBP: 46 Homes @ 75′
(1,333 SF)
Current Zoning: 47 Homes @ 65’
AHBP: 65 Homes @ 85′

(750 SF)
Current Zoning: 8 Homes @ 40′ (1,500 SF)
AHBP: 13 Homes @ 65′
(1,500 SF)
• REAR YARD
• DWELLING UNIT EXPOSURE
• HEIGHT
• BULK
• FAR
• USABLE OPEN SPACE
• PARKING
• OFF-STREET LOADING
• OBSTRUCTIONS OVER STREETS & ALLEYS
HOW DO DENSITY AND LIVABILITY COEXIST?
GREAT GROUND FLOOR (& CEILING HTS)
GREAT GROUND FLOOR
GREAT GROUND FLOOR
ARTICULATE SIDE WALLS
ARTICULATE SIDE WALLS
TOPS OF BUILDINGS
COMPLEMENTARY ARCHITECTURE
COMPLEMENTARY ARCHITECTURE
NCD, 50-X
1/800 DENSITY LIMIT
15 UNITS ALLOWED

HEIGHT LIMIT
RESIDENTIAL
5 STORIES
55'
RETAIL
LOBBY
GARAGE ENTRY

RESIDENTIAL
5 STORIES
55'
RETAIL
GARAGE ENTRY
LOBBY
REAR YARD
15 UNITS @ 2,400 SF EACH
15 UNITS @ 1,000 SF EACH
DRAFT LEGISLATION
AHBP PROGRAMS

**LOCAL ANALYZED PROGRAM**

- **30% AFFORDABLE**
- **13–20% AFFORDABLE**

**LOCAL 100% AFFORDABLE**

- **100% AFFORDABLE**
  - FOR 80% AMI AND BELOW

**STATE ANALYZED PROGRAM**

- **13–20% AFFORDABLE**

**STATE LAW–1979**

- **NO MAX OR MIN % AFFORDABLE**

MENU AND FORMULA BASED ANALYSIS

- **DENSITY**
- **WAIVERS**
- **HEIGHT**
LOCAL PROGRAM, ACHIEVING LOCAL GOALS
30% AFFORDABLE AND MIDDLE INCOME

30% OF THE TOTAL PROJECT AFFORDABLE

18% MIDDLE INCOME (120% RENTAL OR 140% OWNER)

12% INCLUSIONARY 55% OR 90%

DENSITY REGULATIONS BASED ON

Height and Bulk Controls
40% two bedroom requirement
Design Principles

UP TO 2 STORIES ABOVE EXISTING HEIGHT LIMITS
LOCAL PROGRAM: 100% AFFORDABLE PROJECTS

100% OF THE TOTAL PROJECT AFFORDABLE

DENSITY REGULATIONS BASED ON
- Height and Bulk Controls
- Design Principles

UP TO 3 STORIES ABOVE EXISTING HEIGHT LIMITS

EXTENDED ENTITLEMENTS – 10 YEARS
STATE PROGRAM, REQUIRED BY STATE LAW
GRADUATED DENSITY AND AFFORDABILITY

13 OR 20% OF THE TOTAL PROJECT AFFORDABLE

REQUIRED
INCLUSIONARY
55% OR 90%

0-8%
VERY LOW, LOW, OR MODERATE INCOME

DENSITY BONUS
GRADUATED SCALE BASED ON

% of affordable Units
AMI served by Affordable Units
Range: 7 to 35% Density Bonus

MAXIMUM 2 STORIES
ONLY IF NECESSARY

SOME PLANNING CODE CONCESSIONS
BASED ON % AFFORDABLE UNITS
(1) Required per State Law

(2) Necessary to accommodate increased affordability

(3) Commonly granted through variances or administrative review

(4) No threat to health and safety of San Francisco
LOCAL AHBP DRAFT ZONING MODIFICATIONS—UP TO 3

Rear Yard: No less than 20% of the lot depth, or 15 feet whichever is greater

Exposure: May be satisfied through qualifying windows facing an unobstructed open area that is at least 25 feet in every horizontal and such open area is not required to expand on subsequent floors

Off-Street Loading: None Required

Parking: Up to a 75% reduction in residential and commercial requirements

Open Space: 5% reduction for common open space

Open Space: An additional 5% reduction in common open space
Rear Yard: No less than 20% of the lot depth, or 15 feet whichever is greater

Exposure: May be satisfied through qualifying windows facing an unobstructed open area that is at least 15 feet in every horizontal and such open area is not required to expand on subsequent floors

Off-Street Loading: None Required

Parking: Up to a 100% residential and commercial requirements

Open Space: Up to 10% reduction for common open space
Rear Yard: No less than 20% of the lot depth, or 15 feet whichever is greater

Exposure: May be satisfied through qualifying windows facing an unobstructed open area that is at least 25 feet in every horizontal and such open area is not required to expand on subsequent floors

Off-Street Loading: None Required

Parking: Up to a 50% reduction in residential and commercial requirements

Open Space: 5% reduction for common open space

Open Space: An additional 5% reduction in common open space
DESIGN REVIEW PROCESS AND PUBLIC INPUT
PROCESS FOR AFFORDABLE BONUS PROJECTS IS CONSISTENT WITH CURRENT PRACTICE

1. PRELIMINARY PROJECT ASSESSMENT
2. PRE APPLICATION MEETING
3. PLANNING DEPARTMENT REVIEW
4. NEIGHBORHOOD NOTIFICATION

COMMUNITY REVIEW
CITY REVIEW
ENTITLEMENT: MAY INCLUDE PLANNING COMMISSION HEARING
ENTITLEMENT OF 30% AFFORDABLE OR MORE -328
PROCESS FOR AFFORDABLE BONUS PROJECTS IS CONSISTENT WITH CURRENT PRACTICE

- Modeled after LPA in Eastern Neighborhoods
- Commission Hearing - Public Input and Certainty for Developer
- Focused on Design Review and Consistency with the Affordable Housing Design Guidelines
- Findings must be completed if the project requires a Conditional Use
- Appeal to the Board of Appeals
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
AFFORDABLE HOUSING BONUS PROGRAM
QUESTIONS AND COMMENTS?

1. What can we do to ensure that the architecture is beautiful, and that we stop building ugly buildings?

2. Under this program, how many projects would be permitted? Should we increase the number to build more affordable housing?
PUBLIC BENEFITS AND TRANSPORTATION
PROTOTYPING: Development Costs Before Profit / Per Unit

<table>
<thead>
<tr>
<th>Current Controls</th>
<th>Baseline State</th>
<th>Local Goals (Middle &amp; 30%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HARD COSTS</strong></td>
<td><strong>SOFT COSTS</strong></td>
<td><strong>LAND</strong></td>
</tr>
<tr>
<td>Total Cost $609,000</td>
<td>Total Cost $549,000</td>
<td>Total Cost $467,000</td>
</tr>
</tbody>
</table>

**Hard Costs:** Residential hard construction; parking hard construction; hard cost contingency.

**Soft Costs:** Impact public fees; construction finance; other soft costs.
PROTECTING EXISTING BUSINESSES
PROTECTING RENT CONTROL UNITS AND TENANTS
EXISTING REGULATIONS: DEMO OF UNITS

• Conditional Use or Mandatory Discretionary Review for mergers depending on zoning district

• CU for RTO, RTO-M, NCT, and Upper Market and NCD for loss of a unit

• Mandatory Discretionary Review for units that are not demonstrably unaffordable (317)
EXISTING POLICIES - TENANT PROTECTIONS

• Ellis Act Housing Preference Program

• Relocation Payments

• Newly Passed Rent Ordinance (Kim)

• Neighborhood Preference Program
AHBP PROTECTIONS ---- AB 2222

For any AHBP project:

• All rent control and affordable units shall be replaced by like units.

• Rent control units would be replaced by permanently affordable BMR units.
INCENTIVIZING THE LOCAL PROGRAM
AHBP ENTITLEMENT PROCESS- INCENTIVIZING THE LOCAL PROGRAM

DRAFT LEGISLATION

• Commission Hearing

• Focused on Design Review and Consistency with the Affordable Housing Design Guidelines

• Findings must be completed if the project requires a Conditional Use

• Appeal to the Board of Appeals

PROPOSED LEGISLATION

• Staff Review

• Design Review and Consistency with the Affordable Housing Design Guidelines

• Appeals to the Board of Appeals
WHO ARE WE SERVING? AMI AND 100% AFFORDABLE HOUSING

MAYOR’S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
Area Median Income (AMI)

MOHCD determines eligibility for assistance based on income, as a percentage of the median income based on household size.

2015 AMI

1 Person = $71,350
2 People = $81,500
3 People = $91,700
4 People = $101,900
INCOME LEVELS: CONTEXT

### ANNUAL INCOME, BY HOUSEHOLD SIZE

#### VERY LOW-INCOME HOUSEHOLDS
Earn up to 55% of Area Median Income

- 1 PERSON: $39,250
- 2 PEOPLE: $44,850
- 3 PEOPLE: $50,450
- 4 PEOPLE: $56,050
- 5 PEOPLE: $60,550
- 6 PEOPLE: $65,000

#### LOW-INCOME HOUSEHOLDS
Earn up to 80% of Area Median Income

- 1 PERSON: $57,100
- 2 PEOPLE: $65,200
- 3 PEOPLE: $73,350
- 4 PEOPLE: $81,500
- 5 PEOPLE: $88,050
- 6 PEOPLE: $94,550

#### MODERATE-INCOME HOUSEHOLDS
Earn up to 120% of Area Median Income

- 1 PERSON: $85,600
- 2 PEOPLE: $97,800
- 3 PEOPLE: $110,050
- 4 PEOPLE: $122,300
- 5 PEOPLE: $132,050
- 6 PEOPLE: $141,850

### ANNUAL INCOME, BY PROFESSION

- **Occupation:** Retiree Receiving Social Security
  - Annual Income (Median): $14,000
  - 20% of Area Median Income Category

- **Occupation:** Dishwasher
  - Annual Income (Median): $22,000
  - 30% of Area Median Income Category

- **Occupation:** Cashier
  - Annual Income (Median): $27,000
  - 40% of Area Median Income Category

- **Occupation:** Housekeeping Cleaner
  - Annual Income (Median): $34,000
  - 50% of Area Median Income Category

- **Occupation:** Landscaper or Groundskeeper
  - Annual Income (Median): $41,000
  - 60% of Area Median Income Category

- **Occupation:** Construction Worker
  - Annual Income (Median): $48,000
  - 70% of Area Median Income Category

- **Occupation:** Postal Clerk
  - Annual Income (Median): $54,000
  - 80% of Area Median Income Category

- **Occupation:** Elementary/Secondary School Teacher
  - Annual Income (Median): $61,000
  - 90% of Area Median Income Category

- **Occupation:** Post Secondary Teacher
  - Annual Income (Median): $68,000
  - 100% of Area Median Income Category

- **Occupation:** Police, Fire, Ambulance Dispatch
  - Annual Income (Median): $75,000
  - 110% of Area Median Income Category

- **Occupation:** Electrician
  - Annual Income (Median): $82,000
  - 120% of Area Median Income Category

- **Occupation:** Accountant
  - Annual Income (Median): $88,000
  - 130% of Area Median Income Category

- **Occupation:** Electrical Engineer
  - Annual Income (Median): $95,000
  - 140% of Area Median Income Category

*Source: San Francisco Mayor's Office of Housing & Community Development, 2015*
## Who is Affordable Housing For?

### 50% AMI (Area Median Income)

### Annual Income, by Household Size

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1 Person</th>
<th>2 People</th>
<th>3 People</th>
<th>4 People</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Very Low-Income Households</strong>&lt;br&gt; Earn up to 50% of Area Median Income</td>
<td>$36,000</td>
<td>$41,000</td>
<td>$46,000</td>
<td>$51,000</td>
</tr>
</tbody>
</table>

### Affordable Rents and Sales Prices

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1 Person</th>
<th>2 People</th>
<th>3 People</th>
<th>4 People</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Very Low-Income Households</strong>&lt;br&gt; Earn up to 50% of Area Median Income</td>
<td><strong>Rental</strong>&lt;br&gt;$900</td>
<td>$1,000</td>
<td>$1,100</td>
<td>$1,300</td>
</tr>
</tbody>
</table>

Source: San Francisco Mayor’s Office of Housing & Community Development, 2015
WHO IS AFFORDABLE HOUSING FOR?

80% AMI
(Area Median Income)

ANNUAL INCOME, BY HOUSEHOLD SIZE

LOW-INCOME HOUSEHOLDS
Earn up to 80% of Area Median Income

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1 PERSON</th>
<th>2 PEOPLE</th>
<th>3 PEOPLE</th>
<th>4 PEOPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELEMENTARY/SECONDARY SCHOOL TEACHER</td>
<td>$57,000</td>
<td>$65,000</td>
<td>$73,000</td>
<td>$82,000</td>
</tr>
</tbody>
</table>

AFFORDABLE RENTS AND SALES PRICES

LOW-INCOME HOUSEHOLDS
Earn up to 80% of Area Median Income

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1 PERSON</th>
<th>2 PEOPLE</th>
<th>3 PEOPLE</th>
<th>4 PEOPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSTRUCTION WORKER</td>
<td>Rental</td>
<td>$1,400</td>
<td>$1,600</td>
<td>$1,800</td>
</tr>
<tr>
<td></td>
<td>Owner</td>
<td>$197,000</td>
<td>$228,000</td>
<td>$260,000</td>
</tr>
</tbody>
</table>

Source: San Francisco Mayor’s Office of Housing & Community Development, 2015
### Who is Affordable Housing For?

#### 120% AMI (Area Median Income)

#### Annual Income, by Household Size

**Moderate-Income Households**

*Earn up to 120% of Area Median Income*

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1 Person</th>
<th>2 People</th>
<th>3 People</th>
<th>4 People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$85,000</td>
<td>$98,000</td>
<td>$110,000</td>
<td>$122,000</td>
</tr>
</tbody>
</table>

#### Affordable Rents and Sales Prices

**Moderate-Income Households**

*Earn up to 120% of Area Median Income*

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1 Person Rental</th>
<th>2 People Rental</th>
<th>3 People Rental</th>
<th>3 People Owner</th>
<th>4 People Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$2,100</td>
<td>$2,400</td>
<td>$2,700</td>
<td>$2,700</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

*Source: San Francisco Mayor’s Office of Housing & Community Development, 2015*
### Who is Affordable Housing For?

#### 140% AMI (Area Median Income)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Annual Income, by Household Size</th>
<th>MIDDLE INCOME HOUSEHOLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 PERSON</td>
<td>2 PEOPLE</td>
</tr>
<tr>
<td>ACCOUNTANT</td>
<td>$100,000</td>
<td>$114,000</td>
</tr>
<tr>
<td>ELECTRICAL ENGINEER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GARBAGE COLLECTOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NURSE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Affordable Rents and Sales Prices

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1 PERSON</th>
<th>2 PEOPLE</th>
<th>3 PEOPLE</th>
<th>4 PEOPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>NURSE Rental</td>
<td>$2,500</td>
<td>$2,800</td>
<td>$3,200</td>
<td>$3,500</td>
</tr>
<tr>
<td>NURSE Owner</td>
<td>$398,000</td>
<td>$458,000</td>
<td>$519,000</td>
<td>$579,000</td>
</tr>
</tbody>
</table>

*Source: San Francisco Mayor's Office of Housing & Community Development, 2015*
Serving the Continuum of Housing Needs

<table>
<thead>
<tr>
<th>Program</th>
<th>AMI Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOHCD Affordable Rental</td>
<td>Up to 60% AMI</td>
</tr>
<tr>
<td>BMR Inclusionary Rental</td>
<td>Up to 55% AMI</td>
</tr>
<tr>
<td>BMR Inclusionary Ownership</td>
<td>Up to 90% AMI</td>
</tr>
<tr>
<td>Down Payment Assistance Loan Program (DALP)</td>
<td>Up to 120% AMI</td>
</tr>
<tr>
<td>Teacher Next Door Down Payment Assistance</td>
<td>Up to 200% AMI</td>
</tr>
</tbody>
</table>
LOCAL PROGRAM:
100% AFFORDABLE PROJECTS
THANK YOU!