

# Affordable Housing Bonus Program

## Public Questions and Answers - #1

January 15, 2016

The following questions about the Affordable Housing Bonus Program were submitted by the public to the Planning Department between October 1, 2015 and December 31, 2015 via email and at community meetings in December 2015 (Planning Association for the Richmond Community Meeting, December 9, 2015; and, District 5 Community Meeting, December 10, 2015). The Department received 95 questions. Questions and answers are organized into broad categories for easier reference. Here are responses to the first 66 questions. The remainder will follow in the coming weeks.

### Table of Contents

Program Implementation .....	2
Eligibility for Affordable Units .....	5
Unit size and type .....	7
Program Area and Impacts on RH-1 and RH-2 Properties .....	8
Project Review and Notification Process .....	11
Existing Tenants .....	13
Impact on Rent Control.....	14
Infrastructure to support new housing.....	14
AHBP Analyses, Data, and Reports .....	15
Design Guidelines.....	16
The State’s Affordable Housing Bonus Law .....	17
Regional Coordination .....	18
Other .....	19

## Program Implementation

### 1. Who originated this plan? Who are its governmental and non-governmental sponsors?

The proposed Affordable Housing Bonus Program originated from numerous City plans and policies and reflects input from the Planning Commission, stakeholders, and community members. The program:

- Implements the 2014 Housing Element
- Builds on the City's Inclusionary Housing Ordinance
- Helps the City meet the housing goals mandated in Proposition K

In April 2014, San Francisco Planning updated the City's Housing Element. This recent update includes Implementation Measure 38b, recommending the development of an Affordable Housing Bonus Program. Implementation Measure 38b: Planning will develop a density bonus program with the goal of increasing the production of affordable housing. The program will be structured to incentivize market rate projects to provide significantly greater levels of affordable housing than required by the existing City Programs.

In November 2014, San Francisco voters passed Proposition K, which established an additional affordable housing policy goal of constructing or rehabilitating at least 30,000 housing units by 2020, 33 percent of which are to be affordable housing available to low and moderate-income households. More than 50 percent of the affordable housing units will be available to middle-income households, with at least 33 percent affordable for low and moderate-income households.

At the end of 2014, Mayor Lee organized a housing working group that included key stakeholders in the housing community: affordable and market-rate housing developers and financiers, City staff, housing advocates, and related stakeholders. The proposed Affordable Housing Bonus Program was a central focus of this process.

During the summer and fall of 2015, David Baker Architects (DBA) modeled over 10 sites in the program area to help determine the physical appearance of buildings that might result if allowed density bonuses or other relief from development standards under a density bonus program. DBA tested several scenarios and ultimately recommended both Planning Code and design guideline considerations that would enable the program to achieve the most appealing urban design outcomes. Additionally, Seifel Consulting tested the program on three sites to determine if the projects were generally financial feasible under the State and the Local Program. This analysis provided the information necessary to understand the development incentives necessary to enable individual projects to achieve 30 percent affordability.

During this period, San Francisco Planning met with stakeholders, presented the proposed program to the Planning Commission, and hosted an Open House. The Affordable Housing Bonus Program team solicited input from the Planning Commission and stakeholders. To learn more about past meetings and events, please review the [Meetings and Events page](#) on the project website.

**2. Does the local AHBP apply to new construction only?**

Yes, the Local AHBP program only applies to new construction. The State Analyzed, State Individually Requested and 100% Affordable Housing Programs, however, could be used in certain rehabilitation contexts. Planning Staff's professional opinion is that the AHBP is not likely to be widely used in a rehabilitation context. See the response to the question 3 below for further detail.

**3. Is this 100% about buildings to be developed & built or will any part of this impact existing rental units that do not get torn down? Especially non rent controlled units.**

The Local AHBP will only apply to new construction. The State Analyzed or State Individually Requested Programs, however, could be used in a rehabilitation context. State law defines a housing project as including both new construction and substantial rehabilitation where an existing commercial building may be converted to residential use or the rehabilitation of an existing multifamily dwelling where the result of the rehabilitation would be a net increase in available residential units.

**4. Will there be a limit on number of development so that only one AHBP project is built at a time?**

No. The Planning Department will monitor AHBP projects through the yearly Housing Inventory.

**5. How will the program be implemented?**

If the legislation is passed, projects that qualify and apply for the AHBP will be subject to the similar procedures as projects that are currently subject to the Planning Code. Projects will still be required to submit Preliminary Project Assessments (PPAs) if they meet the minimum thresholds of 6 units, and will be subject to preliminary project reviews, neighborhood notification, and potentially a Planning Commission hearing.

**6. Will there be demolitions as a result of AHBP?**

There may be demolition of existing structures due to the AHBP. However, properties containing existing rent controlled units will be banned from participating in the Local AHBP and the State Analyzed AHBP. The State Density Bonus Law, however, applies to projects that may include demolition, but recent amendments to the State law require replacement units in many circumstances. Therefore the State Individually Requested Program of the AHBP may potentially be applied to a project that includes demolition.

**7. Can you explain the parking concessions?**

Project sponsors taking part in the AHBP will be allowed to ask for a reduction in parking requirements as one of their up to three modifications (total number of modifications available under the program is based on the amount of affordable housing included in the project). Under the State Analyzed Program, the amount of parking required in a project can be reduced by 50 percent. Under the Local Program, parking requirements can be reduced by 75 percent.

**8. Will the schools, colleges, health care organizations and other large institutional owners of SF real estate be the primary users of this legislation?**

The program was not designed for any particular type of owner, including institutional owners. It is likely that owners of individual properties will be the primary users of this legislation, not large institutional owners, but any owner who qualifies may apply under the Program.

**9. What if a property owner does not want to sell, have their property demolished to allow greater density? Will he be forced?**

Participation in the AHBP is entirely voluntary.

**10. Does the AHBP override height limit restrictions? If so, is there a limit on how much additional height can be added?**

The local AHBP allows developers to add two floors of height beyond the existing height restrictions. For 100% affordable housing projects, developers may add three floors of height beyond the existing height restrictions. The State Analyzed Program only allows height if it's necessary to fit the increased density awarded, but only to a maximum of two stories. The State Density Bonus Law does not limit the number of floors that would be allowed to be added (if they are necessary to achieve a certain density bonus). Therefore the State Individually Requested Program of the AHBP does not include a specific limit on the additional height that can be added.

**11. What is your opinion of the likelihood of it becoming reality in the not too distant future?**

The Planning Commission is scheduled to consider recommending to the Board of Supervisors that it adopt the Affordable Housing Bonus Program at the Commission's January 28, 2016 hearing. If the Planning Commission makes a recommendation on January 28, then the legislation is forwarded to the Board of Supervisors for consideration.

**12. Will there be more community meetings?**

Yes, City staff are working with District Supervisor offices and community groups to host meetings throughout the city. Sign up at [sf-planning.org/AHBP](http://sf-planning.org/AHBP) to receive project updates and be notified of future meetings.

**13. What will you do with the community input received?**

All written community input received has been recorded and entered into the public record. The program has responded to community and stakeholder input with several changes to the legislation. For example, in response to fears that the AHBP could lead to displacement of rent-controlled tenants, the Local and State Analyzed Programs now exclude properties containing rent-controlled units from participating. In response to community requests for larger, family-sized units, the AHBP has been amended to allow project sponsors to provide 50% of bedrooms in units larger than 1-bedroom, as a way of encouraging 3 and more bedroom units.

**14. Can the Planning Commission change the legislation?**

The Planning Commission can make recommendations to the Board of Supervisors and the Board can amend the legislation. If the Board approves the legislation, the Mayor has 10 days to sign the legislation.

## Eligibility for Affordable Units

**\*\*Please refer to the AHBP [Affordability Defined](#) web site for more information\*\***

### **15. Are we serving the Area Median Incomes (AMIs)?**

The entire AHBP (including Local and State programs) currently serves the following AMIs: 50%, 55%, 80%, 90%, 120%, and 140%. See the [Mayor's Office of Housing and Community Development](#) for more information and a complete listing of all of the City's other housing programs. In addition, the 100% Affordable Bonus Program may serve lower income levels.

### **16. How much housing are we currently building for middle-income households?**

Section 124 (f) of the Planning Code allows project sponsors to elect to provide middle-income units. There are currently 23 middle-income units available in one building in San Francisco. (<http://sf-moh.org/index.aspx?page=1411>) It is generally difficult to build new housing units designated for middle-income households (defined as 120%-140% of the Area Median Income), primarily because federal subsidies and tax credits that support the construction of affordable housing cannot be used for middle-income housing.

### **17. Will there be down payment assistance?**

Existing City programs, such as the [Downpayment Assistance Loan Program](#), can be used in conjunction with the AHBP.

### **18. Is there a priority for City employees? Teachers?**

The San Francisco Planning Department is working with Supervisor Mar and public servant and teacher unions to ensure income levels served under the AHBP match those of the people who provide the city's essential services. The AHBP does not currently provide a priority in housing for specific professions.

### **19. What happens if there is an increase of income when in an affordable unit?**

Residents in affordable, or below-market-rate (BMR), units are allowed to go over the income limit for a period of time. If a rental tenant exceeds the income targets in a rental unit by a certain amount, they may be required to move. But, for ownership units, income is only assessed at the time of purchase. The Mayor's Office of Housing and Community Development monitors BMR units and resident income level.

### **20. When can the occupants of inclusionary units occur in relation to the market rate units in the same development project?**

In order for a developer to participate in the AHBP program, affordable units must be provided in the same project as the market rate units. For such projects, the affordable units must be marketed and occupied on the same time frame as the market rate units. Projects that choose to pay an impact fee or provide required affordable units in a separate, off-site project do not qualify for the AHBP. Some publicly funded projects may be built without market rate units.

Currently, the inclusionary units are marketed and sold through the project sponsor following certain requirements and in coordination with the Mayor's Office of Housing and Community Development, this process would continue under the AHBP program.

**21. If affordable units are owner-occupied, are there restrictions on subsequent renting out by the initial renter?**

MOHCD has clear rules regulating the use of the inclusionary units to insure that the units serve the intended purpose: providing stable housing for low, moderate, or middle income households in San Francisco. The policy regarding re-rentals of ownership units is spelled out in the MOHCD [Inclusionary Affordable Housing Program Monitoring and Procedures Manual](#). Specifically on Page 33:

**"Rental Prohibition**

BMR Units are not to be used as rental property. An owner of a BMR Unit may not rent or sublease any part or the entire BMR Unit without prior written consent of MOH.

MOH may grant consent to a BMR Owner to rent in circumstances where the Household is forced to temporarily relocate due to employment requirements; where the BMR Owner is unable to sell a BMR Unit at the original purchase price or at the original purchase price plus the Change in AMI repricing methodology per Section II (C) of this Manual; or for other reason deemed acceptable by MOH in its sole discretion, provided that:

- a) The total period for which the BMR Unit may be leased does not exceed twelve (12) months;
- b) The tenant satisfies the income requirements placed on the BMR Unit by Use Restrictions and of this Manual for the Unit as a BMR Ownership Unit and other qualifying Household requirements placed on the BMR Unit by Use Restrictions and of this Manual for the Unit as a BMR Rental Unit;
- c) Initial rent does not exceed the Maximum Monthly Rent, calculated according to the Maximum Household Income stated in the Use Restrictions for the Unit as a BMR Ownership Unit, or the BMR Owner's total housing expenses, as defined in Section I of this Manual, whichever is the lesser amount."

The Short Term rental program is NOT available to affordable units, rental or owner.

**22. If the affordable units are for sale, what are the rules? Are there rules for the owner being able to sell in certain circumstances earlier than the term of AHBP affordability of the unit?**

Affordable housing units created through the AHBP are permanently affordable, meaning the affordability is tied to the unit, not the occupying household. So if a tenant or owner chooses to vacate the unit MOHCD will ensure the next occupying household is 1) Income qualified and 2) Is expending no more than 30% of their income on housing. In the case of an owner-occupied affordable unit, an owner may sell at any time, but the sale price will be set by MOHCD to be affordable to a moderate or middle income household.

**23. On affordable owned units: if the original owner sells, what controls that the sale price will be “affordable”?**

In the case of an owner-occupied affordable unit, an owner may sell at any time, but the sale price will be set by the Mayor’s Office of Housing and Community Development to be affordable to a moderate or middle income household. Any buyer must meet income qualifications.

**24. Are the replacement rent-controlled units income means-tested? i.e. does a tenant have to prove they meet some income test?**

Affordable units produced under the AHBP are not “rent controlled” per se and are not controlled by the Rent Stabilization and Arbitration Ordinance. Rather, they are restricted at below market rates and potential households must qualify at certain income levels. AHBP projects will not be allowed on parcels containing existing rent-controlled units.

## **Unit size and type**

**25. What will be the size of units? Should we regulate the size?**

**What are current minimum square footage standards? Can we guarantee a minimum square footage per unit type – studio, one bedroom, two bedroom, etc?**

**Will the program result in many family units?**

The Planning Code does not regulate the raw size of dwelling units. However, at least 40% of the units constructed under the Local AHBP must have two or more bedrooms, or at least 50% of bedrooms must be in units of two or more bedrooms. By limiting the number of studios and/or one-bedroom units, projects will have a greater diversity of unit size and type. The State Analyzed Program, the State Individually Requested Program, and existing zoning regulations do not require units of any particular size, but, in general, inclusionary housing units must reflect the unit size of the market rate project.

**26. Will the design guidelines or rules for AHBP include that with inclusionary units, the average number of bedrooms (BR) must be equivalent to average number of BR for market-rate units within the same residential project?**

Yes, the same rules that govern inclusionary units now will apply to all affordable units provided through the AHBP. Specifically, affordable units must be the same general size and mix as the market rate units in the building. The Mayor’s Office of Housing and Community Development maintains a detailed [manual](#) of requirements for inclusionary units and the Proposed Legislation requires it to be updated to incorporate the AHBP Programs.

**27. Is the city subsidizing AHBP rents to building owners to make up for loss of rental income?**

No, other than the added density conferred on the projects through the AHBP, the City will not be providing subsidies to the developer for either the construction or the ongoing operations of buildings constructed under the AHBP.

**28. Does AHBP make any distinction based on size of development?**

The Local Program only applies to projects with 3 or more units and the State Analyzed Program and the State Individually Requested Program only apply to projects with 5 or more units. In each case, the requirements for affordable units are calculated as a percentage of total units in the proposed building. The percentage required does not vary with the total size.

**29. Density: units or bulk? Can bulk be increased?**

The AHBP allows for an increase density of units. In addition, the Local AHBP allows projects to take advantage of “form based density” which means that bulk, among other things is still a constraint. And, while there is no bulk exception under the development bonuses in the State Analyzed Program, a project could request relief from bulk constraints through the State Individually Requested Program.

**30. Are there incentives for in-laws?**

An in-law unit is an additional dwelling inside a property that was intended to be a single unit. Neither the Local Program nor the State Analyzed or Individually Requested Programs include incentives for the development of new in-law units.

## **Program Area and Impacts on RH-1 and RH-2 Properties**

**31. Why have single-family homes in general been exempted from this program?**

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 Local AHBP and the State Analyzed AHBP. This is because these districts do not generally allow the minimum threshold of 3 units required by the Local Program and the 5 units required by the state law. In the unusual circumstance where the current Planning Code would allow the development of 5 or more units on an RH-1 or RH-2 parcel, a project could apply under the State Individually Requested Program.

Generally the AHBP encourages higher levels of affordable housing in projects by creating an internal subsidy in the form of increased development potential. Parcels that currently only allow 1 or 2 units are not well suited to this incremental bonus program. For this reason, the analysis completed for AHBP focused on projects of 6 units or greater in neighborhood commercial and residential mixed use districts.

**32. At one time, both Geary Street and 19th Avenue were identified as "transit corridors" and appropriate for higher density development, yet 19th Avenue is not included in this project at all. Why is that? Does it have anything to do with voting patterns in the Sunset?**

The AHBP area was defined based on the existing zoning controls. The existing zoning controls were established and updated several times over the last century. The areas adjacent to 19<sup>th</sup> Avenue are generally zoned RH-2, which is generally not part of the AHBP program area (see previous question). For more information on the underlying zoning controls please refer to the interactive map on the program website ([sf-planning.org/AHBP](http://sf-planning.org/AHBP)). If there are areas near 19th Avenue that are included in the eligible zoning districts for the AHBP programs, then projects in those areas could apply.

**33. Effectively all apartment buildings in my neighborhood are targets of this program, while single-family house parcels are not. Is it the intention of this program to completely repopulate Cole Valley (except for the single-family homes, many of which have been recently purchased by wealthy newcomers to San Francisco)? Is one of the goals of this program to replace entire blocks of Victorian apartment buildings, if not entire Victorian neighborhoods? If not, how would you prevent this from happening? Why does this program target the dense population of tenant**



**voters east of Stanyan Street? Is the intention to "redistrict" these areas so that the pro-tenants rights voters are thinned out? Is this program designed for San Francisco residents who are commuting south to their jobs?**

The goals of this program are to:

- Increase the numbers of on-site affordable units
- Improve feasibility of underutilized sites
- Increase availability of middle-income housing
- Expedite entitlement of 100% affordable housing units

This program encourages higher levels of affordable housing in new construction projects. Buildings with rent-controlled residential units (anything built before 1979) are **excluded** from the Local Affordable Housing Bonus Program. In addition, the City's current regulations provide many protections for existing buildings.

1. Historically significant buildings are protected under State and Local laws. San Francisco has a Commission specifically tasked with ensuring that historically significant buildings are managed appropriately.
2. The Planning Code (Section 317) currently controls loss of units as follows:
  - a. The loss of one or more Residential Units 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 now requires Conditional Use authorization.
  - b. In all other districts, the loss or removal of three or more Residential Units requires Conditional Use authorization.
  - c. 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 requires Conditional Use authorization.
  - d. Mergers of Residential Units that are demonstrably not affordable or financially accessible housing require CU authorization.

**34. Why is the Outer Sunset, the least dense area of San Francisco, where adding more density would cause the least social disruption, largely exempted from this program?**

In the Outer Sunset, the major transit corridors of Judah, Noriega, and Taraval Streets are within the program area for the Local Program. The AHBP generally does not apply to areas of the city zoned RH-1 or RH-2. These zoning districts only allow 1 or 2 units on a parcel, respectively, making the inclusion of affordable units highly unlikely in new construction. In addition to parts of the Outer Sunset, large swaths of the city, including the Outer Mission, Portola, Ingleside and Bayview (among others) are zoned primarily RH-1 and RH-2.

**35. What will be the effects on any RH properties and possibly for area plans not in the proposed AHBP especially since AHBP has not been ironed out yet?**

**There seems to be some prototyping for development of certain parcels for AHBP (e.g. RMs, NCD, RH-3). What is unknown is what the impacts to areas NOT covered by the AHBP legislation (e.g.**

**RH-1, RH-2, area plans) would be. Please explain. With the concessions for rear yard, setbacks, open space, exposure, height, bulk, parking, obstructions over streets and alleys, etc., if an AHBP parcel is adjacent (shares a property line or two or three) with an RH-1 or RH-2 lot, will there be any relief from being directly next to a 60-85 ft. high building with smaller open space and more bulk and obstructions for the RH-1 or RH-2 lots?**

All AHBP projects will participate in community process and design review. Design review will include reliance on existing design guidelines and on the proposed [AHBP Design Guidelines](#). These design guidelines generally would address site design issues related to adjacent properties, including consideration of midblock open space. Specific staff recommendations might include: that the planes of the rear of the building be configured to consider neighboring property privacy and light access, and request that indentations match adjacent light wells. There is not increased relief for adjacent parcels if they are RH-1 or RH-2.

**36. For AHBP, it explicitly states that RH-1, RH-2 and area plans or those in development areas are excluded. However, Planning has an RFP out to study these separately. When these other categories will get impacted once the AHBP is passed, what ends up being outlined in AHBP may set a standard to allow these other areas to be changed. Without knowing the nexus of the proposed RFP work with AHBP, there could be further implications to “real life” parcels. Would you please explain how AHBP will inform or effect parcels within AHBP and currently excluded with the proposed RFP work for area plans and RH parcels? I understand this RFP work period will be 6-12 months long (see below text pasted from email).**

**As multiple policies are being studied for “affordable housing,” why initiate and approve an umbrella citywide zoning change (no density cap) under AHBP first without first doing the detailed studies? Putting together prototypes seems to be one ingredient that is needed to craft an AHBP legislation, but \*without the “real life” examples (vs. the roughly dozen studied for prototyping only)\*, this legislation leaves the parcels NOT included left ripe for impacts not yet studied. The district informational hearings have not happened yet to answer any of these questions. I understand also that the D1 meeting with PAR has also been cancelled. There are many RH-1 and RH-2 parcels in the Richmond District. The AHBP needs to be further vetted with the neighborhood people (as stakeholders), get a better understanding as to impacts for the zones NOT in the AHBP. What are the impacts to the areas not in AHBP and what will be the impacts once the new RFP work gets underway to change further the rules of zoning (study over next 6-12 mos.)?**

The RFP referenced in these questions (<http://www.sf-planning.org/index.aspx?page=3694>) is to determine how best to apply the state density bonus law to zoning districts within the city which do not currently have density limits. RH-1 and RH-2, which limit density to 1 or 2 units per parcel, respectively, will not be studied as part of this RFP.

**37. If there are only 240 soft sites, why not limit plan to those sites? Otherwise single family houses and duplex could be demolished to build condos for big profits.**

Single family and duplexes are generally in RH-1 and RH-2 zoning, which generally excludes them from the AHBP.

## Project Review and Notification Process

### **38. Is Discretionary Review not able to be used for any AHBP project?**

Discretionary Review (DR) is the authority of the [Planning Commission](#) to review projects that comply with the San Francisco Planning Code and take action if it is found that the case demonstrates an exceptional and extraordinary circumstance. Currently anyone can file a DR Application on any building permit, and have that project brought before the Planning Commission for a public hearing and review.

If a project sponsor chooses to use the State Analyzed program, the project would trigger the project entitlements in the Planning Code. For example, if the project triggered a conditional use authorization it would still apply under the state analyzed program.

The proposed legislation has a separate entitlement process for projects using the local AHBP or 100% affordable housing bonus programs. The entitlement process for these projects requires a public hearing before the Planning Commission and is appealable to the Board of Appeals. As in other cases, where a public hearing is required there is no need for the public to request a discretionary review hearing. If there were any situations where a project did not otherwise require a public hearing, then any member of the public could request discretionary review of an AHBP project.

### **39. How does the program address the development review process?**

AHBP projects are subject to the following existing project review and approval process. Several opportunities exist for community members to be involved in the process:

- Participation at the [Pre-Project Application Meeting](#) (noticed and hosted by the Project Sponsor)
- Input to the project during project review and Entitlement process – (noticed by the San Francisco Planning Department; public comments heard by Planning Commission)
- Input to the environmental review process - (noticed by the San Francisco Planning Department: 1) conducting environmental review; and, 2) draft environmental documents published

Adjacent property owners, neighborhood groups, and interested parties are notified of a proposed project during each of these stages in the project review process.

### **40. What is the notification timeframe for neighborhood input?**

Projects developing under the AHBP will be subject to the same notification process as all other projects.

### **41. Can we improve the neighborhood notification? Could we do emails?**

Changing Neighborhood Notification so that they can be sent as emails can only happen through an action of the Board of Supervisors. There have been several efforts over the years to improve Neighborhood Notification but there has never been a consensus among the public on best methods.

For further information please read <http://www.sfbos.org/index.aspx?page=18712>

### **42. Will this increased density have an environmental impact study?**

The City prepared an Environmental Impact Report for the 2004 and 2009 Housing Element, which was updated in an Addendum prior to the adoption of the 2014 Housing Element. A density bonus program

along the lines of an AHBP was included as an implementation program in the 2014 Housing Element. Because a density bonus program was included in the 2014 Housing Element, the City's Environmental Review Officer has determined that the 2004/2009 Housing Element EIR adequately reviewed the potential environmental impacts of the AHBP, and has published an Addendum setting forth the Department's conclusions. However, as with all other individual projects, individual AHBP projects will continue to undergo environmental review as required by the California Environmental Quality Act (CEQA) prior to approval.

**43. With the widespread loss of views and parking competition residential and business displacement shouldn't residents get a vote?**

To date, there has been no community or political interest in moving this legislation from the Board of Supervisors to a general election. While the San Francisco voters could propose amendments to some aspects of the AHBP, San Francisco must continue to follow State law.

**44. This program will allow developers to avoid longstanding good housing policies like density + height limitations. Are those policies no longer beneficial to our city?**

**What are the reasons there is a need to "modernize" the planning code?**

Some longstanding housing policies need periodic adjustment to meet the needs of a changing city. In the AHBP areas, existing zoning, specifically density limits, constrains development even as compared to the existing range of development in the neighborhood. For example, on large lots that could accommodate twelve 1,000 square foot units within current height restraints, current zoning only would permit four 3,000 square foot units. These policies constrain housing production at a time when the City needs additional units.

This program ONLY allows projects modifications from existing density and height controls if they include increased levels of affordable housing on-site. It aims to increase the amount of affordable housing without public subsidy. It will be the first program to generate affordable housing specifically for middle income households, a group which includes public school teachers, police officers and fire fighters, and which has become a smaller and smaller proportion of our city's population over the past decade as these groups seek more affordable housing in other jurisdictions.

## Existing Tenants

### **45. What happens to existing residents, rent-controlled units, and community-serving businesses?**

**Where do you expect to put people displaced by this program, while they wait for their "right to return"?**

Under new proposed amendments, any project that proposes to demolish rent controlled units is not eligible for the Local and State Analyzed AHBP. The State Density Bonus Law, however, applies to projects that may include demolition of units, including rent-controlled units, but recent amendments to the State law require replacement units in many circumstances. Therefore the State Individually Requested Program of the AHBP may potentially be applied to a project that includes demolition. The local Rent Control ordinance provides certain tenant protections and relocation benefits in certain circumstances.

Commercial and residential tenants of existing properties where the owner is seeking to redevelop under the AHBP would receive notification of the owner's intent to demolish when the project sponsor applies for Environmental Review with the Planning Department. Both commercial and residential tenants will be referred to [existing relocation services](#) and eligible for relocation fees as set by the Rent Board.

### **46. What provisions for current residents who will be displaced while construction is going on?**

Both commercial and residential tenants will be referred to [existing relocation services](#) provided by nonprofit and City agencies. Residential tenants will also be eligible for \$5,551 each for relocation costs (capped at \$16,653 per unit), paid by the owner.

### **47. What relief/incentives will local businesses receive? They are being pushed out by the high rents.**

The AHBP does not specifically address or regulate rising commercial rents. The AHBP will only impact local businesses in properties where the owner is seeking to redevelop under the AHBP. These businesses will receive notification of the owner's intent to demolish when the owner applies for Environmental Review with the Planning Department. This would be a minimum of 12 months prior to demolition. Certain commercial tenants will be eligible for technical assistance and relocation support from the City's Office of Economic and Workforce Development and the [Office of Small Business](#).

## Impact on Rent Control

### **48. Is one of the goals of this program to phase out rent control?**

As the Local and State Analyzed parts of the program cannot be used on properties containing existing rent controlled units, no existing rent controlled units will be lost as a result of those programs. One of the goals of this program is to augment rent control by providing permanently affordable housing, in the form of permanently price-controlled, income-restricted housing units for very low, low, moderate and middle income families.

## Infrastructure to support new housing

### **49. Is the City getting enough in exchange for the development bonuses given?**

This Program is an opportunity to double the amount of affordable housing within the program areas and directly address the goals established by the City's 2014 Housing Element and Proposition K, passed by San Francisco voters last year. Specifically, Prop K established a goal that 33 percent of all new housing built be permanently available to low-income and moderate-income households. This Program will be the first to provide permanently affordable housing options to middle income households. In terms of the State law, the State legislature made a judgment that the trade off between density bonuses and affordable housing is appropriate.

### **50. Will AHBP developments need to pay development impact fees?**

#### **How is increased density connected to transit and other neighborhood infrastructure?**

Yes, AHBP developments will pay impact fees. The City imposes impact fees on development projects in order to mitigate the impacts caused by new development on public services, infrastructure, and facilities. For example, depending on the size of development and what area of the City new development is located in, new residential and commercial projects pay sewer, school, transit, child care, and sidewalk impact fees. Impact fees vary by type of development and neighborhood, but several are applied evenly citywide.

Learn more about the City's [Development Impact Fees](#).

Learn more about the new Transportation Sustainability Fee, a new impact fee that will go towards transportation improvements: <http://www.sf-planning.org/index.aspx?page=3035>

### **51. What will be the water source for these new developments?**

Each proposed development will undergo the appropriate level of environmental review, which will analyze environmental impacts including water capacity. For more information on water, visit <http://www.sfwater.org/index.aspx?page=162>

## AHBP Analyses, Data, and Reports

**52. Why was the affordable housing guidelines analysis studying Wisconsin's affordable housing program? Was it that Wisconsin was very similar in topography, number of people per square mile, socio-economic status of the population or some other category to make it applicable to the city's AHBP? If there was some relation, in what category was Wisconsin being used for the city's AHBP?**

Staff was unable to find the reference to Wisconsin mentioned in this question. Wisconsin was not used as an example when designing San Francisco's AHBP.

**53. Why is there apparently only one "real-life" case study (1266-9th Ave.) made?**

The picture of 1266 9th Avenue is not a case study, but an example demonstrating an active and attractive ground floor, a condition that would be strongly encouraged through the AHBP Design Guidelines. The [AHBP design guidelines](#) include numerous example images.

**54. Would Planning / developers show examples of buildings that could maximally be built under AHBP for the "real life" 240 soft sites? It is difficult to understand AHBP using only "prototypes" vs. "real-life" examples.**

Presentations to the Planning Commission included renderings of several potential future sites. David Baker Architects has prepared several renderings showing what AHBP buildings might look like on several different sites throughout the city ([link](#)). Their study also includes examples of existing buildings in San Francisco within the AHBP program area that were built at or above the allowable height limit of the program.

**55. Has there been 3rd party review of the legislation to analyze loophole?**

The legislative sponsors (Mayor Lee and Supervisor Tang) and City staff, including Planning Department and MOHCD staff, have worked diligently with the City Attorney's office to draft legislation that achieves the goals of the sponsors and complies with State law. During the public review process for the legislation in front of the Planning Commission, members of the public or other interested groups may suggest amendments to the legislation to improve it.

**56. Is the 240 soft sites list correct?**

There are 240 soft in the AHBP area that are developed to less than 30% of the existing zoning and are not residences, schools, hospitals, or churches. The City assumes that these are the places where development is likely to happen under the AHBP in the short term.

## Design Guidelines

### **57. How will the program protect neighborhood character?**

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, the AHBP introduces new AHBP specific design guidelines which include new guidelines, some existing design guidelines that do not currently apply citywide, and some guideline for review of projects in historic districts.

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:

1. Create a gracious, well-defined ground floor
2. Ensure tops of buildings contribute to neighborhood quality
3. Articulate sidewalks
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, there are specific guidelines for historic districts included in the AHBP program area that address materials, features and forms; and complementary and differentiated design.



## The State's Affordable Housing Bonus Law

### 58. Is this really necessary by State Law?

In 1979, the State of California adopted the State Density Bonus Law, which requires all cities and counties to adopt an ordinance to implement the State Density Bonus Law and offer a density bonus and other incentives to housing developments that include at least one of the following options:

- Five percent of total housing units available to very low-income households
- Ten percent of total housing units available to low-income households
- Ten percent of total housing units available to moderate-income households
- A senior citizen or mobile home park that limits residency based on age requirements for older persons

In addition to a density bonus, incentives could include changes in development design requirements such as building setbacks or provided parking. The State law has been amended numerous times and many court cases have interpreted the law.

In 2013, the State Court of Appeal clarified that any residential development that provides affordable housing units on-site, including those provided to comply with local inclusionary programs, enable project sponsors to request a density bonus under the State Density Bonus Law. The State Analyzed and State Individually Requested Programs together are designed to implement the State Density Bonus Law. The Local Program and 100% Affordable Bonus Program are designed as local alternatives.

Read the State Density Bonus Law in detail [here](#). Learn more about the 2013 court case [here](#).

### 59. Can the state override SF local program?

The Local Program is an alternative to the State Law requirements. While the State Density Bonus Law requires the City to have an ordinance to implement the State law, the State law does not prevent the City from adopting alternatives to the State law.

### 60. Can you elaborate on the Napa Case?

In 2013, the First District Court of Appeal addressed 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* (2013) 221 Cal.App.4th 192, the Court resolved this ambiguity and held that the State Density Bonus law applies to any affordable housing unit provided by a developer, including when affordable units are required by a local inclusionary ordinance. Thus, in San Francisco, projects that provide inclusionary housing units on-site are potentially eligible for a State density bonus.

## Regional Coordination

### **61. What is the link between SB 375 and the AHBP?**

SB 375 (the Sustainable Communities and Climate Protection Act of 2008) links housing developments and transportation improvements. AHBP qualifying parcels are generally along commercial and transit corridors in the city.

### **62. Do local agencies within SF, as the leading city in the area, coordinate with counterparts in other Bay Area cities in any housing capacity, particularly low income senior housing?**

The Association of Bay Area Governments (ABAG) coordinates regional planning efforts, including the [Plan Bay Area](#), which includes the region's Sustainable Communities Strategy and the 2040 Regional Transportation Plan. Regional planning efforts also include allocating a fair share of projected regional growth to each municipality (often called Regional Housing Needs Allocation, or RHNA) based on a number of considerations including infrastructure capacity and projected job growth. Generally municipalities plan for RHNA allocations through the Housing Element process and related implementation measures. The Affordable Housing Bonus Program (AHBP) will implement a number of San Francisco's [2014 Housing Element](#) policies and programs.

### **63. When was the last time a representative from the Planning Commission or the Mayor's Office sat down with their colleagues in San Mateo and Santa Clara counties and discussed increasing housing density closer to jobs in the southern counties, rather than assuming San Francisco would take on the role of a bedroom community for Silicon Valley?**

Again, on a five-year basis, ABAG convenes all regional governments to plan for future housing growth. This work is recorded in the Plan Bay Area and the related Regional Housing Needs Allocations for each jurisdiction.

Many of the municipalities to the south have coordinated their housing planning through a process called 21 elements. If you are interested in the specifics of a county planning process this is a good resource for information.

Mayors Lee, Schaaf, and other regional leaders meet frequently to discuss the region's housing needs. Through the regional planning process (described broadly above) each municipality participates in a planning exercise related to housing.

San Francisco's regional housing needs allocation is based on a number of factors, including job growth and infrastructure capacity. San Francisco has also seen tremendous job growth since 2010. As of 2014, there are an estimated 640,000 jobs in San Francisco, the most in the city's history. As employment continues to grow right here in the city, demand for housing will similarly continue to increase.

## Other

### **64. Which of the Planning Commissioners may be replaced by the Board of Supervisors?**

For more information on the Planning Commission, please go to: <http://www.sf-planning.org/index.aspx?page=7>

### **65. I would like to see a projection from each of SFHAC's members regarding how much revenue they might realize from "The Affordable Housing Bonus Program." How many millions of dollars is in the deal for each of them? Does the Planning Commission think this could contribute to a conflict of interest?**

You may contact SFHAC at <http://www.sfhac.org/contact-sfhac/>

### **66. Why not simply require developers to include some percentage of affordable units as a condition to building without changing SF to a high density skyscraper city?**

Under Prop C, approved by voters in 2012, new developments with more than 10 units are required to make 12% of the building's unit affordable, build 20% of the units off-site affordable, or contribute to the City's Housing Trust Fund. However, these units are only available to low- and moderate-income households, not middle income households. Prop C can only be changed by the voters. The AHBP will require 30% of a building's units to be affordable to low, moderate, and middle income households. In addition, State law requires the City to give density bonuses for projects that include certain amounts of affordable housing.