AFFORDABLE HOUSING BONUS PROGRAM

WEBINAR – OCTOBER 22, 2015

www.sf-planning.org/AHBP
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
PROPOSITION K — MANDATE FOR 33% AFFORDABLE

66% Voted Yes
AFFORDABLE HOUSING PLANS AND INITIATIVES

2014 HOUSING ELEMENT
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

<table>
<thead>
<tr>
<th>Salary Qualifications</th>
<th>Existing Affordable Housing Programs</th>
<th>Proposed Affordable Housing Bonus Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>$21,400–$37,500 annual salary (30–50% AMI)</td>
<td>Subsidized Affordable Housing (various programs)</td>
<td></td>
</tr>
<tr>
<td>Up to $37,500 annual salary (55% AMI)</td>
<td>Below Market Rate Inclusionary Rental</td>
<td>X</td>
</tr>
<tr>
<td>Up to $41,000 annual salary (60% AMI)</td>
<td>Below Market Rate Affordable Rental</td>
<td></td>
</tr>
<tr>
<td>Up to $61,000 annual salary (90% AMI)</td>
<td>Below Market Rate Inclusionary Ownership</td>
<td>X</td>
</tr>
<tr>
<td>Up to $82,000 annual salary (120% AMI)</td>
<td>Down Payment Assistance Loan Program</td>
<td>X</td>
</tr>
<tr>
<td>Up to $95,000 annual salary (140% AMI)</td>
<td>No existing program</td>
<td>X</td>
</tr>
<tr>
<td>Up to $136,000 annual salary (200% AMI)</td>
<td>Teacher Next Door Down Payment Assistance</td>
<td></td>
</tr>
</tbody>
</table>
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
• Building from the State Density Law to meet San Francisco’s needs

• Providing affordable housing to address the current housing crisis
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)

<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>Housekeeping Cleaner</td>
<td>$36,000</td>
<td>$41,000</td>
<td>$46,000</td>
<td>$51,000</td>
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</table>

**ANNUAL INCOME, BY HOUSEHOLD SIZE**

**VERY LOW-INCOME HOUSEHOLDS**

*Earn up to 50% 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>Landscaper or Groundskeeper</td>
<td>$900</td>
<td>$1,000</td>
<td>$1,100</td>
<td>$1,300</td>
</tr>
<tr>
<td>Owner</td>
<td>$96,000</td>
<td>$113,000</td>
<td>$130,000</td>
<td>$147,000</td>
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</tbody>
</table>

**AFFORDABLE RENTS AND SALES PRICES**

**VERY LOW-INCOME HOUSEHOLDS**

*Earn up to 50% of Area Median Income*


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

**80% AMI**

(Area Median Income)

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#### Annual Income, By Household Size

**Low-Income Households**

*Earn up to 80% 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>$57,000</td>
<td>$65,000</td>
<td>$73,000</td>
<td>$82,000</td>
<td></td>
</tr>
</tbody>
</table>

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#### Affordable Rents and Sales Prices

**Low-Income Households**

*Earn up to 90% of Area Median Income*

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1 Person (Rent)</th>
<th>2 People (Rent)</th>
<th>3 People (Rent)</th>
<th>4 People (Rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,400</td>
<td>$1,600</td>
<td>$1,800</td>
<td>$2,000</td>
<td></td>
</tr>
<tr>
<td>$197,000</td>
<td>$228,000</td>
<td>$260,000</td>
<td>$291,000</td>
<td></td>
</tr>
</tbody>
</table>

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

120% AMI

(Area Median Income)

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**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>
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</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</th>
<th>2 People</th>
<th>3 People</th>
<th>4 People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Owner</td>
<td>$2,100</td>
<td>$2,400</td>
<td>$2,700</td>
<td>$3,000</td>
</tr>
<tr>
<td>Owner</td>
<td>$331,000</td>
<td>$382,000</td>
<td>$432,000</td>
<td>$483,000</td>
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</table>

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

<table>
<thead>
<tr>
<th>Occupation</th>
<th>MIDDLE INCOME HOUSEHOLDS</th>
<th>AFFORDABLE RENTS AND SALES PRICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCOUNTANT</td>
<td>1 PERSON $100,000</td>
<td>1 PERSON Rental $2,500 Owner $398,000</td>
</tr>
<tr>
<td></td>
<td>2 PEOPLE $114,000</td>
<td>2 PEOPLE Rental $2,800 Owner $458,000</td>
</tr>
<tr>
<td></td>
<td>3 PEOPLE $128,000</td>
<td>3 PEOPLE Rental $3,200 Owner $519,000</td>
</tr>
<tr>
<td></td>
<td>4 PEOPLE $143,000</td>
<td>4 PEOPLE Rental $3,500 Owner $579,000</td>
</tr>
</tbody>
</table>

**ANNUAL INCOME, BY HOUSEHOLD SIZE**

**MIDDLE INCOME HOUSEHOLDS**

*Earn up to 140% of Area Median Income*

**AFFORDABLE RENTS AND SALES PRICES**

*Earn up to 140% of Area Median Income*

Source: San Francisco Mayor’s Office of Housing & Community Development, 2015
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

- **BASE SCENARIO**
  - Affordable Units: 12% (3 units)
  - Total Units: 23

- **DENSITY BONUS – WITHIN ENVELOPE**
  - Affordable Units: 13% (4 units)
  - Additional Units with Density Bonus: 35% (8 units)
  - Total Units: 31

- **DENSITY BONUS – HEIGHT INCREASE**
  - Affordable Units: 30% (13 units)
  - Additional Units with Density Bonus: 53% (20 units)
  - Total Units: 43

Affordable Housing Bonus Program
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 Study)
  - 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

- Program Area
- MUNI Rapid Network
- ¼ mile from transit

ZONING DISTRICTS NOT ELIGIBLE FOR AHBP:
RH-1 (INCLUDING RH-1-03) AND RH-1 (03) RH-2

Affordable Housing Bonus Program 27
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
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
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 6 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

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 50’.

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 1929) 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** (50–80% AMI) | Middle-Income Affordable Units** (120–140% AMI) | Total New Housing Units

<table>
<thead>
<tr>
<th>CURRENT</th>
<th></th>
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<tbody>
<tr>
<td>900</td>
<td>7,400</td>
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<thead>
<tr>
<th>STATE</th>
<th></th>
<th>Net New</th>
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<tbody>
<tr>
<td>1,500</td>
<td>10,000</td>
<td>+620 / +2,700</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LOCAL</th>
<th>Net New</th>
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<tbody>
<tr>
<td>2,000</td>
<td>16,000</td>
</tr>
<tr>
<td>3,000</td>
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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 onsite. Does not include 100% affordable housing projects.

*** Includes some middle income units for 120% or 140% AMI.
TIMELINE AND NEXT STEPS

WINTER 2014

» Housing Working Group 2014

SUMMER 2015

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

FALL 2015

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

WINTER 2015

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