SAN FRANCISCO
PLANNING DEPARTMENT

AHBP MEMO

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Project Name:	**Affordable Housing Bonus Program (AHBP)**
Case Number:	**2014-001503PCA** [Board File No. 150969]
Initiated by:	**Mayor Lee and Supervisor Tang**
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Introduction

The following executive summary provides a detailed account of the Affordable Housing Bonus Program (AHBP) background, development, and proposal. It also includes discussion of key issues raised by Planning Commissioners and members of the public. Staff and consultants will provide a detailed presentation on November 5th including issues discussed in this report. The Planning Commission scheduled an adoption hearing for the proposed General Plan and Planning Code Amendments on December 3, 2015. Staff recommendations will accompany that agenda item.

BACKGROUND

The Affordable Housing Bonus Program is one of the many programs necessary to achieve San Francisco's Affordable Housing Goals. In addition to addressing the City's Housing goals, the Affordable Housing Bonus program brings the City into compliance with the State Density Bonus Law, enacted in 1979, Housing Element Law, and the more recent Unidos del Valle de Napa y Solono v. County of Napa[1] California Supreme Court case (2013). The City began developing this program in early 2014, shortly after the Supreme Court ruling.

[1] Goldfarb Limpman Attorneys, Law Alert; July 19, 2013 Can be found at http://goldfarblipman.com/wp-content/uploads/2013/07/LAW-ALERT-LOCAL-DENSITY-BONUS-ORDINANCES-MUST-OFFER-A-DENSITY-BONUS-FOR-REQUIRED-AFFORDABLE-UNITS.pdd

THE NEED FOR AFFORDABLE HOUSING

San Francisco is in a housing affordability crisis and is frequently described as among the worst in the nation,[2] [3] [4] [5] and the demand for housing is expected to increase. The 2012 American Community Survey estimated San Francisco's population to be about 807,755. The Associate on Bay Area Governments projects continued population growth to 981,800 by 2030 or an overall increase of about 174,045 people who will need to be housed over the next 18 years. Household growth, an approximation of the demand for housing, indicates a need for some 72,530 new units in the 18 years to 2030 just to accommodate projected population and household growth.[6] The City's challenge is to find new ways to accommodate more housing units into the existing urban fabric in order to meet current and future demands without negatively impacting neighborhood character.

CREATING AFFORDABLE HOUSING

Historically affordable housing requires public subsidy. In the United States jurisdiction of affordable housing funding has devolved from a federal government to local government responsibility. The National Housing Trust Fund provides federal funds for low-income housing. The entire state of California has been allocated 30,000,000 in 2015, which would build just 75 units of low-income housing in San Francisco. In hot housing markets, such as San Francisco, the need for affordable housing far outstrips a localities ability to fund affordable housing.

San Francisco is a leader in developing local funding sources for affordable housing. Our recent efforts include establishing a local housing trust fund, one of the older inclusionary housing programs, and the Hope SF program. Also San Francisco dedicated a high proportion (40%) of all redevelopment generated tax increment funding (TIF) to affordable housing. However given that it costs $250,0000 or more to subsidize an affordable housing unit in San Francisco. If the city were to fund the Regional Housing Needs Allocation (RHNA) target of 16,000 affordable units by 2022, we would need to generate $4 Billion in local subsidies. Local subsidies cannot be the only approach to securing permanently affordable housing.

"Cities and older suburbs are growing again. To accommodate rising demand for urban living, localities are relaxing height and other zoning restrictions in transit-served neighborhoods, along old commercial corridors, and in formerly industrial areas, creating valuable new development potential for residential and commercial builders. An increasing number of local governments are linking this growth with affordability expectations."

Center for Housing Policy, 2014

[2] Fortune Magazine. July 10, 2014. "Americas Housing Affordability Crisis is Getting Worse" Matthews, Chris. Retrieved at: http://fortune.com/2014/07/10/us-housing-affordability/

[3] A June 21, 2014 article in the NextCity, a city planning nonprofit wrote: "Mayor Lee has called the lack of affordable housing a "crisis" that "threatens to choke off [the city's] economic growth and prosperity for the future". Retrieved from: http://nextcity.org/daily/entry/san-francisco-apartment-cost-affordable-housing

[4] New York Times. April 14, 2014. "In Many Cities, Rent Is Rising Out of Reach of Middle Class". Dewan, Shaila. Retrieved from: http://www.nytimes.com/2014/04/15/business/more-renters-find-30-affordability-ratio-unattainable.html

[5] The Economist. April 16, 2014. "The Spectre Haunting San Francisco". London, R.A. Retrieved from: http://www.economist.com/blogs/freeexchange/2014/04/housing-markets

[6] San Francisco General Plan 2014 Housing Element

The AHBP will increase the potential of the inclusionary housing program to generate permanently affordable housing units for San Franciscans. San Francisco has had some form of inclusionary housing since 1993. Currently it offers project sponsors an option to pay an in lieu fee, provide 12% Below Market Rate (BMR) units on site, or build the affordable units offsite. The program has generated less than 2,000 BMR units[7] and roughly $59 Million.

There have been several amendments to the program since 2003 – but the total inclusionary requirement has never been higher than 15% of the total project units. Nationwide, the majority of inclusionary housing programs offer density bonuses to offset costs and in some cases to incentivize participation.[8] The AHBP program proposes to incentivize higher levels of onsite affordable housing with the help of a density bonus.

Policy Goals: Affordable Housing

SAN FRANCISCO AFFORDABLE HOUSING GOALS

The need for affordable housing is well documented in the conversations in the public, the media, and also by official City policy documents. This section will summarize relevant City adopted policies as they relate to affordable housing goals. These goals informed the development of the AHBP.

Mayor Lee's Affordable Housing Goals

In 2014 Mayor Edwin Lee's State of the City announced three primary goals to address the City's housing shortage and affordable housing crisis, which included:

- Construction of 30,000 new and rehabilitated homes throughout the City;
- At least one-third of those permanently affordable to very low, low and moderate income families; and
- The majority of those within financial reach of working, middle class San Franciscans.

Mayor Lee formed a Housing Working Group to develop policies, programs, process improvements and additional resources to achieve these goals. The group focus was around facilitating housing development generally, with a specific focus on increased affordable housing. The working group had a subcommittee focused on the Affordable Housing Bonus Program. The Working Group comprised of several stakeholders

> *"The recommendations that follow provide a roadmap forward, but they are not the end of our effort. We need to work together to ensure that we. . . turn these ideas into homes. . ."*
>
> **Mayor Edwin Lee**
>
> *December 2014*
> *Housing Working Group*
> *Findings and Recommendations*

[7] Including roughly 1,430 onsite units and 357 off –site units, generated from 222 Market Rate Projects.
[8] National Housing Policy, Robert Hickey, 2014.

including: San Francisco Planning and Urban Research (SPUR), Council of Community Housing Organizations (CCHO), SF Apartment Association, Small Property Owners, the Housing Rights Committee, housing developers, housing financers, and architects; as well as many City agencies including: Planning, Department of Building Inspection (DBI), and Mayor's Office of Housing and Community Development (MOHCD), Rent Board, Fire Department, SF Public Works, SF Public Utilities Commissions, Mayor's Office on Disability, Commission on Community Investment and Infrastructure, City Attorney's Office, Planning Commission, and Building Inspection Commission. Planning staff participated in both process improvements and housing policy efforts to increase housing production.

2014 Housing Element Affordable Housing Goals

The 2014 Housing Element sets long term housing policy for San Francisco. The Housing Element includes objectives and policies that address the growing housing demand, focusing on strategies that can be accomplished within the city's limited land supply and that meet the housing goals developed through a comprehensive community process. The 2014 Housing Element relies on the strong policy framework established for the 2009 Housing Element which was overseen by a Community Advisory Board comprised of Citywide stakeholders and neighborhood groups. Key relevant Objectives and policies include:

1. Plan for the full range of housing needs in San Francisco, especially affordable housing.
2. Foster a housing Stock that Meets the Needs of All Residents;
3. Facilitate permanently affordable housing;
4. Prioritizing Sustainable Development;
5. Support housing for middle income households, especially through programs that do not require a direct public subsidy;
6. Encourage new housing that relies on transit use
7. Ensure new housing is sustainably supported by the City's public infrastructure systems;
8. Maintain balance in affordability of existing housing stock by supporting affordable moderate ownership opportunities.

Implementation Program 39a of the recently adopted 2014 Housing Element of San Francisco's General Plan specifically calls for the development of a density bonus program to increase the production of affordable housing.

The Voters' Affordable Housing Goals - Proposition K (2014)

In 2014, voters of San Francisco passed Proposition K which made it official city policy to construct or rehabilitate 30,000 new housing units by 2020 with at least one-third permanently affordable to low and moderate income households and half within reach of middle-class San Franciscans.

> ***Proposition K would establish the following as City policy:*** *by 2020, the City will help construct or rehabilitate at least 30,000 homes. More than 50% of the housing will be affordable for middle-class households, with at least 33% affordable for low- and moderate-income households;*

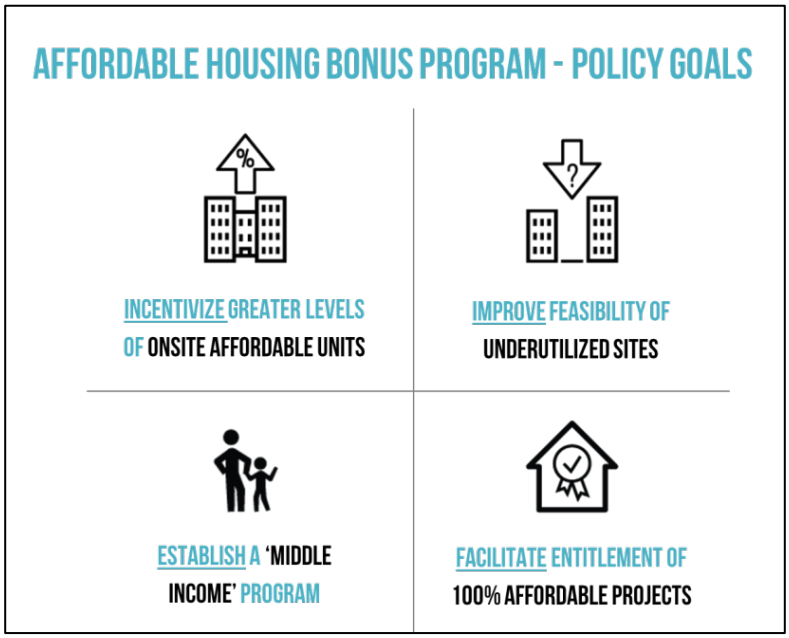
Affordable housing advocates, Supervisors, the Mayor, and the development community supported this proposition as a clear articulation of the city's affordable housing goals. The broad political support resulted in roughly 66% of voter support for this proposition. While Proposition K did not include a specific mechanism to achieve these goals – the strong support by voters encouraged the city, and specifically the Housing Working Group to look for creative solutions to achieve these affordable housing goals.

City Goals Inform the AHBP

The City's Housing Goals, the Mayor's Housing Group, the Housing Element, and Proposition K informed the development of the Local and State AHBP – specifically building new housing, permanent affordability, serving a range of households include moderate to middle income housing units, and incentivizing a high percentage of affordable housing.

The AHBP's Policy Goals

The Affordable Housing Bonus Program is one tool that contributes to the City's Affordable Housing strategy. The four AHBP goals relate to City housing goals, and also present a strategy for achieving higher levels of affordability. This program has four key goals include:



Incentivize greater levels of onsite Affordable Units the numbers of on-site affordable units. Projects that might otherwise choose to pay an in lieu fee are offered an incentive to provide units on site. Both the State and Local AHBP offer greater incentives for projects that provide more units than the basic 12% required by the San Francisco Planning Code.

Improve the feasibility of underutilized sites. Much of the program area's zoning controls were established in the late 70's and 80's. Review of many sites found not only antiquated density controls but also instances where density limits and height controls were mismatched. This program offers zoning tweaks that bring these sites to feasibility.

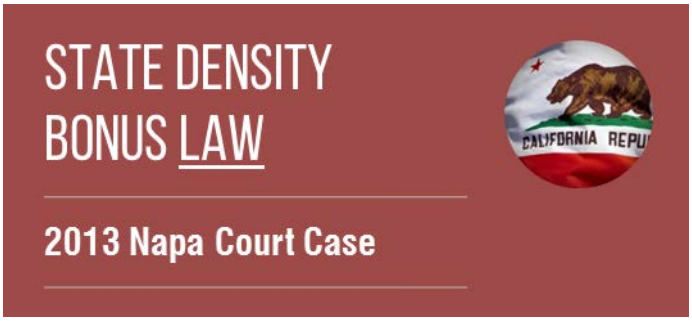
Establish a middle-income housing program. The Local AHBP will be the first program in San Francisco to secure permanently affordable housing for middle income households without public subsidy.

Facilitate the entitlement of 100 percent affordable housing projects. Rather than requiring extra legislative process (SUDs etc.) for projects providing much needed affordable housing, this program will

facilitate the entitlement process and extend the entitlements for these complicated publicly subsidized projects.

COMPLIANCE WITH CALIFORNIA STATE DENSITY BONUS LAW

The California State Density Bonus Law was first enacted in 1979 to address the State's shortfall of affordable housing. The law offers incentives to developers who provide on-site affordable housing. The Law is incredibly prescriptive and favorable towards a project sponsor's request for concessions, incentives and waivers.



First the State Law allows developers a maximum of a 35% density bonus above the allowable limit under a local jurisdiction's zoning laws. Second, the State Law guarantees that project sponsors can first request up to 3 incentives or concessions from local zoning local to offset the costs of providing affordable housing on site. Notably the State Law does not limit these concessions or incentives. Municipalities must grant any requested incentive or concession unless the project sponsor can not provide evidence that it has a positive financial impact on the projects. Third, the State Law allow developers waivers from any local planning or building control in order to accommodate, or fit, their project and the increased permitted density on a site. For example a project could have an unlimited amount of height, bulk, parking, or setback waivers to fit the additional units allowed under state law.

Historically San Francisco implemented the State Density Bonus Law on a project by project basis – requiring projects that elected to provide affordable housing to first seek rezoning through a Special Use District (SUD), and then seek entitlement for the project. San Francisco has approved about 10-15 housing projects through this SUD process, primarily 100% affordable projects. This is a fairly unique implementation of the State Density Bonus Law. **In a recent survey the State found that over 92% of California jurisdictions have adopted a local ordinance to implement the State Density Bonus Law.**

NAPA COURT RULING

Jurisdictions across the State had inconsistently interpreted the interface of the State Density Bonus Law and local inclusionary housing ordinances. Some jurisdictions, like San Francisco, asserted that the State Density Bonus Law only applied to projects that elected to provide affordable housing above local inclusionary housing requirements. However most other California jurisdictions offered density bonuses to as part of their inclusionary housing program, or to projects that provide inclusionary units.

In 2013, the Supreme Court of California published an opinion in the *Unidos del Valle de Napa y Solono v. County of Napa*[9] case which clarified the interface of inclusionary housing requirements and the State Density Bonus Law. The courts ruled that all cities and counties of California must offer the State-mandated density bonuses and related incentives for all affordable housing units, including when affordable units are required by a local inclusionary ordinance. **For San Francisco, this ruling means that projects that provide inclusionary housing units onsite are eligible for a State mandated density bonus.**

> *1169 "We conclude that the interpretation of "the vast majority of cities, counties and experts" correctly reflects the plain meaning of the statutory language. The county's ordinance which fails to credit low cost units satisfying the county's inclusionary requirement toward satisfying the density bonus requirements fails to comply with the state law."
>
> 217 Cal.App.4th 1160, Court of Appeal, Filed July 11, 2013

THE NEED FOR A LOCAL PROGRAM TO IMPLEMENT STATE LAW

The 2013 Napa Court ruling captured the attention of San Francisco decision makers and planners. The ruling could result in all residential projects with ten or more units[10] requesting a State mandated density bonus for providing inclusionary units (12%) on site. The City would see a high volume of projects requesting bonuses, without a clear process. The majority of residential projects in San Francisco include 10 units or more. In 2014, 95% of all units constructed were in projects with 10 or more units.[11] Meaning the majority of new housing units might request a bonus. Remember, San Francisco currently reviews state density bonus requests on a project by project basis, so an influx of request for density bonuses could result in one off project negotiations for most residential projects.

Without a local program in place, the City would be forced to negotiate and regulate with only the State Law for guidance. This would include project by project negotiations and virtually no boundaries around

[9] Goldfarb Limpman Attorneys, Law Alert; July 19, 2013 Can be found at http://goldfarblipman.com/wp-content/uploads/2013/07/LAW-ALERT-LOCAL-DENSITY-BONUS-ORDINANCES-MUST-OFFER-A-DENSITY-BONUS-FOR-REQUIRED-AFFORDABLE-UNITS.pdd

[10] San Francisco's Inclusionary housing program applies to all residential projects of ten units or more. Per Planning Code Section 415 project sponsors have the option to pay in lieu fee or make 12% of their proposed project affordable to households earning 55% AMI for rental projects and 120% AMI for ownership projects.

[11] 2014 Housing Inventory. San Francisco Planning Department.

what a developer might request as a waiver, incentive or concession from the Planning Code. Also, the negotiations and extra review would slow down the entitlement process. Projects might submit a base case and density bonus scenario – doubling the work necessary to review a housing project. This could slow the entitlement of housing in the middle of the City's worst housing crisis.

In many ways, planners and decision makers first viewed this court ruling as a blow to local planning policies and practices. The State law is prescriptive, abstruse, and blatantly empowered the developer in all discrepancies about project outcomes. San Francisco's planning practices are steeped in local establishment of policy goals and urban form. How could the city incorporate the state mandate for density bonuses and work towards our local policy goals?

The City needs a local program to create clarity in the potential program development outcomes and clarify the review and approval process. The city needs a local ordinance that clearly spells out the process for reviewing density bonus requests, reduces the overall process demands given the potential scale of the program, and candidly spells out expectations for planners, community members and developers about how these projects should look.

Analysis and Program Development

Faced with the challenge of incorporating state law into existing planning controls – the City designed a study to better understand the physical implications – ie. what would these buildings look like; and the financial implications – specifically would the program encourage higher levels of affordable housing and would incentives offset the costs of additional affordable housing?

San Francisco's General Plan was the first in the nation to include an urban design element. Subsequent planning processes consistently address program specific design considerations, including the AHBP. The Department worked with David Baker Architects (DBA) to better understand the physical impact of the affordable housing bonus on typical sites in San Francisco. Later in the process the Department also worked with OpenScope Studios to better understand the application of the AHBP on smaller development sites.

DEVELOPING THE STATE ANALZYED AHBP WITH AN URBAN DESIGN LENS

The first question on everyone's mind – what might buildings with 35% more density look like in the study area? Staff worked with DBA to understand the physical implications of increased density and heights in a variety of conditions in the program area. DBA was asked to propose a building form that achieved the state mandated increased density and heights, while also expressing the character of San Francisco's built form. There were many unknowns – when would buildings need additional heights to accommodate additional densities? What other zoning concessions would buildings need to accommodate the density? **How could a San Francisco Ordinance set parameters for density bonus requests?**

The City selected 11 prototypical sites within the program area for modelling. The 11 sites represent the most common conditions in the program area, and covering the range of site conditions including varying neighborhoods, lot sizes, zoning districts, density limits, height limits and bulk district. Sites likely to be attractive to developers and sites with larger lots were prioritized, as they offer a manageable scale of development, but a handful of smaller lots were also included to illustrate the full programmatic impact.

DBA completed massing studies for each site (see Exhibit 2). First DBA established a **Base Case** scenario which articulated the form that would be allowed by the current planning code given the permitted density, bulk, and other related controls. Planning staff reviewed these scenarios for code consistency. These two scenarios established the baseline, before any density bonus.

Next, DBA modeled the **State Analyzed** scenario, which shows the 11 prototypical sites with a 35% increase in density, the maximum density permitted by the State Law. The State analyzed scenarios were required to have 35% more units than the base case/market informed scenario. To accommodate that additional density DBA was directed to design the building to best match the neighborhood context.

When a project increases the number of units by 35%, it is unlikely that it can accommodate that density and remain completely code compliant. The state law anticipates the likely need for zoning flexibility and directs municipalities to grant waivers that do not adversely impact health, safety, or livability. In other words, the City can allow height, bulk, open space, lot coverage, or other zoning concessions to accommodate increased density and promote more affordable housing. Planning staff completed a design review of these scenarios and in some cases suggested some modifications.

The DBA study identified a set of code constraints that could be partially or completely waived to enable increased density. It is important to note that the bulk of planning code requirements are not affected by the Menu of Waivers. The zoning regulations most often waived are rear yard, height, parking, and unit exposure, often simultaneously. Within this study, modified rear yards were treated as code compliant (and in practice DBA has found that projects with modified rear yards still satisfy the intent of the exposure requirement).

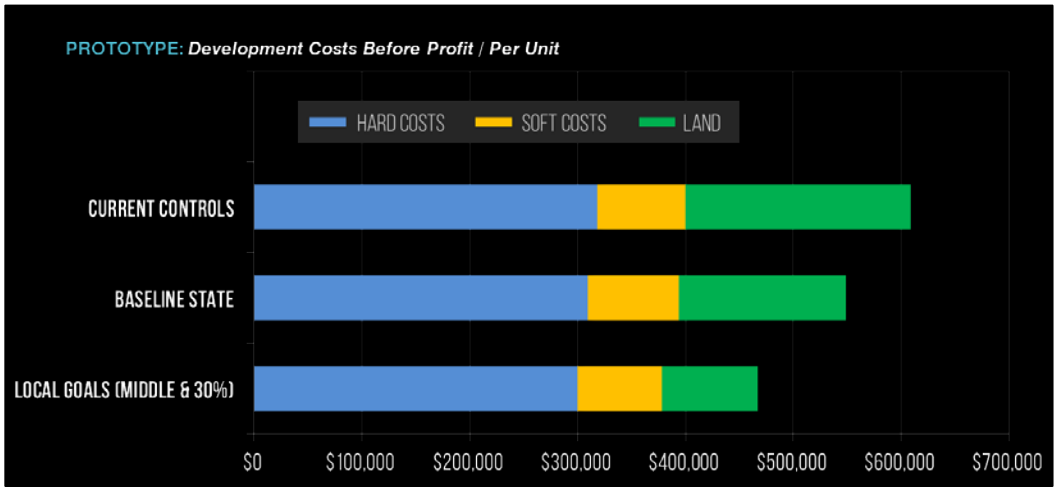
This work informed both the types of concessions the state analyzed program offers, and the extent or limit on those concessions. For example this work determined that sites can achieve 35% increased density with 2 additional stories, and in some cases much less. The findings of this portion of the study established the State Analyzed Program.

FINANCIAL FEASIBLITY ANALYSIS

Seifel Consulting modeled the financial implications for the proposed programs (See Exhibit 4). This analysis ensured that the program could work – that is to say that the program would strike a balance between providing incentives for project sponsors to participate, and also recapture the additional value

conferred through the program in the form of additional affordable housing units. Seifel Consulting study three of the prototypical sites that DBA analyzed.

Much like the DBA study, Seifel first looked at the current conditions and the likely State Law scenario. The State Law requires that projects that elect to provide affordable housing be offered concessions that make the project more financially feasible. Seifel's analysis demonstrates that the concession and incentives proposed by DBA do make the projects more feasible than current conditions. This finding validates the proposed State Analyzed program.



The analysis presumes that land value for a particular parcel would be fixed at the fair market value under current zoning. So while hard costs and soft costs remain generally constant under each scenario, the land costs per unit are reduced. This creates an 'internal subsidy' that results in higher levels of affordable housing.

DEVELOPING A PROGRAM THAT MEETS LOCAL HOUSING GOALS

Seifel Consulting's work demonstrated that if projects chose to seek the maximum density bonus permitted under State Law, the projects would likely result in only 13% affordability for rental projects and 20% affordability for ownership projects. While this is an improvement over our existing inclusionary requirements, the City established policy targets for 33% affordability for new construction and incentives for middle income housing.

Seifel consulting was asked to test three sites and indicate how to make 30% affordable housing financially feasible in the program area. DBA then modeled what these buildings might look like if:

- They added no more than 2 stories of height
- Maintained the existing 12% inclusionary housing requirement

- Resulted in a building that would complemented and enhanced the existing neighborhood context.

The combined DBA and Seifel studies confirmed, that on some sites in the program area, the Local AHBP could incentive 30% onsite affordable housing – while also meeting the unit mix and design requirements, so long as projects were offered additional development incentives.

Open Scope also modeled prototypes of lots that are less than 5,000 sq. feet to determine what zoning modifications would be necessary for the program to perform. Results demonstrated that deeper reduction in parking maybe necessary for projects to achieve the number of on-site units available for the Local AHBP.

OUTREACH AND STAKEHOLDER ENGAGEMENT

As discussed earlier – the goals of the AHBP were established by several planning efforts that included extensive community outreach and stakeholder engagement. The input gathered from these planning processes and the ballot measure, directly informed the goals and mechanics of the proposed AHBP. These include:

- The Mayor's Housing Working Group
- The 2014 Housing Element
- Proposition K – which includes 66% voter support
- Invest in Neighborhoods

Also the Mayor's Office and Planning Department gathered input on the specifics of the AHBP from various stakeholders through out the planning process. Initial conversations included key stakeholders such as Affordable Housing developers, affordable housing advocates, market rate developers, architects, economists, market rate developers, and citywide policy organizations. Stakeholders were convened through a number of forums including a sub committee of the Mayor's Working Group, topical meetings, and staff participation in organization specific meetings, including: CCHO, SFHAC, SPUR, Invest in Neighborhoods working group[12], and AIA.

The City has developed several tools to enable the public to learn about the proposal and provide feedback. These include:

- Presentations to several neighborhood organizations and community groups
- Open House at City Hall

[12] Invest in Neighborhoods is an interagency partnership to strengthen and revitalize neighborhood commercial districts around San Francisco. The initiative, led by the Office of Economic and Workforce Development (OEWD) currently being piloted in 25 commercial districts, aims to strengthen existing business, improve physical conditions, increase quality of life, and increase community capacity. Part of the IIN program is designed to encourage development on underutilized and vacant parcels as well as provide support to small businesses.

- Online interactive webinar – including a one - hour detailed presentation of the program, followed by a question and answer session.
- Several public hearings at the Planning Commission and Board of Supervisors
- Extensive online resources, including:
  - Video Explaining the Program
  - Recorded Webinar
  - Several Program Presentations
  - Open House Materials

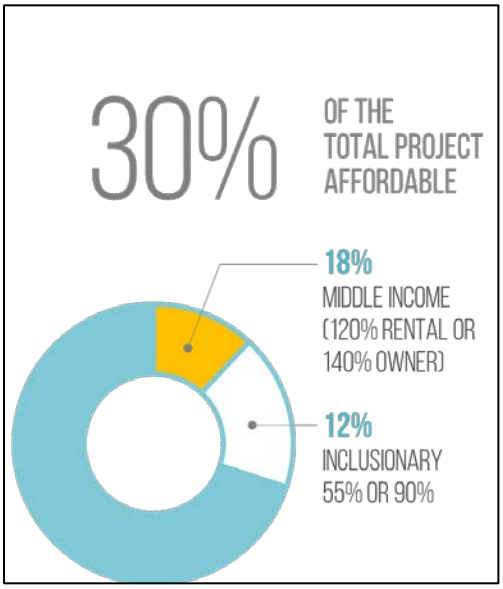
Exhibit 1 includes a one-page summary of the various phases of the AHBP Planning process. The city continues to receive valuable input about the proposed AHBP. Amendments to the proposal are anticipated during the public hearing process, including recommendations from this Commission.

Program Details

The Proposed Affordable Housing Bonus Program is an optional program for market rate and publicly funded affordable housing projects. Generally the program requires that projects provide greater benefits to the City in the form of more affordable housing. Projects that choose to provide higher levels of affordable housing will be awarded commensurate development incentives in the form of increased density, heights, and limited reductions in other zoning requirements.

The analysis completed by DBA and OpenScope Studios demonstrates that development incentives offered through these programs can result in high quality buildings that will add to San Francisco's urban fabric and housing supply. The AHBP Design Guidelines ensure that the projects will be well designed. While the financial considerations may vary for a given parcel, the analysis conducted by Seifel Consulting demonstrates that the AHBP programs are feasible and maximizes the re-capture of value conferred to development sites in the form of additional affordable housing.

This section summarizes some key elements of the proposed ordinance (see Exhibit 5).



THE LOCAL AHBP – MIXED INCOME

Goals: The Mixed Income Local Affordable Housing Bonus Program (AHBP) builds on the State Density Bonus Law, but encourages project sponsors to achieve local affordable housing goals – particularly providing 30% of all units as affordable and incentivizing middle income units. These projects would provide two levels of affordable housing and market rate housing in each project.

Benefits: Projects that elect to pursue a Local Affordable Housing Bonus Program must provide 30% onsite permanently affordable units including 12% of the total project to meet the inclusionary housing requirements (55%AMI for rental and 90% AMI for owners) and 18% Middle Income units (120% AMI for rental and 140% AMI for owners). Also, in an effort to secure a diverse housing supply, 40% of all units must include two bedrooms or more. In an effort to further incentive family sized housing project sponsors may elect to rather provide 50% of all bedrooms in units that have more than two bedrooms. This could incentivize 3 bedroom units, in lieu of two bedroom units.

Incentives and regulations: The Local AHBP program offers two stories of additional height, up to three zoning modifications from the AHBP concessions menu, and density regulated by height, bulk, and unit mix. These projects would be subject to the AHBP Design Guidelines (discussed below).

Geography and Requirements: The mixed income version of the Local AHBP is only available in the AHBP program area, which excludes RH-1, RH-2, and Areas were density is not regulated by a ratio of units to lot area (generally recent plan areas). Projects must include 3 or more units.

THE LOCAL AHBP – 100% AFFORDABLE HOUSING

Goal: This program was developed to reduce the process required for 100% affordable projects to seek density bonuses – and facilitate the entitlement of these projects by offering a clear program. Projects seeking entitlement under this program would be reviewed as code conforming projects and would not require special rezoning or variances to proceed through entitlement. Also this program offers clearly delineated increase in development potential. This enables publicly funded projects to achieve more affordable housing units on each site – potentially reducing the land costs, and certainly reducing the soft costs such as architecture and project management expended per unit. Generally, 100% affordable projects require deep public subsidies – this program intends to enables affordable housing developers to maximize those subsidies.

Benefits: The 100 Percent Affordable Housing Bonus program applies to projects where 100 percent of the units are affordable, to households earning 80% of the AMI or below, and affordable for at least 55 years or the life of the project.

Incentives and regulations: The 100% Affordable Local AHBP program offers three stories of additional height, an unlimited number of zoning modifications from the AHBP concessions menu, and density regulated by height, and bulk.

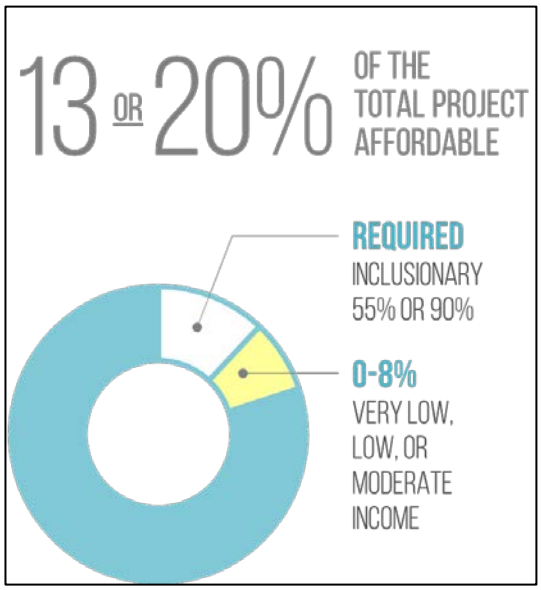
AHBP projects would be subject to the AHBP Design Guidelines (discussed below). Further the Planning Department and the Mayor's Office of Housing and Community Development (MOHCD) will be working to develop an improved design review process for publicly funded projects. Specifically Planning Staff will join the planning process for 100% affordable project earlier in the process. For example – Planners

will provide a full code and design evaluation of a site before a request for proposals or qualifications is issued. This step will ensure that initial project development conversations between MOHCD and project sponsors will be better informed by Planning Controls. Also Planning Staff will join any preliminary design discussions, including community design processes to ensure that projects are designed consistent with the relevant design guidelines, and to reduce the chance of costly serial design process that extend time and costs for projects.

Geography and Requirements: The 100% Affordable Local AHBP is available citywide in any district that allows housing, except RH-1 and RH-2. Specifically 100% Affordable projects in form based code or plan areas may participate in this program.

STATE ANALYZED AHBP

Goals: State Analyzed Affordable Housing Bonus Program. The state analyzed program builds off the State Density Bonus Law (California Government Code Section 6515) and would offer a clear and simple programmatic approach to implementing the State Density Bonus Law. The program intends to clearly communicate to developers, planners, and community members the City's preferred implementation of the State Density Bonus Law – especially in reference to increased heights, bulk, and related development concessions and waivers.



Benefits: Projects that elect to pursue a State Analyzed AHBP are required to provide at least 5% of the units as affordable. Projects would likely elect to provide their full inclusionary housing requirement on site, so the City anticipates that projects would provide more than the basic affordability required by the State. In fact, per analysis completed by Seifel consulting the City anticipates that project sponsors would provide 13 to 20% affordability depending on the tenure of the building, in order to receive the maximum density bonus allowed under State Law. Projects would provide the required inclusionary units, and then add a few more units for a slightly lower AMI.

Incentives and regulations: Project sponsors would be granted a density bonus of up to 35%, depending on the level of affordable housing provided, this program implements density bonuses consistent with the state law. Project sponsors may receive height increases under this program, as determined by a non-negotiable formula that is based on the permitted envelope and the additional percentage of density bonus requested. This program never offers more than two stories of additional height. Project sponsors would be eligible for 1-3 concessions from the AHBP Menu, depending on the number of affordable Units provided. These projects would be subject to the AHBP Design Guidelines (discussed below).

Geography and Requirements: The State Analyzed AHBP is only available in the AHBP program area, which excludes RH-1, RH-2, and Areas were density is not regulated by a ratio of units to lot area (generally recent plan areas). This program is only available to projects with 5 units or more.

INDIVIDUALLY REQUESTED AFFORDABLE HOUSING BONUS PROGRAM

Goals: State Individually Requested Affordable Housing Bonus Program outlines the City's approach to granting State mandated density bonuses to project sponsors that cannot achieve the State mandated Density Bonus under the State analyzed program. Specifically the City recognizes that the State Analyzed program may not have considered a particular site condition or particular development scenario when developing the State analyzed program. Therefore, projects will be required to conduct a comprehensive site specific analysis to demonstrate the base case project, the proposed density benefit project, and the particular feasibility and physical needs for the project to seek and receive any requested concessions, incentives or waivers as described by State and Local Code.

The City will not presume that any analysis completed to develop the analyzed program is applicable to the unique development conditions of a project that is uncontemplated by that body of work.

This program most clearly mimics San Francisco's existing implementation of the State Density Bonus Law. No parameters are set for project sponsors, planners, or developers. Review and approval will require analysis and negotiation without clear parameters beyond those established by the State. While the City recognizes the need to offer this option, it has provided no incentives or benefits to project sponsors that elect to exercise their State Density Bonus through this program.

Benefits: Projects must provide at least 5% affordable housing. Projects may seek density benefits for units provided for only one level of affordability.

Incentives and regulations: Project sponsors would be granted a density bonus of up to 35%, depending on the level of affordable housing provided; this program implements density bonuses consistent with the state law. Project sponsors may receive height increases under this program, based on the analysis completed on the specific site and as reviewed and approved by the City. Project sponsors would be eligible for 1-3 development concessions, depending on the number of affordable Units provided, based on the analysis completed by the project sponsor to demonstrate the need for these concessions and incentives. The project sponsor may seek and receive development waivers in addition to concessions and incentives, depending on the analysis completed by the project sponsor and review and approved by the City. These projects would be subject to the AHBP Design Guidelines (discussed below).

Geography and Requirements: The Individually Requested State Density Bonus Program is available citywide in any district that allows housing. Projects must include 5 units or more. Projects must include 5% affordable housing or more.

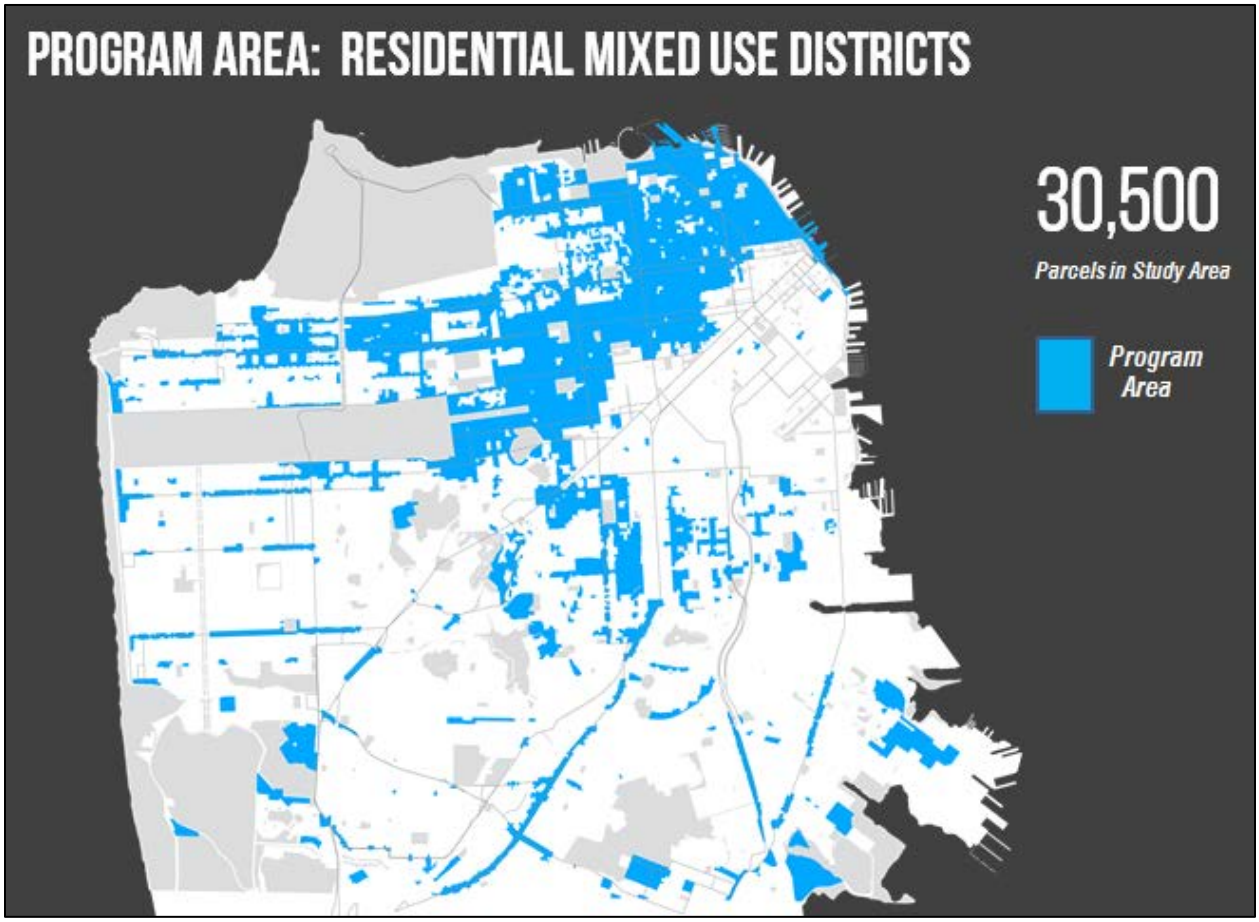
AHBP CONCESSIONS AND INCENTIVES MENU

The AHBP concessions and incentives were developed through the analysis completed by DBA and OpenScope Studio (discussed above). Many of the concessions are frequently granted through the variance process. Some other Cities implement the State Law with a menu of incentives, including Santa Monica and Los Angeles. Project sponsors may select 1-3 incentives depending on the level of affordability. The following are the proposed menus for the Local, 100 Percent, and State Analyzed Affordable Housing Bonus Program:

Program	Incentives/Concessions	Description
Local AHBP	Rear Yard	No less than 20% of the lot depth, or 15 feet whichever is greater
	Dwelling Unit Exposure	Can be satisfied through qualifying windows facing an unobstructed open area that is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.
	Off-Street Loading	None required
	Parking	Up to a 75% reduction in residential and commercial requirements
	Open Space	Up to a 5% reduction in common open space.
	Open Space	An additional 5% reduction in common open space.
100 Percent AHBP	Rear Yard	No less than 20% of the lot depth, or 15 feet whichever is greater
	Dwelling Unit Exposure	Can be satisfied through qualifying windows facing an unobstructed open area that is no less than 15 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.
	Off-Street Loading	None required
	Parking	Up to a 100% reduction in residential and commercial requirements
	Open Space	Up to a 10% reduction in common open space if provided per Section 135 or any applicable special use district.
State Analyzed AHBP	Rear Yard	No less than 20% of the lot depth, or 15 feet whichever is greater
	Dwelling Unit Exposure	Can be satisfied through qualifying windows facing an unobstructed open area that is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.
	Off-Street Loading	None required
	Parking	Up to a 50% reduction in residential and commercial requirements
	Open Space	Up to a 5% reduction in common open space if provided
	Open Space	Up to an additional 5% reduction in common open space

THE PROGRAM AREA

The Affordable Housing Bonus Program would apply in zoning districts which a) allow residential uses and b) regulate density by a ratio of units to lot area. These districts contain roughly 30,500 of the city's 150,000+ parcels. [13]



AHBP eligible districts generally include the city's neighborhood commercial districts, where residents have easy access to daily services, and are located along major transit corridors. AHBP eligible districts generally allow or encourage mixed uses and active ground floors. Almost the entire program area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

Districts which allow only 1 or 2 units (i.e. RH-1 and RH-2, which comprise almost 70% of the city's parcels) are also not eligible to participate in the AHBP. These districts do not allow the minimum threshold of 5 units required by the state law. The Local AHBP is available to sites that currently allow at least 3 units, including parcels zoned RH-3. RH-3 districts are generally adjacent to, and contain buildings with characters more typical of Neighborhood Commercial (NC) and Residential Mixed (RM) districts.

[13] See the Draft Planning Code Ordinance for a complete listing of applicable zoning districts.

Districts that do not regulate residential density by lot area e.g. RTO are not eligible to participate in the AHBP. The City, as part of the Mission 2020 Planning Process, will be studying additional ways to increase affordability in these areas.

Districts that do not allow residential uses (e.g. PDR) will not be allowed to participate in the AHBP.

AHBP DESIGN GUIDELINES

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, Exhibit 6 of this case report include the AHBP proposed 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.

The 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:

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.

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, while the AHBP program area includes some historic districts. Accordingly the AHBP design guidelines include ten guidelines for infill development in historic districts that speak to 1. Materials, features and forms; and 2. Complementary and differentiated design.

AHBP PROJECT REVIEW AND APPROVAL

The San Francisco Planning Code establishes several varying project authorization processes and procedures dependent on the nature of the project, the zoning district, and in some cases the scale of the project. Review of new residential construction projects always includes environmental review, design review, review for code compliance, and community notification and input; sometimes entitlement include Planning Commission approval or zoning administrator approval. All projects

entitled as part of the AHBP would continue to be reviewed for environmental impacts, design, planning code consistency, and community notification and input.

Projects that provide 20% affordable housing or more are currently eligible for priority processing – which means they are the first priority project for assigned staff. Priority processing does not change the steps in the review process, however it can reduce some processing time that backlogs may cause on other projects.

The proposed legislation also includes a specific entitlement process for projects that include 30% affordable housing or more – which is included in Section 328 of the draft Planning Code Ordinance. This process was modeled after the existing Large Project Authorization (LPA Section 329) of the Planning Code. It generally consolidates all of a projects entitlements into a single case.

Section 328 requires a Planning Commission hearing for all projects entitled under the Local AHBP or 100% Affordable AHBP. Some commenters have noted this could unintentionally increase process for smaller projects that provide 30% affordable housing that under current rules do not require a Planning Commission hearing. The LPA process excludes smaller projects, so a size threshold could be incorporated for Section 328.

MONITORING THE AHBP PROGRAM

The Local and State AHBP are innovative programs, working to offer creative solutions to the City's Affordable Housing needs. The staff and consultants reviewed the existing conditions and various iterations of the program. Also many of the policy and programmatic solutions borrowed from other recent successful planning processes such as the Better Neighborhoods Plans – utilizing design guidelines and some zoning strategies from these plans.

The Program includes a strong monitoring and evaluation component (Section 206.8) to both ensure that the program remains feasible and relevant in a changing housing market, achieves intended policy outcomes, and results in buildings that contribute meaningfully to the neighborhood context. Specifically the monitoring program includes:

- An early look at the first several entitled projects in the first year of the program
- An annual reporting of projects entitled through the AHBP programs
- A program evaluation and update that includes both data and policy analysis of the program outcomes.

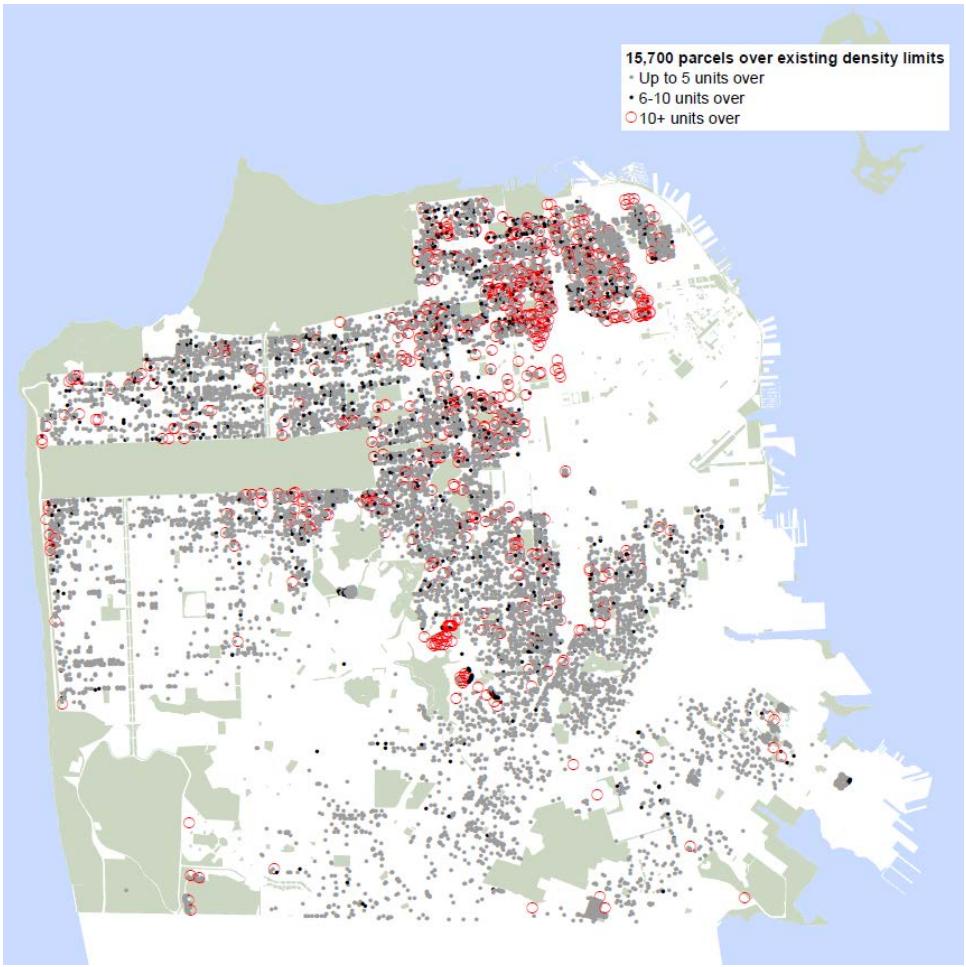
The program evaluation ensures that the City will be diligent about checking the program outcomes with the program objectives. Specifically the program evaluation shall review: Program AMI's relative to market values for housing, financial feasibility of the program, requested concessions, and any geography or neighborhood specific considerations. Also the report requirements are designed to enrich existing reports rather than add additional reports currently generated about San Francisco's housing production. Specifically quarterly and annual reporting will be completed as part of the pipeline report and Housing Inventory.

PROGRAM IN SF PLANNING CONTEXT

Most portions of the AHBP Program Area, have not had an update to their zoning controls for nearly 40 years – which means that new development in these areas is still measured and regulated by older controls. In many cases, the AHBP study discovered, the older rules conflict with each other, or result in a development condition that is not feasible in today's market. It is not unusual for projects in these districts to require variances and modifications.

When current density controls were applied across the city's residential and neighborhood commercial areas in the 1970s and 80s, they followed the general pattern of higher density closer to downtown, and lower density in outlying neighborhoods. Generally, these controls were applied without regard to the existing height limits or the varied building and development patterns that had taken shape throughout the city, the vast majority of which was built before the 1970s.

Several examples of the mismatch between heights and density are on Irving Street in the Inner Sunset and along Franklin Street among many. Several parcels surrounding the intersection of 20th Avenue and Irving Street are zoned NCD (1 unit per 800 square feet of lot area) while the height limits on those same parcels are 105 ft. Along Franklin Street from Post to California Streets, several parcels are zoned NC-3 (1 unit per 600 square feet of lot area) with height limits of 130 ft. In order for development to reach its full zoned height potential under these density controls, developers would have to build unrealistically large



units (Over 3,000 gsf/unit), an extremely unlikely scenario.

Over 15,700 buildings throughout San Francisco exceed density limits under existing zoning. As the map below indicates, there are several instances where buildings have 10 or more units over their currently permitted density limits. Increased densities in many neighborhoods may enable new development to better match existing development in terms of height and density, than would currently be allowed.

Program Outcomes

This program changes the development potential in the program area, but also requires increased contributions in affordable housing. The analysis completed by Seifel Consulting indicates that the programs are generally feasible, however those conditions will vary depending on housing market and site specific conditions. Housing construction is generally cyclical, it is unclear whether many projects in the current development cycle would benefit from this program. Generally we anticipate that the softsites in the program area would seek development over a 20 year period.

There are several factors that contribute to delayed development over the program area. First, developers must first identify and acquire land in the program area. Land sale can be complicated – especially in instances where the current land owner does not understand the development potential and exactions, or where land is owned by a family trust or other complicated party. Also developers must secure financing for projects that meet new program requirements. Many have hypothesized that regardless of this program, developers will continue to concentrate on opportunity sites on the eastern side of the City. Others, imagine that the next housing development cycle will include projects participating in the AHBP. There is no way to predict the exact schedule for new development, however the AHBP program will develop over a longer time period.

HOUSEHOLDS SERVED

The AHBP generally encourages and incentivizes mixed income housing projects with higher levels of affordable housing. An increase in market rate units will ONLY happen if project sponsors include significantly more affordable onsite units than would otherwise be required.

Much of the new housing produced through this program will not be price regulated, or “market rate”. This means that households must compete in the private market to acquire access to the new units. In San Francisco general sentiment is mixed about the provision of “market rate” housing. Some assert that increases in “market rate” housing increase the supply of housing for San Franciscans – offering more housing options for San Francisco’s existing and future households. This perspective suggests that additional market rate units, reduce the pressure on the existing housing supply – reducing evictions, displacement, and further increases in sales and rental rates for housing. While others fear that the market rate units generally serve as luxury housing for households that do not actually reside in San

Francisco, or that increased supply of market rate units will increase the number of high-income households and result in gentrification and further stratification of San Francisco's households.

Market rate units enabled through the AHBP program will be varied, but in many cases have a lower likelihood of being luxury housing. The majority of the AHBP program area includes outlying neighborhoods with lower average housing costs. The location could reduce the relative value of these market rate units. Further, the majority of the program area would only allow projects to reach heights of 40 to 85 feet. Construction at these heights has both lower constructions costs, which can translate into lower construction values. Further lower height buildings do not command the high value prices that taller buildings that offer views and services. By definition the market rate units produced through the AHBP are not price controlled, so the actual values are not guaranteed, but these factors indicate that much of the market rate units enable through this program will have relatively lower values.

Below Market Rate Units

Below market rate units are price controlled housing units that offer affordable housing for households that make no more than the income specified by the program or funding source. Affordable housing means a household is spending no more than 30% of their income on housing costs. Household income is generally discussed relative to the Area Median Income (AMI).

Half of the households in San Francisco earn below the AMI while the other half of households earn above the City's AMI. AMI is established annually based on the income of households in the area. The City uses these annually published income limits to inform its various housing programs.

San Francisco's Area Median Income (AMI) in 2015 is $71,350 for a single-person household, or $101,900 for a family of four. A studio or one-bedroom that rents for $1,784 per month is considered affordable to a single person earning San Francisco's average median income, while a monthly rent of $2,293 is considered an affordable monthly rent for a two-bedroom apartment for a family of three earning the area median income.

The AHBP incentivizes affordable housing for very low, low, moderate, and middle-income households. Specifically the State Law offers

AMI: Area Median Income
Area = A particular geographical area.
Median = Middle point: half of households earn below the median and the other half earn above
Income = Total income of the entire household

Very-low income households: Earn up to 55 percent of the Area Median Income in San Francisco

Low-income households: Earn up to 80 percent of the Area Median Income in San Francisco

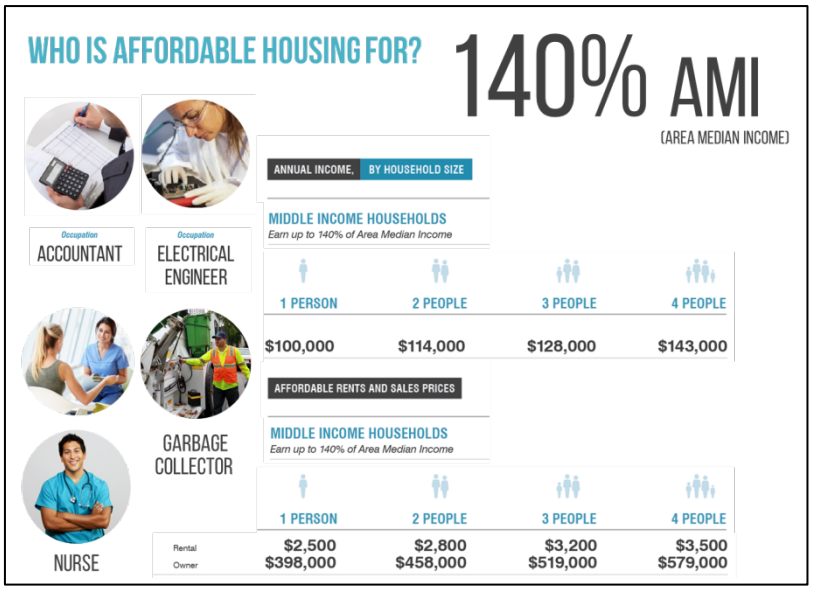
Moderate-income households: Earn up to 120 percent of the Area Median Income in San Francisco
Middle-income households: Earn up to 140 percent of the Area Median Income in San Francisco

incentives for projects at a progressive rate for projects that are very low, low and moderate income. The Local AHBP incentivizes those income levels, but also adds middle income households.

MIDDLE INCOME HOUSEHOLDS

San Francisco middle-income households cannot afford to rent or own a home at today's market rate and are also unable to qualify for most of the City's existing affordable housing programs. Over the last two decades, the percentage of the San Francisco middle-income households has decreased, while those in the very low income (up to 50% AMI) and highest income levels (more than 150% AMI) have increased.

The average rent for a new two-bedroom is $4,214 as of July 2014; affordable to households earning more than 150% of AMI, or 131,000 annually. The typical price for a 2-bedroom home in San Francisco has increased to $950,000 as of July 2014, affordable to households earning $215,000 (~245% AMI) or above could afford this home.

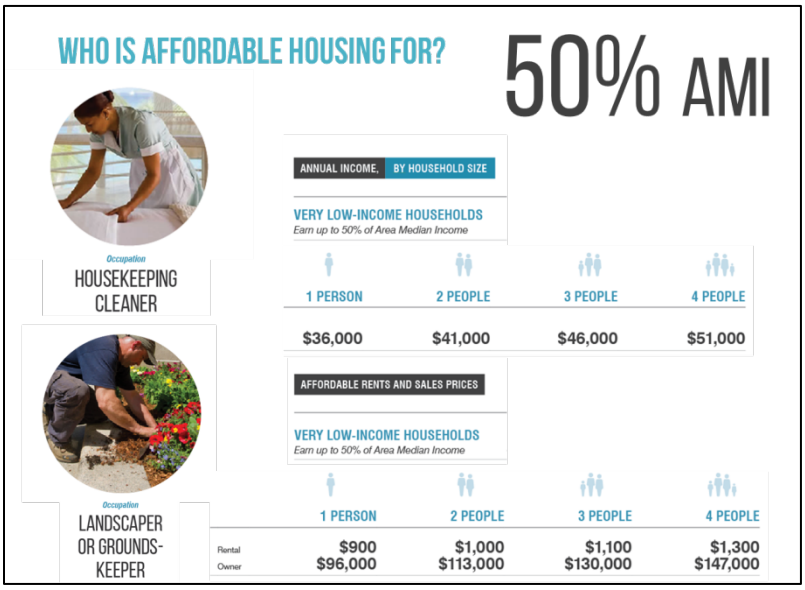


Yet the City continues to create middle class jobs, further exacerbating the housing shortage for this vital part of the City's economy. The Controller's Office credits the technology industry for creating two middle income jobs in other industries, for every tech sector job. There is a growing demand for housing to support these households.

Existing public resources to support affordable housing are focused at below 60% of AMI (though in some cases they can extend up to 120% of AMI). Because of the limited ability to leverage funds over 60% of AMI, local sources are rarely focused toward workforce housing. The local AHBP includes incentives for middle income housing. If adopted this would be the first program in the City to develop permanently affordable housing for middle income households, without public subsidy.

VERY LOW, LOW, AND MODERATE INCOME HOUSEHOLDS

The Local and State AHBP will encourage higher percentages of units affordable housing for very low, low and moderate income households. San Francisco's inclusionary program encourages housing units at 55% AMI for rental or 90% AMI for ownership. Under both programs project sponsors would meet their inclusionary housing requirements on site – meaning that 12% of the units would be provided at these income levels. Under the State program, project sponsors would likely add a few more units at 50% AMI for rental and 80% AMI for ownership, to achieve the full 35% density bonus available under the state law. Under the local AHBP – the overall percentage of low and moderate income units would not increase, but because projects entitled under the AHBP would include a greater number of units, they would also include a greater number of low and moderate income units.



100% AFFORDABLE HOUSING PROJECTS

The AHBP will enable some proposed 100% affordable housing sites to provide more homes, and increase the returns on public investments in affordable housing. Since this program is available citywide, several sites in the Mission district will be able to provide several more affordable units.

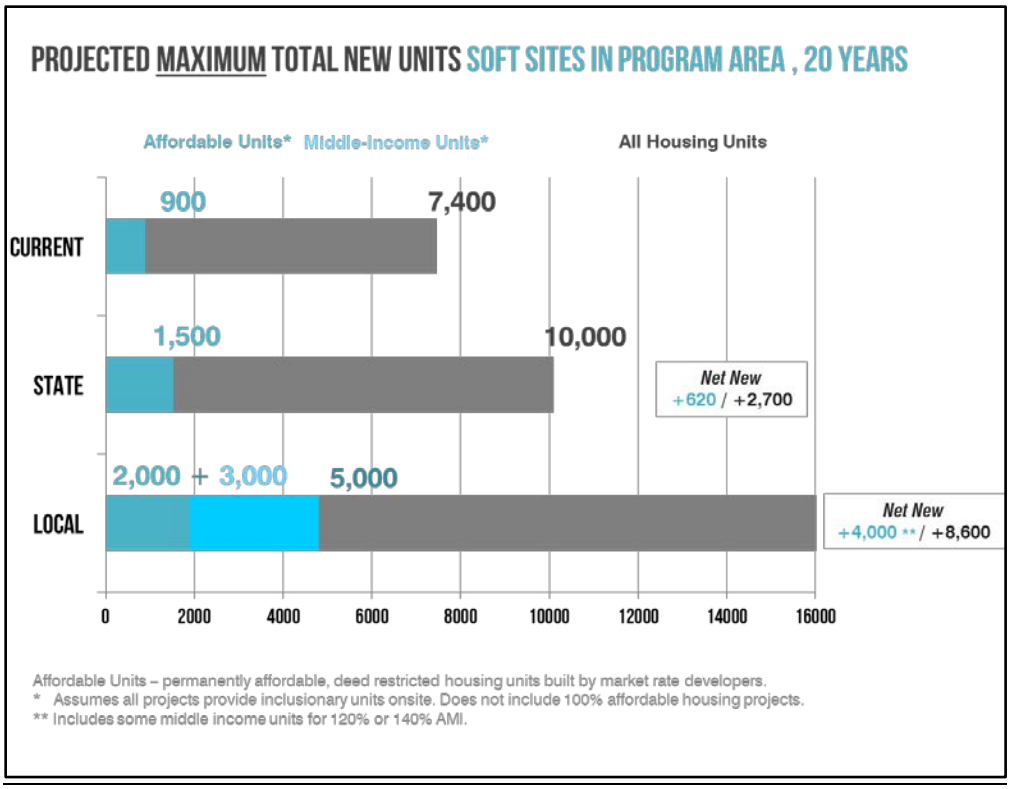
Affordable housing projects require public subsidy to move forward. San Francisco continues to grow the pool of local revenues dedicated to affordable housing, however based on current revenue projects the City expects to complete 2 or 3 affordable housing projects a year. These projects will provide a number of much needed permanently affordable homes, however will be a very small portion of the overall residential units generated through this program.

Affordable projects are offered three stories of additional height through this program, because this enables the public and non-profits to maximize the number of units produced on a given site, without significantly increasing the costs of construction per square foot. As building get taller, additional structural and life safety standards apply, these increased standards increase costs per square foot. For example shorter buildings can be wood frame, while concrete is required in middle size projects, and taller building require steel.

HOW MANY UNITS OR BUILDINGS, AND WHERE?

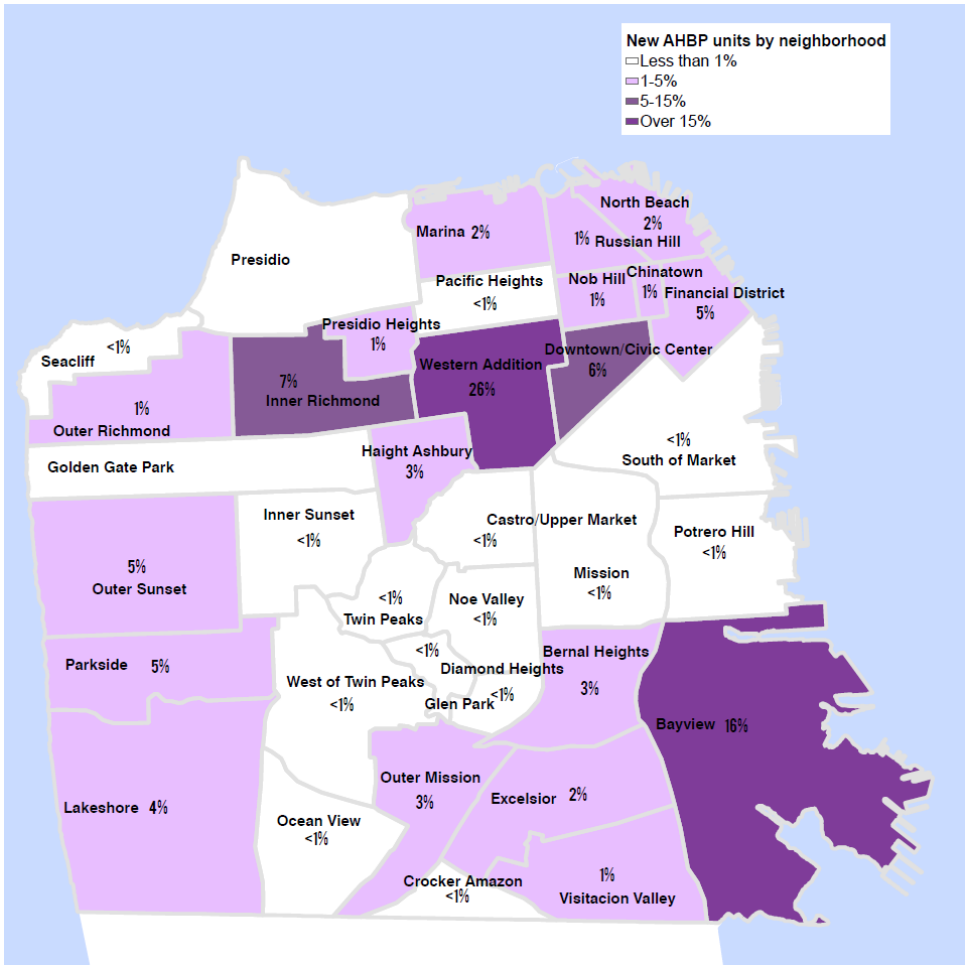
The program area includes over 30,000 parcels, however most of these parcels host healthy buildings, some historic resources, and existing housing units. On most of these sites the maximum development potential, even with increased development benefits, would not incentivize new housing development. Most parcels in the program area will not benefit from the program.

The Planning Department completed a soft site analysis - which is a standard methodology to predict when or if a particular parcel of land is so underbuilt that the land owner might be incentivized to develop the site. Essentially this analysis compares the existing use to the total development potential. Within the AHBP Program Area, the City predicts about 240 parcels within the program area are soft, or might take advantage of the new program.



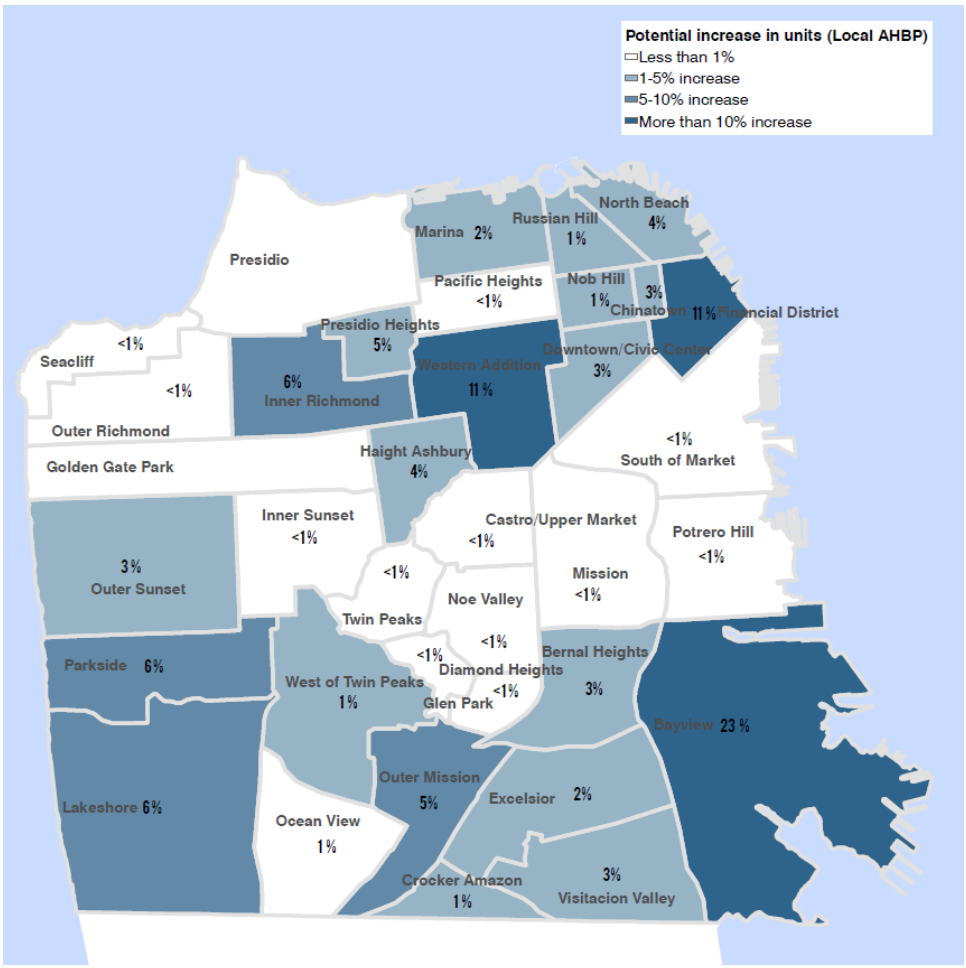
If all of those sites develop under the current zoning controls they would result in 7,400 new units, of which 900 would be affordable (assuming all projects chose to meet their inclusionary housing units by providing the units on site). If the same sites all sought a state density bonus, the city would gain 10,000 new units, including approximately 1,500 permanently affordable housing for households Low and Moderate income households (between 50 and 90% AMI). However if those same sites all developed under the local program the total number of units generated through the program would be 5,000 – including 2,000 units for Low and Moderate income households and an 3,000 affordable for middle income households.

The approximately 240 soft sites most likely to take advantage of the AHBP are spread quite evenly throughout San Francisco's many neighborhood commercial and mixed-residential districts. If each were to develop to its maximum potential – a total of 16,000 units – the full effect of the program would represent roughly a 4% increase over the city's 380,000 housing units[14]. The map below shows the geographic distribution of projected units by Planning District.



Some districts will host less than one percent of the total projected production – largely because most of the parcels in those districts are not included in the program area. However the majority of the City's neighborhoods will host less than 5% of the total new units.

[14] 2014 Housing Inventory, SF Planning.



This map shows that the percent increase, or percent change, in each district would be relatively small. In many cases districts will gain less than 1% of their existing housing supply. Most of the growth will happen in districts were the housing supply will increase by 3 to 6 percent. As a comparison point major rezoning efforts such as Market-Octavia and Central SOMA, both of which either have or plan to increase the potential for housing development by roughly 42%, concentrated in much smaller geographies.

WHAT MIGHT AHBP BUILDINGS LOOK LIKE?

David Baker Architects and Open Scope Studios each modeled potential building forms on real sites throughout the AHBP program area, to demonstrate how buildings utilizing the program might look. These example show a building developed under current regulations and height limits compared to one developed under the proposed AHBP Local Program, at two stories higher than the existing limit and with 30% on-site affordability.

As part of this work, DBA also completed a study of the existing built form included the documentation of strong residential buildings constructed above the established height limits.

POSSIBLE UNDER CURRENT ZONING

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

CURRENT HEIGHT LIMIT

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

POSSIBLE UNDER AHBP

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

CURRENT HEIGHT LIMIT

Under the AHBP, 65 homes could be built in a 90' building.

Questions Raised by Commissioners

TRANSPORTATION CONSIDERATIONS IN THE AHBP PROGRAM AREA

Transportation and land use planning should be coordinated. In the past several years the City of San Francisco has made great progress on several citywide transportation planning efforts and has established several new transportation revenue sources. The City has determined that managing transportation in our dynamic 49 square miles requires a citywide approach to transit, pedestrian, bicycle and auto systems as comprehensive networks – rather than trying to focus on specific patches of the network.

Transportation investments and land use improvements evoke the classic chicken and egg question – which comes first, or more precisely which *should* come first? Some suggest that increased user base can make the case for greater transit investments; while others suggest no new development should happen until the transportation improvements are in place. Fortunately, the land use changes enabled through the proposed AHBP would be geographically dispersed and incremental, enabling the transportation investments and land use changes to be more closely coordinated over time.

Also, as the City's transportation services improve and modernize, user behavior has responded. The mode shift trends in San Francisco are echoed in many major urban areas. The future of urbanism includes more fuel and space efficient modes of transportation.

Recent Transportation Planning and Future Projects in San Francisco

Transportation 2030 summarizes the City's capital plan for improved transportation in the City. Most of the projects the city anticipates funding are system-wide improvements required to support growth. The projects fall into the following categories:

- **Improved Transit.** More Muni buses and trains to improve reliability and reduce travel times.
  - *Specific projects:* 5 Fulton Rapid project, 28 19th Avenue Rapid project, N-Judah Rapid Project, bus rapid transit on Geary Boulevard, and upgrade Muni maintenance facilities.
- **Safer Streets. M**ake the transportation network safer no matter where you're going or how you get there. Implement Vision Zero, the City's goal of eliminating traffic fatalities in San Francisco by 2024.
  - *Specific projects:* pedestrian crossing signals, lighting enhancements, traffic calming measures and wider, more visible crosswalks. installing new traffic signals where none currently exist, creating a safer environment for people walking and bicycling. raised sidewalks, speed humps, well defined bikeways and shortened street crossings.
- **Better Roads.** Repaving roads to create smoother, safer roadways citywide.
  - *Specific Projects:* The City will repave at least 20% of City blocks.

Funding Additional Transportation Services

The City has identified several new sources of funding to support the necessary capital improvements. In addition to the ongoing revenue sources, in 2014 voters supported a $500 Million transportation bond. Also voters supported Proposition B (2014) which tethers transportation funding rates to population growth.

Also the City will soon adopt an expanded Citywide Transportation Sustainability Fee (TSF) which is anticipated to generate $1.2 billion in revenue over 30 years. AHBP projects would be subject to the fee enabling the City to: "Invest in our transportation network" and "shift by requiring new developments to prioritize more sustainable travel methods". Our transportation network needs to keep pace. That includes more transit vehicles, more bike lanes, and safer streets for people walking. For years, Muni has been underfunded, in part because the city didn't require many developers to offset the transportation impacts of their new buildings. Voters have recently approved funding to help fix some of the structural deficits, but growing the system to accommodate new riders requires more investment.

Projects entitled through the AHBP program would be subject to the soon to be adopted TSP fee, meaning that there will be a direct link between new housing projects and revenue for transportation improvements.

Mode shift – people are moving more efficiently.

Let's be clear, there is no scenario where everyone in San Francisco will move efficiently without the use of a private automobile. However, many residents are finding that modes of transportation, other than the private automobile, are more efficient and effective for them. The AHBP program area is within walking distance of the Muni Rapid Network – meaning it incentives new housing generally along the same transit corridors the City is increasing investment.

In addition to publicly funded transportation improvements, there are several major private transportation improvements that have led to higher density of residents without the proportionate transportation and parking congestion. Including – a major uptick in the use of car sharing services such as ZipCar, Getaround, City Carshare and Enterprise, a rapid increase in private taxi-like services such as Lyft and Uber, the availability and planned expansion of bike sharing, private employer shuttles, and shared scooters[15].

Some Data

- Transit Ridership is up, 5 year high! Approx. 3% increase in average weekday transit boardings.[16]
- Car Sharing is growing: Six percent of San Franciscans use carshare.[17] There are nearly 2,000 carshare vehicles parked in private spaces[18] and 200 on street parking spaces for carshare vehicles.[19]

[15] Scoot currently has 75 locations with 3 to 18 scooters at each location. Scoot has recently added 10 Scoot Quads to their fleet. Scoot quads are electric mini cars that fit two people.
[16] 2014, SFMTA report to Board of Directors. http://sf.streetsblog.org/wp-content/uploads/sites/3/2015/02/2-3-15-Board-Workshop-Presentation.pdf
[17] 2014, SFMTA report to Board of Directors. http://sf.streetsblog.org/wp-content/uploads/sites/3/2015/02/2-3-15-Board-Workshop-Presentation.pdf
[18] Data on three companies as of December 2014.

- Over 52% of all trips were made **without** private automobiles in 2014.
  (23% Transit, 25% Walking, 4% bicycle and other; and 21% carpooling and 27% driving alone).[20]

WHY CREATE INCENTIVES FOR THE AFFORDABLE HOUSING BONUS PROGRAM

The state density bonus law established a number of incentives and concessions that a developer may choose from that result in a financial incentive for a project. On the October 15, initiation of General Plan Amendments for the AHBP, several commenters stated that there was not a need for additional incentives for development. It is in fact hard to imagine a need for incentives for development in this hot housing market. However development patterns in San Francisco vary greatly by neighborhood.

The Housing Balance Report[21] reports the Cumulative Housing Balance by Supervisor District. The report documents affordable housing units in the City as well as new market rate housing. The first table in the report documents that District 1, District 2, and District 4 have entitled 39, 69, and 56 housing units respectively from 2005 to the last quarter of 2014. Other areas of the City such as District 5, 6, and 10 have entitled 444, 3,814, and 1,667 housing units respectively in the same time period. To improve the feasibility of sites the Local AHBP provides incentives for developers to distribute housing development more equitably through the city.

In the AHBP program area density is regulated by a ratio of units to lot area, for example one unit to 600 square feet of lot area. With this type of control, 4-story mixed use development projects, generally, tend to "not pencil" because the density limit greatly reduce the over all development potential.

EXISTING COMMERCIAL BUSINESSES

San Francisco's diverse economy includes a number of important neighborhood serving businesses of varying scales. Unlike residential tenants, commercial tenants are not afforded protections such as controlled rental rates or tenant rights. Accordingly to volatility of a commercial rental space can be triggered by a number of market forces, including new construction.

Numerous challenges exist for small businesses looking to relocate. For example, a commercial business would need to find an affordable space, they may need a small business loan, and they would need to navigate the bureaucracy of the Planning Department and the Department of Building Inspection to open a new space. These lengthy and time consuming steps can take many months, particularly when a new space requires capital improvements, such as for a restaurant. Many small businesses facing eviction lack the business plans to compete in the current real estate market. In addition, businesses facing eviction due to building demolition are not entitled to financial compensation for early termination of their lease unless expressly stated in their lease.

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[19] https://www.sfmta.com/sites/default/files/projects/2015/CSO_Space_Requests_citywide_v8.pdf
[20] 2014, SFMTA report to Board of Directors. http://sf.streetsblog.org/wp-content/uploads/sites/3/2015/02/2-3-15-Board-Workshop-Presentation.pdf
[21] Housing Balance Report; July 7, 2015. Can be found: http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=9376

Existing Policies and Programs for Displaced Businesses

To support displaced small businesses, the city and state operate several programs. There are multiple access points to these services; there is not a cohesive program and knowledge of these programs may be limited.

- Invest in Neighborhoods program. OEWD staff working in the Invest In Neighborhoods (IIN) program provide technical assistance to businesses and help them identify relocation sites when possible. For businesses relocating to one of the 24 IIN areas, OEWD can offer funds for specific improvements, such as façade upgrades.
- Small Business Development Center. OEWD staff work closely with the San Francisco Small Business Development Center. Both agencies offer pro bono legal advice and technical assistance, and each agency has its particular area of expertise. Neither agency currently employs real estate brokers to help small businesses navigate the commercial real estate marketplace.
- Office of Small Business. The City also operates the Office of Small Business in City Hall. This one-stop shop offers case management and referrals for everything from business registration, permits and licensing, taxes, compliance with ADA, zoning and land use, the permitting process, and technical assistance resources.

OEWD staff is currently working to identify ways to improve small business transition and to reach businesses before they are in crisis.

There are also new strategies under consideration, which would augment existing policies and programs, including expanding small business lease negotiation and eviction intervention services and creating a nonprofit and creative space displacement program with $4.5 million in funding.

Additional Support for Commercial Tenants with the AHBP

The AHBP program will add two additional and important protection to the existing programs and services available to businesses that need to move. OEWD, who currently administers small business services, report that often small businesses are given very little notification before they need to relocate. This process can be more successful and achievable with more time. Therefore the AHBP program requires that any project that participates in the AHBP would be required to submit documentation to the Planning Department that they have alerted all residential and commercial tenants of their intent to file for demolition. This notification would be required before environmental review commences – meaning that businesses would have a minimum of a 1-2 year notification. This is valuable time to work with OEWD and partner agencies to refine their business plan and successful relocate. Also these businesses would have priority processing at the Planning Department, to help expedite entitlement at their new location.

Also, the AHBP will generate a net increase in neighborhood commercial space. Newer spaces may command a higher commercial rent than some businesses can afford to pay – however supply of new

commercial space could reduce the demand for existing and older commercial spaces that are more affordable.

PROTECTIONS FOR RENT CONTROL HOUSING AND RESIDENTS

Some have expressed concern that the AHBP could incentive demolition and replacement of the existing housing supply, including rent control units. Older buildings are often more affordable either sue to the dated amenities or because they may also be subject to rent control ordinances (which can only apply to building built before 1979). Rent control units are an asset to the City's housing supply. In most cases the AHBP, even with two additional stories, would not incentivize demolition of healthy building supply, due to the high affordable housing requirements.

Existing Regulations: Demolition or Residential Units

The City currently has strict rules regarding the demolition of residential dwelling units in several districts in the City. The following circumstances require Conditional Use Authorization:

1. The loss of one or more Residential Units still 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.
2. In all other districts, the loss or removal of three or more Residential Units.
3. 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.
4. Mergers of Residential Units that are demonstrably not affordable or financially accessible housing.

The City is also pursuing legislation to require a CU for the removal of a dwelling unit.

Existing Policies and Programs: Displaced Residents

Several existing programs mitigate the impacts of residential displacement. They are not specifically tailored to tenants displaced due to demolition.

- **Ellis Act Housing Preference Program.** Initiated in early 2014, the Ellis Act Housing Preference Program (EAHP) targets tenants evicted under the State's Ellis Act. Displaced tenants (back to 2010) are now given preference for the City's affordable housing programs. Even with preference, applicants must meet strict income eligibility requirements, making most middle income households ineligible for affordable housing programs yet still priced out of market rate housing. And the demand for affordable housing far outstrips the available supply.
- **Proposed Preferences in Affordable Housing Programs.** Under proposed legislation, the Ellis Act Preference Program would be expanded to serve any displaced tenant, not just those impacted by the Ellis Act. It would not only expand the eviction preference to include tenants displaced by way of any no-fault eviction, unit merger, or condo conversion since January 1, 2010, it would

also create a third preference for 'residents in the neighborhood' where the affordable housing is being built.

- **Relocation Payments**. Evicted tenants are due $5,551 each for relocation costs (capped at $16,653 per unit).

In addition, there are affordable housing opportunities provided by nonprofit agencies, inclusionary affordable rental units, and public housing. These are generally available only to very low income household earning less than 60% of the area median income (e.g., for a family of four, household income cannot exceed $61,150).

New Protections: AHBP Programs and Replacement Units

Any proposed demolition of a rent controlled unit under the AHBP program would be subject to state law AB 2222. This law requires that all rent control and affordable units are replaced by like affordable housing. The total number of affordable units in the replacement project must be greater than the number of existing rent control or affordable units. The new replacement units, which would be permanently affordable, would count towards the affordability requirement.

Some commenters have suggested that the replacement requirements should be higher than the baseline program. For example, they assert that a 20 unit building that proposes to demolish two rent control units, should have a higher affordable housing burden than a 20 unit building proposed on a vacant parcel. Others feel that the total number of affordable units in the new project, should be greater than the existing building.

The need for a clear City policy around balancing the maintenance of existing rent control units with the production of new affordable units is clear. Recent development proposals, and other planning processes, such as the Mission 2020 effort have identified this as a central issue. Accordingly Department staff intend to work with decision makers to develop a more robust rent control unit requirement that will be driven by these general principles:

- Demolish of rent control units should be limited to cases where overall affordability is greater in the replacement project.
- Projects that demolish rent control units should be subject to some type of replacement requirement
- All affordable and replacement units will be permanently affordable Below Market Rate Units, not 'replacement rent control units'.
- Tenants of rent control units that are demolished shall be afforded additional benefits, for example a right to return to the completed building, neighborhood preference for affordable units, etc.

New Protections: AHBP Programs and Connecting Residents to Services

Prior to filing the first permit with the City of San Francisco planning department, all residents shall receive a letter from the project sponsor including a reference to relevant citywide and neighborhood specific housing counseling services. Additionally displaced residents would qualify for neighborhood preference in lotteries hosted by the City.

WHAT'S NOT PERMITTED WITH THE AHBP

Vertical Additions

The Local Affordable Housing Bonus program will not allow vertical additions to existing buildings at this time. The City will amend the draft legislation to clarify this restriction. This is because the City has not studied the financial incentives of this construction type. While the additional market rate and affordable units could benefit the City's housing supply, there are many unknowns about vertical additions to existing residential buildings. When are these projects viable? What are the physical considerations? What are the financial considerations? Would existing residents be evicted or forced to live in long term construction conditions. These types of questions should be studied extensively before a program incentivizing vertical additions to existing buildings is established.

While the City cannot limit a project sponsor's access to the State Density bonus law for additions, State law states that the affordability requirements apply to the "total" number of units[22] in the housing development, not just the new units. Accordingly, in order to access a density benefit, existing buildings would need to be 5-20% affordable. Because projects can only get a maximum of a 35% density bonus, most of the units added to the development through vertical addition, would need to be affordable. It is unlikely that a project would pursue a vertical addition if most or all were required to be income-restricted. Clearly, the State did not intend for the Density Bonus Law to incentivize additions to existing buildings.

Shadows

The Local and 100% Affordable Housing Bonus Programs do not allow projects to create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas. If a project applying under the Local or 100% Affordable AHBP is able to mitigate the significant impact due to shadow, the project could then apply under the Local or 100% Affordable AHBP. If a project does trigger impacts on shadow it no longer qualifies under the Local or 100 % Affordable Housing Bonus. If a project triggers shadow impacts but applies under the State Analyzed or State Individually Requested program and the impacts cannot be mitigated, a project could still be approved. State law confers density bonuses and other concessions and incentives to all projects of 5 units or more that provide the required level of affordable housing, and the City's ability to disapprove such projects is limited. However, the normal requirements of the California Environmental Quality Act continue to apply to all projects under any of the Affordable Housing Bonus Programs.

Historic Resources

Local AHBP and 100% Affordable Housing Bonus programs must not cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5. If, however, a project applying under the Local or 100% Affordable AHBP is able to mitigate the impact on a historic resource, the project could then apply under the Local AHBP. If a project does trigger impacts on historic resources it no longer qualifies under the Local or 100% Affordable Housing

[22] Per Section 65915(b)(1)(A), (B), and (D) affordable housing percentage applies to the "total units of a housing development".

Bonus. If a project triggers historic resource impacts but applies under the State Analyzed or State Individually Requested program and the impacts cannot be mitigated, a project could still be approved under the state law. State law confers density bonuses and other concessions and incentives to all projects of 5 units or more that provide the required level of affordable housing, and the City's ability to deny such projects is limited. However, the normal requirements of the California Environmental Quality Act continue to apply to all projects under any of the Affordable Housing Bonus Programs.

LIMITS ON LOT WIDTH AND LOT MERGERS

Limits on lot widths and mergers, help regulate the urban form and scale of projects. Currently, Planning Code section 121.7 regulates lot mergers in several districts (see table below). In addition, most NC districts require a Conditional Use Application (CU) if the lot size is above a certain size, for example in smaller scale districts (NC-1) at 5,000 square feet and at moderate scale (NC-3) districts at 10,000 square feet.

Street or District	Lot Frontage Limit
Hayes, from Franklin to Laguna; RED and RED-MX; Inner and Outer Clement NCDs; NC-2 districts on Balboa Street between 2nd Avenue and 8th Avenue, and between 32nd Avenue and 38th Avenue	50 feet
Church Street, from Duboce to 16th Street; Divisadero Street NCT except for the east and west blocks between Oak and Fell, Fillmore Street NCT, Folsom Street NCT, RCD, WMUG, WMUO, and SALI;	100 feet
Market, from Octavia to Noe	150 feet

Additionally, the Department recognizes that projects that take advantage of the Affordable Housing Bonus program will sometimes be taller or of differing mass than the surrounding context the AHBP Design Guidelines were created to clarify how projects shall both maintain their size and adopt to be compatible with their neighborhood context.

Supervisor Tang has expressed an interest in amending the proposed ordinance to include more clear regulations around lot mergers for projects entitled under the AHBP. Potential amendments might include a broader application of lot merger regulations, and a clear process for projects seeking entitlement on larger lots.

Exhibits

Exhibit 1. AHBP Planning Process Summary (Attached)

Exhibit 2. Residential Density Bonus Study, David Baker Architects

Exhibit 3. AHBP: Opportunities Within Small Sites, OpenScope Studio

Exhibit 4. Financial Analysis of San Francisco's Proposed Affordable Housing Bonus Program, Seifel Consulting

Exhibit 5. Draft Planning Code Ordinance

Exhibit 6. Draft AHBP Design Guidelines (Attached)

Exhibit 7. Program Area Map

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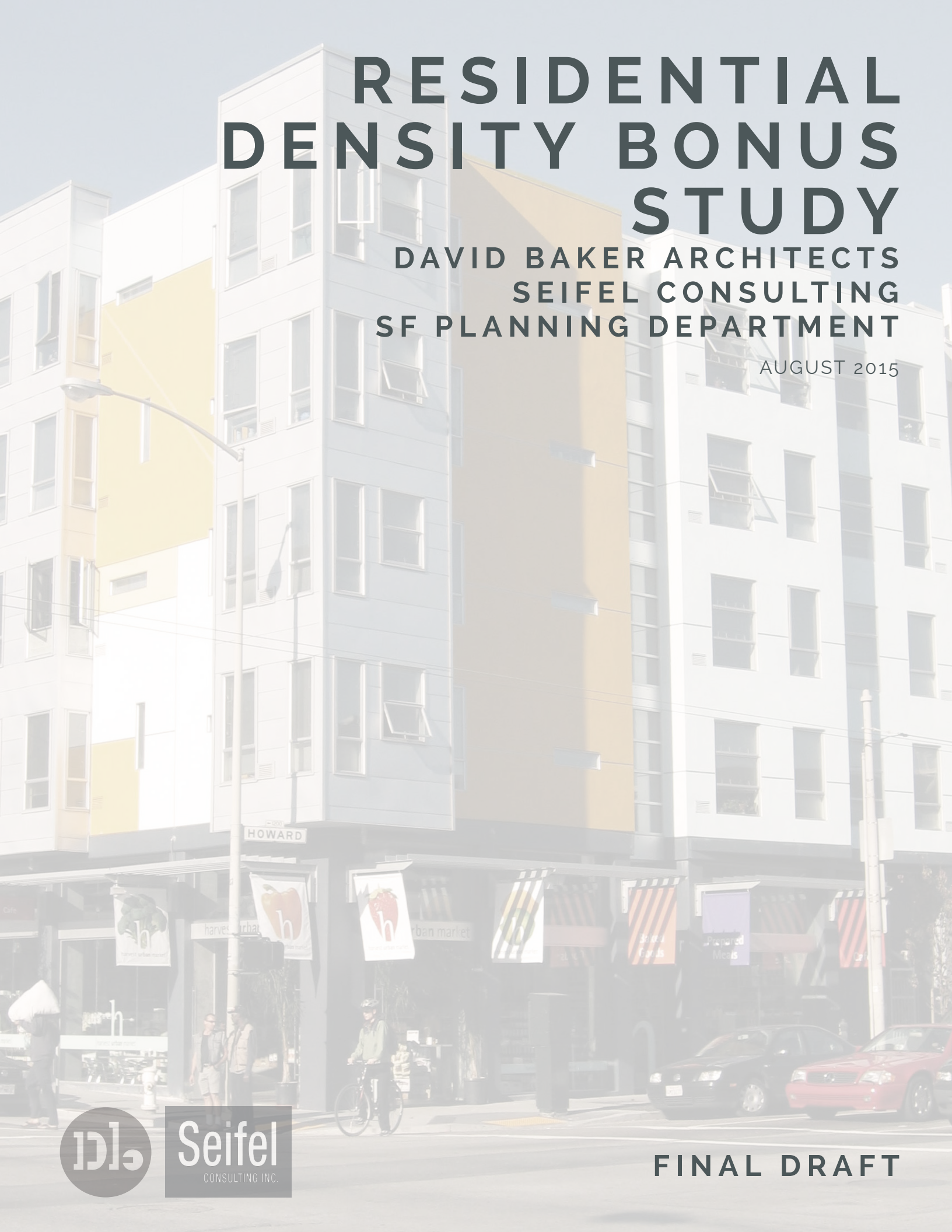
Affordable Housing Bonus Program: Planning Process Summary

Scoping Project *January to June 2014*	**Mayor's Housing Working Group** - Three general meetings - Three State Density bonus law meetings - Three 100% affordable housing focus meetings
Gathering Information *August to November 2014*	**Working Sessions with Key Stakeholders** - Two working sessions with SFHAC - Three working sessions with CCHO - Two working sessions with AIA
Public Priorities *November 2014*	Prop K passes with 66% of voter support
Developing and Vetting Proposal *January to June 2015*	- David Baker Architects - Seifel Consulting - Mayor's Office - Board of Supervisors - Office of Economic and Workforce Development - Planning Department Staff
Share Proposal with the Public *Summer 2015*	**Provide Materials to the Public** - Website launched - DBA study completed - Seifel Study Completed **Presentations to Key Stakeholders** August 11: SPUR August 14: San Francisco Housing Action Coalition (SFHAC) August 24: Coalition for San Francisco Neighborhoods (CSFN) August 26: Council of Community Housing Organizations (CCHO) September 15: Coalition for San Francisco Neighborhoods (CSFN) September 15: Residential Builders Association (RBA)
Outreach and Adoption *October through December 2015*	**Public Events and Hearings** September 24: Planning Commission Informational Hearing September 29: Mayor and Supervisor Introduce Legislation October 26: Open House October 22: Webinar November 5: Planning Commission Hearing TBD: Board of Supervisor Hearings



RESIDENTIAL DENSITY BONUS STUDY

DAVID BAKER ARCHITECTS
SEIFEL CONSULTING
SF PLANNING DEPARTMENT

AUGUST 2015

Seifel CONSULTING INC.

FINAL DRAFT

STUDY SCOPE & GOALS

The city of San Francisco suffers from a significant shortage of housing, most especially from a shortage of affordable housing for middle- and low-income residents.

In order to address this problem, the City of San Francisco partnered with David Baker Architects and Seifel Consulting to evaluate how the State Density Bonus Law could work best within our local context. DBA has designed residential projects throughout San Francisco for more than 30 years and understands that each neighborhood has its own unique character as well as specific planning and zoning controls.

The State Density Bonus Law requires that local jurisdictions allow up to a 35% increase in the total number of units a building can have if the building also includes the requisite percentage of affordable housing (see Table I below for more details). This law mandates that local jurisdictions waive certain zoning regulations to achieve this density.

TABLE I. PERCENT OF AFFORDABLE HOUSING PROVIDED BY STATE-MANDATED DENSITY BONUS PROGRAM

Density Bonus	Very Low (50% AMI)	Low (80% AMI)	Moderate (120% AMI)
7 %	-	-	12 % Units
15 %	-	-	20 % Units
20 %	5 % Units	10 % Units	25 % Units
23 %	~ 7 % Units	12 % Units	28 % Units
30 %	9 % Units	~17% Units	35 % Units
35 %	11 % or More Units	20% Units	40 % Units

In order to understand which waivers encouraged contextually appropriate increases in density — listed under the Menu of Waivers, on pages 20–29 — this study analyzes eleven prototypical sites throughout the city and explores how the State Density Bonus Law impacts the capacity, limitations, and potential of each parcel. Following the standard development process, the study started with a conceptual design for each parcel — a simple model of the project's scale, height, and overall volume. Digital modeling and representation were used to study a code-compliant development as exists under current zoning laws. Four to five additional iterations utilizing waivers helped illustrate the physical implications of incremental density increases within existing neighborhoods.

In conjunction with this design exploration, Libby Seifel of Seifel Consulting undertook a detailed financial analysis to calculate the economic feasibility of the proposed development scenarios on three of the eleven sites studied. This, along with the design analysis, helped identify which specific Planning Code waivers most effectively increase a parcel's overall development potential while producing contextually appropriate buildings.

The results from these studies make it clear that in our local market, the 35% increase as mandated by the State Density Bonus law may not provide enough incentive for developers to create more affordable housing. Therefore, the team also studied other ways to encourage developers to create more affordable housing through a proposed San Francisco policy known as the Affordable Housing Bonus Program.

All the models in this study were executed at a conceptual level only. Any project electing to participate in either the State Density Bonus or Affordable Housing Bonus Programs will require more detailed design. To ensure that increased density will enhance rather than detract from the current urban fabric, an additional Design Guidelines publication is in development.

SITE SELECTION

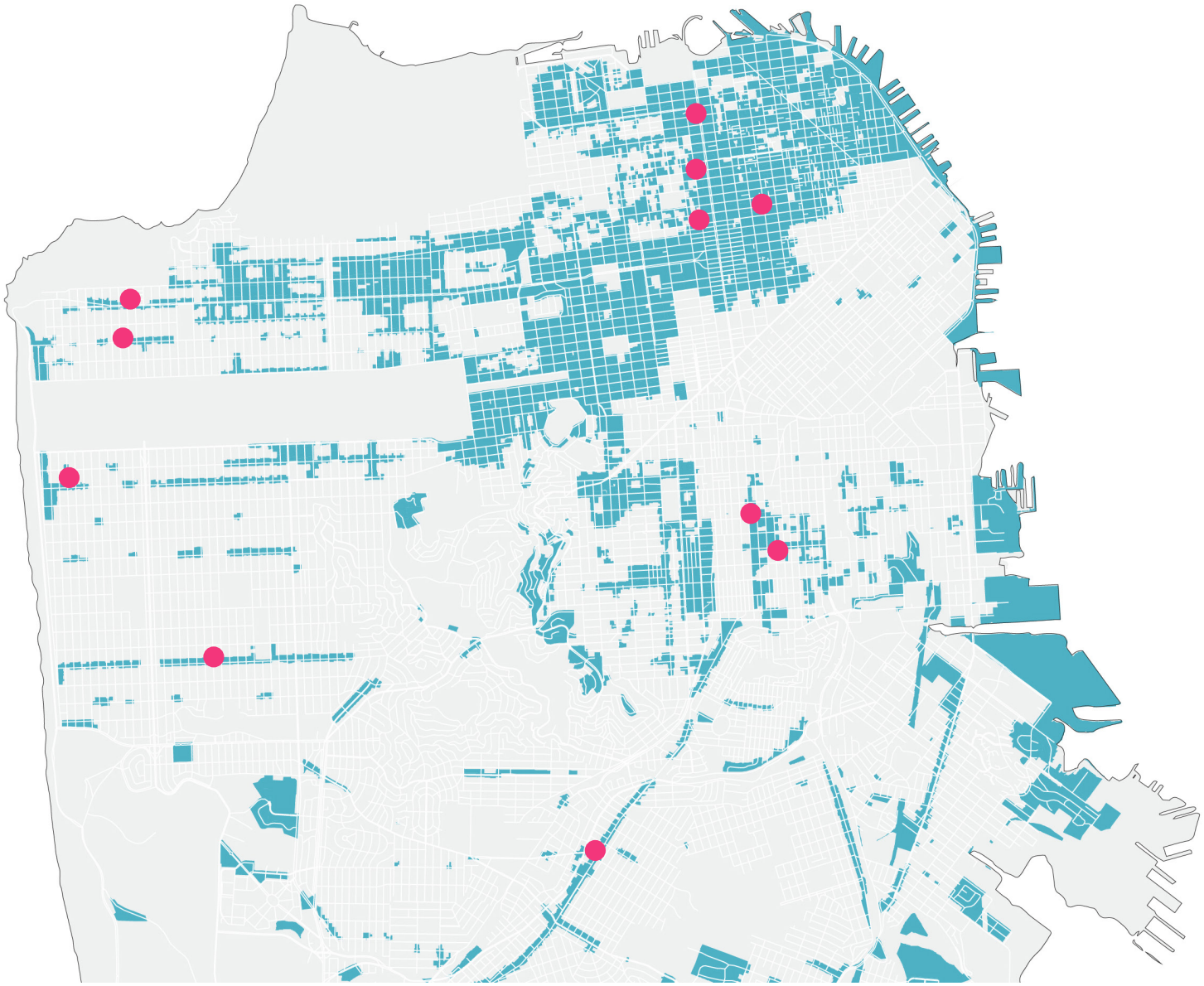
In order to test the impact of the State Density Bonus Law, conceptual designs were created for eleven prototypical sites that represent a true cross section of the study area (see map on opposite page) and that reflect diverse zoning conditions, height limits (ranging from 40 to 130 feet), and other restrictions.

These sites conform to the following criteria:

- Residential use must be permitted
- Mixed-use neighborhoods — those that mix residential and commercial uses — with access to public transit were prioritized.
- Density limits are regulated by a ratio related to lot area. The ratio is calculated as a unit per square foot (i.e. 1 unit per 200 SF of lot area, or 1:200) and ranges from 1:200 to 1:800.

The study did not include RH-1 and RH-2 districts that are primarily comprised of single-family homes or those areas that were recently re-zoned to districts that do not require numerical density limits. Combined, these areas represent more than 70% of the City.

Sites likely to be attractive to developers and sites with larger lots were prioritized, as they offer a manageable scale of development, but a handful of smaller lots were also included to illustrate the full programmatic impact. Table II on page 16 provides further detail on the parcels selected.


Areas where density bonus would apply
Prototype Site Locations

METHODOLOGY

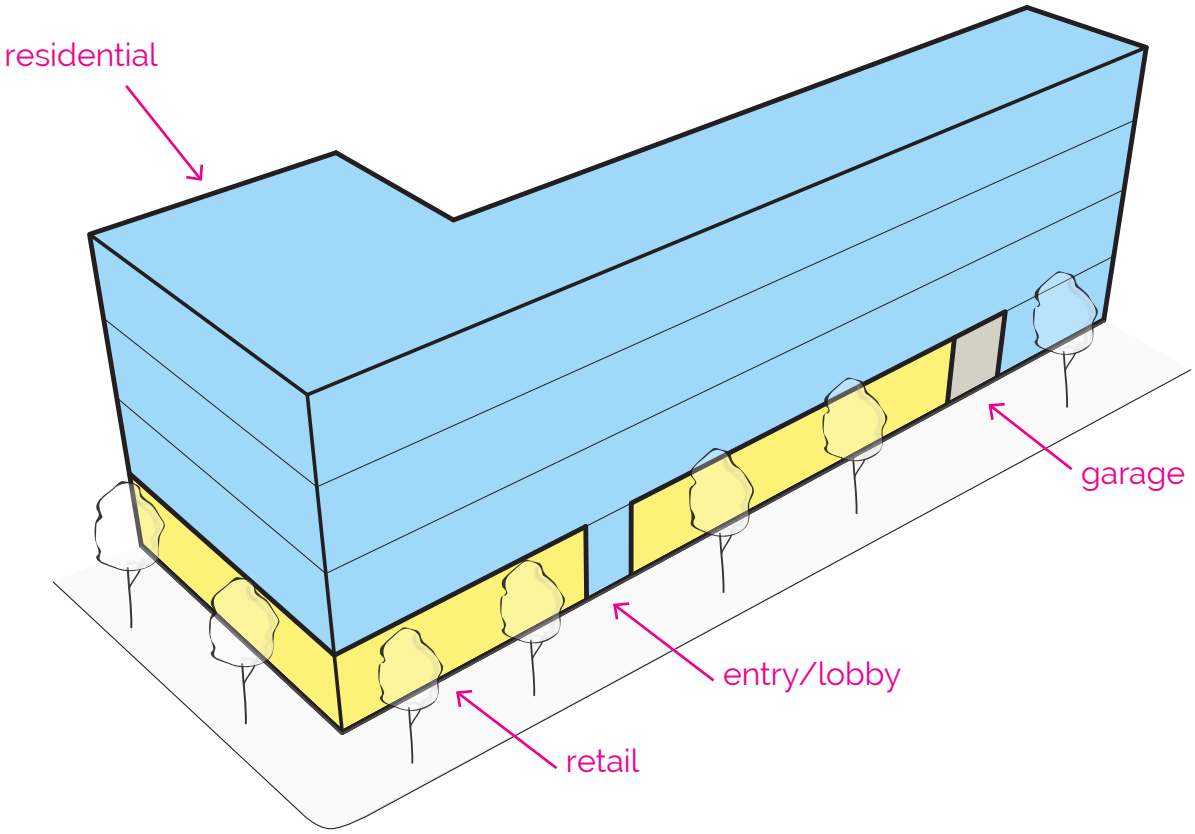
In order to fully understand how a prototypical development might increase in size if it took advantage of the State Density Bonus Law, DBA first had to understand what a development would look like without it. To do so, a Base Case was established for each prototype.

The Base Case is a model of a completely code-compliant building, one that meets height and density limits, provides a code-complying rear yard and open space, and has no units in need of an exposure variance. To ensure code compliance, each Base Case was reviewed by the San Francisco Planning Department.

After each Base Case was designed, DBA completed a model of how the State Density Bonus Law would change potential development on the site. Planning Department staff vetted several scenarios to determine how best to accommodate the additional units on the specific study sites.

Finally, a model was developed for the local Affordable Housing Bonus Program. These models were designed with an additional two stories and explored increased density limits. Average unit sizes were derived from Seifel's analysis; the unit mix includes 40% two-bedroom units.

The models created are very conceptual and simply focus on the configuration and gross square footage of residential, parking, and commercial uses — the bigger-picture building massing. The sites were approached as if a developer came to DBA as a client asking for help determining a site's potential yield. And in fact, the models created are very similar to what DBA would deliver to a developer evaluating a potential parcel.



SITE MODEL EXAMPLE

KEY
- RESIDENTIAL
- RETAIL
- GARAGE
- OPEN SPACE

PLANNING CODE ASSUMPTIONS:

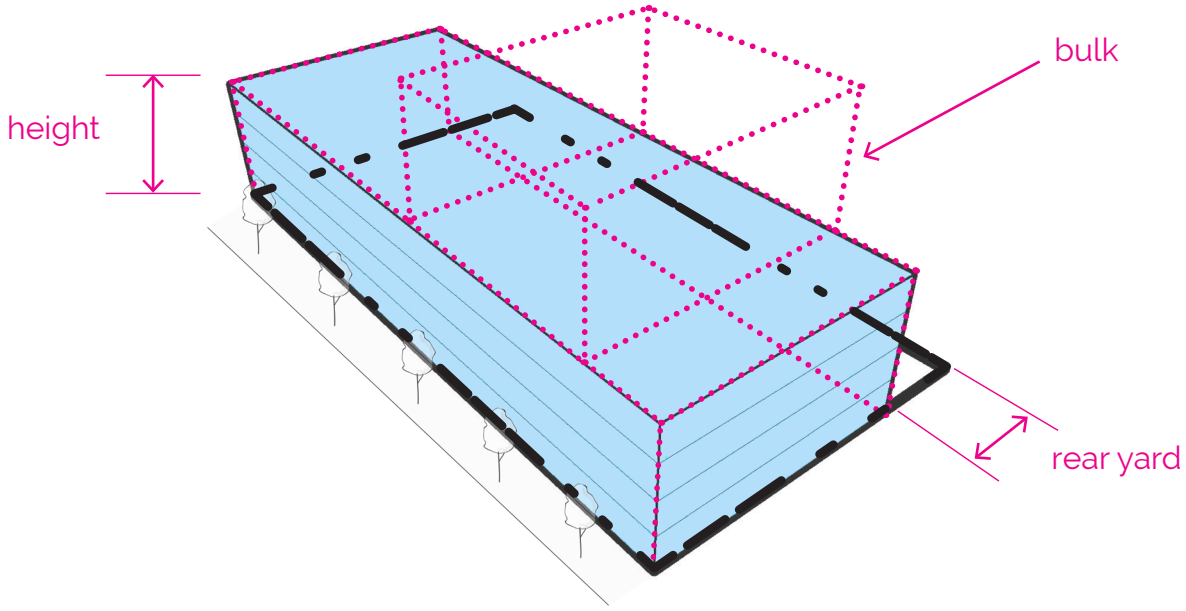
Some of the sites within the study were corner lots. In these cases, the planning code allows for a rear yard modification (per PC Section 134(e)(2)). DBA did not utilize this modification in constructing the Base Cases. Instead, this modification is reserved for use as a waiver within either the State Density Bonus or Local Affordable Housing Bonus Program.

DIGITAL MODELING ASSUMPTIONS:

- Residential square footage includes common circulation, amenity spaces, and lobby spaces
- Service spaces are assumed to be included within either the garage or residential gross square footage and have not been specifically designed
- Parking stackers are used where noted to achieve required parking requirements
- All square footages listed are gross square feet unless otherwise noted

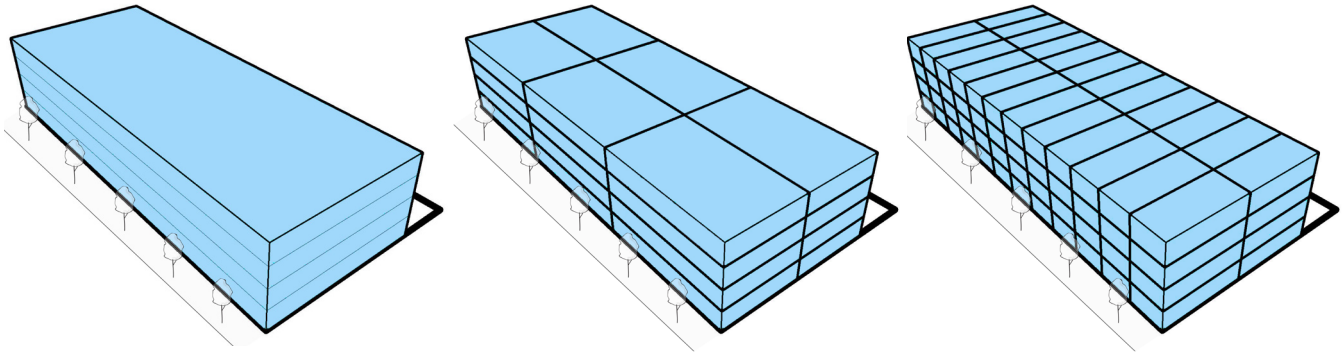
BASE CASE FINDINGS

Under present zoning, two factors typically constrain the number of units that can be built on each site. The first are physical envelope constraints, including height, bulk, and rear yard requirements, which determine the maximum permitted volume of a building. Second are density limits, as defined by the Planning Code, which limit the total number of residential units allowed on a parcel.



PHYSICAL ENVELOPE
Defined by a site's zoning parameters that determine the maximum permitted volume of a building (such as height, bulk, and rear yard, etc).

60,000 GSF CAN BE 25 UNITS OR 100 UNITS



2,400 GSF UNIT SIZE

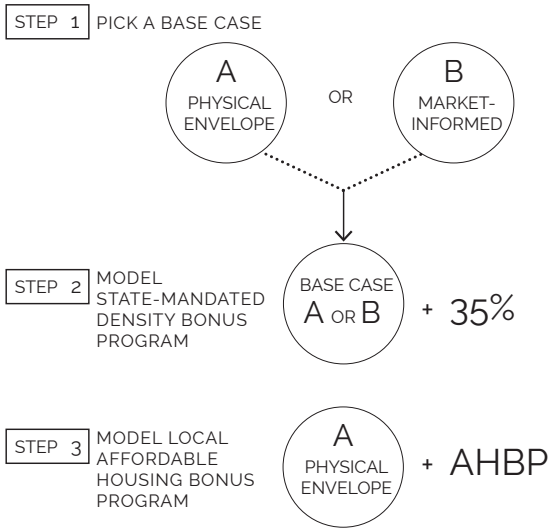
600 GSF UNIT SIZE

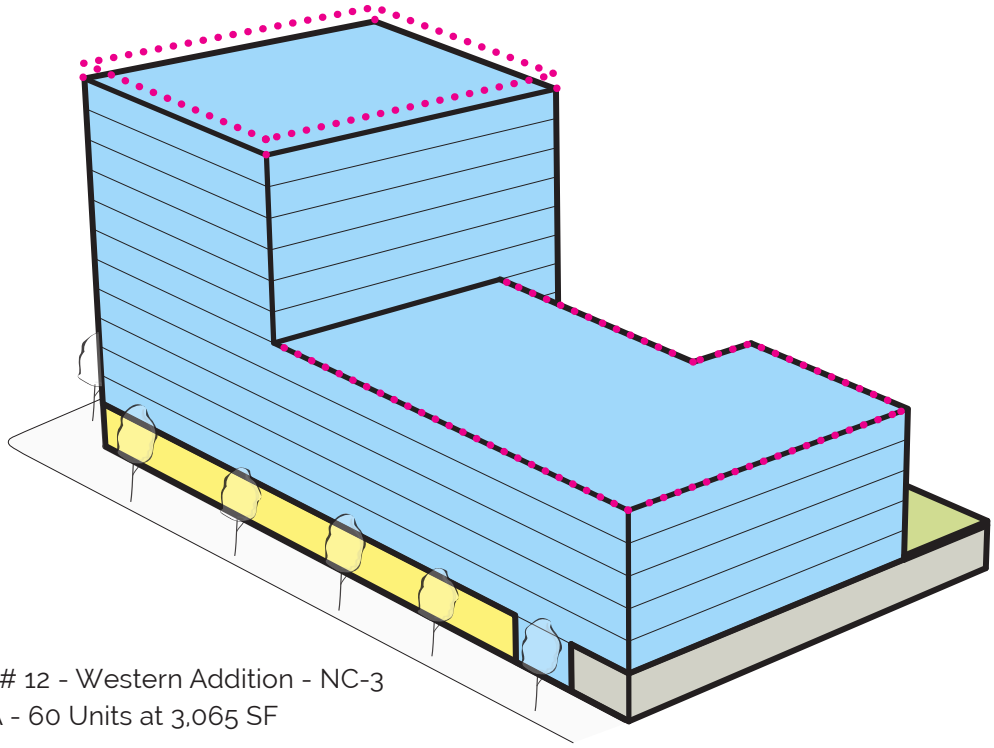
DENSITY LIMITS
Defined by the planning code to limit the total number of residential units (such as 1 unit per every 400 SF of lot area).

In fact, because the two sets of constraints produce such different yields, it was necessary to model both scenarios on every site in order to determine an accurate unit count from which to proceed. We call these Scenarios A and B — Scenario A is constrained by physical envelope regulations and Scenario B is constrained by density limits. In general, when Scenario A yielded realistic unit sizes, it was used as the Base Case for all subsequent studies on that parcel. When the unit sizes in Scenario A were larger or smaller than what the current market would realistically build, Scenario B was used.

Depending on the specific site context, either the physical envelope regulations or the density limit were found to be the constraining factor. In some cases, it would not be possible to build the number of units allowed under the current density regulations in the existing allowable envelope. In other cases, filling the allowable physical envelope while restraining the density by number of units yielded unrealistically large units. For example, if prototype 12 were to be built to the maximum physical envelope allowable and also comply with the existing density constraints, the residential units would be 3,065 gross square feet each — a size unlikely to be economically feasible. For sites such as these, Seifel's analysis and San Francisco Planning Department data (published as a separate document by the City) were used to help determine a more realistic unit size.

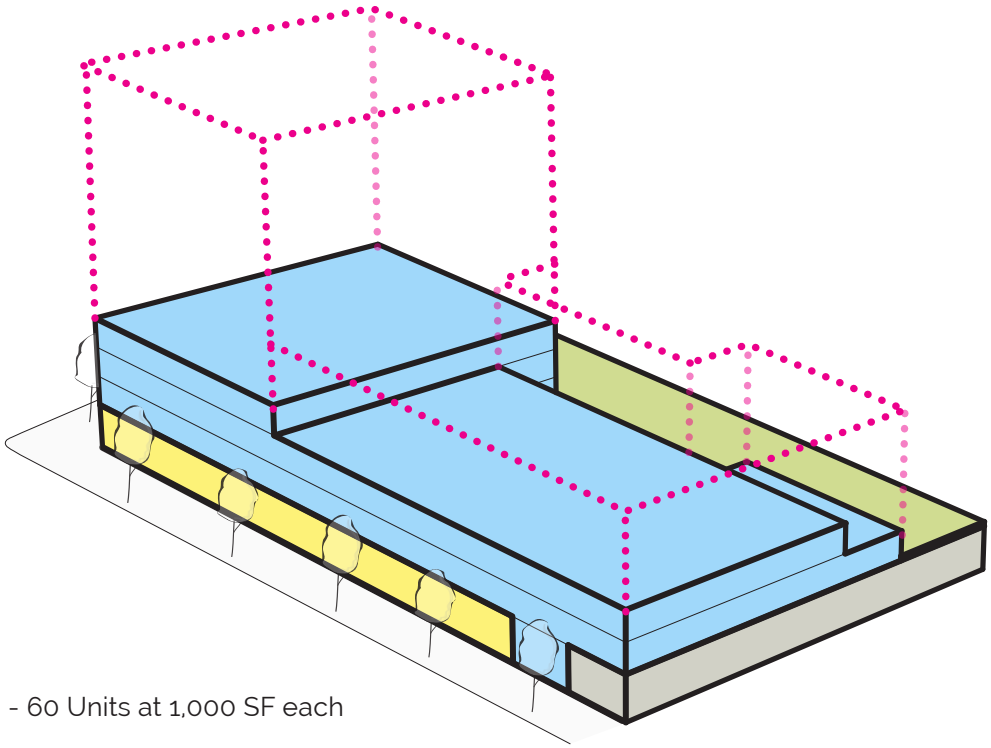
There was some evidence that most of the 1:200 sites were constrained by the physical envelope and most of the 1:800 sites were constrained by density limits. However, this did not prove true for all sites; therefore, we felt the need to model both scenarios for each site.





Prototype # 12 - Western Addition - NC-3
Scenario A - 60 Units at 3,065 SF

SCENARIO A – FULL ENVELOPE BASE CASE
Scenario A models the full physical envelope allowed by zoning constraints and complies with all other planning code requirements.



Scenario B - 60 Units at 1,000 SF each

KEY
- RESIDENTIAL
- RETAIL
- GARAGE
- OPEN SPACE
- MAX. ENVELOPE

SCENARIO B – MARKET INFORMED BASE CASE
Scenario B was modeled first by computing the allowed number of units based on site density limitations and lot size. A target residential square footage was then identified by multiplying the number of units allowed by an assumed average unit size.

35% DENSITY INCREASE FINDINGS

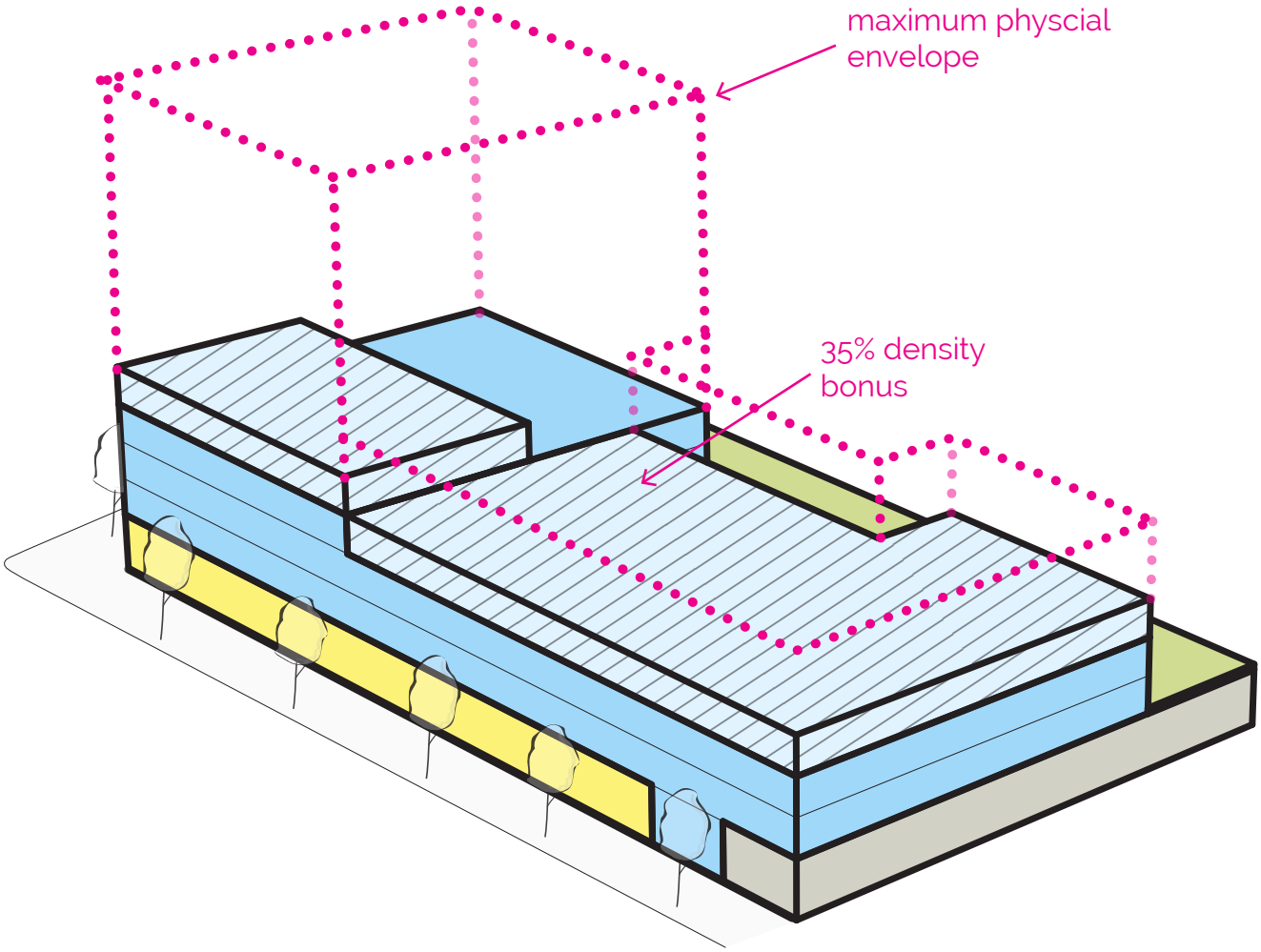
The State Density Bonus Law allows a developer to increase a project's density up to 35% over what is permitted in return for providing affordable housing as part of the project (see Table I on page 2 for more information). However, when a project increases the number of units by 35%, it is unlikely that it can accommodate that density and remain completely code compliant. The state law anticipates the likely need for zoning flexibility and directs municipalities to grant waivers that do not adversely impact health, safety, or livability. In other words, the City can allow height, bulk, open space, lot coverage, or other zoning concessions to accommodate increased density and promote more affordable housing.

This study identified a set of code constraints that could be partially or completely waived to enable increased density (listed in the Menu of Waivers on pages 20–29). It is important to note that the bulk of planning code requirements are not affected by the Menu of Waivers.

The zoning regulations most often waived were rear yard, height, and unit exposure, often simultaneously. Within this study, modified rear yards were treated as code compliant (and in practice DBA has found that projects with modified rear yards still satisfy the intent of the exposure requirement).

On average, we found that increasing the size of the building by 35% reduced the rear yard from the required 25% of lot area to 16% of lot area. While some sites reduced the rear yard to less than 20% of lot area, the study suggests that most sites can increase density while maintaining a rear yard that measures 20% of lot area. On site 6, utilizing the rear yard waiver increased the building's yield by 35%, bringing the total number of units from 23 to 31.

There were similar results with height requirements — not surprisingly, sometimes the only way to increase a building's volume is to add additional floors. In fact, seven of the eleven sites studied required a height waiver in order to achieve the 35% increase in density. Of these, five (more than half) required a rear yard waiver as well. On site 11, waiving the height requirement brought the total number of units from 47 to 63, a 34% increase. And on site 2, waiving both the height and rear yard requirements increased the number of units from 60 to 81 for a 35% gain.



35% Density Increase - 81 Units at 1,000 SF

KEY
- RESIDENTIAL
- RETAIL
- GARAGE
- OPEN SPACE
- 35 % INCREASE
- MAX. ENVELOPE

LOCAL AFFORDABLE HOUSING BONUS PROGRAM (AHBP)

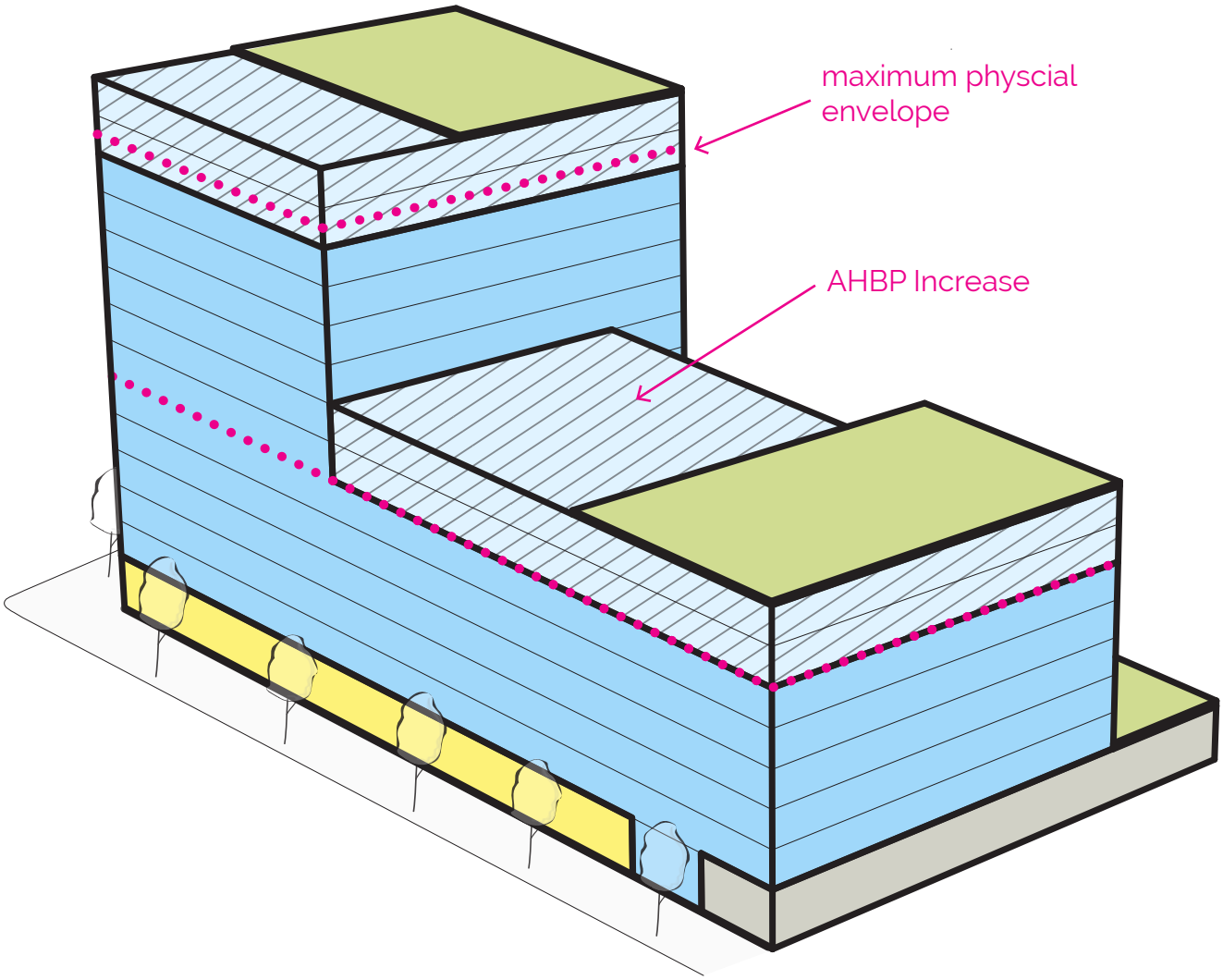
Although the State Density Bonus Law may encourage the production of more affordable housing in many California cities, in San Francisco it may not provide developers with enough incentive to reach the City's goal of 30% affordable housing in new construction — and it does nothing to encourage the production of middle-income housing. Therefore, San Francisco's Affordable Housing Bonus Program was studied to determine whether it could encourage developers to produce more affordable housing for both low- and middle-income residents.

Having already looked at a 35% increase in density (as part of the State Density Bonus Law studies) these new digital models looked at even greater increases in density, with the goal of 30% affordable units on each site. To understand how providing 30% affordable housing could be made economically feasible for developers, Seifel Consulting was tasked with determining how great an increase in density would be required (see Seifel Study for more information). The digital models were informed by those financial findings.

Unlike with the State Density Bonus studies, where models were created using both Base Case scenarios, for this exercise only Base Case Scenario A (the allowed physical envelope) was used as a starting point. All the models produced were reviewed by City planning staff, analyzed for financial feasibility and constructability, and evaluated for their contextual appropriateness.

As with the State Density Bonus Law studies, all of these studies required waivers, most specifically around height limitations. Although it is impossible to define an ideal height that works for every single site, most of the sites studied proved that an additional two stories over the existing height limit produced a significant increase in yield while maintaining essential neighborhood character. Additionally, a two-story increase can often be achieved without a change in construction type, allowing the cost-per-square-foot to remain the same.

In reality, many San Francisco neighborhoods already have varying heights — the product of a long history and ever changing zoning code — and this program would only apply in neighborhoods that already reflect a diversity of heights and uses. Not only do varying heights already exist, but DBA believes it is those variances, and others occurring naturally over time, that make a city engaging — especially when well designed. DBA and the City are currently at work on an additional publication that will outline specific Design Guidelines intended to help maintain the city's distinct character.



Local Affordable Housing Bonus Program - 233 Units at 1,000 SF

KEY

- RESIDENTIAL
- RETAIL
- GARAGE
- OPEN SPACE
- AHBP INCREASE
- MAX. ENVELOPE

MODELING THE LOCAL AFFORDABLE HOUSING BONUS PROGRAM

All the studies of the Affordable Housing Bonus Program followed these rules:

- Increased height by two stories, not to exceed 20 feet
- Deviated as necessary from the Planning Code to reach the additional density goals by following the Menu of Waivers (see section below)

STUDY RESULTS

TABLE II. PROTOTYPICAL STUDY SITES

#	Neighborhood	Zoning	Lot Area	Height	Density	FAR
1	Outer Excelsior	Outer Excelsior NCD	14,419 SF	65-A	600	-
2	Van Ness	RC-4	24,201 SF	80-D	200	4.8
3	Outer Sunset	NC-1	13,500 SF	40-X	800	1.8
5	Inner Richmond	NC-3	5,000 SF	40-X	600	3.6
6	Balboa	NC-2	18,620 SF	40-X	800	2.5
7	Haight	Haight NCD	34,391 SF	50-X, 40-X	600	1.8
8	Mission	NC-2	4,750 SF	45-X	800	2.5
9	Taraval	Taraval NCD	11,996 SF	50-X	800	2.5
10	Russian Hill	RC-3	7,400 SF	65-A	400	3.6
11	Nob Hill	RM-4	9,336 SF	65-A	200	4.8
12	Western Addition	NC-3	35,723 SF	130-E	600	3.6

BASE CASE (CODE CONFORMING) FINDINGS

#	Neighborhood	Res. GSF	Units	Unit GSF	Waivers: Height	Bulk	FAR	Rear Yard	Parking	Exposure
1	Outer Excelsior	40,008 SF	24	1667 SF	-	-	-	-	-	-
2	Van Ness	76,691 SF	60	1278 SF	-	-	-	-	-	-
3	Outer Sunset	28,339 SF	17	1667 SF	-	-	-	-	-	-
5	Inner Richmond	12,497 SF	8	1562 SF	-	-	-	-	-	-
6	Balboa	38,241 SF	23	1667 SF	-	-	-	-	-	-
7	Haight	57,000 SF	57	1000 SF	-	-	-	-	-	-
8	Mission	7,998 SF	6	1333 SF	-	-	-	-	-	-
9	Taraval	19,995 SF	15	1333 SF	-	-	-	-	-	-
10	Russian Hill	25,327 SF	19	1333 SF	-	-	-	-	-	-
11	Nob Hill	35,485 SF	47	755 SF	-	-	-	-	-	-
12	Western Addition	60,000 SF	60	1000 SF	-	-	-	-	-	-

35% DENSITY INCREASE FINDINGS

#	Neighborhood	Res. GSF	Units	Unit GSF	% Inc. B.C.*	Waivers: Height	Bulk	FAR	Rear Yard	Parking	Exposure
1	Outer Excelsior	53,344 SF	32	1667 SF	35%	X(2)	X	-	-	-	-
2	Van Ness	107,973 SF	81	1333 SF	35%	X(1)	X	X	X	-	X
3	Outer Sunset	38,341 SF	23	1667 SF	35%	X(1)	-	-	X	X	X
5	Inner Richmond	17,182 SF	11	1562 SF	35%	X(2)	-	-	-	-	-
6	Balboa	51,677 SF	31	1667 SF	35%	X(1)	-	-	X	-	X
7	Haight	77,000 SF	77	1000 SF	35%	-	-	-	-	-	-
8	Mission	10,664 SF	8	1333 SF	35%	-	-	-	-	-	-
9	Taraval	26,660 SF	20	1333 SF	35%	-	-	-	X	-	X
10	Russian Hill	34,658 SF	26	1333 SF	35%	X(2)	-	-	-	-	-
11	Nob Hill	47,565 SF	63	755 SF	35%	X(2)	-	-	-	X	-
12	Western Addition	81,000 SF	81	1000 SF	35%	-	-	-	-	-	-

***** % Unit Increase from Base Case

$X^{(0\text{-}2)}$ = Number of additional stories

LOCAL AFFORDABLE HOUSING BONUS PROGRAM FINDINGS

#	Neighborhood	Res. GSF	Units	Unit GSF	% Inc. B.C.*	Waivers					
						Height	Bulk	FAR	Rear Yard	Parking	Exposure
1	Outer Excelsior	64,239 SF	56	1147 SF	133%	X	X	-	-	-	-
2	Van Ness	119,267 SF	123	970 SF	105%	X	X	X	X	-	X
3	Outer Sunset	56,651 SF	34	1667 SF	200%	X	-	-	X	X	X
5	Inner Richmond	20,137 SF	13	1562 SF	162%	X	-	-	-	X	-
6	Balboa	71,705 SF	43	1667 SF	187%	X	-	-	X	-	X
7	Haight	120,221 SF	134	897 SF	135%	X	-	-	-	X	-
8	Mission	18,270 SF	14	1333 SF	233%	X	-	-	-	X	-
9	Taraval	61,247 SF	46	1333 SF	207%	X	-	-	X	X	X
10	Russian Hill	43,292 SF	32	1333 SF	168%	X	-	-	-	-	-
11	Nob Hill	48,774 SF	65	755 SF	138%	X	-	-	-	X	-
12	Western Addition	232,809 SF	233	1000 SF	288%	X	X	-	-	X	-

***** % Unit Increase from Base Case

MENU OF WAIVERS

In developing models for this study, DBA utilized six main waivers in differing numbers and combinations (see Table II on pages 16–19). However, in order to make real-life projects — those subject to unique lot sizes, locations, and configurations — more contextually appropriate and economically feasible, a Menu of Waivers was created. The menu includes not only the six main waivers used by DBA in this study but also three other waivers that were informed by DBA's professional experience and that were recommended by industry leaders including the San Francisco Housing Action Coalition and the Council of Community Housing Organizations.

The Planning Department's final legislation will outline the quantity of the waivers a given project can have, as well as which are appropriate at differing levels of affordability. It is worth noting that only three of the study prototypes relied on more than three waivers; most required height and up to two additional waivers.

- REAR YARD
- DWELLING UNIT EXPOSURE
- HEIGHT
- BULK
- FAR
- USABLE OPEN SPACE
- PARKING
- OFF-STREET LOADING
- OBSTRUCTIONS OVER STREETS AND ALLEYS

REAR YARD

Planning Code Section 134, Rear Yards, was written to preserve the open space in the middle of smaller blocks where typical lots measure 25' x 100'. In most zones, Section 134 requires that rear yard depth shall be at least 25% of the lot's total depth, and no less than 15 feet deep. In the current code, rear yards must be either on grade or on the building's lowest level of residential dwelling. It is worth noting that any residential dwelling facing a code-complying rear yard is automatically considered to be in compliance with Section 140, as it relates to exposure.

This waiver does not eliminate the rear yard requirement entirely but instead provides greater flexibility while still fulfilling the code's original intent. A waiver of Section 134 modifies the requirement in three ways: first by reducing the percentage of open space from 25% to 20%; second, by allowing the open space to occur anywhere on the lot (similar to the current modification of code Sections 134e and 134f); and third, by never requiring the rear yard to be on grade but rather always allowing it to occur on the first level of residential dwelling.

In the majority of the prototypes, rear yard compliance was a major hurdle, and the study made it clear that flexibility with the rear yard would foster more effective and efficient development. Four of the prototypes (sites 2, 3, 6, 9) benefited from a rear yard waiver. Two of the five exceeded the 20% minimum but only when we were flexible with the configuration. One prototype, site 9, explored a 16% reduction but the project team felt this was too great.

DWELLING UNIT EXPOSURE

Planning Code Section 140, Dwelling Unit Exposure, requires that units face on to a rear yard, side yard, street, outer court, or inner court. In every case except inner courts, the size of these open spaces is not tied to the building's height. However in projects with inner courts, Section 140 requires the inner court to increase in size as the building increases in height. This waiver simplifies the inner court size requirements and reduces their required width.

Consider two 85-foot tall buildings with dwelling units that face each other. Under the current code, if they are situated across a public street or alley from each other, or are separated by an outer court, the distance between can be as little as 25 feet (30 feet if they face onto code-complying rear yards). However if the two buildings face each other across an inner court, they would need to be about 55 feet apart — an unrealistic number. This more onerous standard penalizes developments on single lots by forcing them to plan for overly large inner courts and, in fact, many current developments request variances (or, when available, an exception) from this anomalous restriction.

The intent of this waiver is to reduce the overly large inner courts required with tall buildings. The waiver also allows a reduction in the number of units that meet exposure requirements. When this waiver is used in conjunction with the rear yard waiver, units facing the modified rear yard will be considered code-compliant in terms of exposure.

In all scenarios, including both the local and state programs, sites 2, 3, 6, and 9 required a rear yard waiver in tandem with an exposure waiver to achieve the desired density. This correlation speaks to the importance of flexibility in both the rear yard and exposure requirements, as well how they are inextricably linked.

HEIGHT

San Francisco is divided into height and bulk districts as indicated on the Zoning Map and in Article 2.5 of the Planning Code. These districts define and restrict the maximum height and bulk allowed per parcel — in other words, how tall and big a parcel's building may be — and vary dramatically throughout the study area. In fact, the height restrictions studied ranged from 40 to 130 feet.

This waiver permits a project to apply for up to 20 feet (or two stories) of additional building height, yielding more residential units. This is allowed in addition to the 5-foot height increase designed to encourage a gracious ground floor (see Design Guidelines, a separate publication from this study).

The majority of the sites studied under the Local Affordable Housing Bonus program and all sites studied under the State Density Bonus program required a height waiver to achieve the desired increase in density. In many of the neighborhoods studied, buildings that exceed the height limits already exist; therefore there is some precedence for increased height on some parcels. Additionally, the 20-foot height increase will be a critical tool to incentivize use of the State and Local Density Bonus programs.

BULK

San Francisco is divided into height and bulk districts as indicated on the Zoning Map and in Article 2.5 of the Planning Code. These districts define and restrict a the maximum height and bulk allowed per parcel — in other words, how tall and big a parcel's building may be — and vary dramatically throughout the study area. Bulk constraints mandate that at a certain height, a building must step back from the property line — a limitation designed to avoid an overwhelming sense of mass.

This waiver does not eliminate any bulk restriction but rather changes the height at which a building must step back by up to 20 feet. For example, if a bulk limitation is imposed at 40 feet, the bulk limitation will be increased to 60 feet, meaning that the building will not have to step back until it reaches 60 feet.

Only five of the eleven sites studied were subject to bulk constraints. Of these sites 1 and 2 as studied under the State Density Bonus Program and sites 1, 2, and 12 as studied under the Local Density Bonus Program required bulk waivers. On site 2, flexibility with the bulk length requirement allowed the building diagram to become much more efficient, doubling the unit count from 60 in the Base Case to 123 in the Local Bonus Program model.

Although bulk constraints do not apply everywhere within the city, easing of this restriction is key to achieving greater residential density and can still be seen as contextual appropriate.

FAR

Planning Code Section 124, Basic Floor Area Ratio, limits the ratio of building floor area to parcel area. This section does not typically apply to residential square footage but it does apply in some zoning districts and in Special Use Districts within the city.

Of the sites studied, only one had an FAR restriction (and FAR restrictions probably apply to a much smaller percentage of parcels city wide). This waiver allows a project to be relieved from FAR requirements, should they apply.

By utilizing the FAR waiver and the rear yard, exposure, height, and bulk waivers, site 2's unit count doubled, starting at 60 in the Base Case and increasing to 123 in the Local Density Bonus Program model.

USABLE OPEN SPACE

Planning Code Section 135, Usable Open Space, sets forth the amount, type, and configuration of open space to be provided in each residential development. This waiver does not allow an exemption from this code section but allows a 10% reduction in the required amount of usable open space to be provided.

On most of the sites studied, the open space requirement was almost satisfied by the rear yard. In these cases, roof decks would most likely make up the difference — as is the case in many real-life scenarios today. However, roof decks are costly to build and might discourage developers.

Sites 5, 10, and 11 require a roof deck of less than 1,000 square feet to meet current open space requirements. A 10% reduction in the amount of open space required would have prevented these sites from needing a roof deck at all, which would lower construction costs and might provide enough incentive for developers to take advantage of either the State or Local Density Bonus Programs.

PARKING

Planning Code Section 151, Off-Street Parking, determines the maximum allowed or minimum required amount of off-street parking within new developments. As stated in the Planning Code, the intent of this section is to strike a balance between the need for private parking and the encouragement of walking, cycling, and the use of public transit.

Parking minimums have already been replaced with parking maximums in large areas of the city that have been recently rezoned. Most of the sites studied are in neighborhood commercial districts or on transit corridors that have not been rezoned for decades and still require minimum amounts of parking — often 1:1 for dwelling units, a much larger ratio then what would be required today. This waiver allows relief from minimum parking requirements where they occur.

Nine sites (3, 5, 6, 7, 8, 9, 10, 11, and 12) required parking lifts to satisfy parking requirements, and seven sites (3, 5, 7, 8, 9, 11, and 12) could not meet the parking requirement without a waiver or significant underground excavation (an option that would likely hurt the project's economic feasibility). Offering a parking requirement waiver increases the area dedicated to residential and active ground-floor use and reduces costs associated with parking lifts or excavation for additional parking levels. The waiver not only gives developers additional incentive to take advantage of these Density Bonus Programs but also helps activate the street edge, which DBA believes to be an important element in successful urban spaces.

OFF-STREET LOADING

Planning Code Section 152, Off-Street Loading, requires that projects over a certain size provide off-street freight loading spaces for deliveries. This waiver reduces the required number of off-street loading spaces.

The garages and parking spaces within this study were not designed in detail. However, sites 2, 7, and 12 required off-street loading spaces that significantly reduced the amount of usable square footage. Additionally, in fully residential buildings it is worth noting that these off-street loading spaces are generally not well used — or get used for something other than their intended purpose.

Reducing the off-street loading requirement allows developers to maximize limited ground-floor space, using that square footage for dwellings, retail spaces, or improved streetscaping rather than loading.

OBSTRUCTIONS OVER STREETS AND ALLEY

Planning Code Section 136, Obstructions over Streets and Alleys, regulates overhanging elements such as bay windows and cornices. This waiver provides flexibility of this Planning Code section by loosening the strict rules on bay window and cornice width, depth, and configurations. More flexibility in other architectural features (such as sunshades) is also allowed.

This planning code section works well for the 40-foot-high residential buildings that constitute the majority of San Francisco. These regulations are less successful when applied to taller buildings, especially those where a more contemporary expression is appropriate.

Amendments to the rules for bay windows can create room for increased density and livability. This waiver also helps with good urban design by allowing more flexibility in the configuration of the bays. Taller buildings might benefit from wider bays than those currently allowed, for instance, and all buildings might benefit by reconfiguring the space formerly dedicated to bays to more efficient living. Flexibility in the amount and configuration of glazing on bays should also be allowed. Currently bays require 50% glazing, which might actually be too much glazing for residential use as it can cause the unit to overheat.

Sunshades, awnings, and other projections that are used to shade buildings and provide visual texture are also strictly regulated by the current code. Allowing additional flexibility with these elements would help ensure that buildings designed to meet increased density goals also succeed aesthetically and contextually.

DBA and other industry leaders agree that flexibility with façades and bays can help encourage denser yet still innovative and well-designed buildings.

BODY OF WORK
APPENDIX OF PROTOTYPE SITES

This section includes the full body of work undertaken by DBA in conjunction with the City of San Francisco to evaluate how the State Density Bonus Law would apply in a local context. The study analyzed eleven carefully selected sites throughout the city, modeling four conceptual development scenarios for each. (Additional information about Site Selection can be found on page 4. See pages 6-15 for a complete discussion of the study's methodology.) Each of the models created by DBA is shown here. These models not only helped inform the Menu of Waivers proposed on page 20, but also confirmed the need for the Local Affordable Housing Bonus Program as outlined on page 14.

As previously mentioned, the models created are highly conceptual and focus simply on the configuration and gross square footage of residential, parking, and commercial uses — the bigger-picture building massing. All models were reviewed by City Planning staff, analyzed for financial feasibility and constructability, and evaluated for contextual appropriateness. However, any project electing to participate in either the State Density Bonus or Local Affordable Housing Bonus Programs would require more detailed design.

NCD

EXCELSIOR OUTER MISSION

ZONING PARAMETERS

ZONING CLASSIFICATIONS: EXCELSIOR OUTER MISSION NCD
Block/Lots: 6083021, 6083022, 6083023, 6083024, 6083036, 6083027

LOT AREA: 14,419 SF

HEIGHT AND BULK: 65-A

BULK DISTRICT	Height Above Which Maximum Dimensions Apply (in feet)	Maximum Plan Dimensions (in feet)	
		Length	Diagonal dim.
A	40	110	125

REAR YARD (SECT 134): 25% OF LOT DEPTH, NO LESS THAN 15 FEET (REQ AT THE SECOND STORY AND ABOVE).

DENSITY (SECT 745): 1 PER 600 SF OF LOT AREA
14,419/600 = **24 UNITS**

FLOOR AREA RATIO: NOT APPLICABLE TO RESIDENTIAL PER SECT. 124 (b), BUT WOULD APPLY TO ANY NON-RESIDENTIAL USES

STREET FRONTAGE: COMMERCIAL NOT REQUIRED.

USABLE OPEN SPACE: 80 SF PER UNIT IF ALL PRIVATE; 100 SF IF COMMON SPACE. 24 UNITS X 100 SF = **2,400 SF REQ.**

PARKING REQ: UP TO 1 PER UNIT, BUT NONE REQ., POTENTIAL MODIFICATION/WAIVER BY ZA PER SECT. 161(J).

GROUND FLOOR HEIGHT: MINIMUM 14' (FLOOR TO FLOOR)

SCENARIO **A**

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 14,419/600 SF **= 24 UNITS (MAX ALLOWED)**

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND BULK REQUIREMENTS **= 42,607 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED: 42,607 SF / 24 UNITS**=1,775 AVG. GSF UNIT**

SCENARIO **B**

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 14,419/600 SF = **24 UNITS (MAX ALLOWED)**

1250 NET SF / 1667 GROSS SF ASSUMED UNIT SIZE

1667 GSF x 24 **= 40,008 ASSUMED RESIDENTIAL GSF**

MARKET-INFORMED BASE CASE IS CLOSE TO FULL ENVELOPE BUILD OUT ON THIS SITE

SCENARIO **C**

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 14,419/600 SF = 24 UNITS (MAX ALLOWED)

24 MAX UNITS ACHIEVABLE X 1.35% DENSITY INCREASE = 32.4 ~ **32 UNITS ALLOWED**
1250 NET SF / 1667 GROSS SF ASSUMED UNIT SIZE

32 UNITS ALLOWED x 1667 GSF ASSUMED UNIT SIZE **= 53,344 ALLOWED RESIDENTIAL GSF**

ACCOMMODATIONS NEEDED: HEIGHT, BULK

SCENARIO **D**

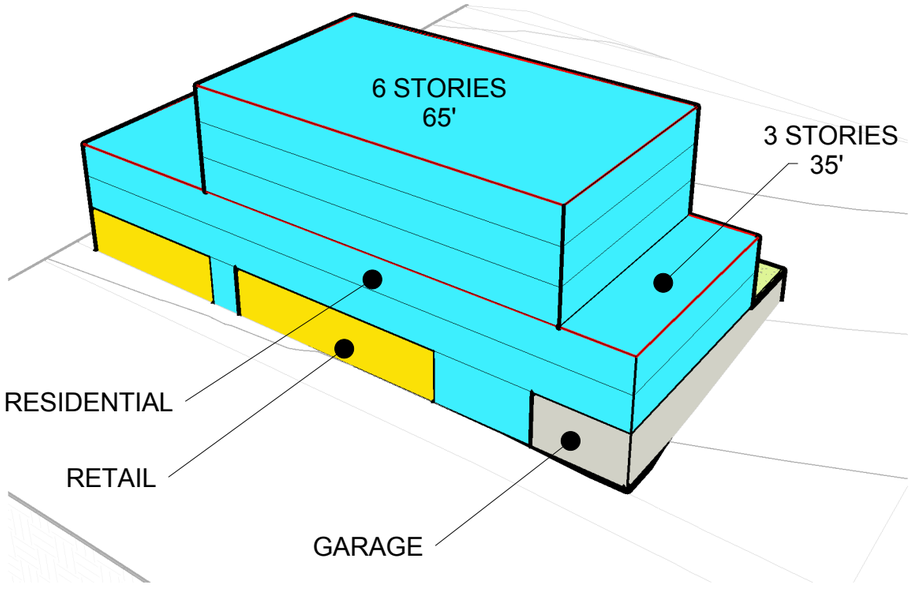
AFFORDABLE HOUSING BONUS PROGRAM

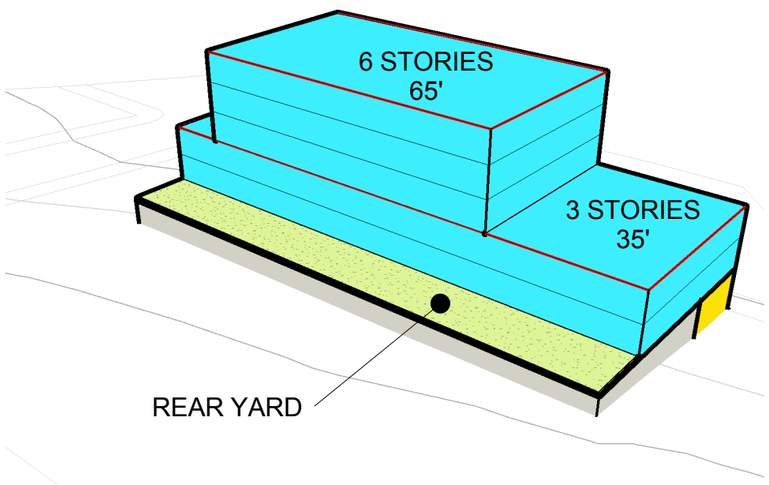
DENSITY INCREASE TO FULL ENVELOPE

56 UNITS*
64,239 RESIDENTIAL GSF

64,239 GSF / 56 UNITS = **1,147 GSF AVG UNIT SIZE**
ACCOMMODATIONS NEEDED: HEIGHT, BULK
HEIGHT INCREASED FROM 65' TO 85'
56 UNITS IS 133 % INCREASE IN DENSITY FROM BASE CASE

*NOTE: ASSUMED 56 UNITS NEEDED FOR FINANCIAL VIABILITY PER RESULTS OF FINANCIAL ANALYSIS





FE GROSS AREA

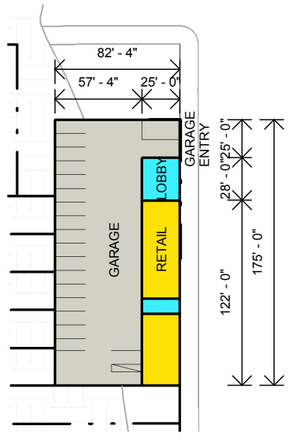
Garage	10654 SF
Retail	2800 SF
Residential	42607 SF
Grand total	56061 SF

Open Space	3588 SF

Open Space Required: 24 UNITS X 100 SF = 2,400 SF

Residential Average Unit Size - 1775 GSF

19 Parking Spaces



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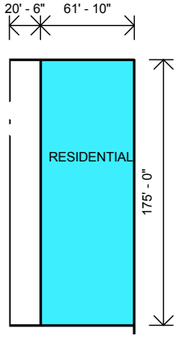

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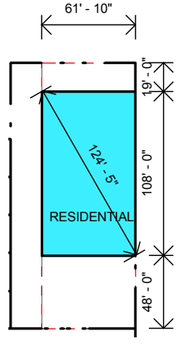

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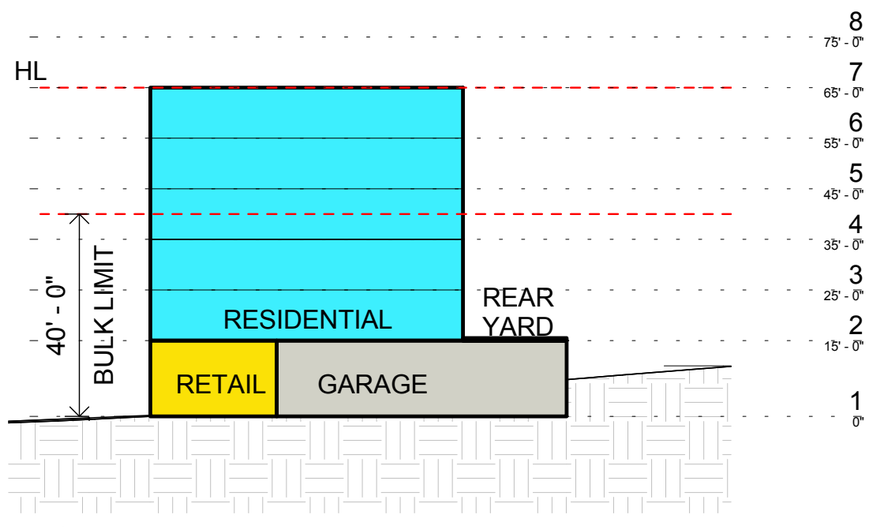


Section 1" = 30'-0"

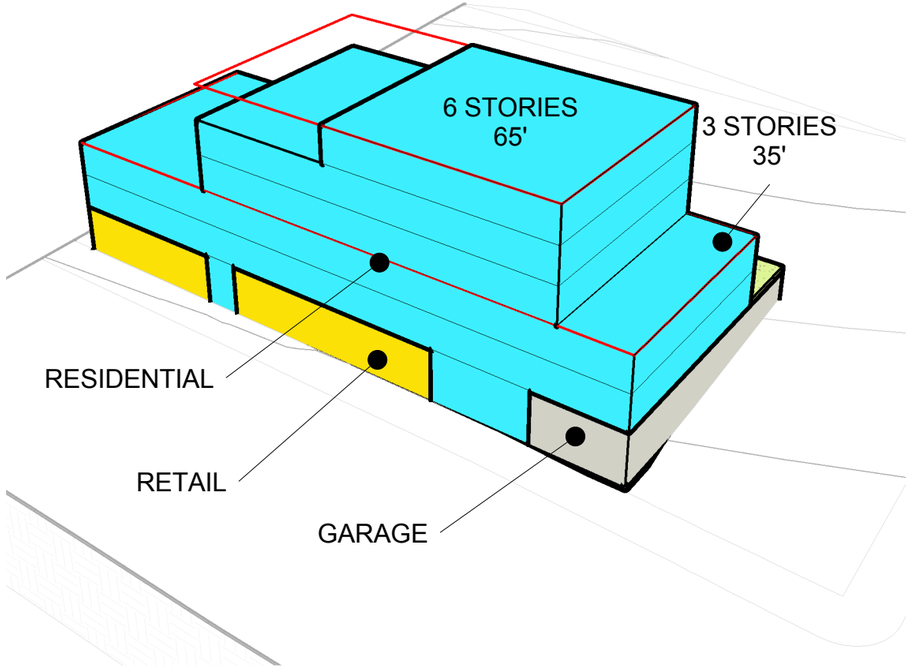
David Baker Architects
www.dbarchitect.com
Seifel CONSULTING INC.

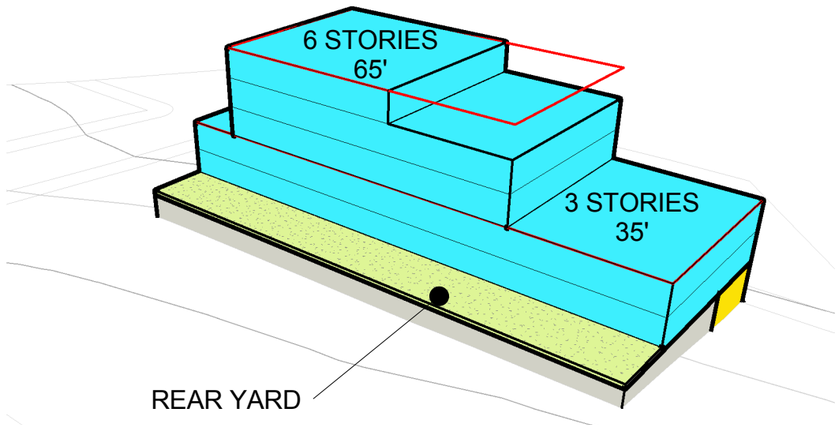
FULL ENVELOPE BUILD OUT

NCD

08/2015

PROTOTYPE 1





MARKET GROSS AREA

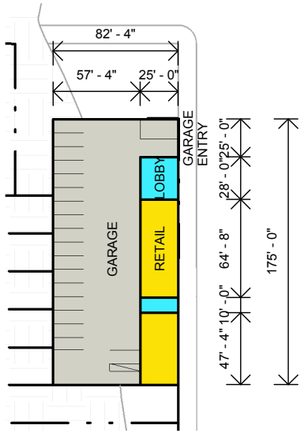
Garage	10654 SF
Retail	2800 SF
Residential	40011 SF
Grand total	53465 SF

Open Space	3588 SF

Open Space Required: 24 UNITS X 100 SF = 2,400 SF

Residential Average Unit Size - 1667 GSF

19 Parking Spaces



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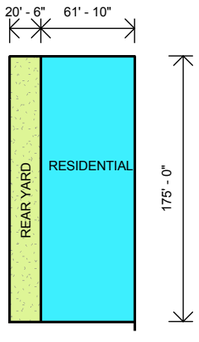

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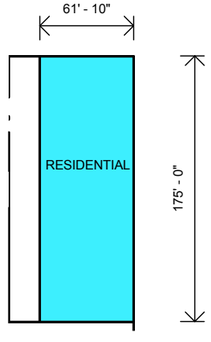

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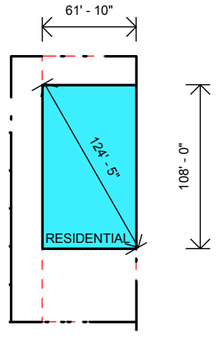

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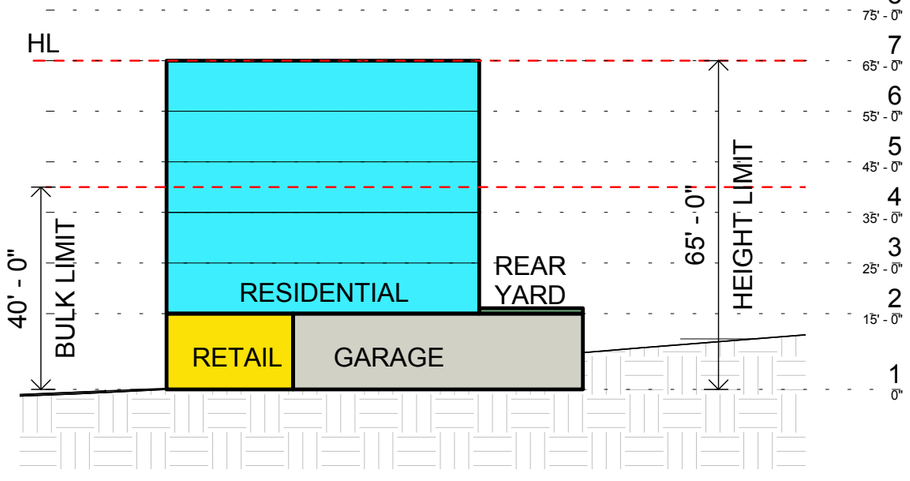

Section 1" = 30'-0"

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MARKET INFORMED BASE CASE

NCD

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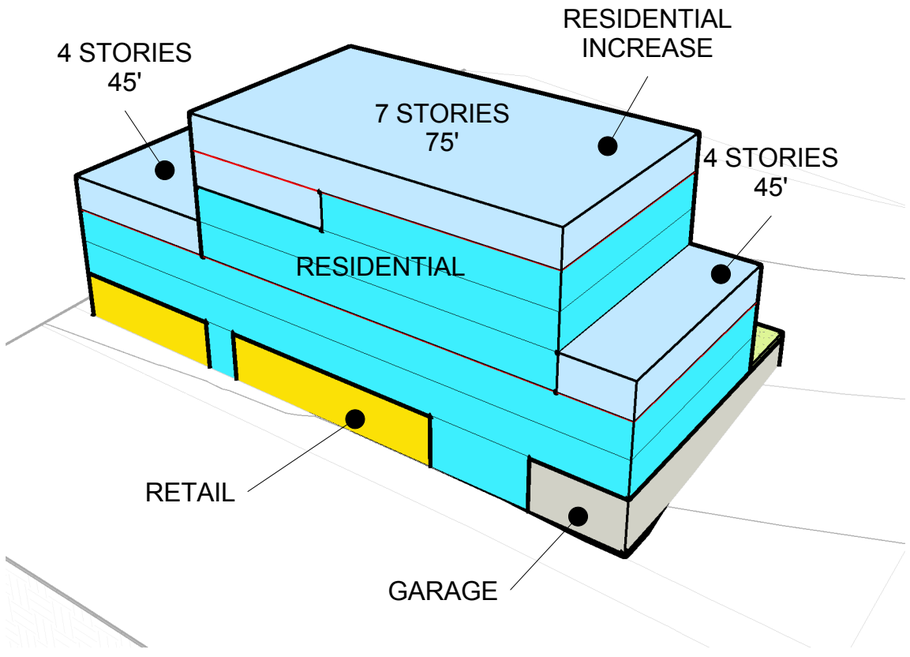
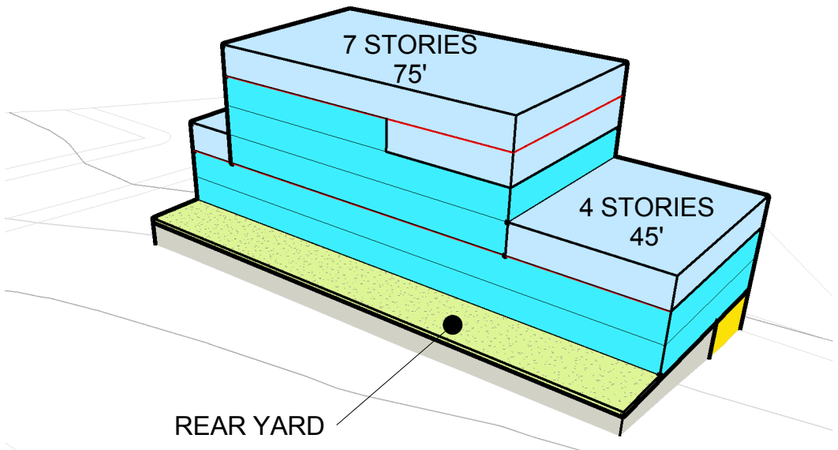
2.1

PROTOTYPE 1





ACCOMMODATIONS NEEDED: HEIGHT, BULK

MARKET + 35% AREA	
Retail	2800 SF
Residential	53424 SF
Garage	10654 SF
Grand total	66877 SF

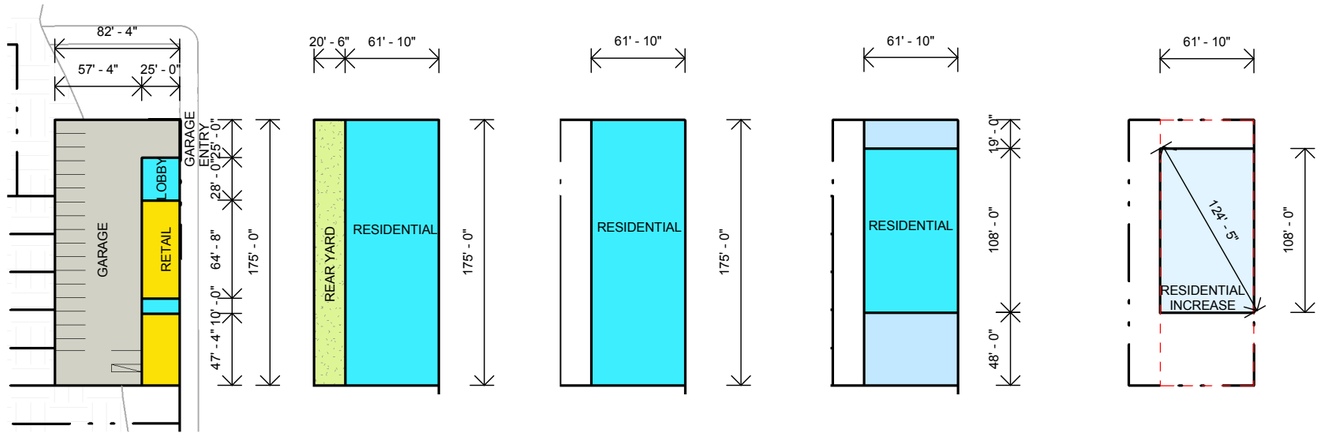
Residential Increase	13412 SF
Residential	40011 SF
	53424 SF

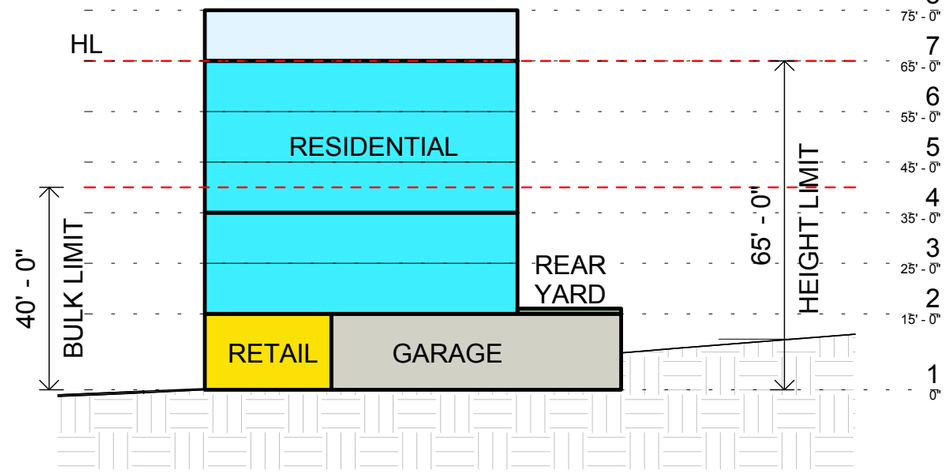
Open Space	3588 SF

Open Space Required: 32 UNITS X 100 SF = 3,200 SF

Residential Average Unit Size - 1667 GSF

19 Parking Spaces





1 1" = 100'-0" 2 1" = 100'-0" 3 1" = 100'-0" 4 1" = 100'-0" 5-7 1" = 100'-0"

Section 1" = 30'-0"

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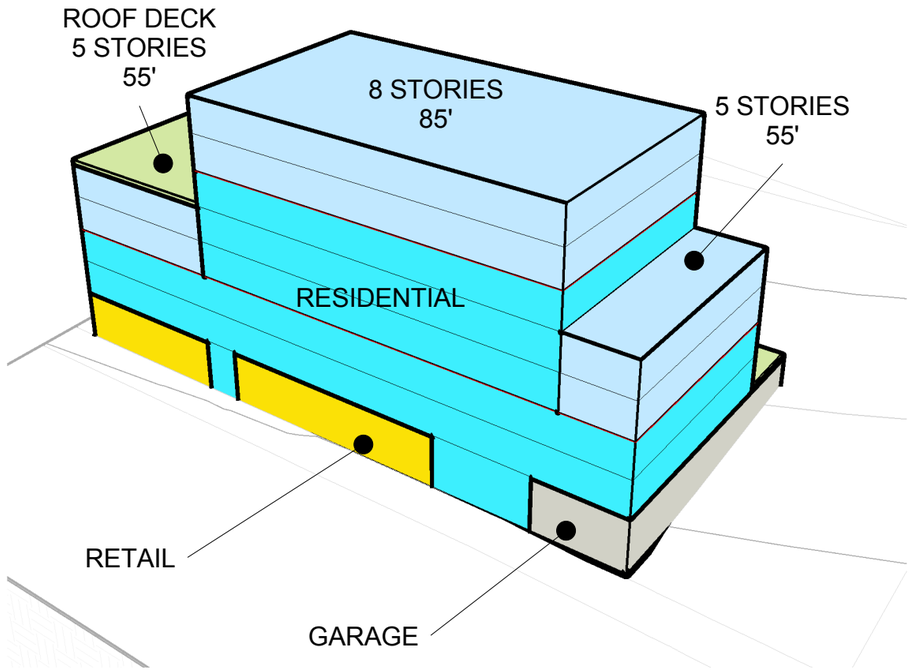
MARKET BASE + 35% DENSITY INCREASE

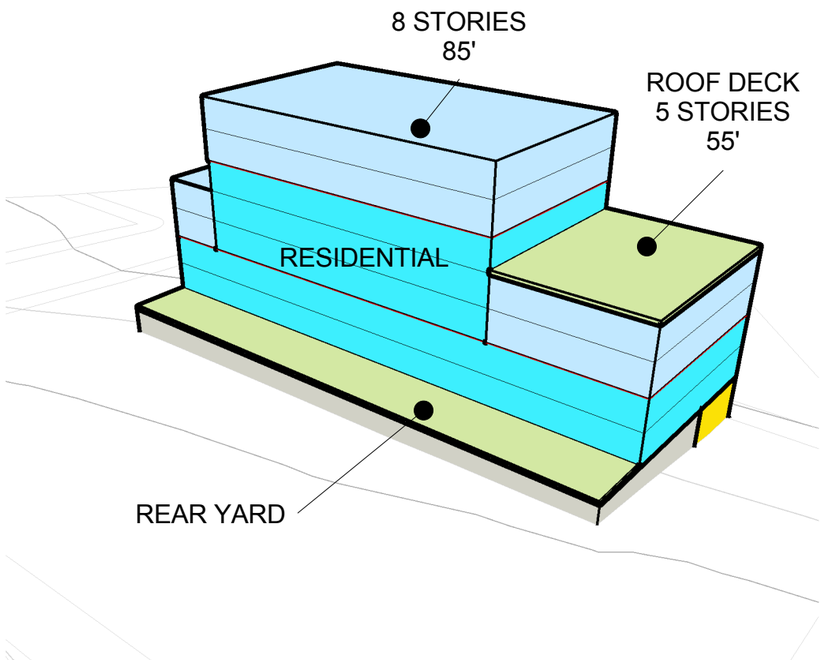
NCD

08/2015

2.2

PROTOTYPE 1





ACCOMMODATIONS NEEDED: HEIGHT, BULK

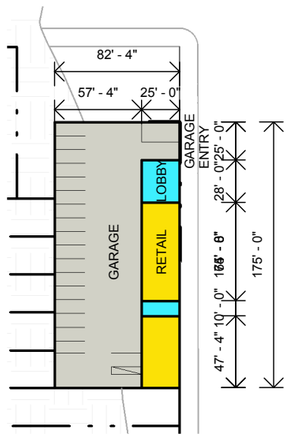
BONUS PROGRAM	
Garage	10654 SF
Residential	64239 SF
Retail	2800 SF
Grand total	77693 SF

Open Space	5751 SF

Open Space Required: 56 UNITS X 100 SF = 5,600 SF

Residential Average Unit Size - 1147 GSF

19 Parking Spaces



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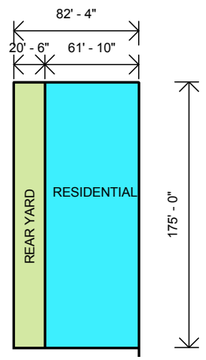

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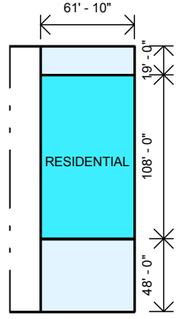

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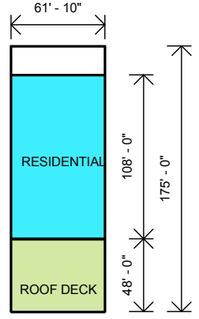

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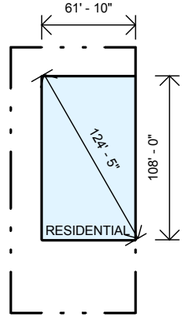

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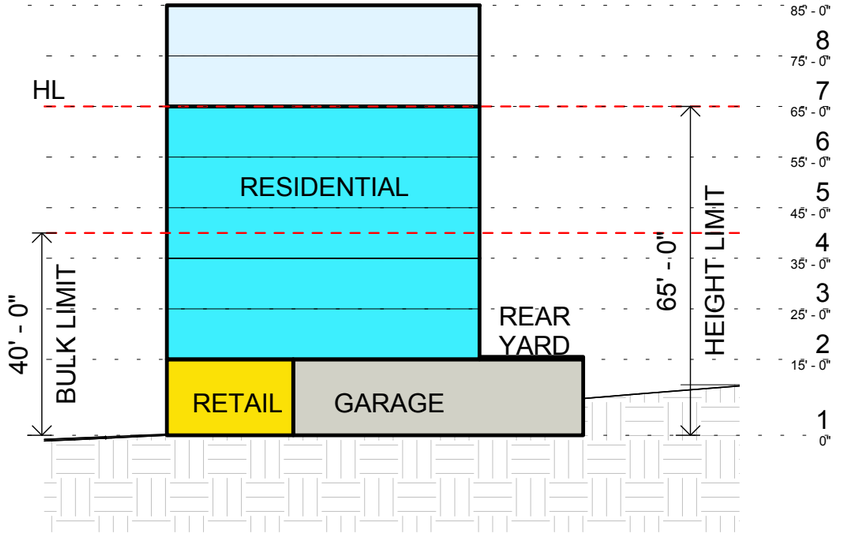


Section 1" = 30'-0"

RC-4

VAN NESS SPECIAL USE DISTRICT

ZONING PARAMETERS

ZONING CLASSIFICATIONS: RC-4, VAN NESS SPECIAL USE DISTRICT
LOT: 0594001

LOT AREA: 24, 201 SF

HEIGHT AND BULK: 80-D

BULK DISTRICT	Height Above Which Maximum Dimensions Apply (in feet)	Maximum Plan Dimensions (in feet)	
		Length	Diagonal dim.
D	40	110	140

REAR YARD: 25% OF LOT DEPTH, NO LESS THAN 15 FEET (AT DWELLINGS LEVELS ONLY). MAY BE WAIVED 243 (C) (7) (25% OF LOT DEPTH = 34.5) PER PC SECT. 134 (a) (c) REAR YARD SHALL BE PROVIDED AT LOWEST STORY CONTAINING A DWELLING UNIT

DENSITY: 1 PER 200 SF OF LOT AREA = 24,201 SF / 200 = **121 UNITS MAX**
PER SECT. 243, DENSITY CONSTRAINTS ARE WAIVED.

FLOOR AREA RATIO: DOES NOT APPLY TO DWELLINGS PER RC-4 BUT **DOES** APPLY IN VAN NESS SUD = 4.8:1 (PARKING NOT INCLUDED)

4.8 X 24,201 SF TOTAL LOT AREA = **116,164.8 SF TOTAL BLDG AREA ALLOWED**

FRONT SETBACK: NONE, NO REQ. PER RC-4 BUT PER VNSUD, SEC. 253.2 MAY APPLY WHERE ABOVE 50' ALONG VAN NESS, 20' IS REQ. - ASSUME NO SETBACK ALONG VAN NESS IS REQ.

USABLE OPEN SPACE: 36 SF PER UNIT IF ALL PRIVATE; 80 SF IF COMMON SPACE. 36 SF PER UNIT FOR LIVE/WORK
80 SF X 121 UNITS **= 9680 SF**

PARKING REQ: 1 PER 4 DWELLING UNITS, BUT POTENTIAL MODIFICATION/WAIVER BY ZA PER SECT. 161(J).

SCENARIO A

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

BASE FAR IS **4.8** X 24,201 (LOT AREA) = **116,165* SF** OF BLDG AREA ALLOWED (EXCLUDING GARAGE)

***BASE CASE IS UNABLE TO REACH MAX ALLOWED UNDER FAR BECAUSE OF HEIGHT AND BULK LIMITATIONS.**
Per PC Section 243, density constraints on this site are waived and FAR does apply to this site per the Van Ness SUD. It should be noted that this is a very unique condition because FAR rarely applies to residential.

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND BULK REQUIREMENTS = **76,691 SF RESIDENTIAL** (TOTAL FAR ACHIEVABLE = 86,682 SF)

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 76,691 SF / 121 UNITS = **634 GSF AVG. UNIT SIZE**

SCENARIO B

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND BULK REQUIREMENTS **= 76,691 SF RESIDENTIAL**

ASSUMING 78% EFFICIENCY (PER TSP STUDY) **= 60 UNITS ACHIEVABLE WITHIN ALLOWED HEIGHT AND BULK CONSTRAINTS**

RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 76,691 SF / 60 UNITS = **1278 SF AVG. GROSS UNIT**

FULL ENVELOPE BUILD OUT AND MARKET BASE CASE ARE THE SAME AMOUNT OF RESIDENTIAL SF AND ARE BOTH INCLUDED ON SHEET 2.

SCENARIO C

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

60 UNITS ACHIEVABLE X 1.35% DENSITY INCREASE **= 81 UNITS**
1,000 NET SF / 1,333 GROSS SF ASSUMED UNIT SIZE

81 UNITS ALLOWED x 1,333 GROSS SF ASSUMED UNIT SIZE **= 107,973 ALLOWED RESIDENTIAL GSF**

ACCOMMODATIONS NEEDED: HEIGHT, BULK, FAR, REAR YARD

SCENARIO D

AFFORDABLE HOUSING BONUS PROGRAM

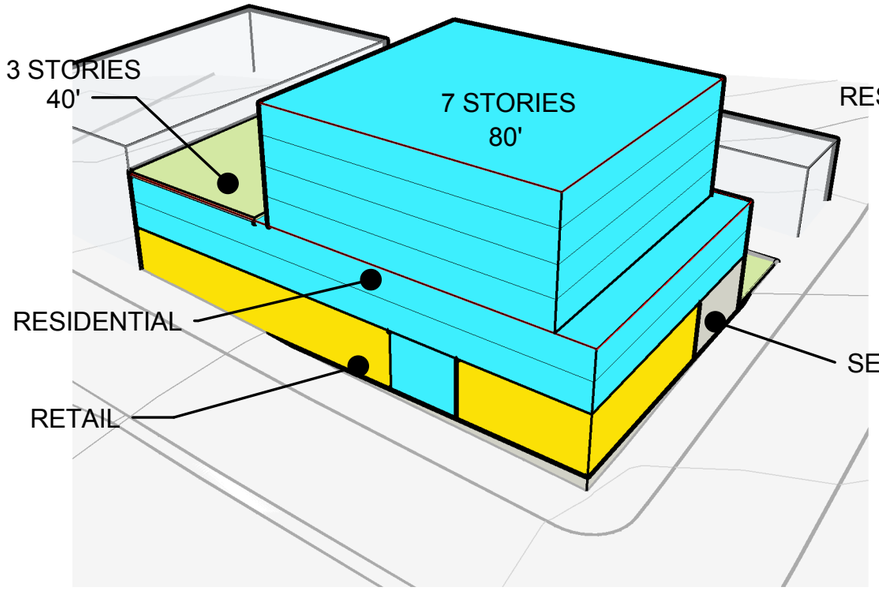
DENSITY INCREASE TO FULL ENVELOPE

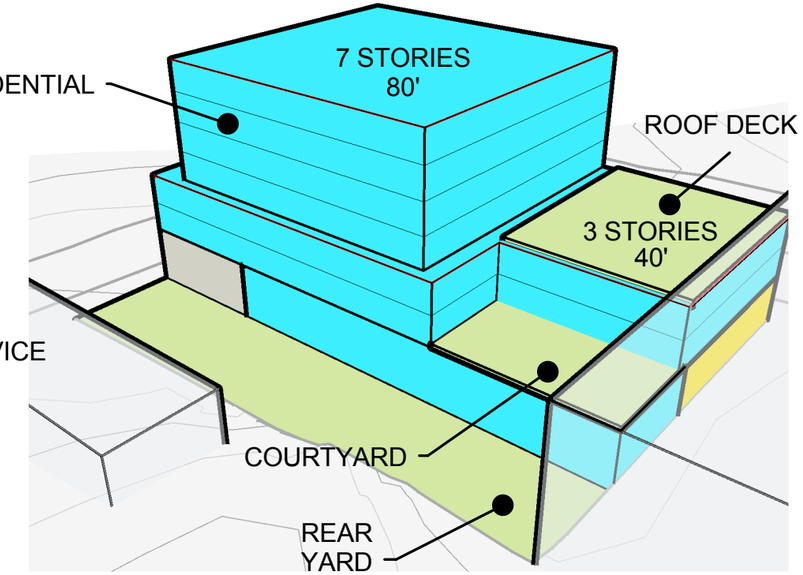
123 UNITS*
119,267 RESIDENTIAL GSF

119,267 GSF / 123 UNITS = **970 AVG GSF UNIT SIZE**

ACCOMMODATIONS NEEDED: HEIGHT, BULK, FAR, REAR YARD
HEIGHT INCREASED FROM 80' TO 100'
123 UNITS IS 105 % INCREASE IN DENSITY FROM BASE CASE

*NOTE: ASSUMED 123 UNITS NEEDED FOR FINANCIAL VIABILITY PER RESULTS OF FINANCIAL ANALYSIS





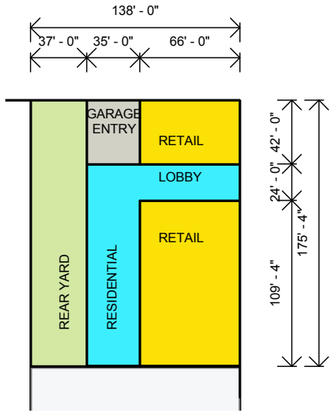
FE/MARKET AREA

Garage	25672 SF
Residential	76921 SF
Retail	9991 SF
Grand total	112583 SF

Open Space	12303 SF

Open Space Required: 121 UNITS X 80 SF = 9,680 SF

Residential Average Unit Size - 634 GSF (FE)
Residential Average Unit Size - 1278 GSF (MARKET)
49 Parking Spaces / 49 Required
Garage - 18 Spaces Required for Commercial



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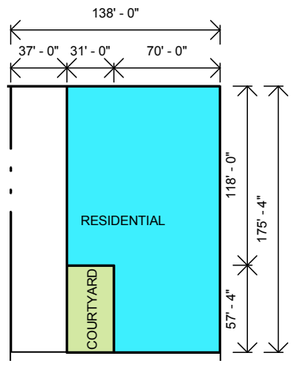

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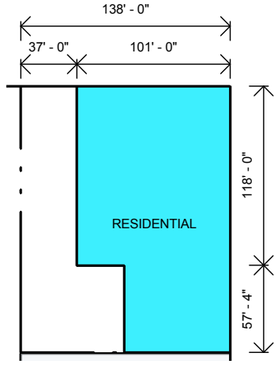
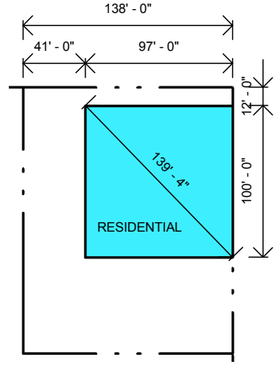
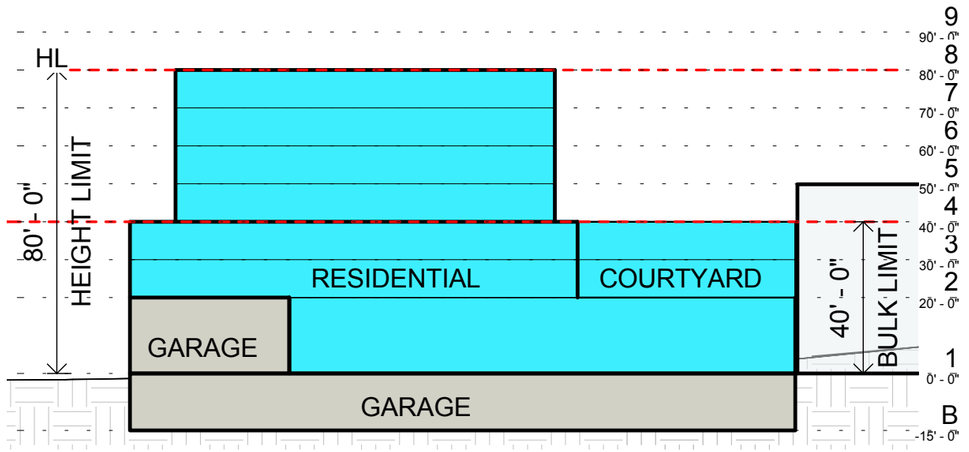


3 1" = 100'-0"



4-7 1" = 100'-0"



Section 1" = 40'-0"

ACCOMMODATIONS NEEDED: HEIGHT, BULK, FAR, REAR YARD

MARKET + 35% AREA	
Garage	25672 SF
Residential	108252 SF
Retail	9991 SF
Grand total	143915 SF

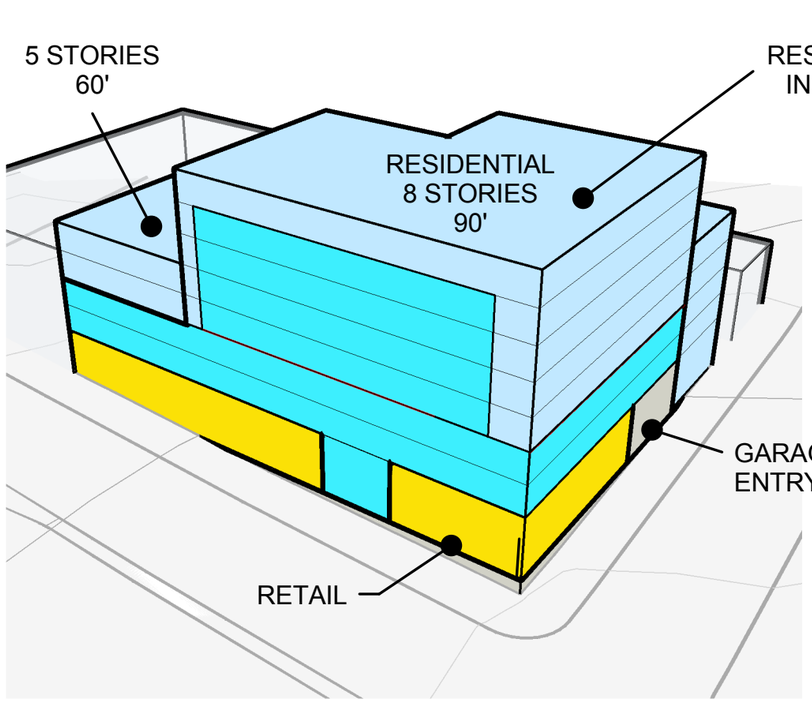
Residential	69409 SF
Residential Increase	38844 SF
	108252 SF

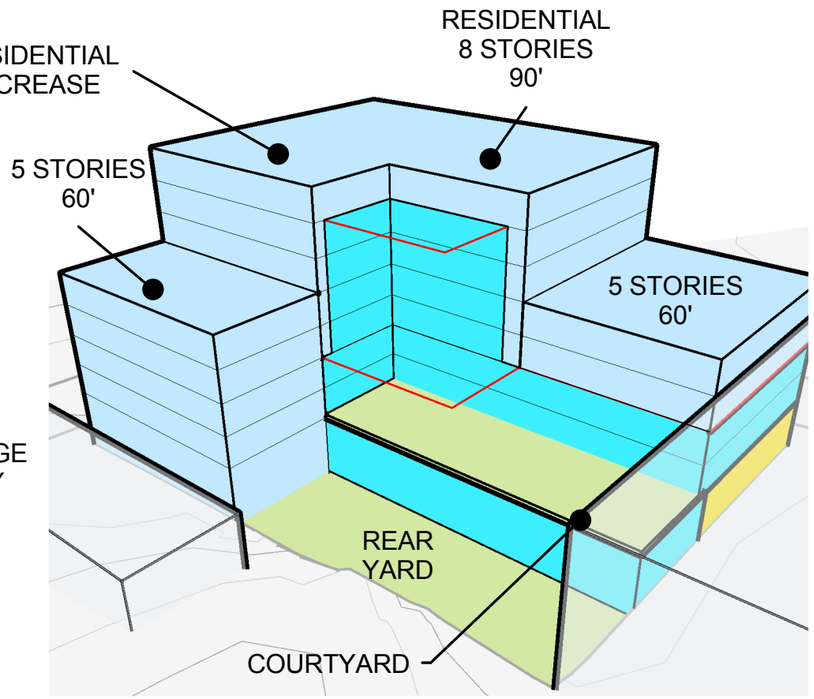
Open Space	9986 SF

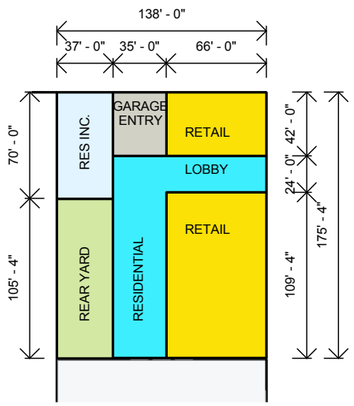
Open Space Required: 81 UNITS X 80 SF = 6,480 SF

Residential Average Unit Size - 1333 GSF

39 Parking Spaces / 39 Required
Garage - 18 Spaces Required for Commercial







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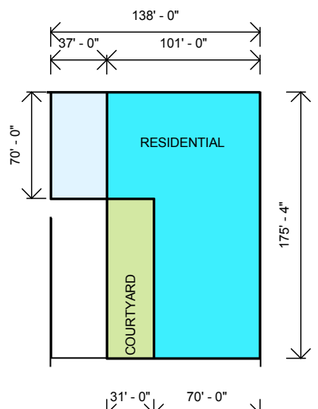

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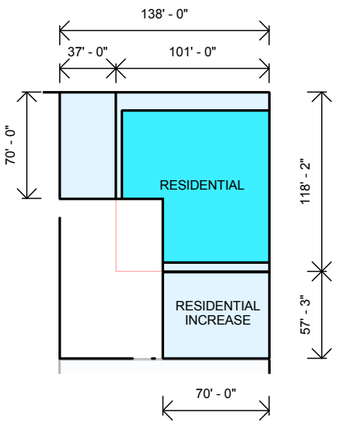

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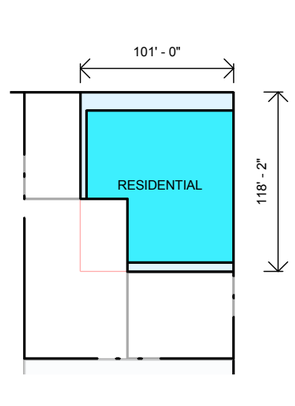
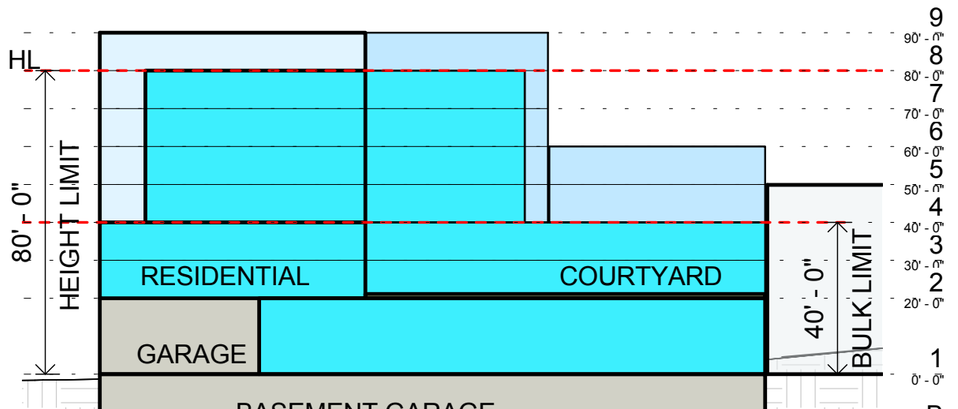


6-7 1" = 100'-0"



Section 1" = 40'-0"

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Seifel CONSULTING INC.

MARKET CASE + 35 % DENSITY INCREASE

RC-4

08/2015

2.1

PROTOTYPE 2

ACCOMMODATIONS NEEDED: HEIGHT, BULK, FAR, REAR YARD

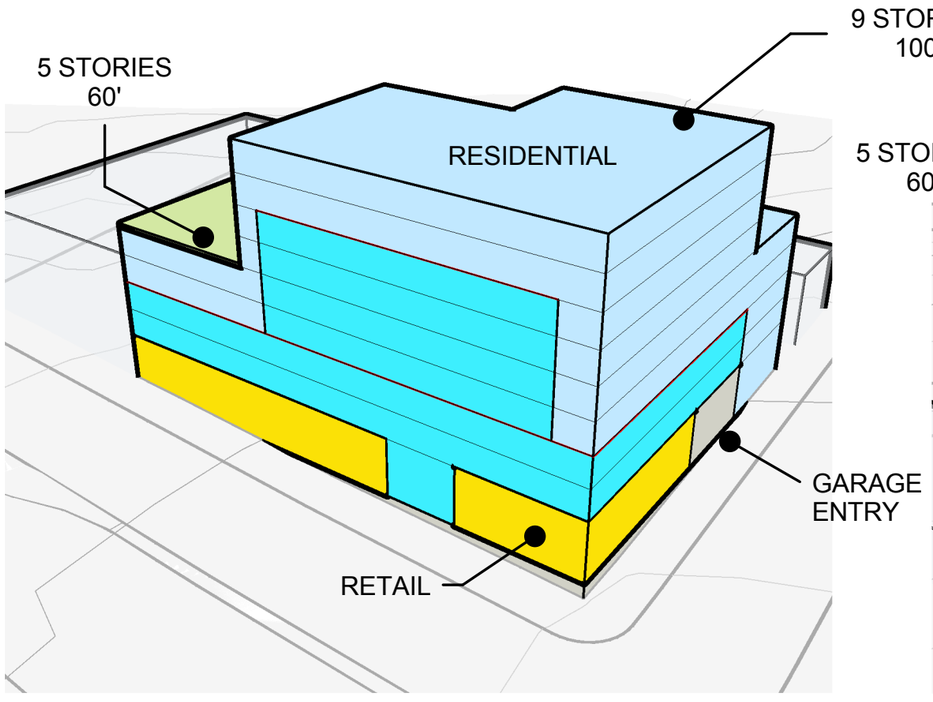
BONUS PROGRAM	
Garage	25672 SF
Residential	119267 SF
Retail	9991 SF
Grand total	154930 SF

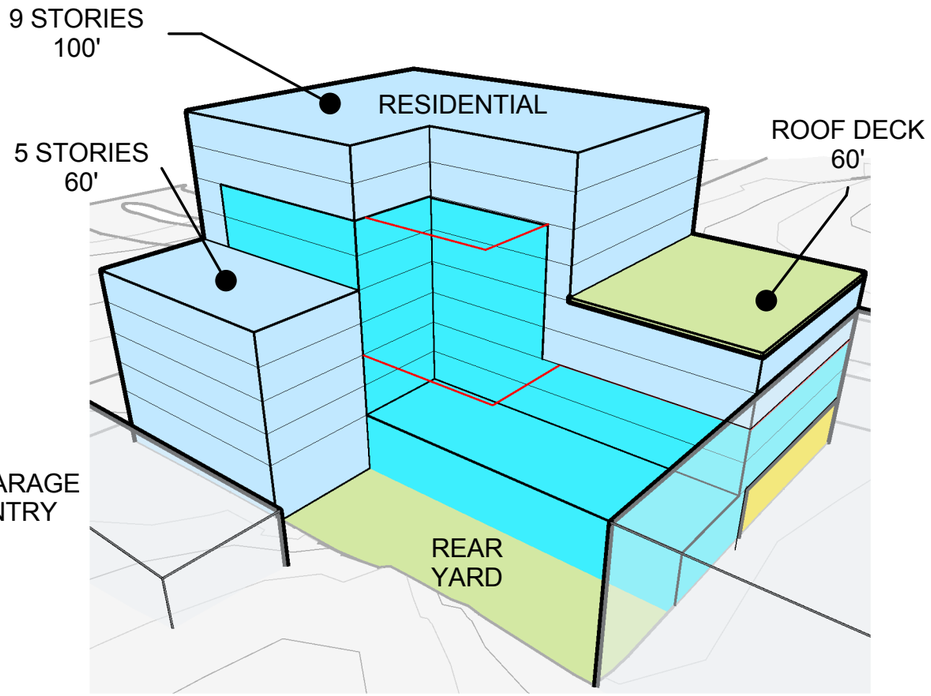
Open Space	11501 SF

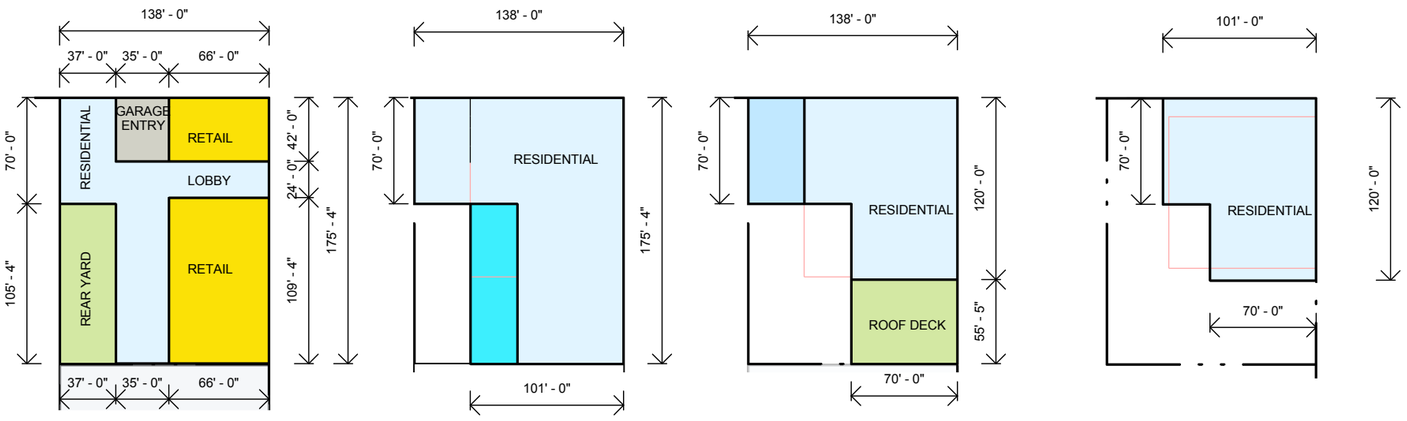
Open Space Required: 123 UNITS X 80 SF = 9,840 SF

Residential Average Unit Size - 970 GSF

49 Parking Spaces / 49 Required
Garage - 18 Spaces Required for Commercial





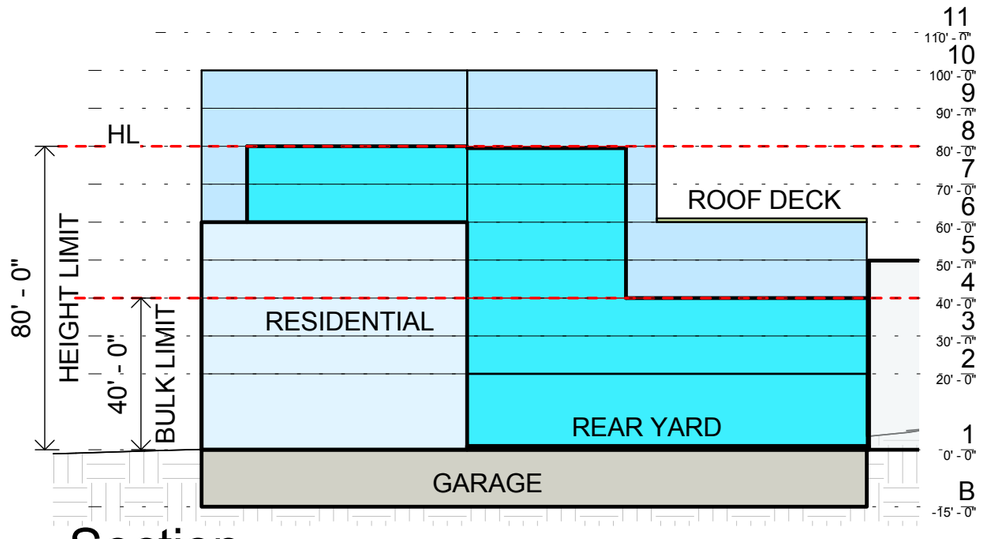


1 1" = 100'-0"

2-4 1" = 100'-0"

5 1" = 100'-0"

6-9 1" = 100'-0"



Section 1" = 40'-0"

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AFFORDABLE HOUSING BONUS PROGRAM

RC-4

08/2015

2.2

PROTOTYPE 2

NC-1

OUTER SUNSET

ZONING PARAMETERS

ZONING CLASSIFICATIONS: NC-1
LOTS: 1800010D

LOT AREA: 13,500 SF

HEIGHT AND BULK: 40-X

REAR YARD: (SECT 134): 25% lot depth no less than 15 feet, AT GRADE. Can be a corner configuration per Sec. 134(e)(2).

DENSITY: 1 unit / 800 sq. ft lot area 13,500/800 = **17 UNITS**

FLOOR AREA RATIO: 1.8:1 (DOES NOT APPLY TO RESIDENTIAL USES)

FRONT SETBACK: NONE

STREET FRONTAGE: Commercial not required. Active uses required (res. or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

USABLE OPEN SPACE: 100SF / DU if private, 133 SF if common (also consider min. dimension reqs.)
17 UNITS x 133 SF = **2,261 SF**
PARKING REQ.: 1:1 but potential modification/waiver by ZA per sec. 161(j)

GROUND FLOOR HEIGHT (SECT 145.1): 10' MINIMUM (Floor to floor)
- 5' Ground floor height bump allowed per section 263.20

SCENARIO A

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 13,500 / 800 SF = **17 UNITS (MAX ALLOWED)**

BASE RESIDENTIAL AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS = **32,073 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 32,073 SF / 17 UNITS = **1,887 SF AVG. GROSS UNIT**

SCENARIO B

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 13,500 / 800 SF **= 17 UNITS (MAX ALLOWED)**

1250 NET SF / 1667 GROSS SF ASSUMED UNIT SIZE

1667 GSF x 17 = **28,339 ALLOWED RESIDENTIAL GSF**
THE MARKET INFORMED BASE CASE IS LESS THAN THE ALLOWABLE BUILDING ENVELOPE.

SCENARIO C

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 13,500 / 800 SF **= 17 UNITS (MAX ALLOWED)**

1250 NET SF / 1667 GROSS SF ASSUMED UNIT SIZE

17 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE = **23 UNITS ALLOWED**
23 UNITS ALLOWED x 1667 GROSS SF ASSUMED UNIT SIZE **= 38,341 ALLOWED RESIDENTIAL GSF**
ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD, PARKING

SCENARIO D

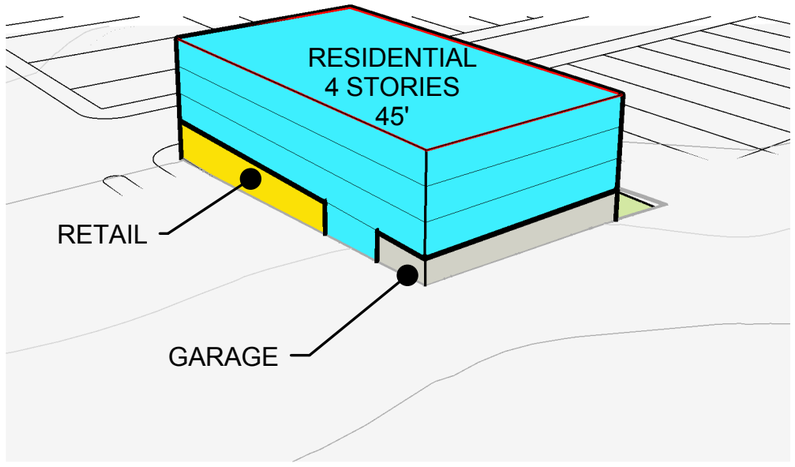
AFFORDABLE HOUSING BONUS PROGRAM

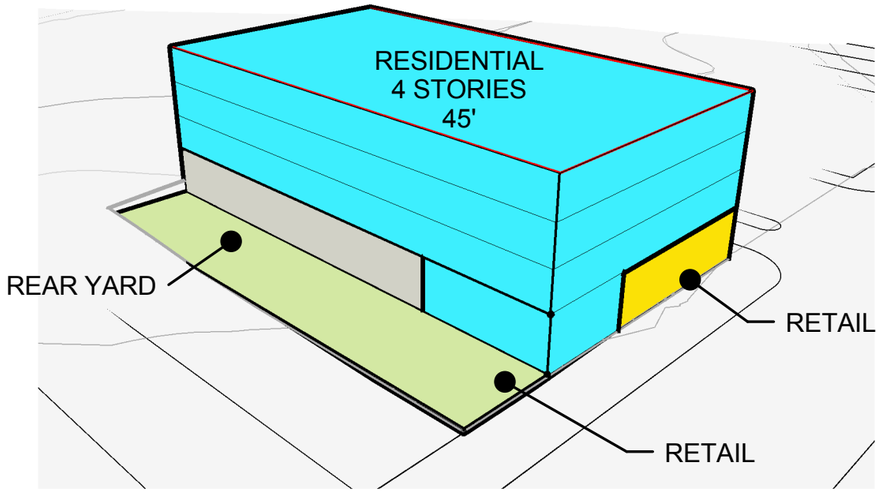
DENSITY INCREASE TO FULL ENVELOPE

56,651 RESIDENTIAL GSF
ASSUMED UNIT SIZE FROM MARKET INFORMED BASE CASE = **1,667 GSF UNIT SIZE**

56,651 SF / 1667 SF **= 34 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD, PARKING
HEIGHT INCREASED TO 65' FROM 45'
34 UNITS IS 200% INCREASE IN ALLOWED UNITS FROM BASE CASE





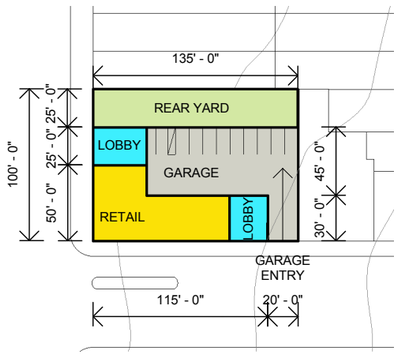
FE Gross Area	
Garage	5103 SF
Residential	32073 SF
Retail	3403 SF
Grand total	40579 SF

Open Space	3390 SF

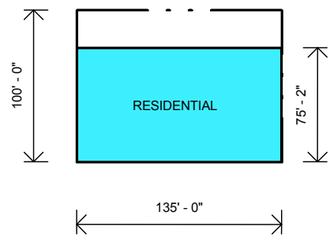
Open Space Required: 17 UNITS X 133 SF = 2,261 SF

Residential Average Unit Size - 1887 GSF

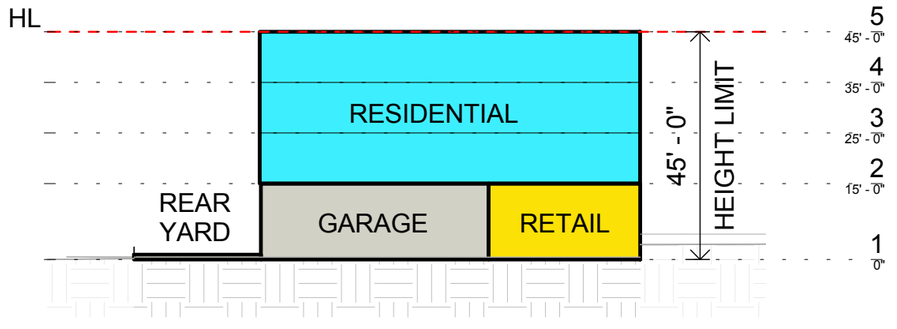
18 Parking Spaces (Lifts) / 17 Required



1 1" = 100'-0"



2-4 1" = 100'-0"



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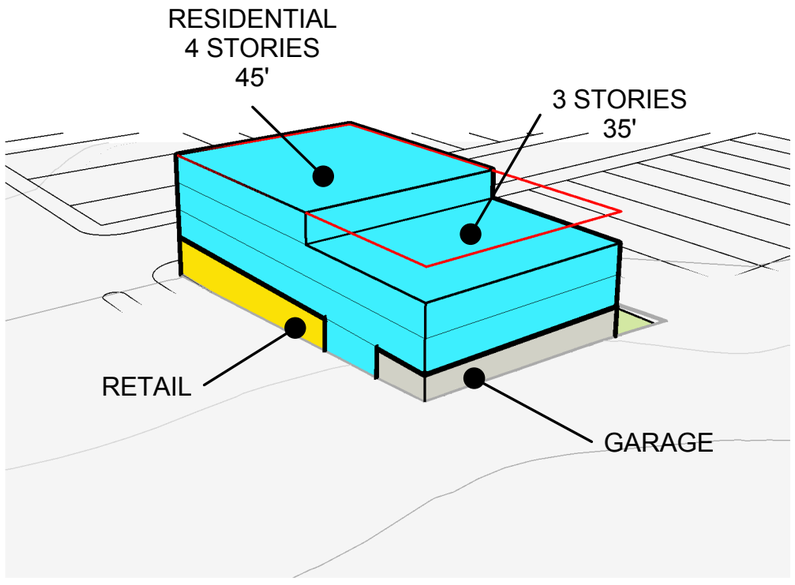
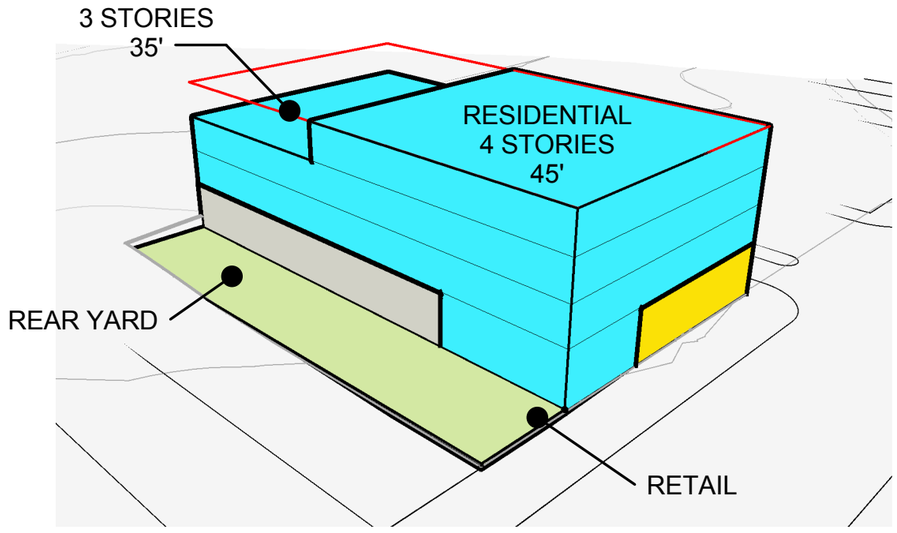




MARKET BASE CASE

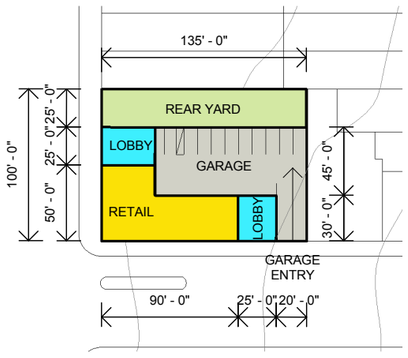
Garage	5102 SF
Residential	27862 SF
Retail	3404 SF
Grand total	36368 SF

Open Space	3386 SF

Open Space Required: 17 UNITS X 133 SF = 2,261 SF

Residential Average Unit Size - 1667 GSF

18 Parking Spaces (Lifts) / 17 Required



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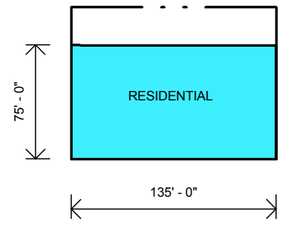
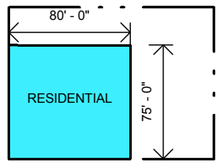
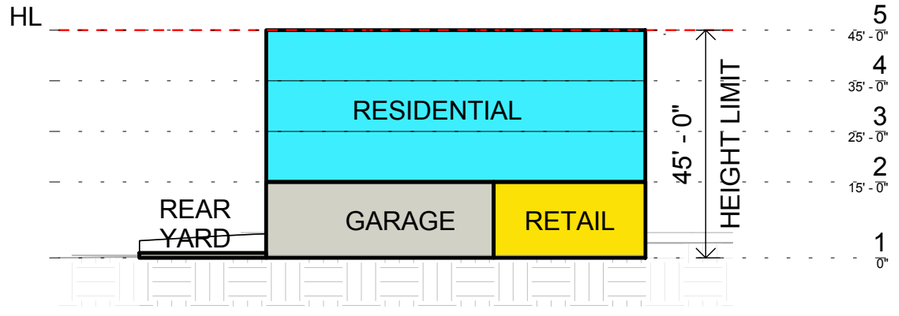




2-3 1" = 100'-0"

4 1" = 100'-0"



Section 1" = 30'-0"

David Baker Architects
www.dbarchitect.com

Seifel CONSULTING INC.

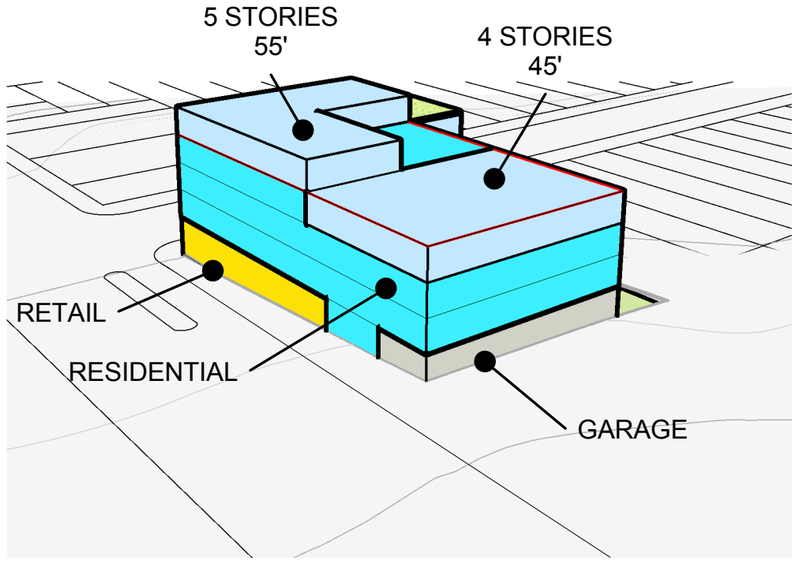
MARKET INFORMED BASE CASE

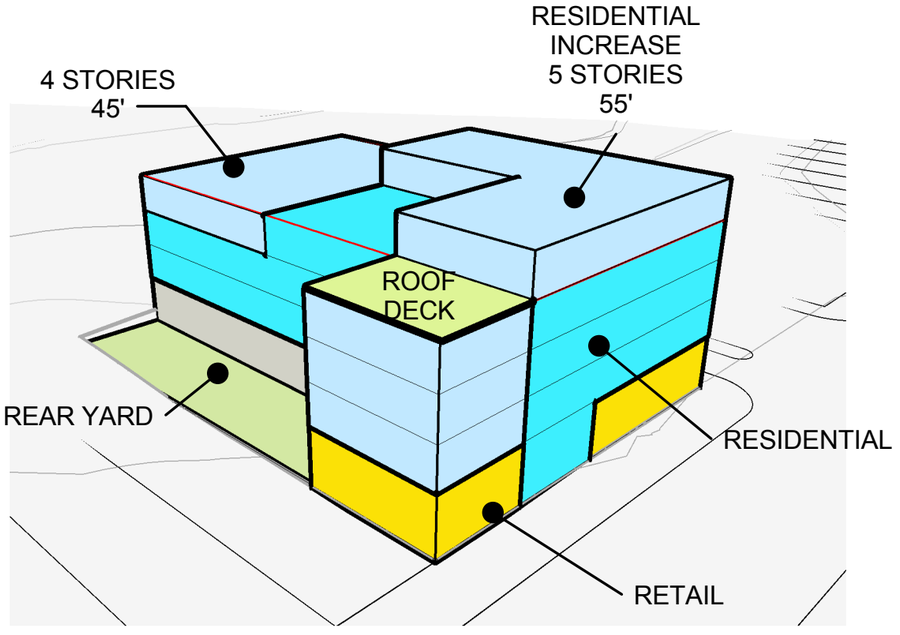
NC-1

08/2015

2.1

PROTOTYPE 3





ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD, PARKING

MARKET + 35% AREA	
Retail	4281 SF
Residential	38965 SF
Garage	5098 SF
Grand total	48344 SF

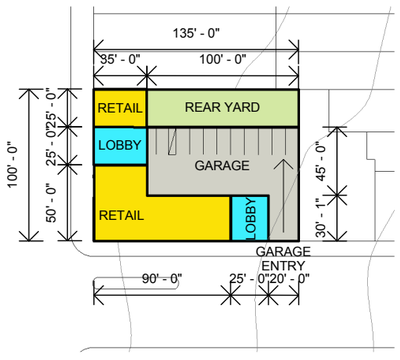
Residential Increase	10969 SF
Residential	27996 SF
	38965 SF

Open Space	3342 SF

Open Space Required: 23 UNITS X 133 SF = 3,059 SF

Residential Average Unit Size - 1667 GSF

18 Parking Spaces (Lifts) / 23 Required



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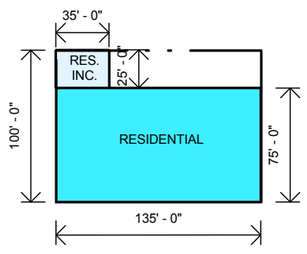

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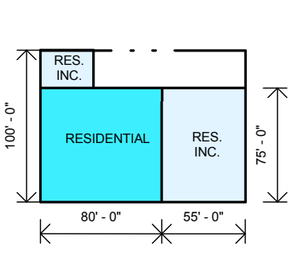

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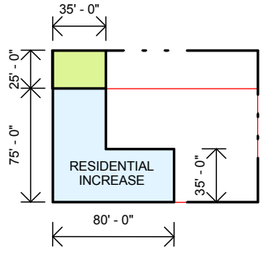

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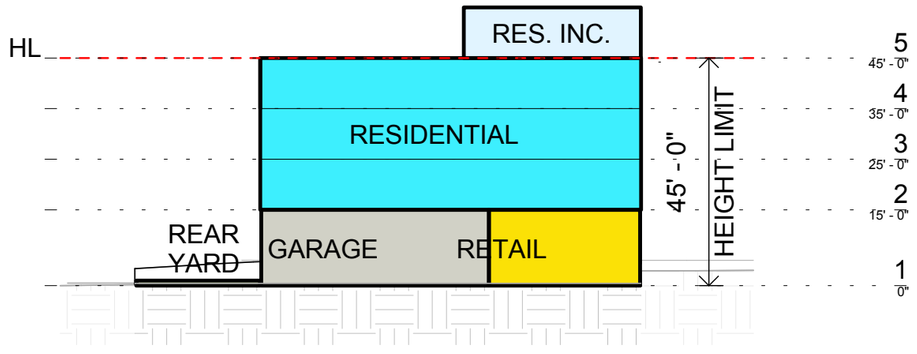

Section 1" = 30'-0"

David Baker Architects
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Seifel CONSULTING INC.

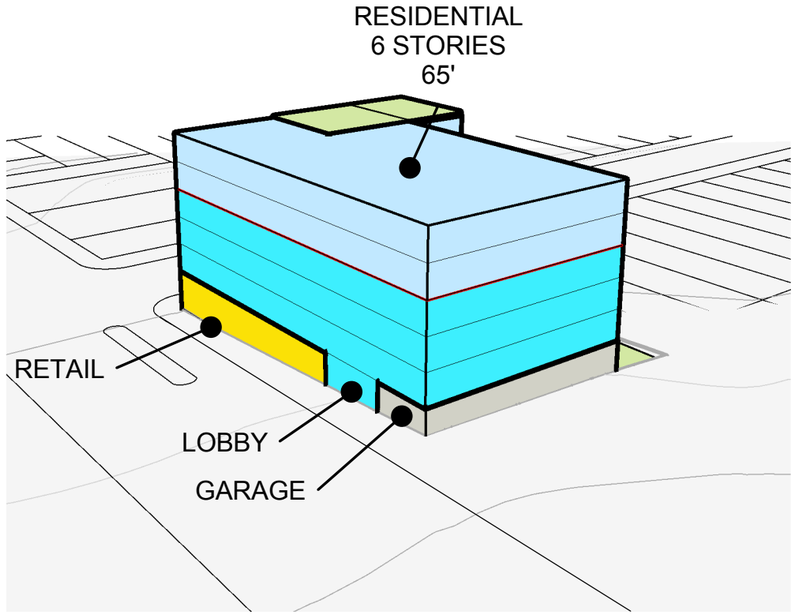
MARKET BASE + 35 % DENSITY INCREASE

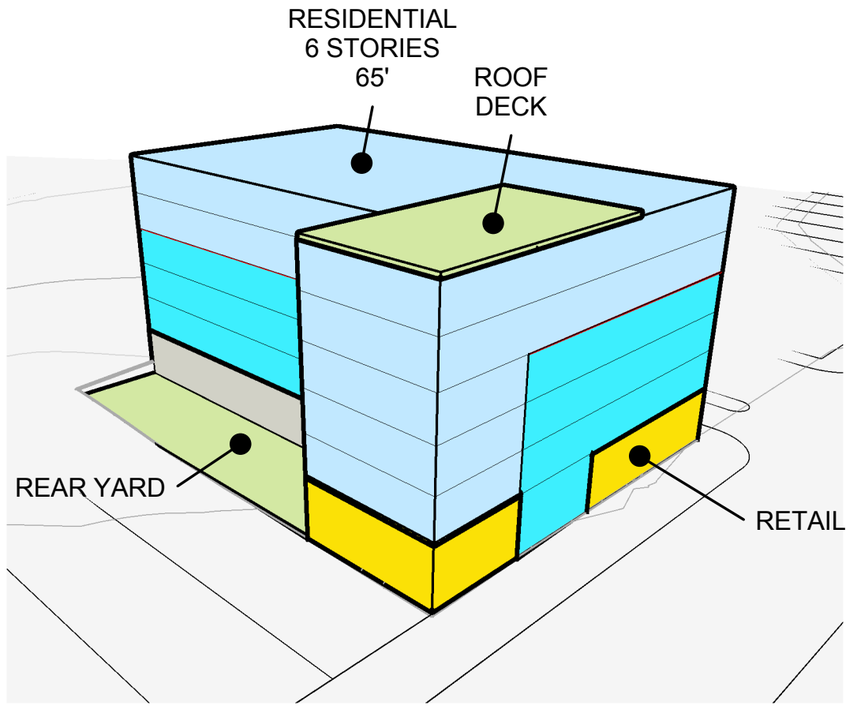
NC-1

08/2015

2.2

PROTOTYPE 3





ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD, PARKING

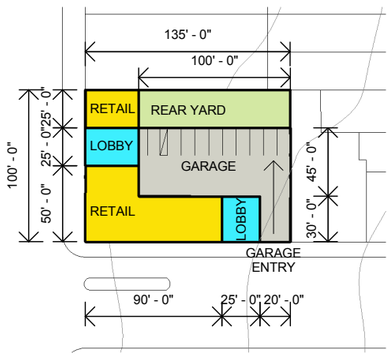
BONUS PROGRAM	
Retail	3403 SF
Residential	56651 SF
Garage	5103 SF
Grand total	65157 SF

Open Space	4606 SF

Open Space Required: 34 UNITS X 133 SF = 4,522 SF

Residential Average Unit Size - 1667 GSF

18 Parking Spaces (Lifts) / 34 Required



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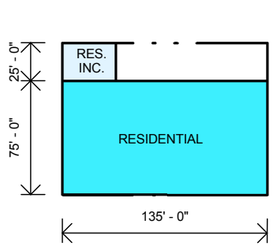
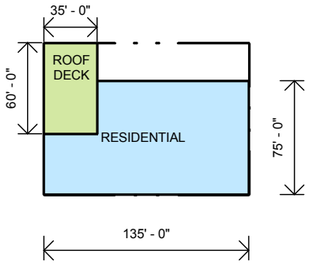
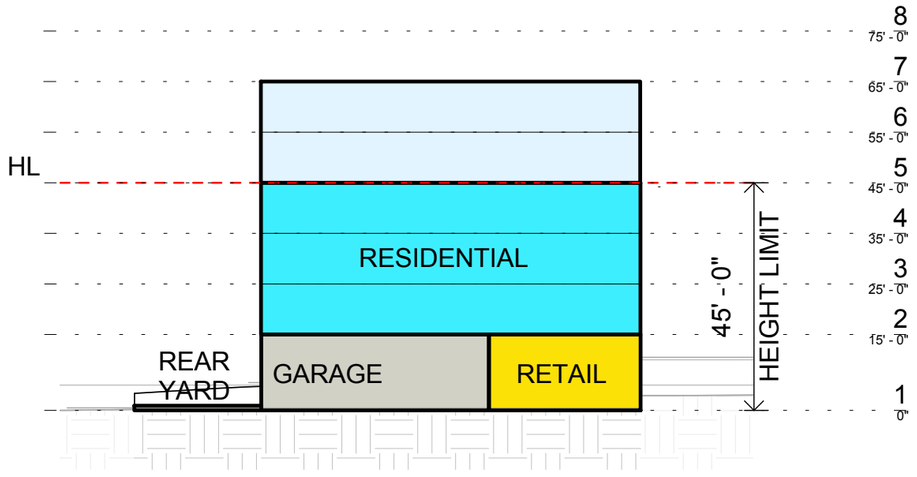


2-6 1" = 100'-0"



7 1" = 100'-0"



Section 1" = 30'-0"

NC-3

INNER RICHMOND

ZONING PARAMETERS

ZONING CLASSIFICATIONS: NC-3
LOTS: 1091024

LOT AREA: 5,000 SF

HEIGHT AND BULK: 40-X

REAR YARD: (SECT 134): 25% at the lowest story containing a DU and above. Can be a corner configuration per Sec. 134(e)(2).

DENSITY (SECT 745) : 1 unit / 600 sq. ft lot area 5,000/600 = **8 UNITS**

FLOOR AREA RATIO: 1.8:1 (DOES NOT APPLY TO RESIDENTIAL USES)

FRONT SETBACK: NONE

STREET FRONTAGE: Commercial not required. Active uses required (res. or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

USABLE OPEN SPACE: 100 SF / DU if private, 133 SF if common (also consider min. dimension reqs.)

133 SF X 8 UNITS = **1064 SF**

PARKING REQ.: 1:1 with potential modification/waiver by ZA per Sect. 161(j)

GROUND FLOOR HEIGHT (SECT 145.1): 10', Minimum 14' (Floor to Floor) for non-residential not required in 40' Height District
- +5' Ground Floor Height Bump Allowed

SCENARIO **A**

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 5,000/600 SF = **8 UNITS (MAX ALLOWED)**

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS = **12,497 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 12,497 SF / 8 UNITS = **1,562 SF AVG. GROSS UNIT**

NOTE: IN ORDER TO PROVIDE REQUIRED PARKING, 60' OF STREET PARKING IS NOT ACTIVE PER SECTION 145.1 (c)(2-3) AND MAY REQUIRE VARIANCE.

SCENARIO **B**

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 5,000/600 SF **= 8 UNITS (MAX ALLOWED)**

1250 NET SF / 1667 GROSS SF ASSUMED UNIT SIZE

1667 GSF x 8 **= 13,336 ASSUMED RESIDENTIAL GSF**

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.

SCENARIO **C**

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 5,000/600 SF **= 8 UNITS (MAX ALLOWED)**

ASSUMED UNIT SIZE TAKEN FROM FULL ENVELOPE BUILD OUT = **1,562 GSF UNIT SIZE**

8 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE = **11 UNITS ALLOWED**
11 UNITS ALLOWED x 1,562 GROSS SF ASSUMED UNIT SIZE **= 17,182 ALLOWED RESIDENTIAL GSF**

ACCOMMODATIONS NEEDED: HEIGHT

SCENARIO **D**

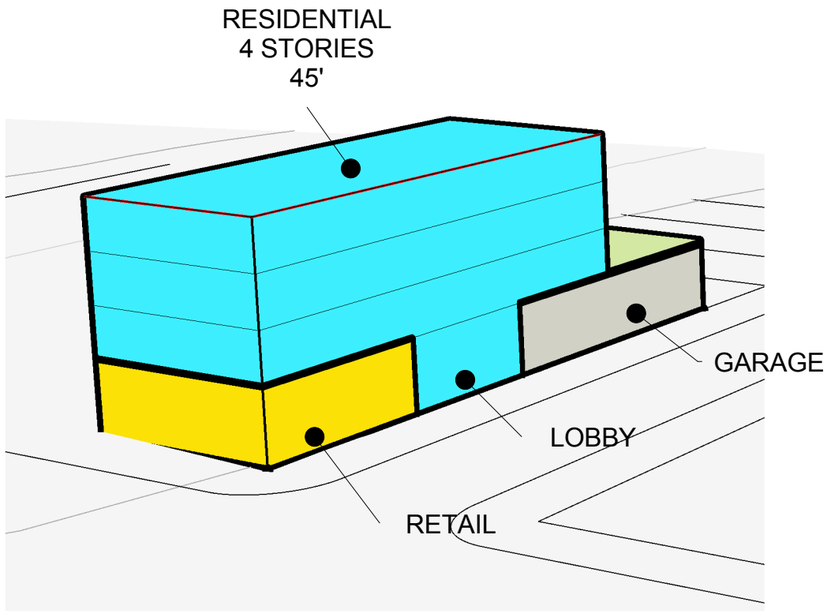
AFFORDABLE HOUSING BONUS PROGRAM

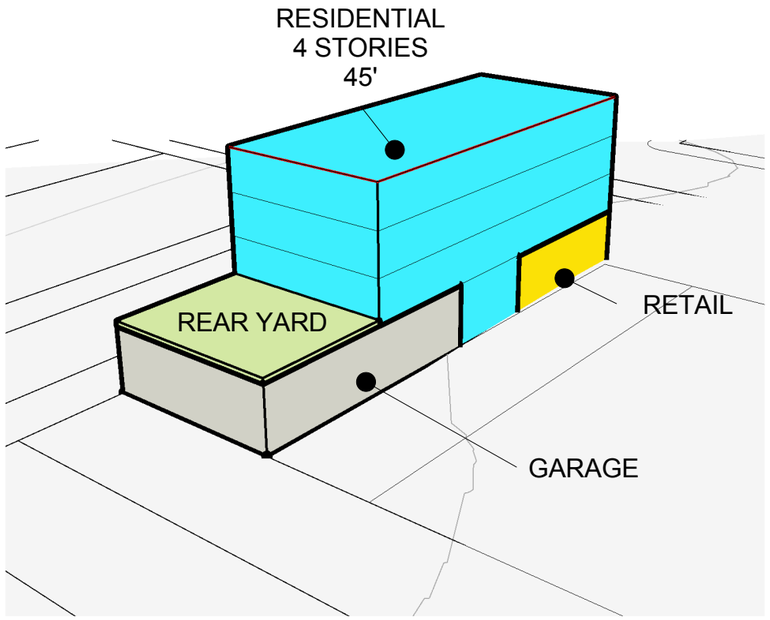
DENSITY INCREASE TO FULL ENVELOPE

20,137 RESIDENTIAL GSF
ASSUMED UNIT SIZE TAKEN FROM FULL ENVELOPE BUILD OUT = **1,562 GSF UNIT SIZE**

20,137 SF / 1562 SF **= 13 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT, PARKING
HEIGHT INCREASED TO 60' FROM 40'
13 UNITS IS 162 % INCREASE IN ALLOWED UNITS FROM BASE CASE





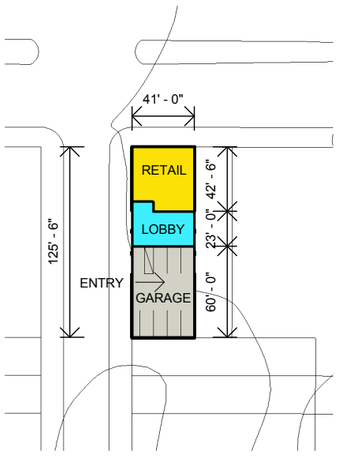
FE GROSS AREA	
Retail	1655 SF
Garage	2462 SF
Residential	12497 SF
Grand total	16614 SF

Open Space	1336 SF

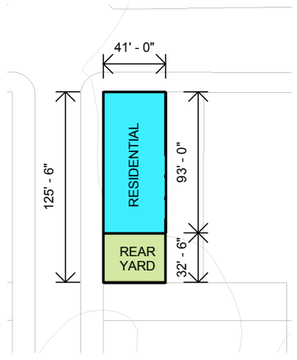
Open Space Required: 8 UNITS X 133 SF = 1,064 SF

Residential Average Unit Size - 1562 GSF

10 Parking Spaces (Lifts) / 8 Required



1 1" = 100'-0"



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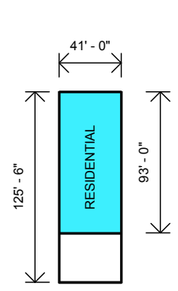

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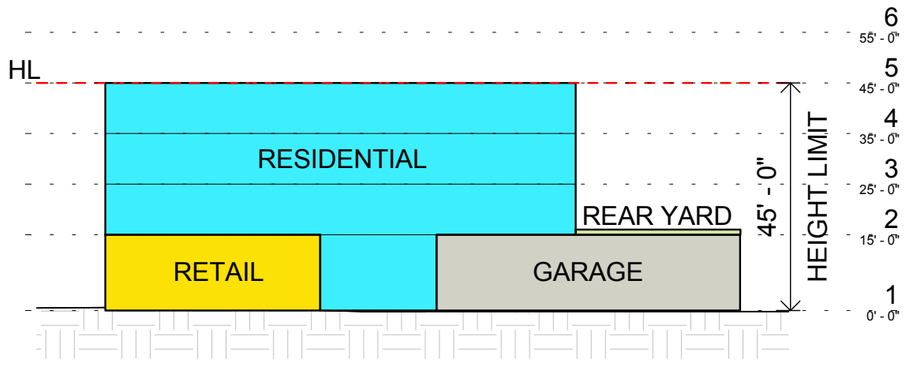
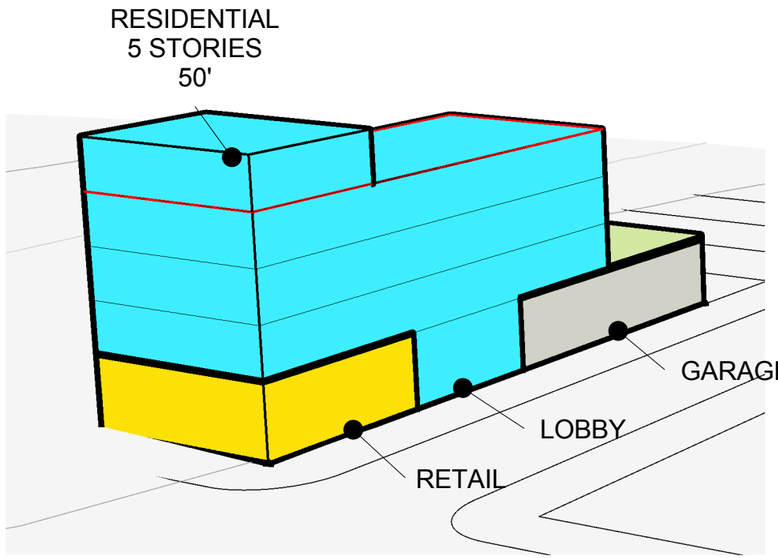
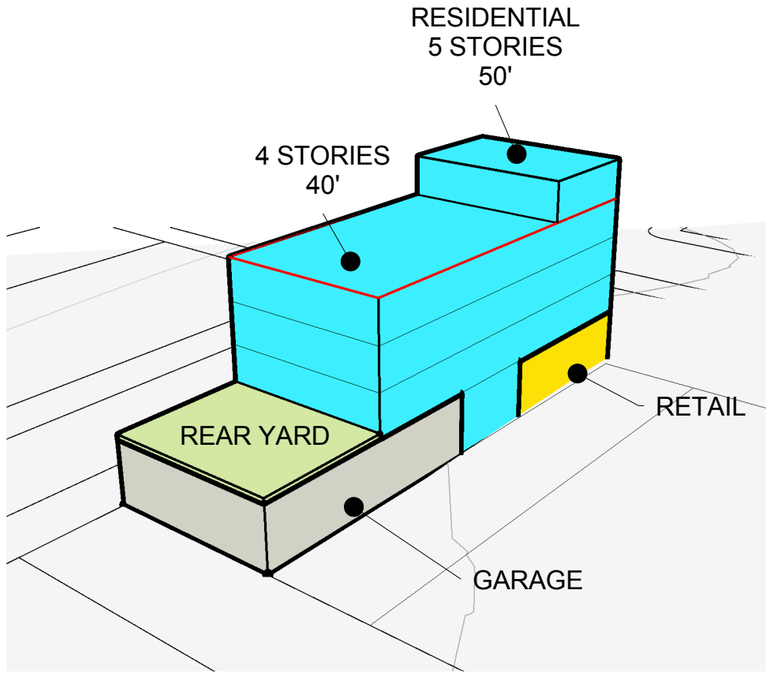


Section 1" = 30'-0"





MARKET BASE CASE

Garage	2462 SF
Residential	13647 SF
Retail	1655 SF
Grand total	17764 SF

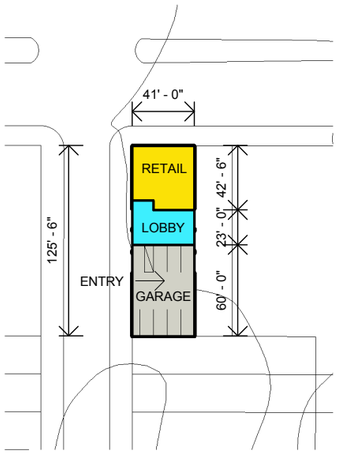
Open Space	1336 SF

Open Space Required: 8 UNITS X 133 SF = 1,064 SF

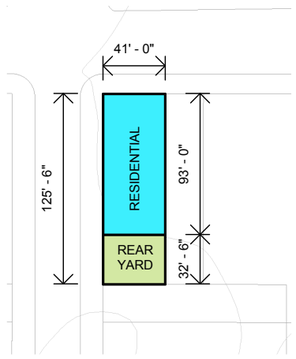
Residential Average Unit Size - 1667 GSF

10 Parking Spaces (Lifts) / 8 Required

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.



1 1" = 100'-0"



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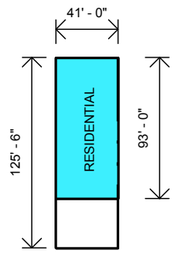
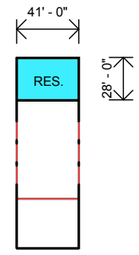


3-4 1" = 100'-0"



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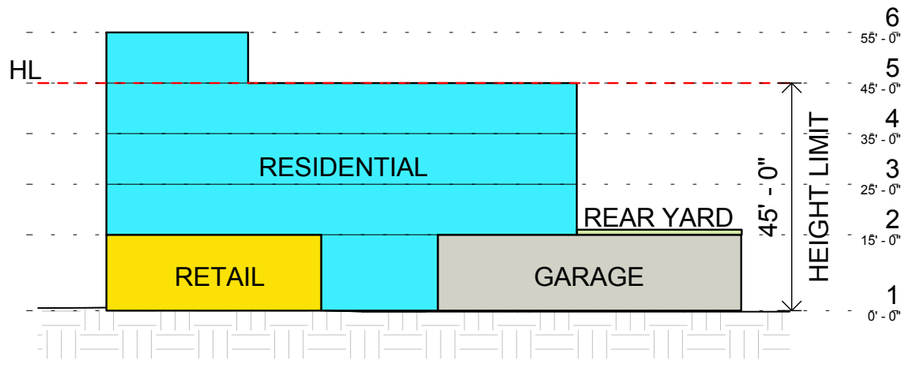

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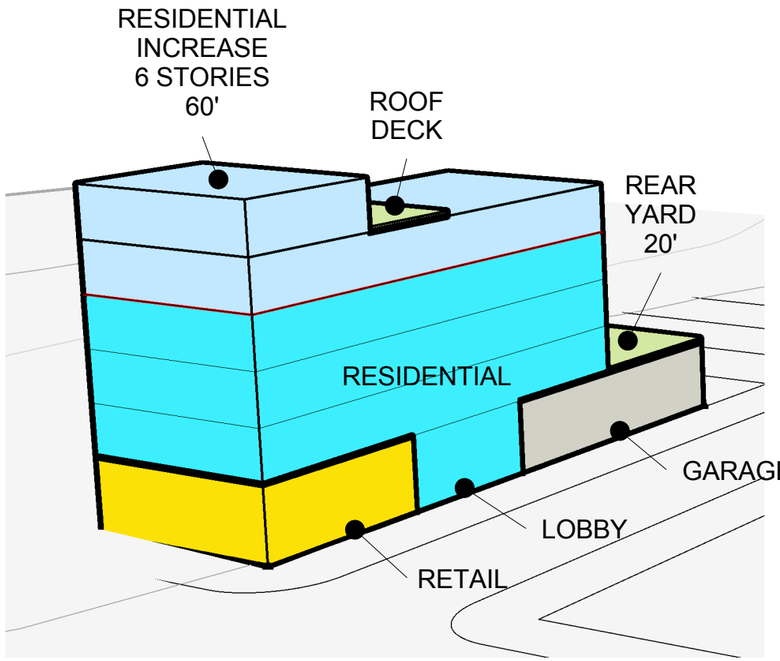
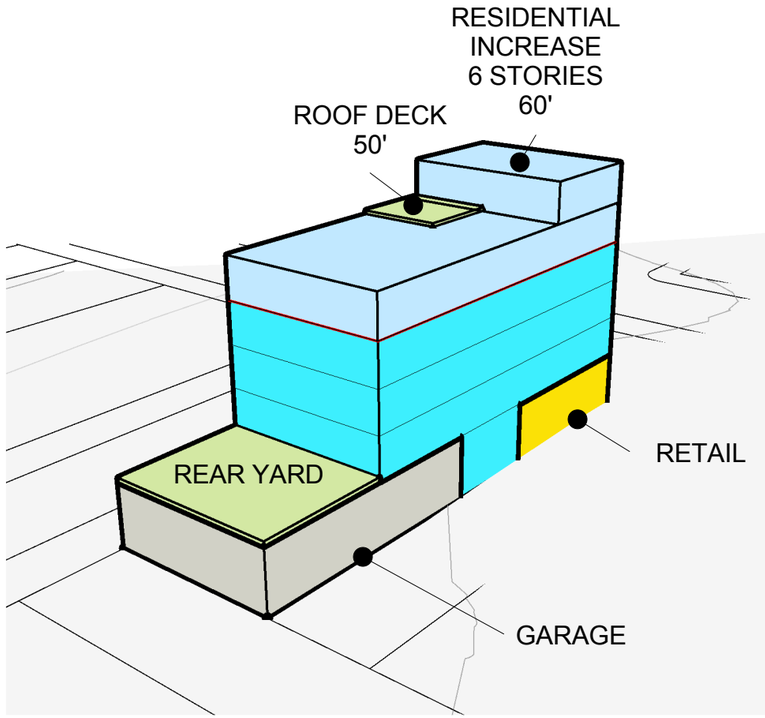




ACCOMMODATIONS NEEDED: HEIGHT

MARKET + 35% AREA	
Garage	2462 SF
Residential	17458 SF
Retail	1655 SF
Grand total	21575 SF

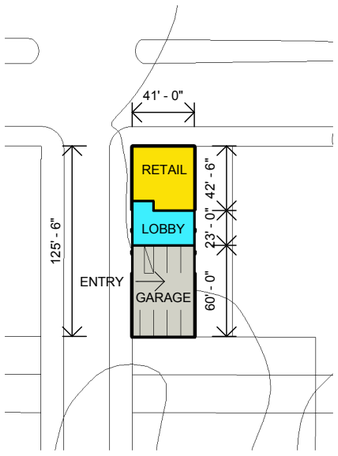
Residential Increase	4961 SF
Residential	12497 SF
	17458 SF

Open Space	1733 SF

Open Space Required: 11 UNITS X 133 SF = 1,463 SF

Residential Average Unit Size - 1562 GSF

11 Parking Spaces (Lifts) / 11 Required



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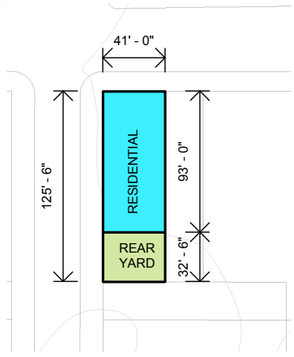

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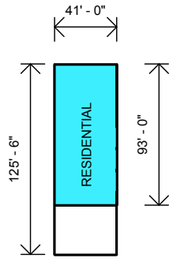

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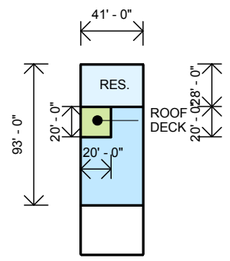

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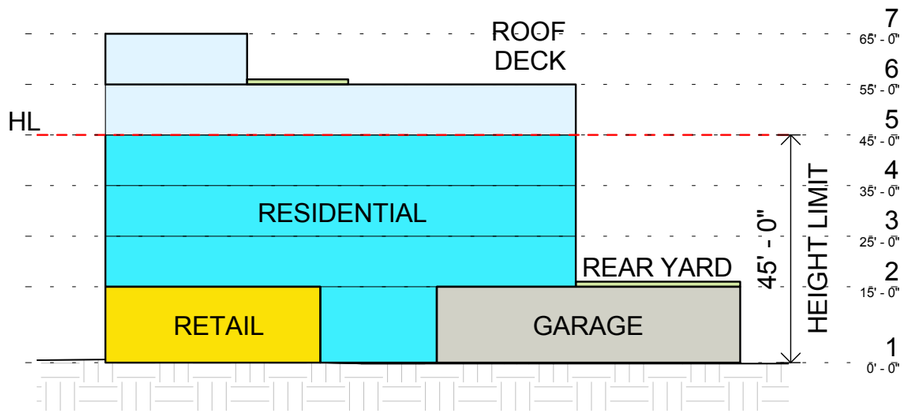

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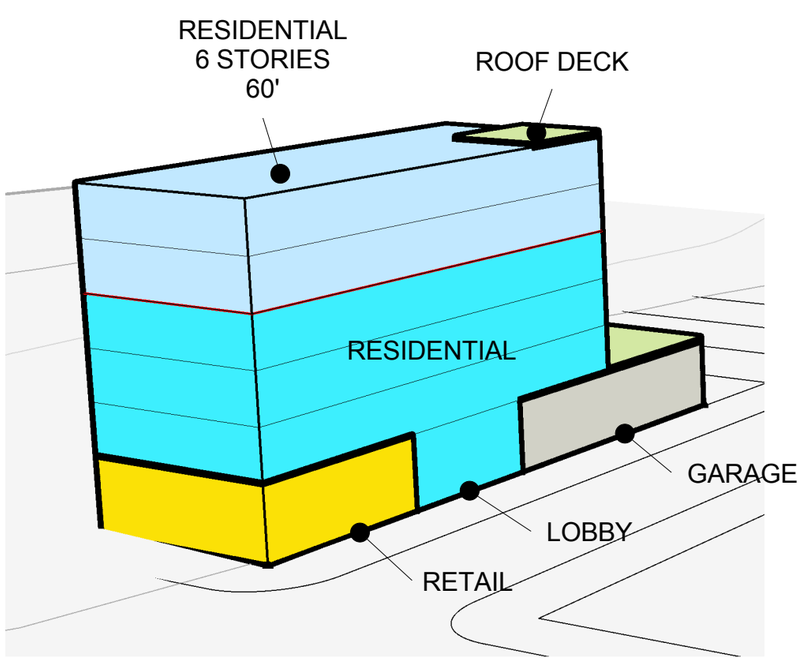
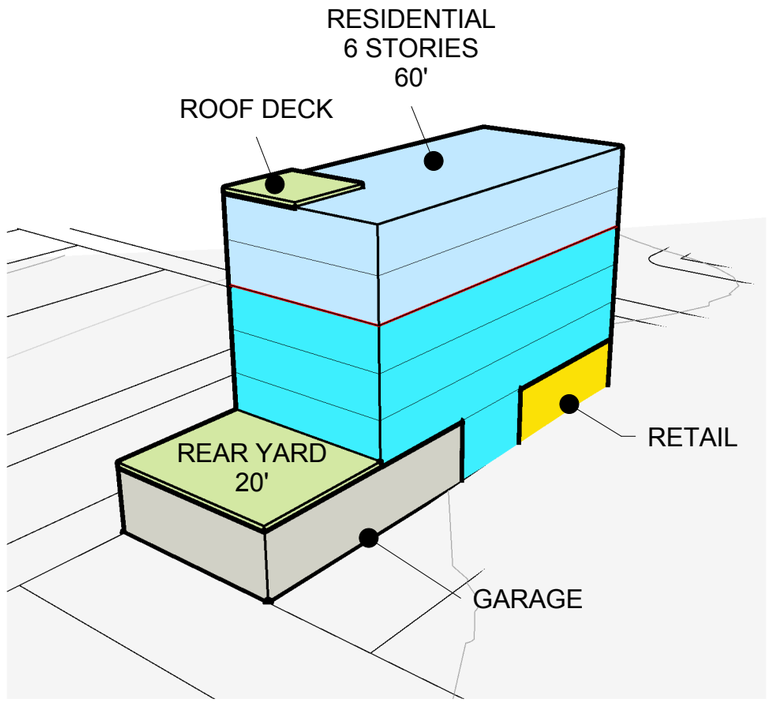




ACCOMMODATIONS NEEDED: HEIGHT, PARKING

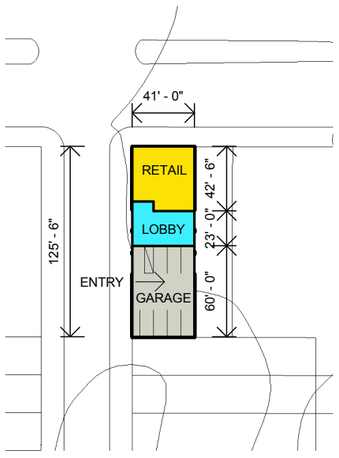
BONUS PROGRAM	
Retail	1655 SF
Residential	20137 SF
Garage	2462 SF
Grand total	24254 SF

Open Space	1736 SF

Open Space Required: 13 UNITS X 133 SF = 1,729 SF

Residential Average Unit Size - 1562 GSF

11 Parking Spaces (Lifts) / 13 Required



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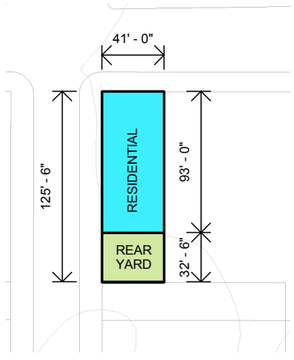
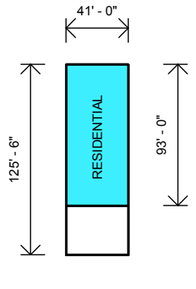


2 1" = 100'-0"



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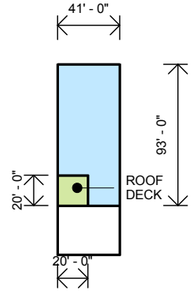

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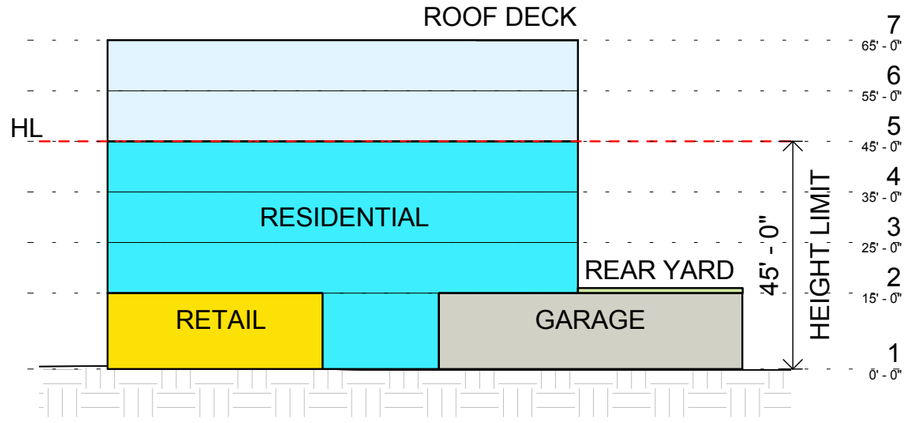


Section 1" = 30'-0"

NC-2

BALBOA

ZONING PARAMETERS

ZONING CLASSIFICATIONS: NC2 Balboa
LOTS: 1606001, 1606046, 1606045, 1606044

LOT AREA: 18,620 SF

HEIGHT AND BULK: 40-X

REAR YARD: 25% at 2nd Story and above, or at 1st Story if it contains a DU. Can be a corner configuration per Sect. 134(e)(2).

DENSITY: 1 unit / 800 SF lot area 18,620/800 = **23 UNITS**

FLOOR AREA RATIO: 2.5:1 (DOES NOT APPLY FOR RESIDENTIAL USES)

STREET FRONTAGE: Active uses required (res or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

OPEN SPACE: 100sf/DU if private, x 1.33 = 133 SF if common (also consider min. dimension reqs.)
23 UNITS X 133 SF = **3,059 SF**

PARKING REQ.: 1:1, but potential modification/waiver by ZA per Sect. 161(j)

GROUND FLOOR HEIGHT: 10' MINIMUM (FLOOR TO FLOOR)
- 5' Ground floor height bump allowed per section 263.20

SCENARIO **A**

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 18,620/800 SF = 23 UNITS (MAX ALLOWED)

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS **= 39,831 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 39,381 SF / 23 UNITS = **1,732 SF AVG. GROSS UNIT**

SCENARIO **B**

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 18,691/800 SF **= 23 UNITS (MAX ALLOWED)**

1250 NET SF / 1667 GROSS SF ASSUMED UNIT SIZE

1667 GSF x 23 **= 38,341 ASSUMED RESIDENTIAL GSF**

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.

SCENARIO **C**

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 18,691/800 SF **= 23 UNITS (MAX ALLOWED)**

1250 NET SF / 1667 GROSS SF ASSUMED UNIT SIZE

23 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE **= 31 UNITS ALLOWED**
31 UNITS ALLOWED x 1667 GROSS SF ASSUMED UNIT SIZE **= 51,677 ALLOWED RESIDENTIAL GSF**
ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD

SCENARIO **D**

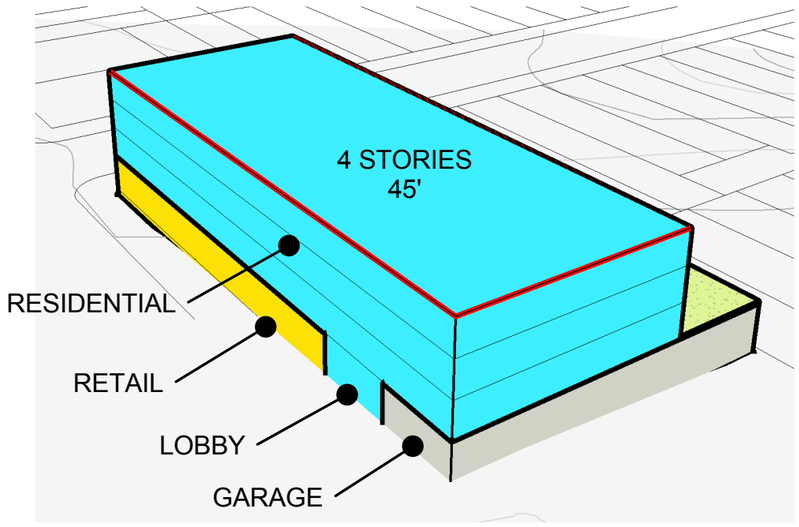
AFFORDABLE HOUSING BONUS PROGRAM

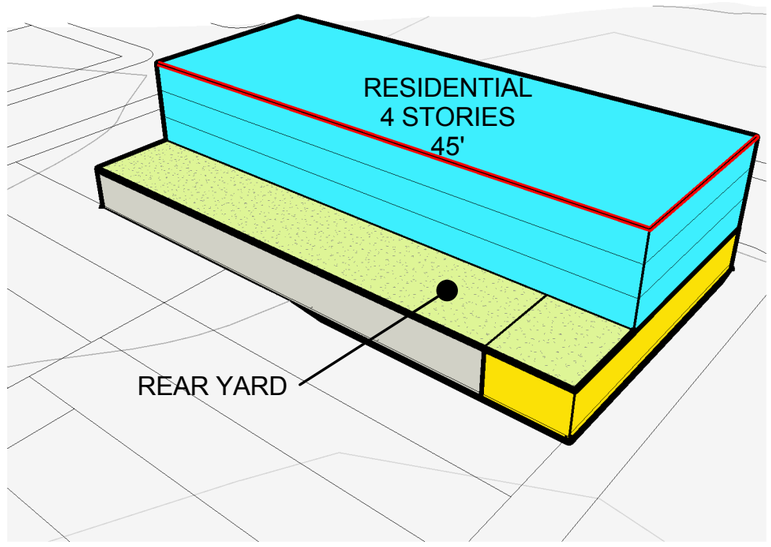
DENSITY INCREASE TO FULL ENVELOPE

71,705 RESIDENTIAL GSF
ASSUMED UNIT SIZE TAKEN FROM MARKET INFORMED BASE CASE = **1,667 GSF UNIT SIZE**

71,705 SF / 1667 SF **= 43 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD
HEIGHT INCREASED TO 65' FROM 45'
41 UNITS IS 187% INCREASE IN ALLOWED UNITS FROM BASE CASE





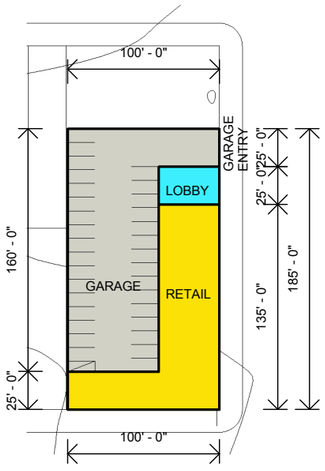
FE GROSS AREA	
Retail	6900 SF
Residential	39831 SF
Garage	10600 SF
Grand total	57331 SF

Open Space	5797 SF

Open Space Required: 23 UNITS X 133 SF = 3,059 SF

Residential Average Unit Size - 1732 GSF

32 Parking Spaces / 23 Required



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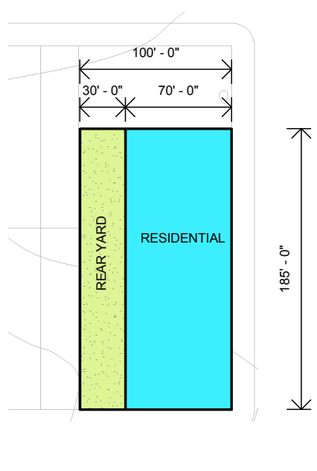

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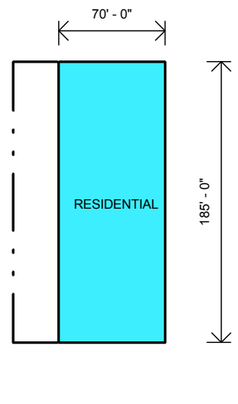
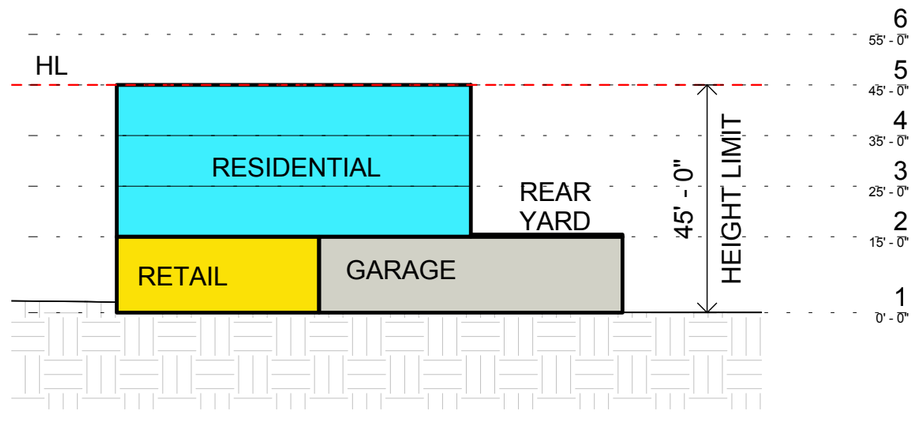
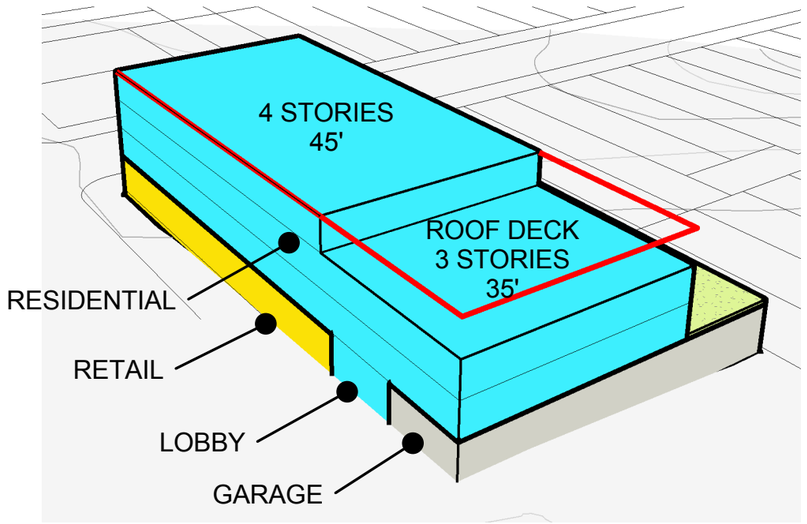
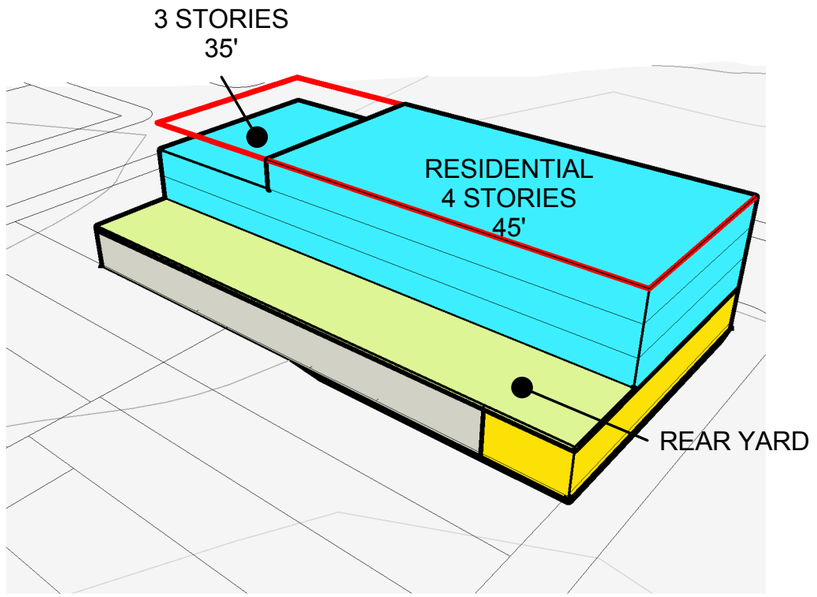


3-4 1" = 100'-0"



Section 1" = 30'-0"





MARKET BASE CASE

Retail	6900 SF
Residential	36000 SF
Garage	10600 SF
Grand total	53500 SF

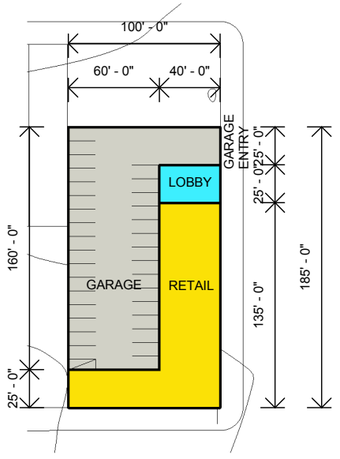
Open Space	5550 SF

Open Space Required: 23 UNITS X 133 SF = 3,059 SF

Residential Average Unit Size - 1667 GSF

32 Parking Spaces / 23 Required

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.



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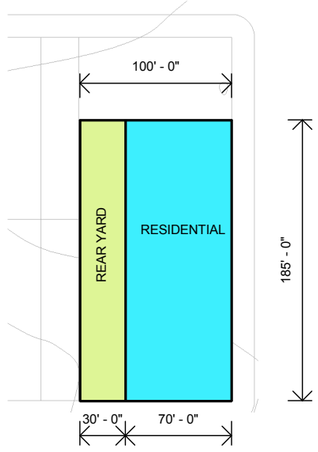

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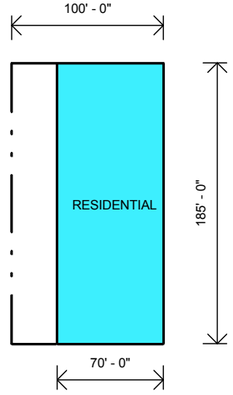

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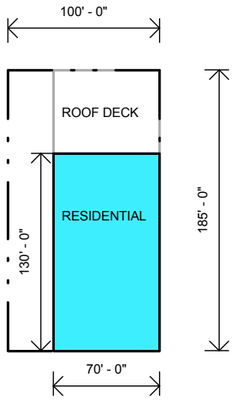

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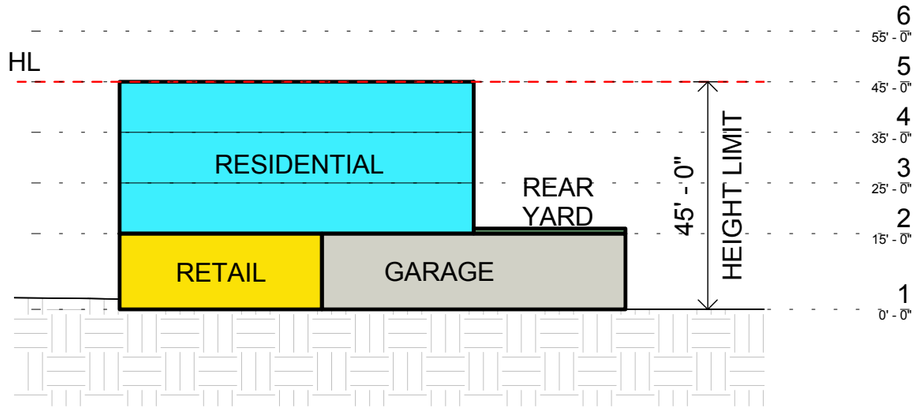

Section 1" = 30'-0"

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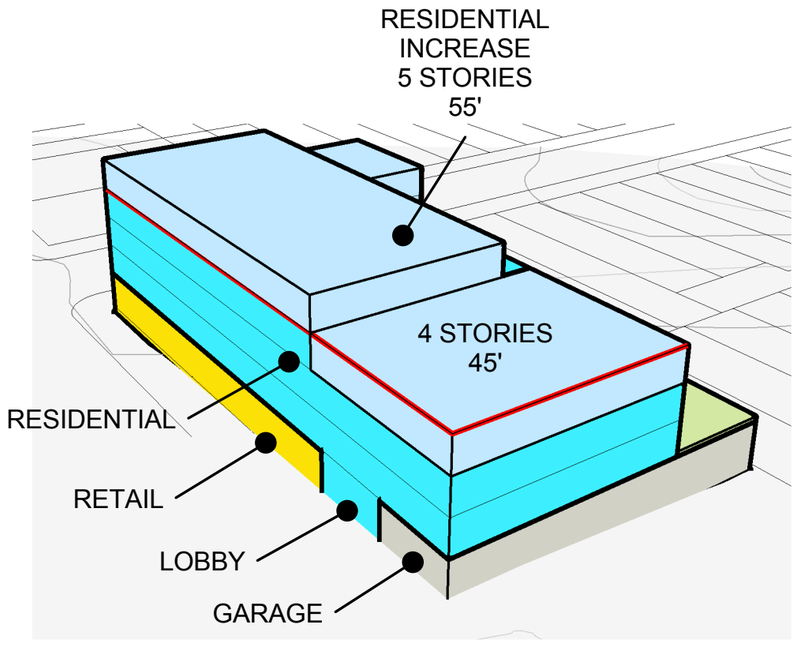
MARKET INFORMED BASE CASE

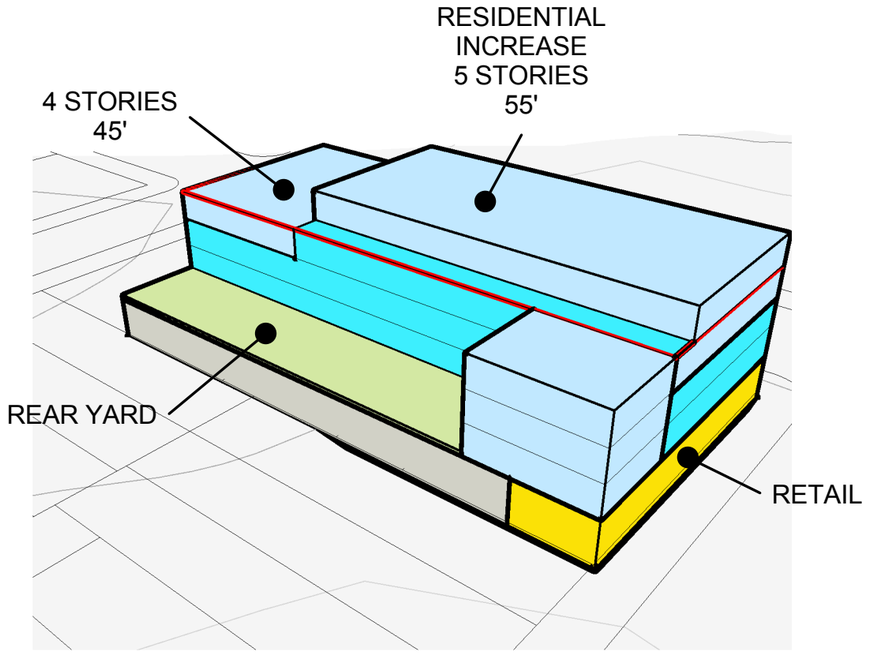
NC-2

08/2015

2.1

PROTOTYPE 6





ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD

MARKET + 35% AREA	
Retail	6900 SF
Residential	51255 SF
Garage	10600 SF
Grand total	68755 SF

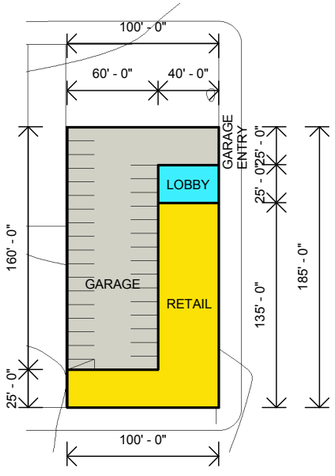
Residential Increase	15255 SF
Residential	36000 SF
	51255 SF

Open Space	4355 SF

Open Space Required: 31 UNITS X 133 SF = 4,123 SF

Residential Average Unit Size - 1667 GSF

32 Parking Spaces / 31 Required



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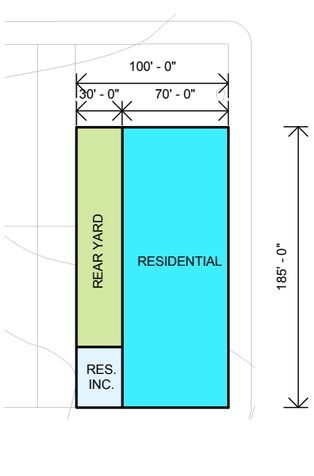
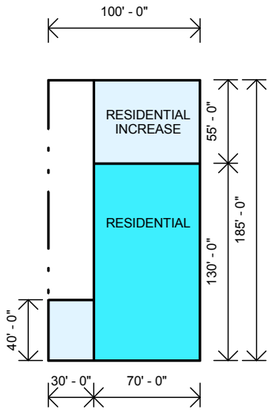


2-3 1" = 100'-0"



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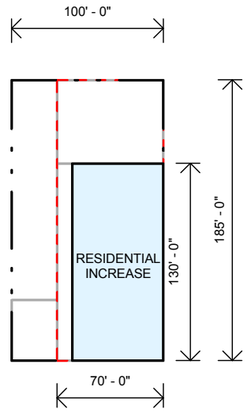

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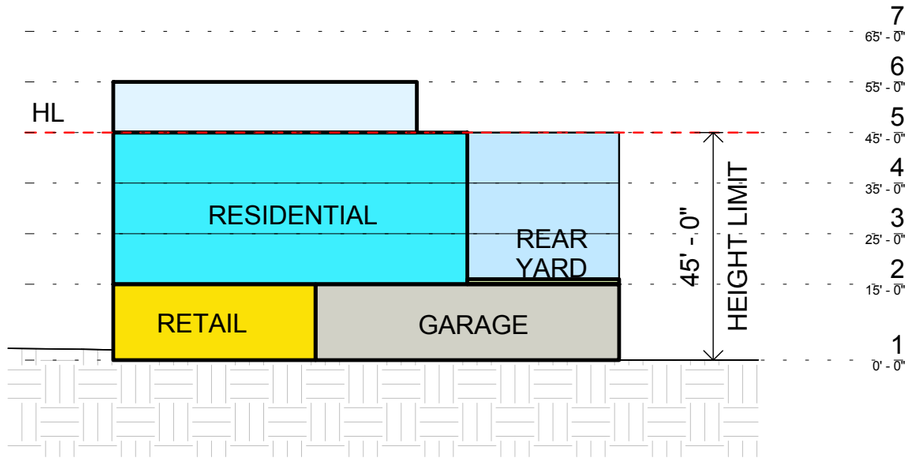

Section 1" = 30'-0"

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Seifel CONSULTING INC.

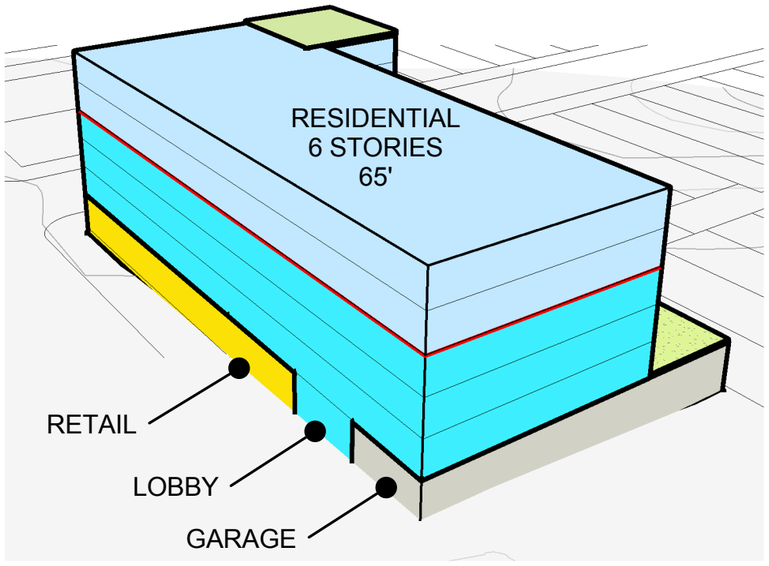
MARKET BASE + 35% DENSITY INCREASE

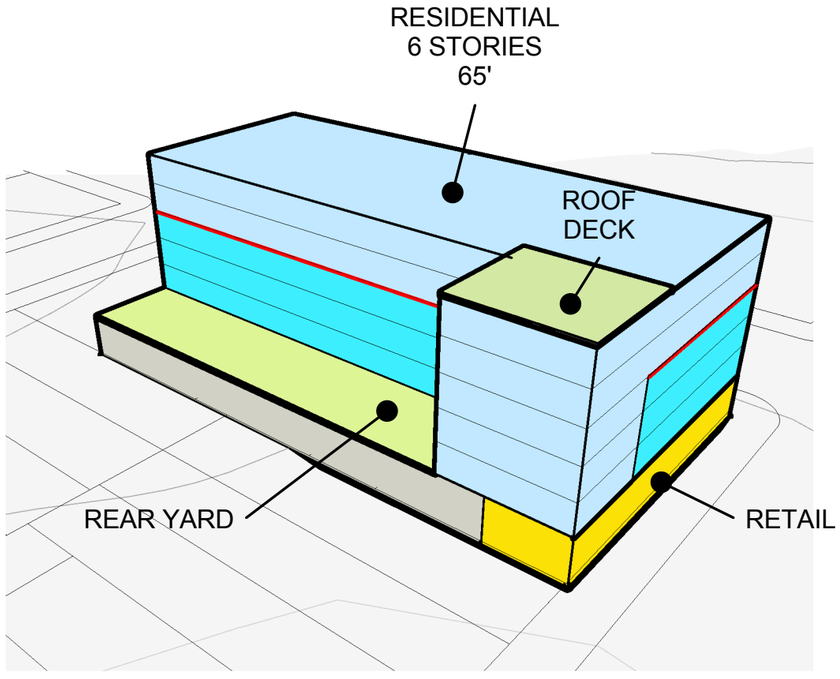
NC-2

08/2015

2.2

PROTOTYPE 6





ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD

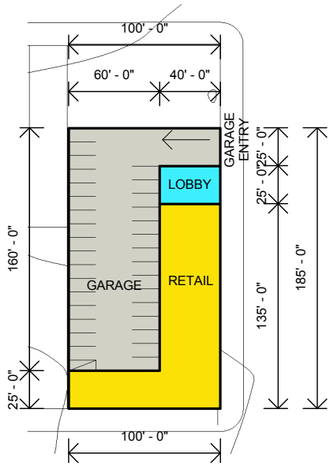
BONUS PROGRAM	
Retail	6900 SF
Residential	71705 SF
Garage	10600 SF
Grand total	89205 SF

Open Space	5797 SF

Open Space Required: 43 UNITS X 133 SF = 5,719 SF

Residential Average Unit Size - 1667 GSF

46 Parking Spaces (Lifts) / 43 Required



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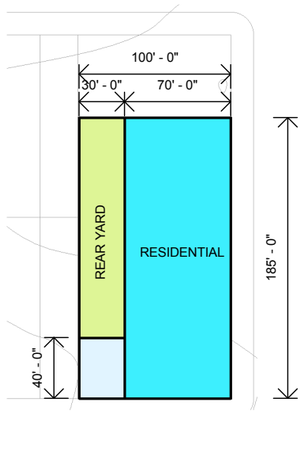

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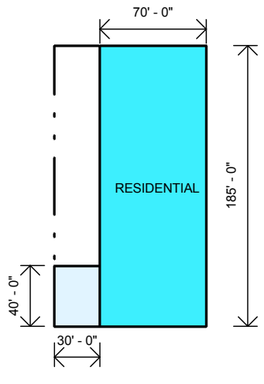
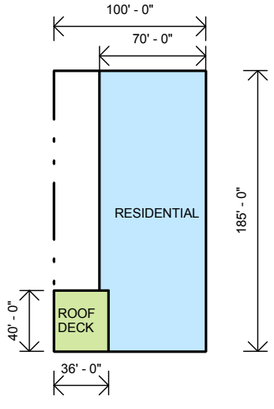
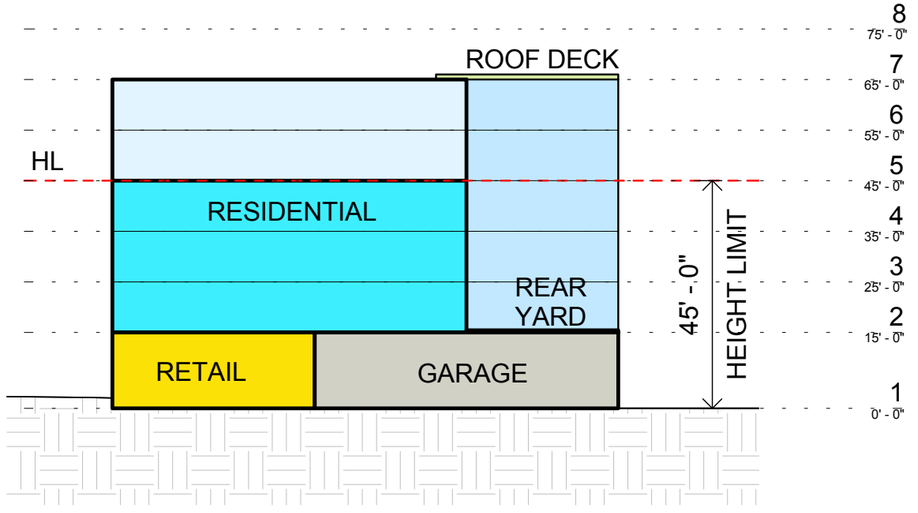


3-6 1" = 100'-0"



7 1" = 100'-0"



Section 1" = 30'-0"

NCD

HAIGHT

CURRENT ZONING PARAMETERS

ZONING CLASSIFICATIONS: HAIGHT NCD
Block/Lots: 1228005, 1228006

LOT AREA: 34,391 SF

HEIGHT AND BULK: 50-X (1228006) 40-X (1228005)

REAR YARD (SECT 134): 25% AT GRADE

DENSITY: 1 unit / 600 SF OF LOT AREA 34,391/600 = **57 UNITS**

FLOOR AREA RATIO: 1.8:1 (Does not apply for Residential uses)

STREET FRONTAGE: Commercial not required. Active uses required (res. or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

USABLE OPEN SPACE: 80 SF PER UNIT IF ALL PRIVATE; 100 SF IF COMMON SPACE.
57 UNITS x 100 SF **= 5,700 SF**

PARKING REQ: 1:1 but potential modification/waiver (residential and commercial) by ZA per sect. 161(j)

GROUND FLOOR HEIGHT: MINIMUM 10' FOR NON-RESIDENTIAL (FLOOR TO FLOOR)

SCENARIO A

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 34,391/600 SF = 57 UNITS (MAX ALLOWED)

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND BULK REQUIREMENTS = **77,652 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED: 77,652 SF / 57 UNITS **= 1,362 GSF AVG. UNIT SIZE**

BASE RES. SF ACHIEVABLE 77652 SF / 1000 GSF UNIT = 77.7 ~ **78 UNITS** POSSIBLE WITHOUT DENSITY CONSTRAINTS

SCENARIO B

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 34,391/600 SF = **57 UNITS (MAX ALLOWED)**

750 NET SF / 1000 GSF ASSUMED UNIT SIZE

1000 GSF x 57 **= 57,000 ASSUMED RESIDENTIAL GSF**

THE MARKET INFORMED BASE CASE IS LESS THAN THE ALLOWABLE BUILDING ENVELOPE.

SCENARIO C

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 34,391/600 SF **= 57 UNITS (MAX ALLOWED)**

750 NET SF / 1000 GROSS SF ASSUMED UNIT SIZE

57 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE = 76.95 ~ **77 UNITS ALLOWED**
77 UNITS ALLOWED x 1000 GROSS SF ASSUMED UNIT SIZE **= 77,000 ALLOWED RESIDENTIAL GSF**
THE 35% INCREASE IS SIMILAR TO THE FULL ENVELOPE ALLOWED BY ZONING.
ACCOMODATIONS NEEDED: + 5' - 0" HEIGHT BUMP AT GROUND FLOOR

SCENARIO D

AFFORDABLE HOUSING BONUS PROGRAM

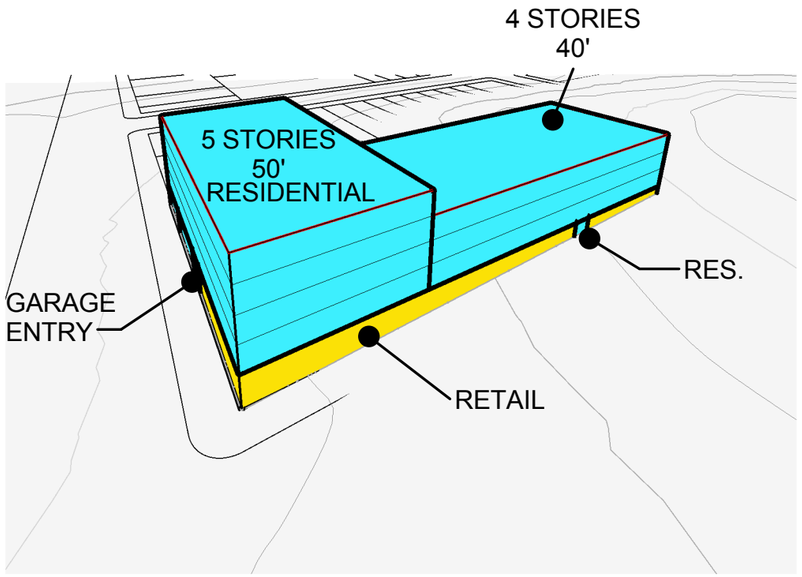
DENSITY INCREASE TO FULL ENVELOPE

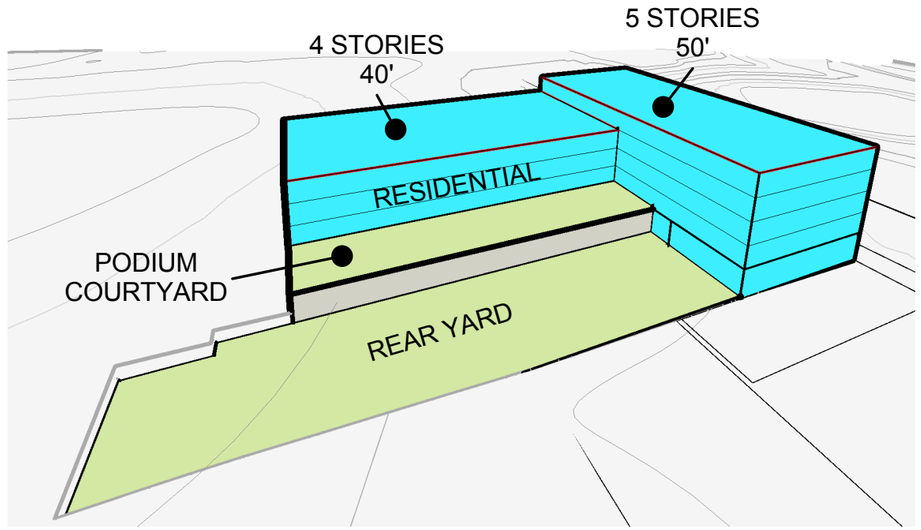
134 UNITS*
120,221 RESIDENTIAL GSF

120,221 GSF / 134 UNITS = **897 AVG GSF UNIT SIZE**

ACCOMMODATIONS NEEDED: HEIGHT, + 5' - 0" HEIGHT BUMP AT GROUND FLOOR, PARKING
HEIGHT INCREASED FROM 40' TO 75'
134 UNITS IS 135 % INCREASE IN DENSITY FROM BASE CASE

*NOTE: ASSUMED 134 UNITS NEEDED FOR FINANCIAL VIABILITY PER RESULTS OF FINANCIAL ANALYSIS





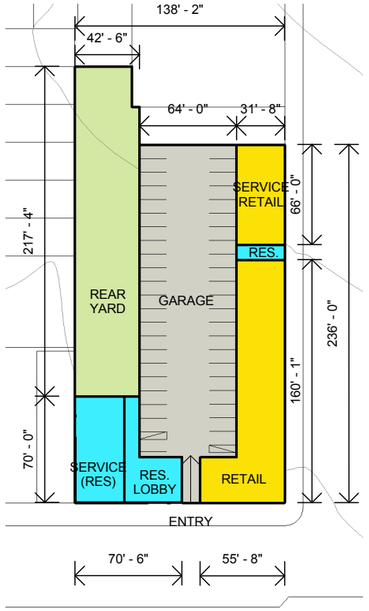
FE GROSS AREA	
Garage	13539 SF
Residential	77652 SF
Retail	7884 SF
Grand total	99074 SF

Open Space	13414 SF

Open Space Required: 67 UNITS X 100 SF = 6,700 SF

Residential Average Unit Size - 1362 GSF

83 Parking Spaces (Lifts) / 67 Required



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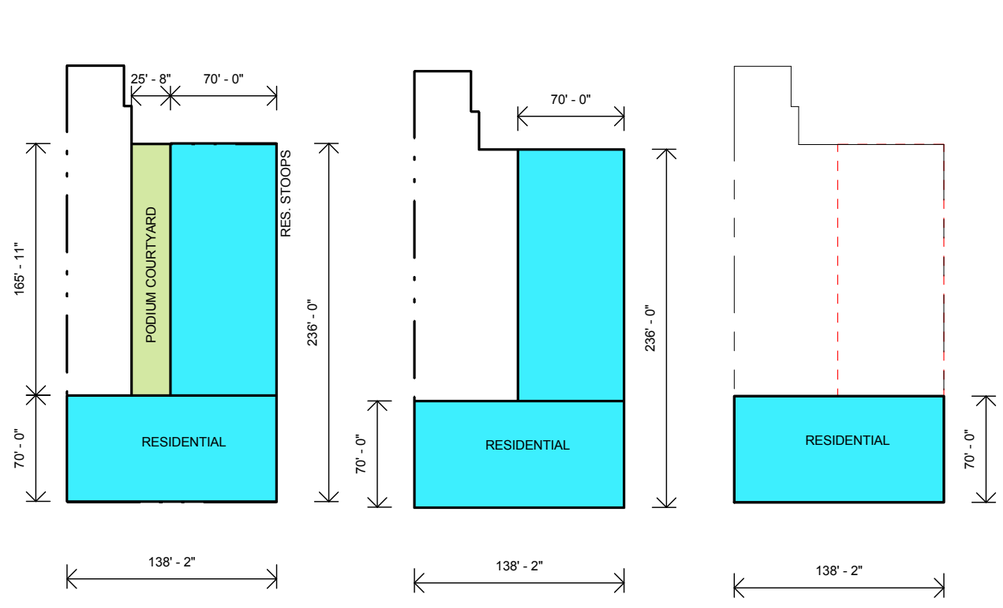
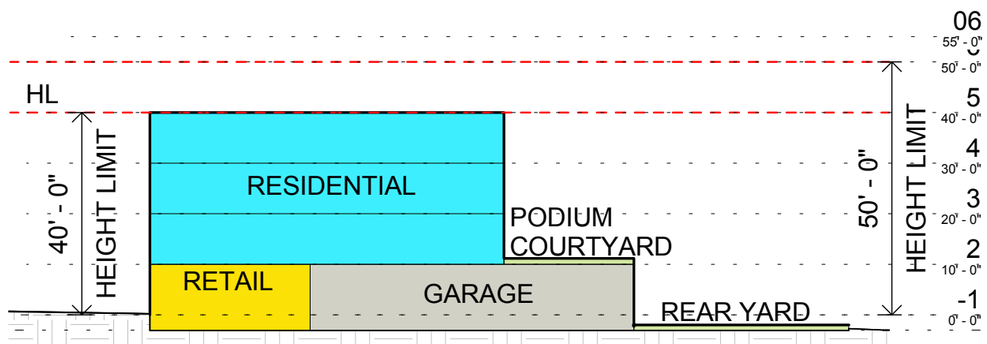


2 1" = 100'-0"

3-4 1" = 100'-0"

5 1" = 100'-0"



Section 1" = 30'-0"

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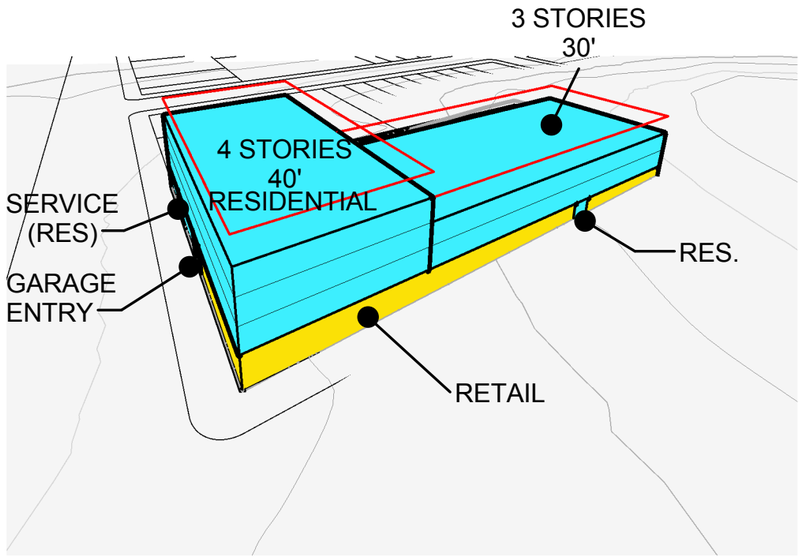
Seifel CONSULTING INC.

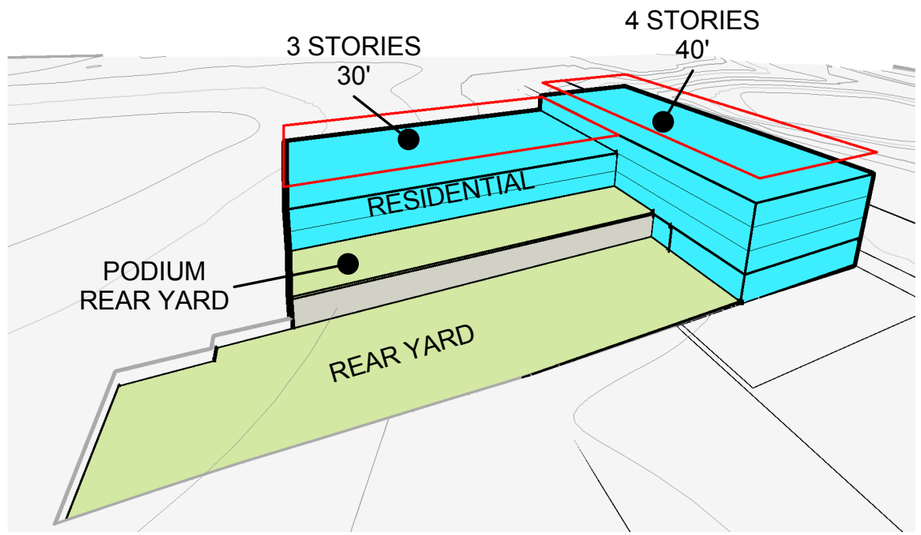
FULL ENVELOPE BUILD OUT

NCD

08/2015

PROTOTYPE 7

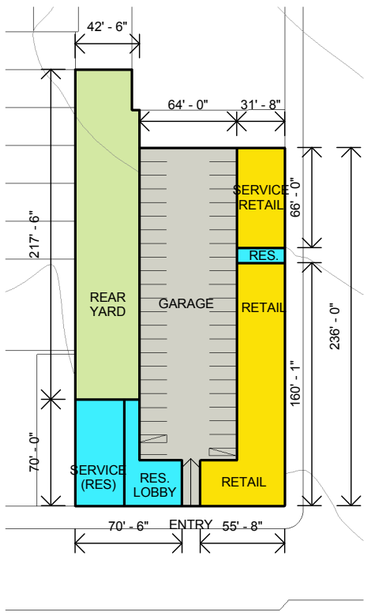




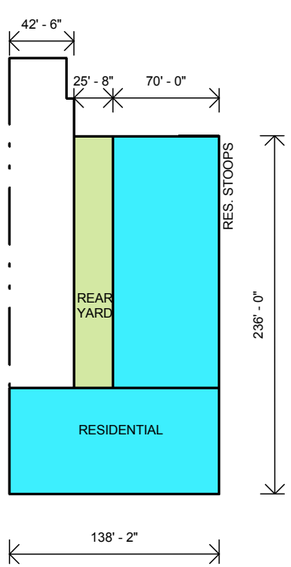
MARKET BASE CASE	
Garage	13539 SF
Residential	56367 SF
Retail	7884 SF
Grand total	77790 SF

Open Space	13414 SF

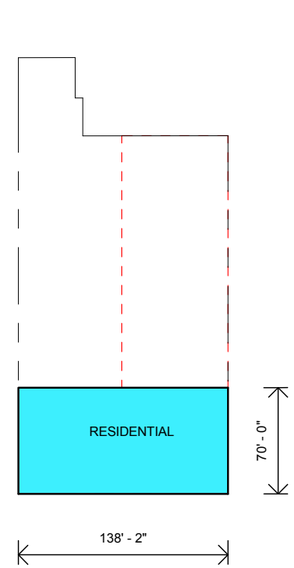
Open Space Required: 67 UNITS X 100 SF = 6,700 SF
Residential Average Unit Size - 1000 GSF
83 Parking Spaces (Lifts) / 67 Required



1 1" = 100'-0"



2-3 1" = 100'-0"



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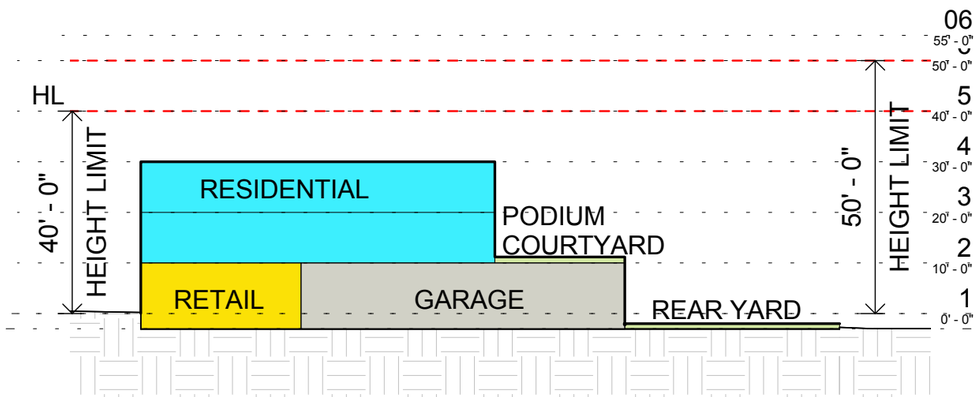

Section 1" = 30'-0"

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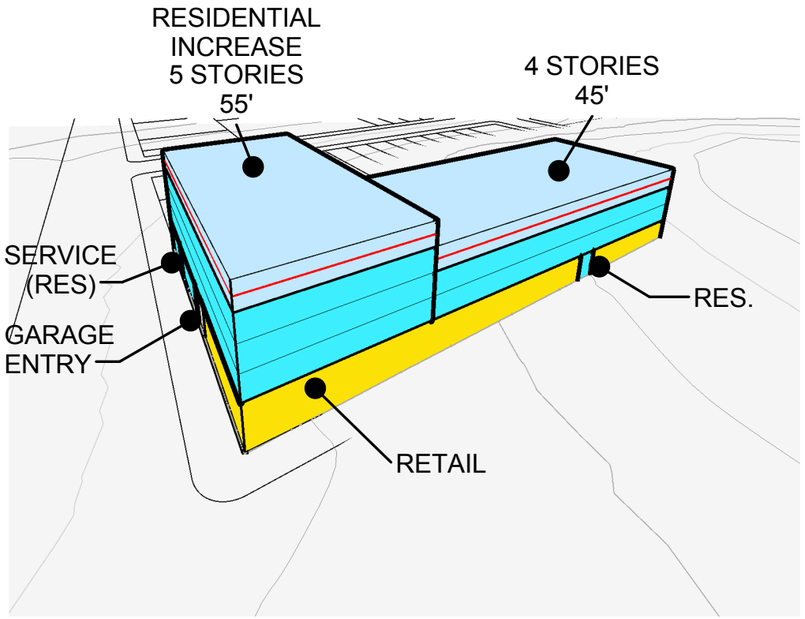
MARKET INFORMED BASE CASE

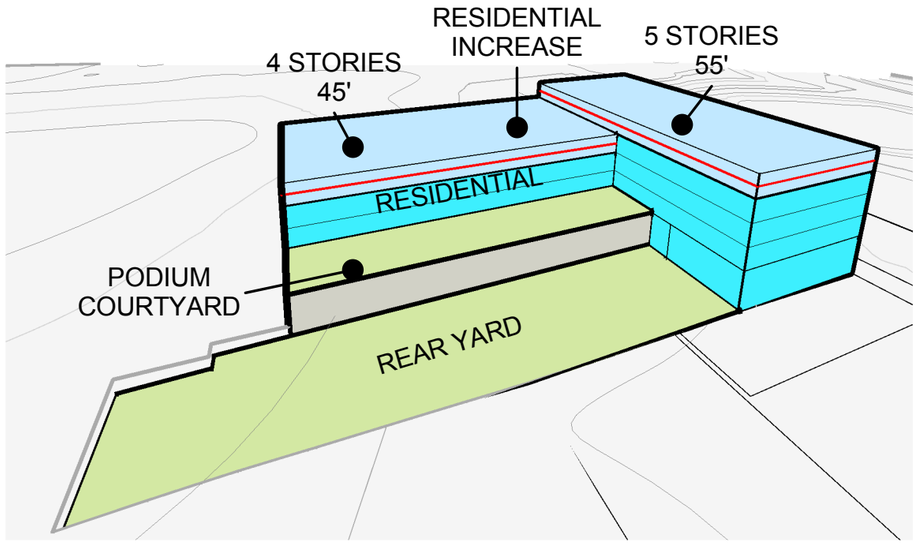
NCD

08/2015

2.1

PROTOTYPE 7





ACCOMMODATIONS NEEDED: HEIGHT, + 5'-0"
HEIGHT BUMP AT GROUND FLOOR

MARKET + 35 % AREA	
Garage	13539 SF
Residential	77654 SF
Retail	7884 SF
Grand total	99077 SF

Residential	56367 SF
Residential Increase	21287 SF
	77654 SF

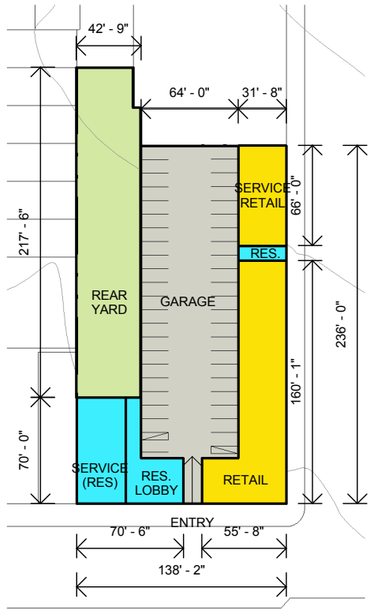
Open Space	13414 SF

Open Space Required: 77 UNITS X 100 SF = 7,700 SF

Residential Average Unit Size - 1000 GSF

83 Parking Spaces (Lifts) / 77 Required

* In order to avoid excavation and maximize parking, a 5' ground floor bump was assumed as part of this scenario



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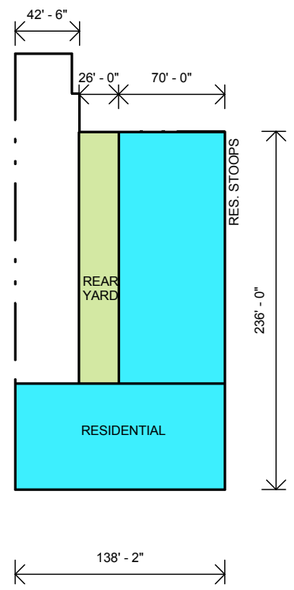

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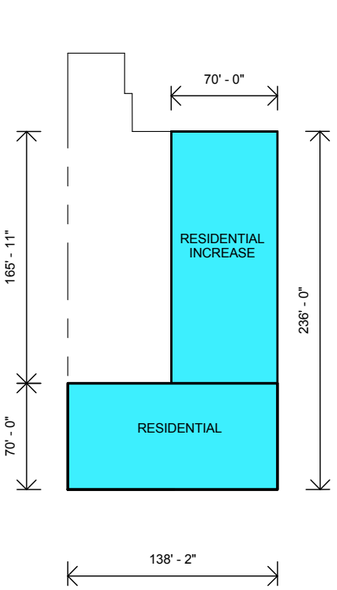
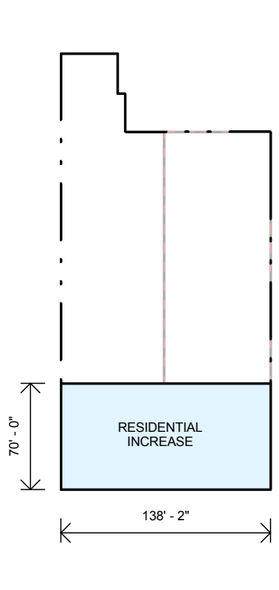


3-4 1" = 100'-0"



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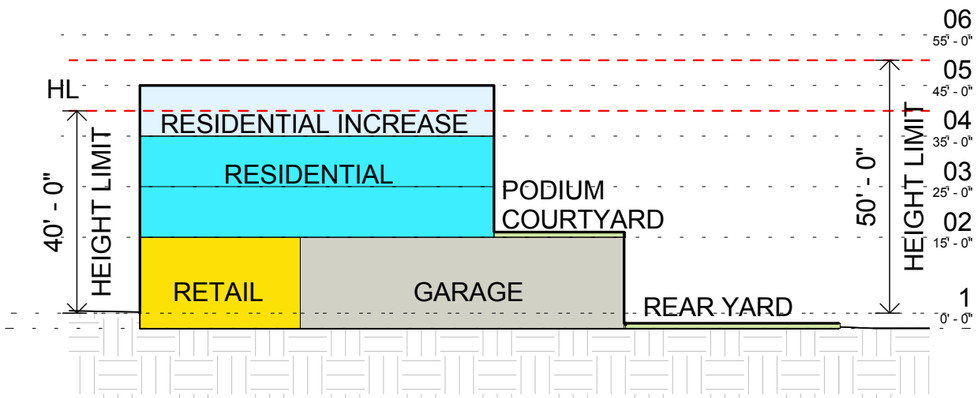

Section 1" = 30'-0"

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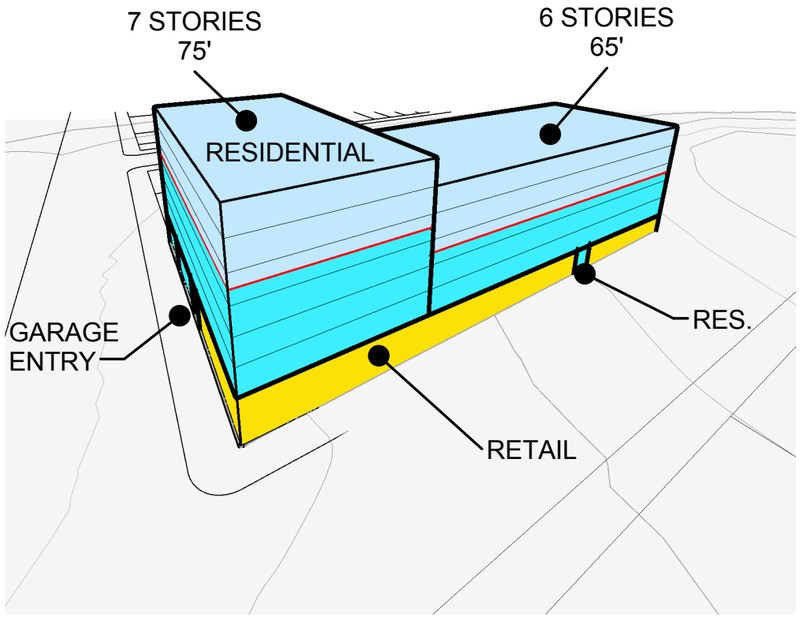
MARKET BASE + 35 % DENSITY INCREASE

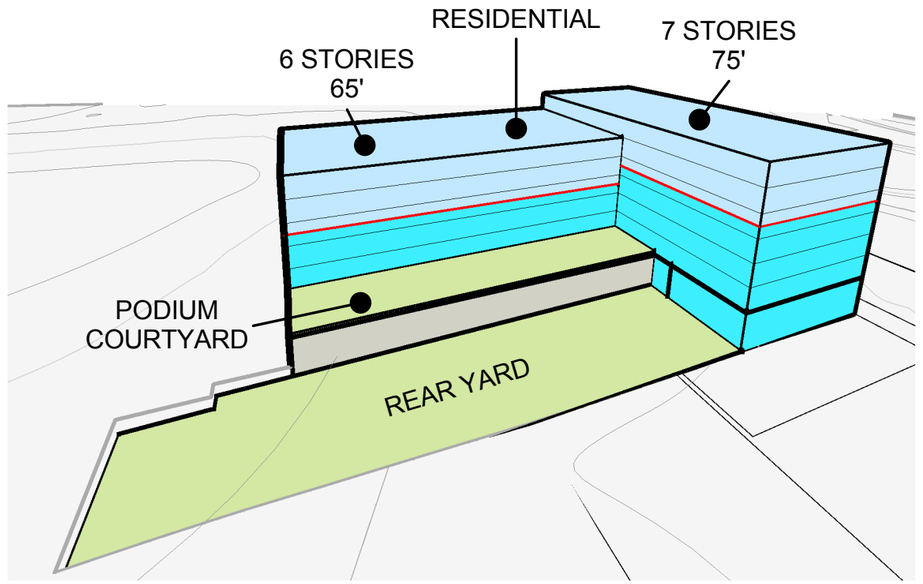
NCD

08/2015

2.2

PROTOTYPE 7





ACCOMMODATIONS NEEDED: HEIGHT, + 5' - 0"
HEIGHT BUMP AT GROUND FLOOR, PARKING

BONUS PROGRAM	
Garage	13539 SF
Residential	120223 SF
Retail	7884 SF
Grand total	141646 SF

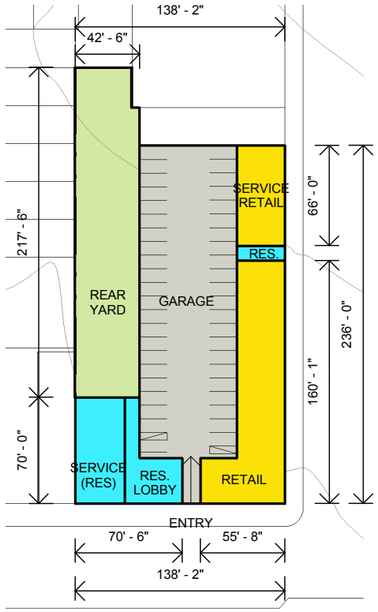
Open Space	13414 SF

Open Space Required: 134 UNITS X 100 SF = 13,400 SF

Residential Average Unit Size - 897 GSF

83 Spaces (Lifts) / 134 Required

* In order to avoid excavation and maximize parking, a 5' ground floor bump was assumed as part of this scenario



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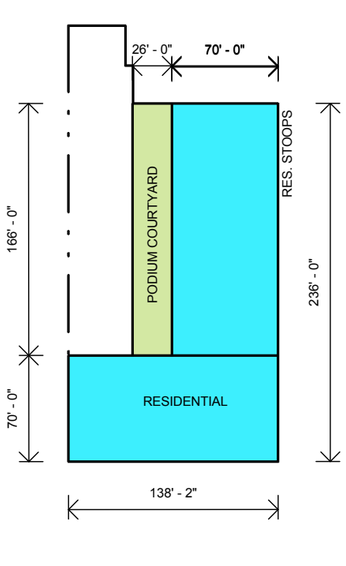

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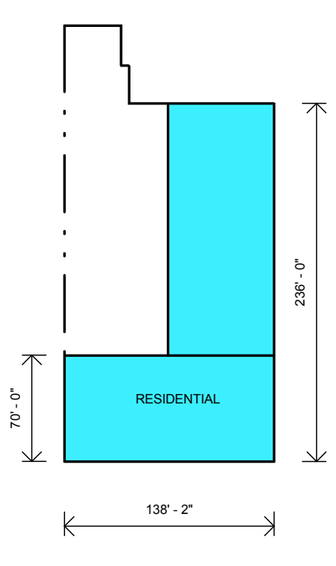
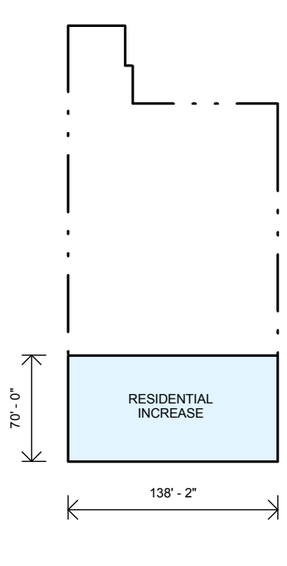
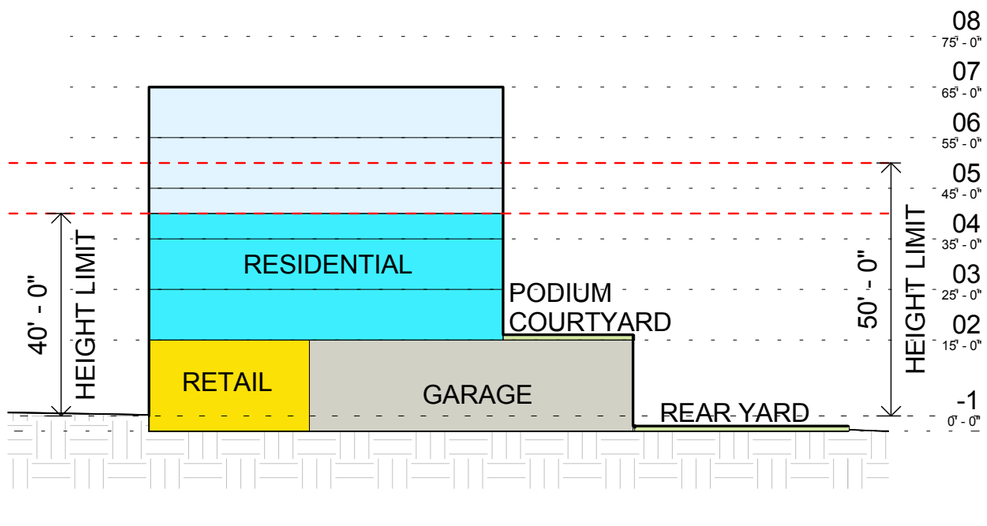


3-6 1" = 100'-0"



7 1" = 100'-0"



Section 1" = 30'-0"

NC-2

MISSION

ZONING PARAMETERS

ZONING CLASSIFICATIONS: NC-2
LOTS: 3594016

LOT AREA: 4,750 SF

HEIGHT AND BULK: 45-X

REAR YARD: (SECT 134): 25% at 2nd Story and above, or at 1st story if it contains a DU. Can be a corner configuration per Sect. 134(e)(2).

DENSITY : 1 unit / 800 sq. ft lot area 4,750/800 = **6 UNITS**

FLOOR AREA RATIO: 2.5:1 (DOES NOT APPLY FOR RESIDENTIAL USES)

FRONT SETBACK: NONE

STREET FRONTAGE: Active uses required (res. or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

USABLE OPEN SPACE: 100SF / DU if private, 133 SF if common (also consider min. dimension reqs.) 6 UNITS X 133 SF **= 798 SF**

PARKING REQ.: 1:1 but potential modification/waiver by ZA per sect. 161(j)

GROUND FLOOR HEIGHT (SECT 145.1): MINIMUM 14' FOR NON-RESIDENTIAL (FLOOR TO FLOOR)

SCENARIO A

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 4,750/800 SF **= 6 UNITS (MAX ALLOWED)**

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS = **11,170 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 11,170 SF / 8 UNITS = **1,862 SF AVG. GROSS UNIT**

SCENARIO B

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 4,750/800 SF **= 6 UNITS (MAX ALLOWED)**

1000 NET SF / 1333 GROSS SF ASSUMED UNIT SIZE

1333 GSF x 6 **= 7,998 ALLOWED RESIDENTIAL GSF**

THE MARKET INFORMED BASE CASE IS LESS THAN THE ALLOWABLE BUILDING ENVELOPE.

SCENARIO C

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 4,750/800 SF **= 6 UNITS (MAX ALLOWED)**

1000 NET SF / 1333 GROSS SF ASSUMED UNIT SIZE

6 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE = 8.1 ~ **8 UNITS ALLOWED**
8 UNITS ALLOWED x 1333 GROSS SF ASSUMED UNIT SIZE **= 10,664 ALLOWED RESIDENTIAL GSF**

THE 35% DENSITY INCREASE IS LESS THAN THE ALLOWABLE BUILDING ENVELOPE, THEREFORE NO ACCOMMODATIONS ARE NEEDED.

SCENARIO D

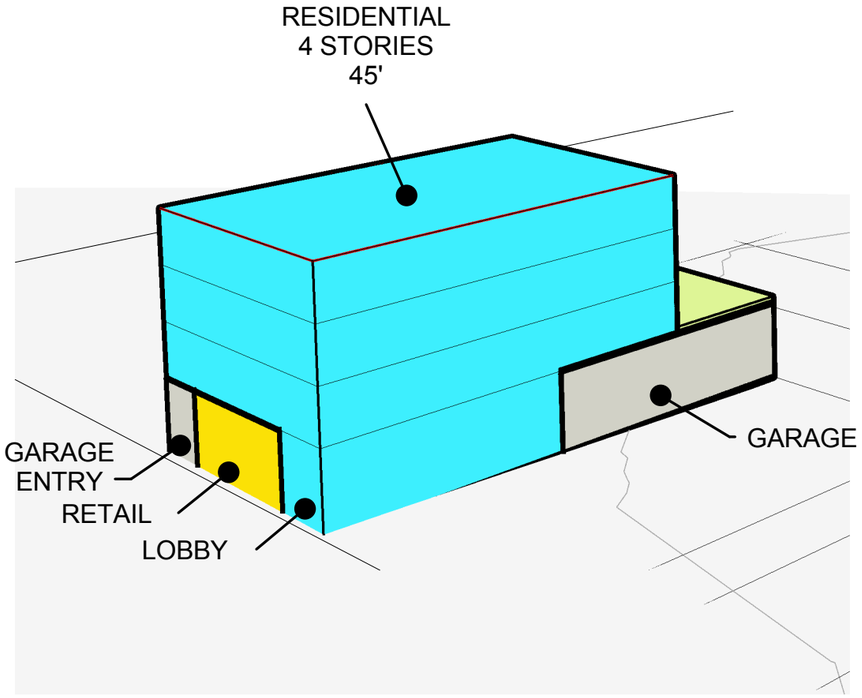
AFFORDABLE HOUSING BONUS PROGRAM

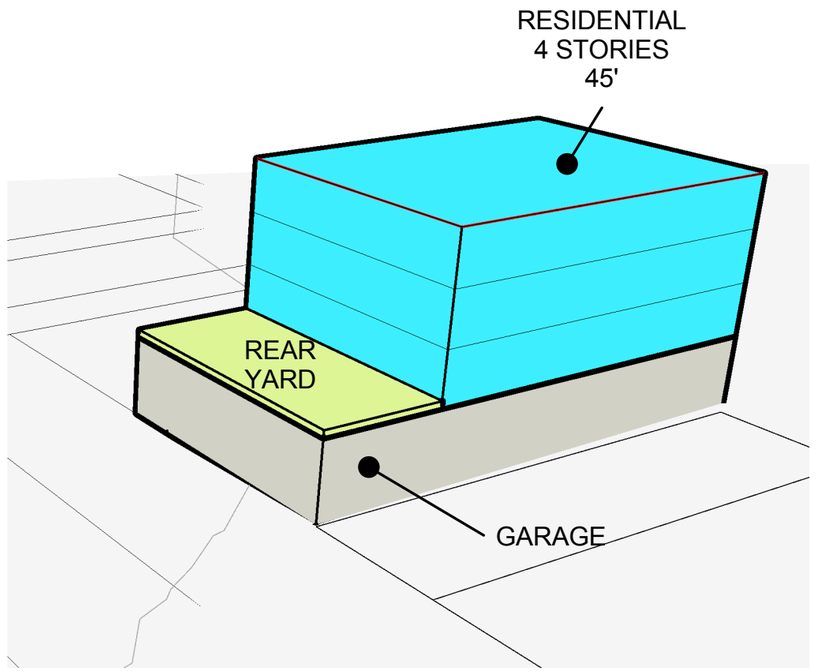
DENSITY INCREASE TO FULL ENVELOPE

18,270 RESIDENTIAL GSF
ASSUMED UNIT SIZE TAKEN FROM MARKET BASE CASE = **1,333 GSF UNIT SIZE**

18,270 SF / 1333 SF **= 14 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT, PARKING
HEIGHT INCREASED TO 65' FROM 45'
14 UNITS IS 233% INCREASE IN ALLOWED UNITS FROM BASE CASE





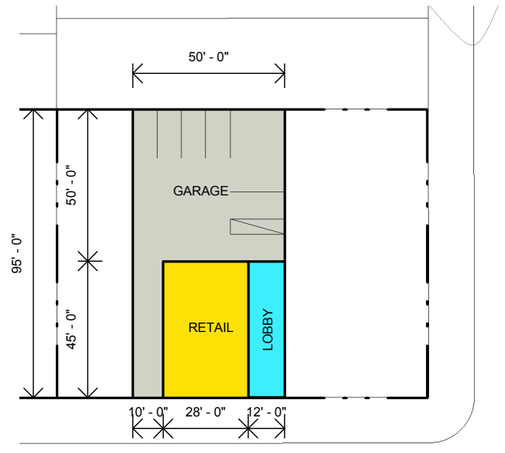
FE GROSS AREA	
Garage	2949 SF
Residential	11170 SF
Retail	1258 SF
Grand total	15377 SF

Open Space	1200 SF

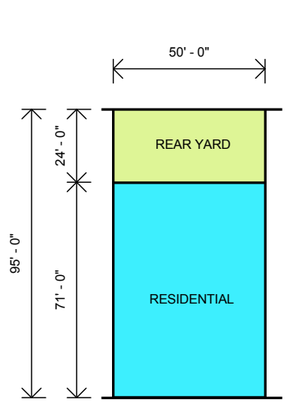
Open Space Required: 6 UNITS X 133 SF = 798 SF

Residential Average Unit Size - 1862 GSF

6 Parking Spaces / 6 Required



1 1" = 50'-0"



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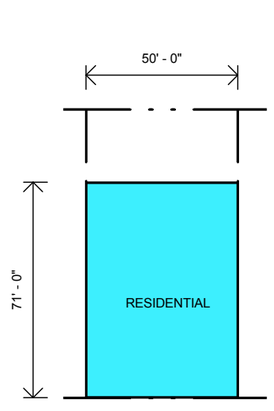
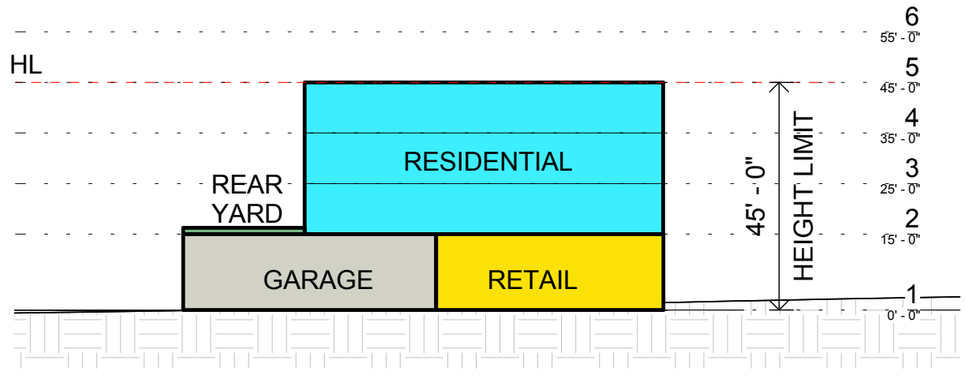


3-4 1" = 50'-0"



Section 1" = 30'-0"

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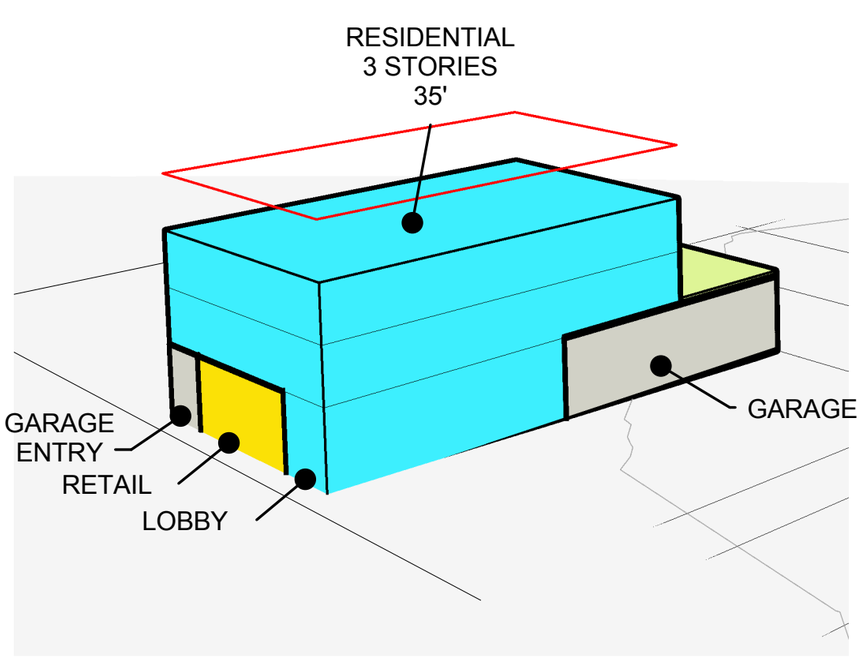
Seifel CONSULTING INC.

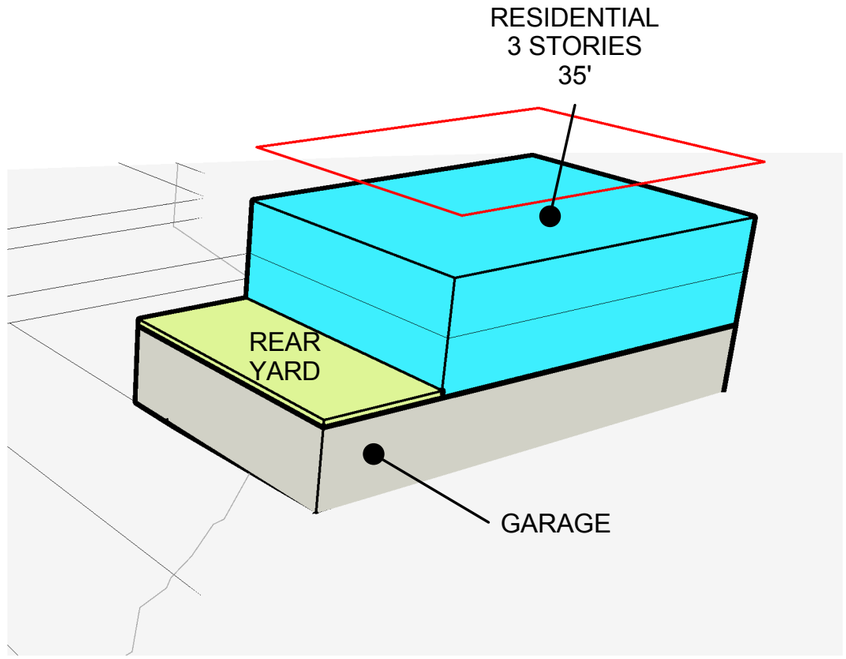
FULL ENVELOPE BUILD OUT

NC-2

08/2015

PROTOTYPE 8





MARKET BASE CASE

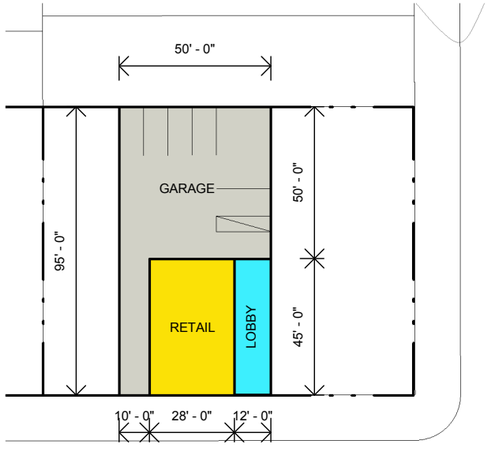
Residential	7626 SF
Garage	2949 SF
Retail	1258 SF
Grand total	11833 SF

Open Space	1200 SF

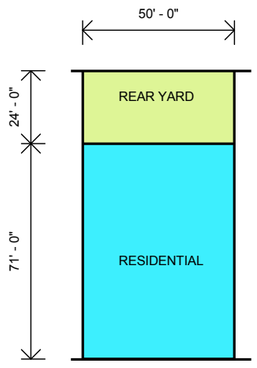
Open Space Required: 6 UNITS X 133 SF = 798 SF

Residential Average Unit Size - 1333 GSF

6 Parking Spaces / 6 Required



1 1" = 50'-0"



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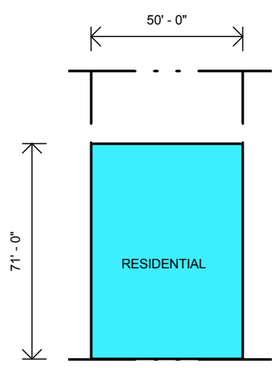
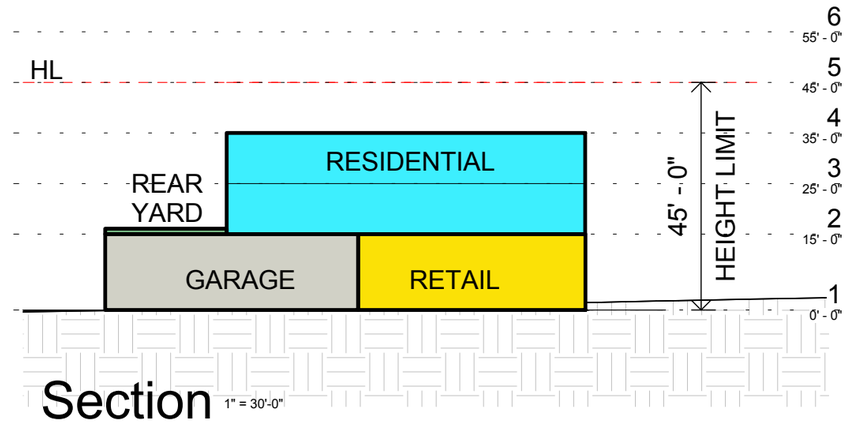


3 1" = 50'-0"



Section 1" = 30'-0"

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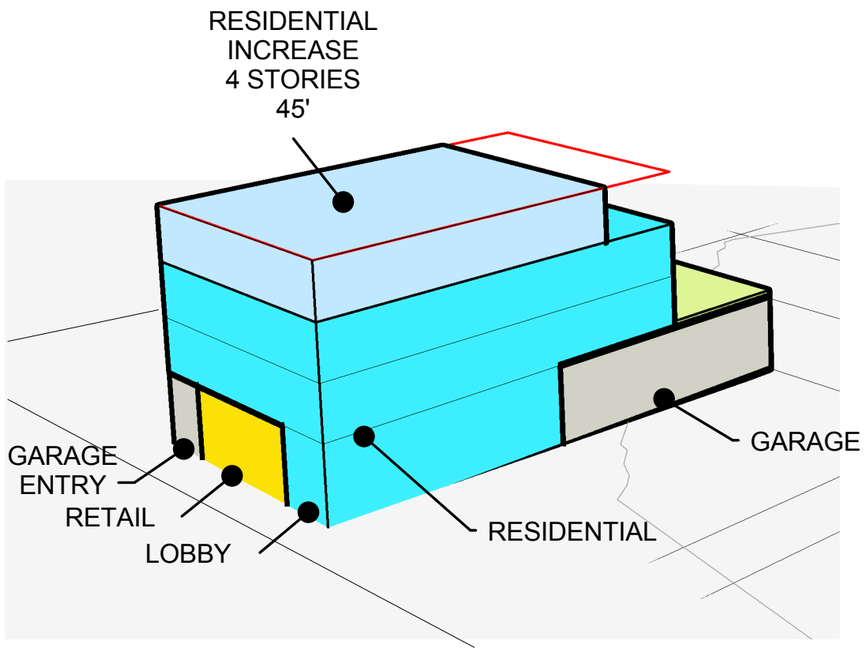
MARKET INFORMED BASE CASE

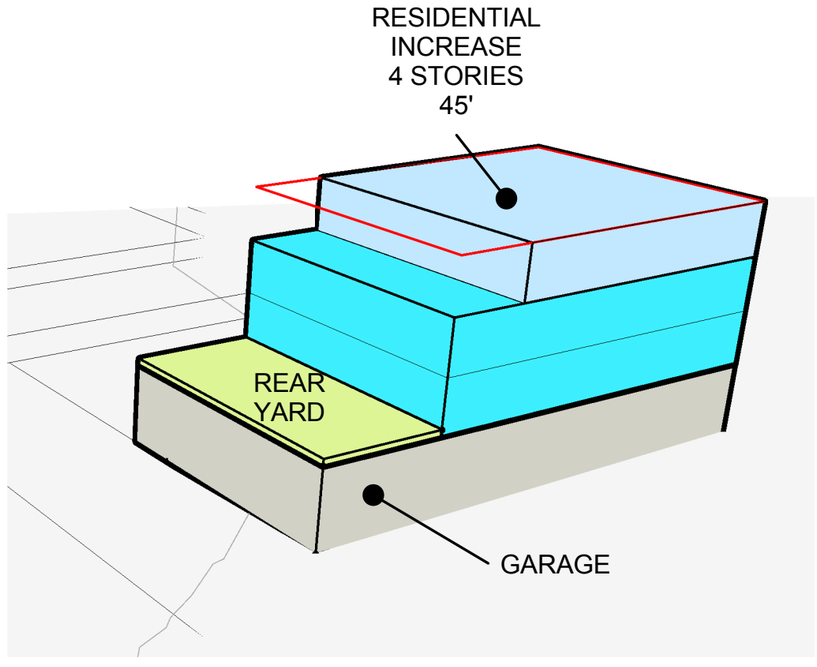
NC-2

08/2015

2.1

PROTOTYPE 8





MARKET + 35% AREA	
Garage	2949 SF
Residential	10440 SF
Retail	1258 SF
Grand total	14648 SF

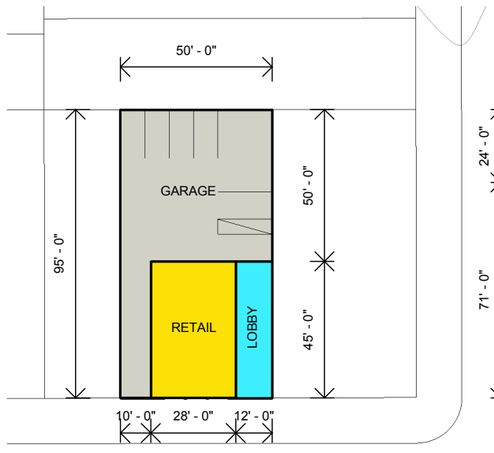
Residential	7640 SF
Residential Increase	2800 SF
	10440 SF

Open Space	1200 SF

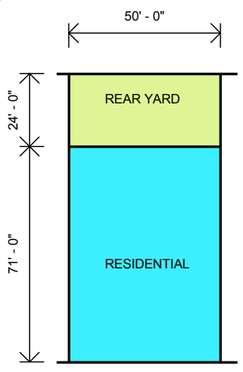
Open Space Required: 8 UNITS X 133 SF = 1,064 SF

Residential Average Unit Size - 1333 GSF

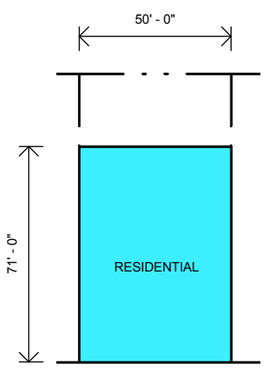
9 Parking Spaces (Lifts) / 8 Required



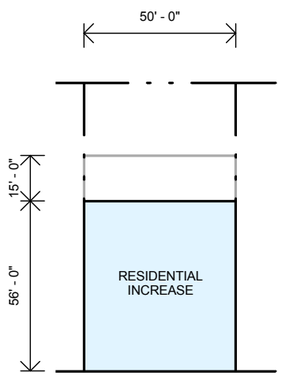
1 1" = 50'-0"



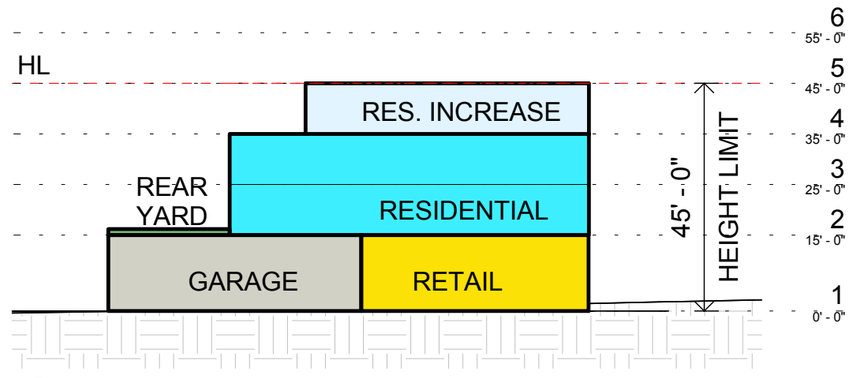
2 1" = 50'-0"



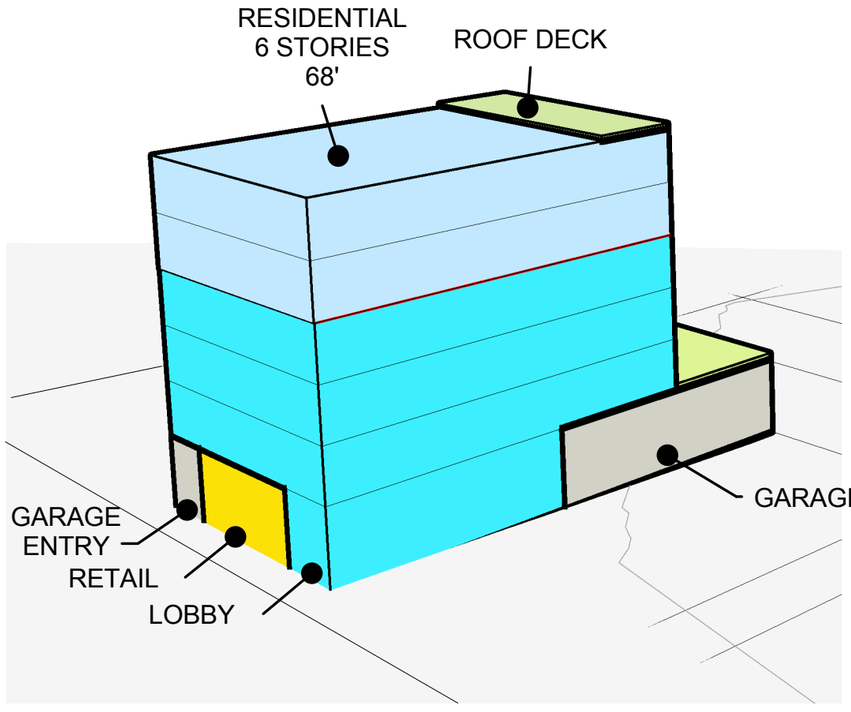
3 1" = 50'-0"

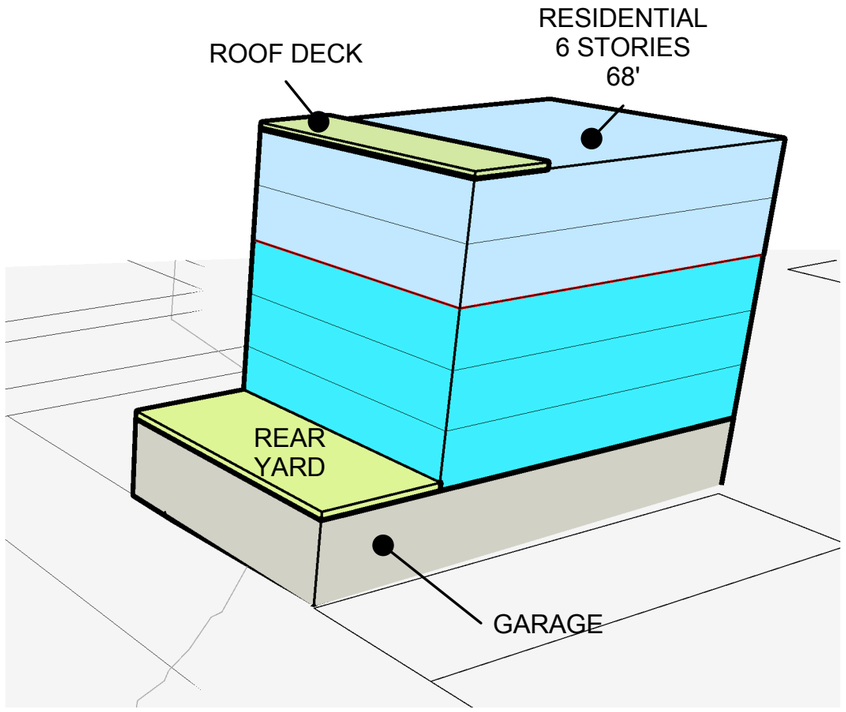


4 1" = 50'-0"



Section 1" = 30'-0"





ACCOMMODATIONS NEEDED: HEIGHT, PARKING

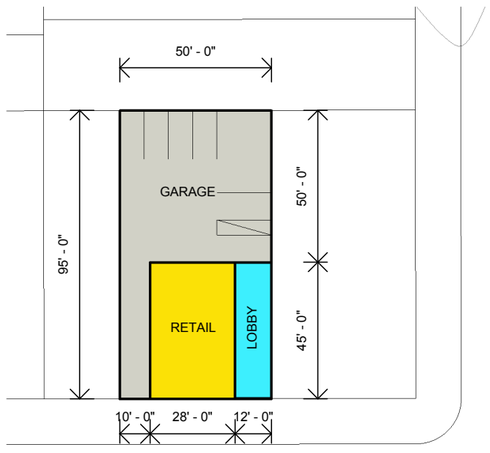
BONUS PROGRAM	
Garage	2949 SF
Residential	18270 SF
Retail	1258 SF
Grand total	22477 SF

Open Space	1950 SF

Open Space Required: 14 UNITS X 133 SF = 1862 SF

Residential Average Unit Size - 1333 GSF

9 Parking Spaces (Lifts) / 14 Required



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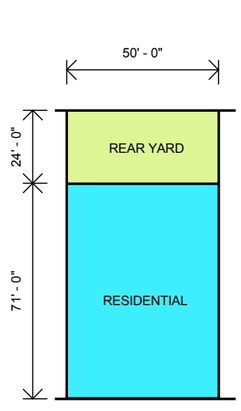
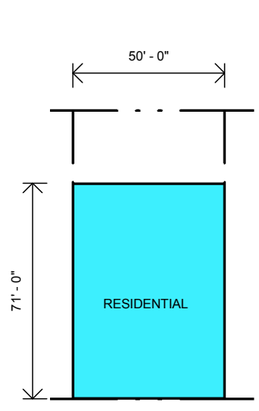
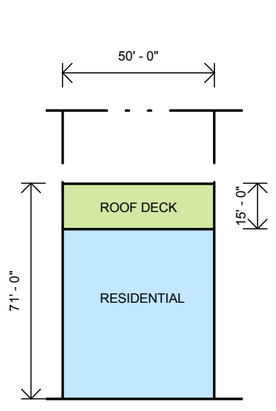


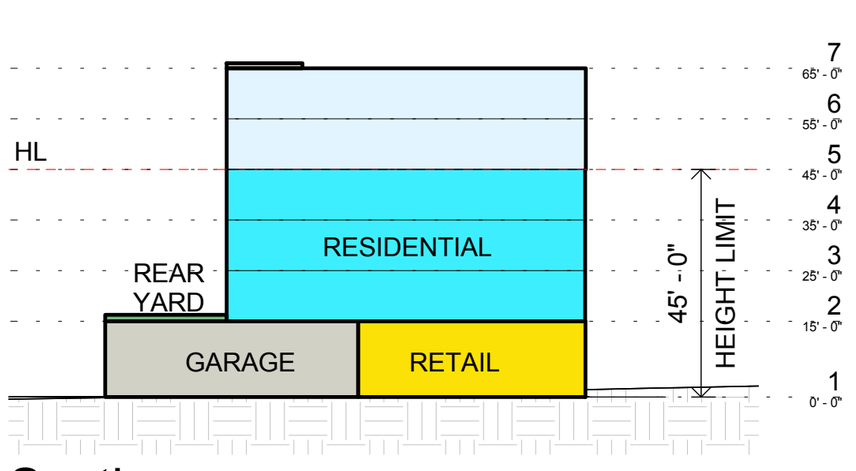
2 1" = 50'-0"





3-5 1" = 50'-0"

6 1" = 50'-0"



Section 1" = 30'-0"

NCD

TARAVAL

ZONING PARAMETERS

ZONING CLASSIFICATIONS: NCD
LOTS: 2397035

LOT AREA: 11,996 SF

HEIGHT AND BULK: 50-X

REAR YARD: (SECT 134): 25% at second story and above, Ground floor rear yard required if ground floor contains DU

DENSITY (SECT 741) : 1 unit / 800 sq. ft lot area 11,996/800 **=15 UNITS**

FLOOR AREA RATIO: 2.5:1 (Does not apply for residential uses)

FRONT SETBACK: NONE

STREET FRONTAGE: Commercial not required. Active uses required (res. or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

USABLE OPEN SPACE: 100 SF / DU if private, 133 SF if common (also consider min. dimension reqs.)
133 SF x 15 **= 1,995 SF**

PARKING REQ.: 1:1 but potential modification/waiver by ZA per sec. 161(j)

GROUND FLOOR HEIGHT (SECT 145.1): Minimum 14' for Non-residential (Floor to Floor)
- + 5' Ground Floor Height Bump Allowed

SCENARIO A

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 11,996 SF / 800 SF **= 15 UNITS (MAX ALLOWED)**

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS = **37,247 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 37,247 SF / 15 UNITS **= 2,483 SF AVG. GROSS UNIT**

SCENARIO B

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 11,996 SF / 800 SF = **15 UNITS (MAX ALLOWED)**

1000 NET SF / 1333 GROSS SF ASSUMED UNIT SIZE

1333 GSF x 15 **= 19,995 ASSUMED RESIDENTIAL GSF**
THE MARKET INFORMED BASE CASE IS SIGNIFICANTLY LESS THAN THE ALLOWABLE BUILDING ENVELOPE.

SCENARIO C

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 11,996 SF / 800 SF **= 15 UNITS (MAX ALLOWED)**

1000 NET SF / 1333 GROSS SF ASSUMED UNIT SIZE

15 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE = 20.25 ~ **20 UNITS ALLOWED**
20 UNITS ALLOWED x 1333 GROSS SF ASSUMED UNIT SIZE **= 26,660 ALLOWED RESIDENTIAL GSF**
THE 35% INCREASE IS SIGNIFICANTLY LESS THAN THE ALLOWABLE BUILDING ENVELOPE.
ACCOMMODATIONS NEEDED: REAR YARD

SCENARIO D

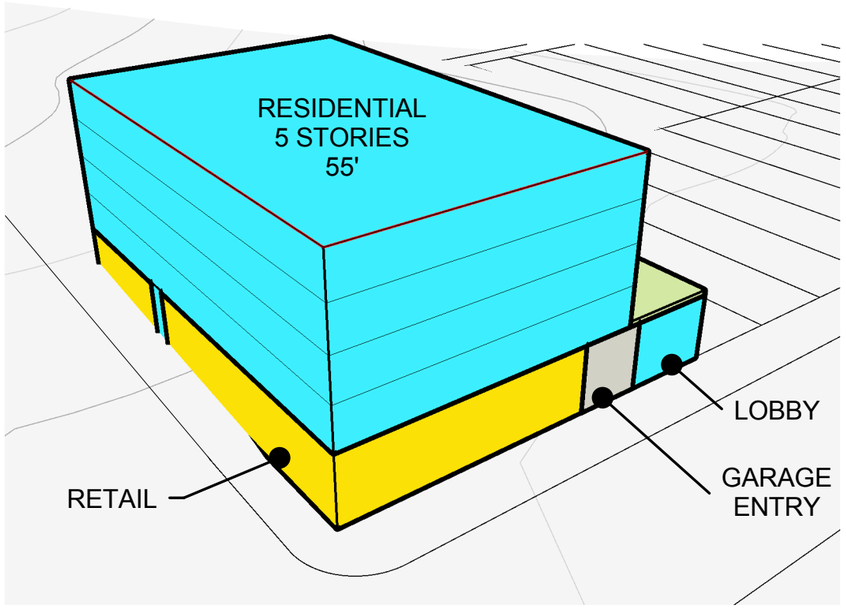
AFFORDABLE HOUSING BONUS PROGRAM

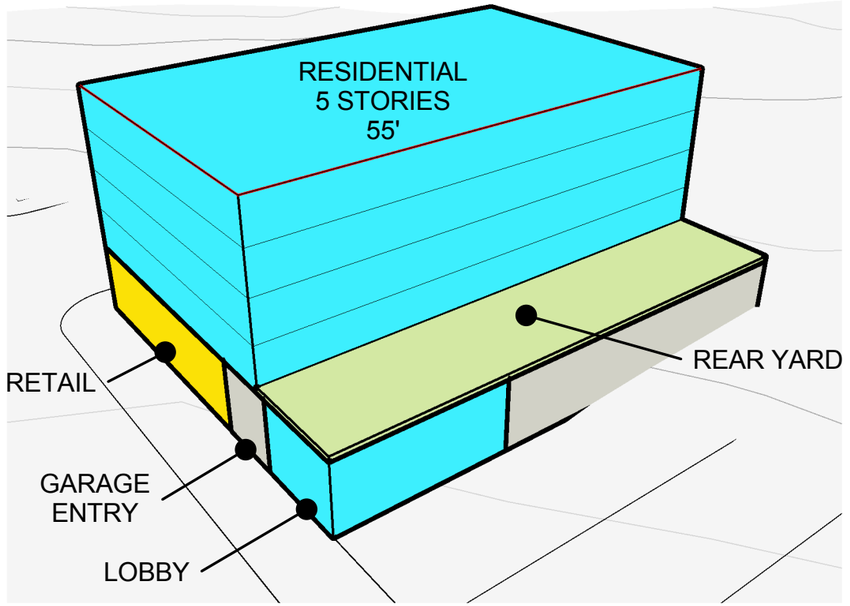
DENSITY INCREASE TO FULL ENVELOPE

61,247 RESIDENTIAL GSF
ASSUMED UNIT SIZE TAKEN FROM MARKET INFORMED BASE CASE = **1,333 GSF UNIT SIZE**

61,247 SF / 1333 SF **= 46 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD, PARKING
HEIGHT INCREASED TO 75' FROM 55'
46 UNITS IS 207% INCREASE IN ALLOWED UNITS FROM BASE CASE





FE GROSS AREA

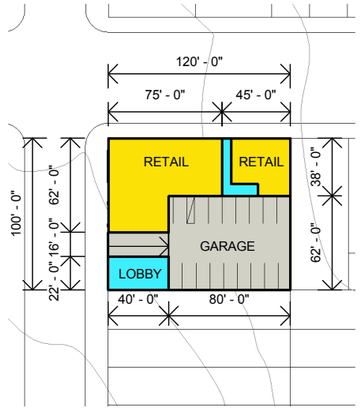
Garage	5599 SF
Residential	37247 SF
Retail	5151 SF
Grand total	47998 SF

Open Space	3000 SF

Open Space Required: 15 UNITS X 133 SF = 1,995 SF

Residential Average Unit Size - 2483 GSF

16 Parking Spaces / 15 Required



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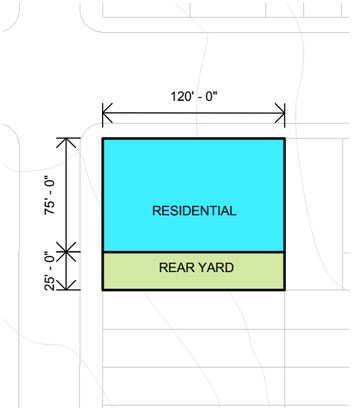

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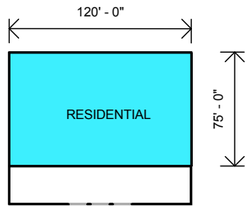
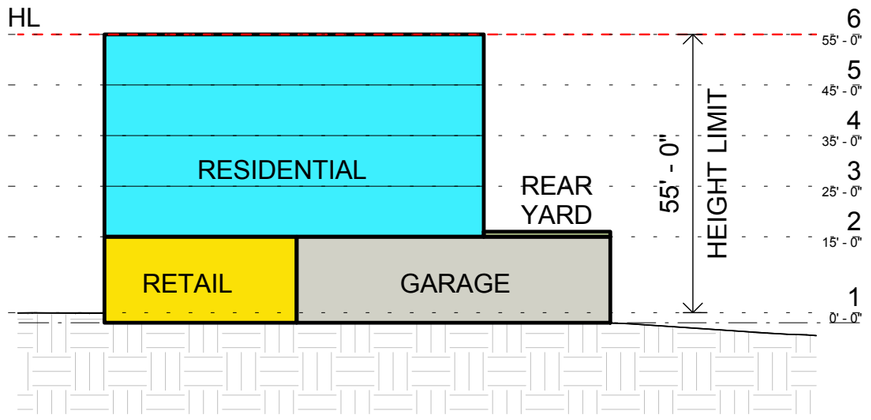


3-5 1" = 100'-0"



Section 1" = 30'-0"

David Baker Architects
www.dbarchitect.com

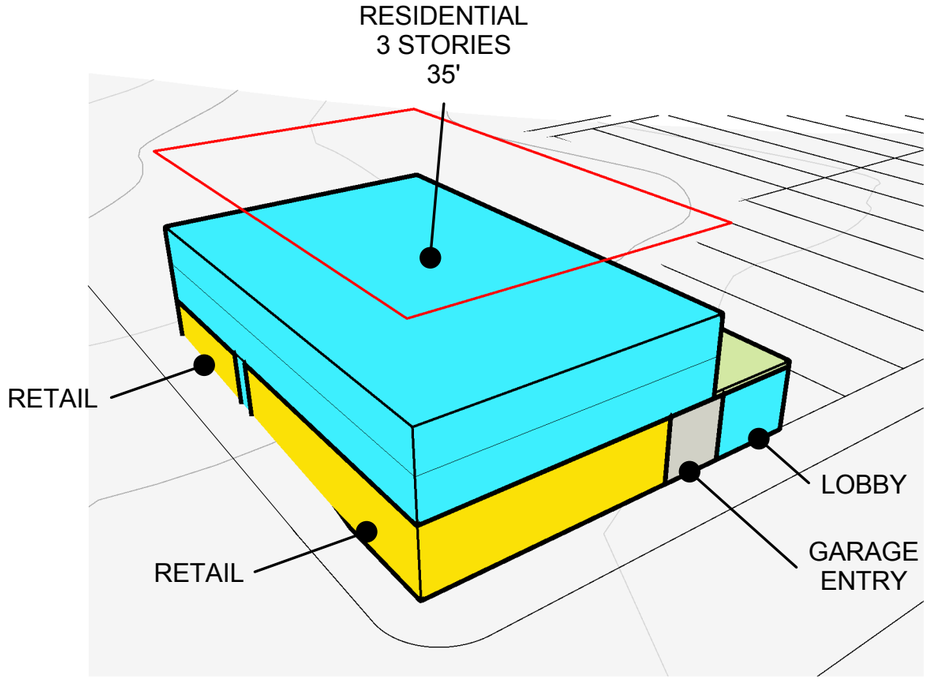
Seifel CONSULTING INC.

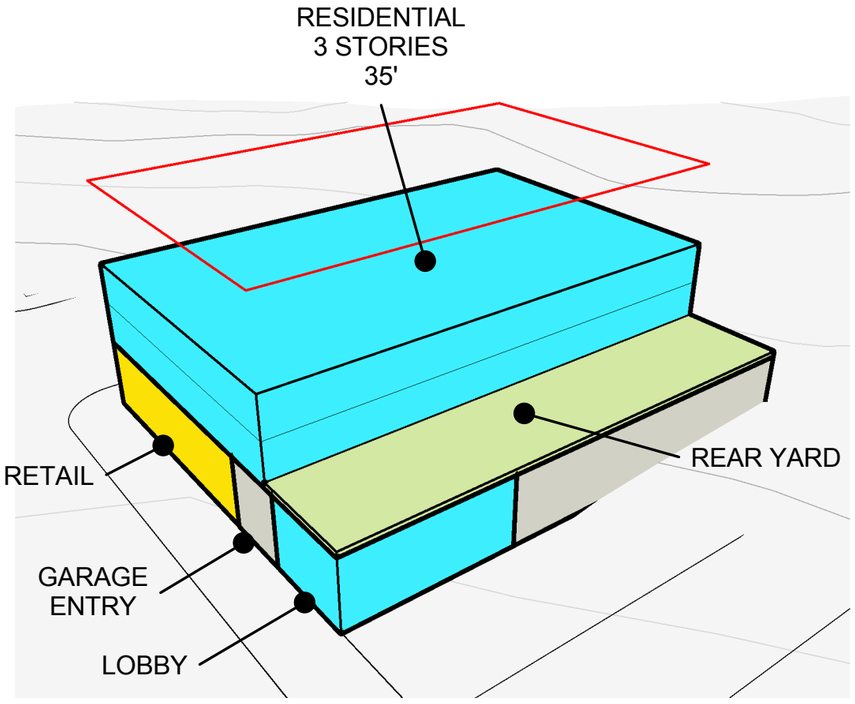
FULL ENVELOPE BUILD OUT

NCD

08/2015

PROTOTYPE 9





MARKET BASE CASE

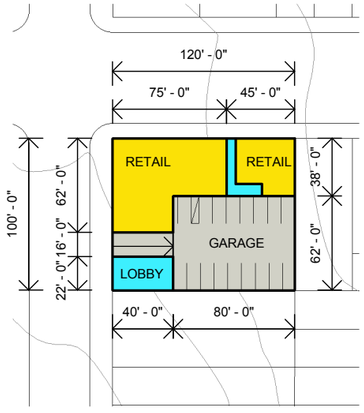
Garage	5599 SF
Residential	19247 SF
Retail	5151 SF
Grand total	29998 SF

Open Space	3000 SF

Open Space Required: 15 UNITS X 133 SF = 1,995 SF

Residential Average Unit Size - 1333 GSF

16 Parking Spaces / 15 Required



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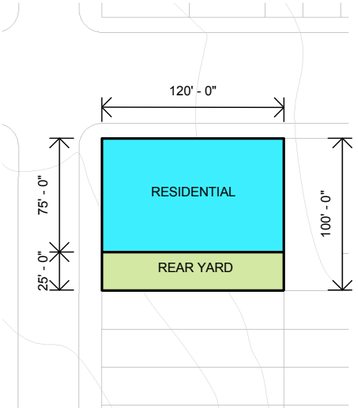

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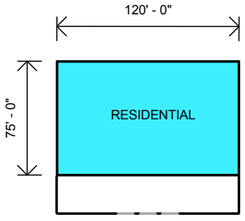

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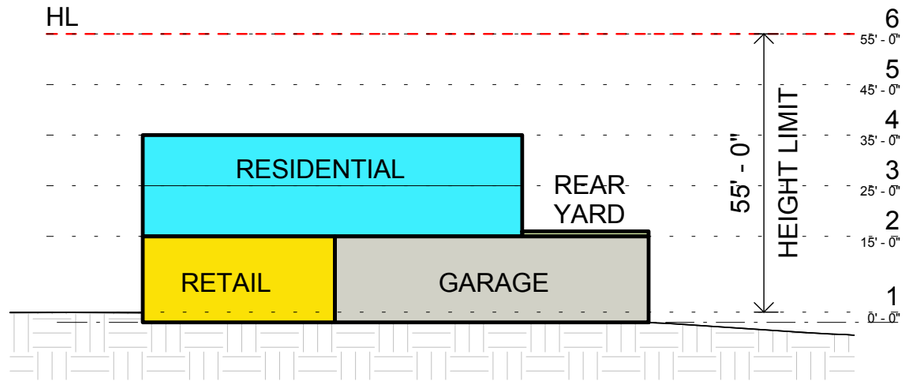

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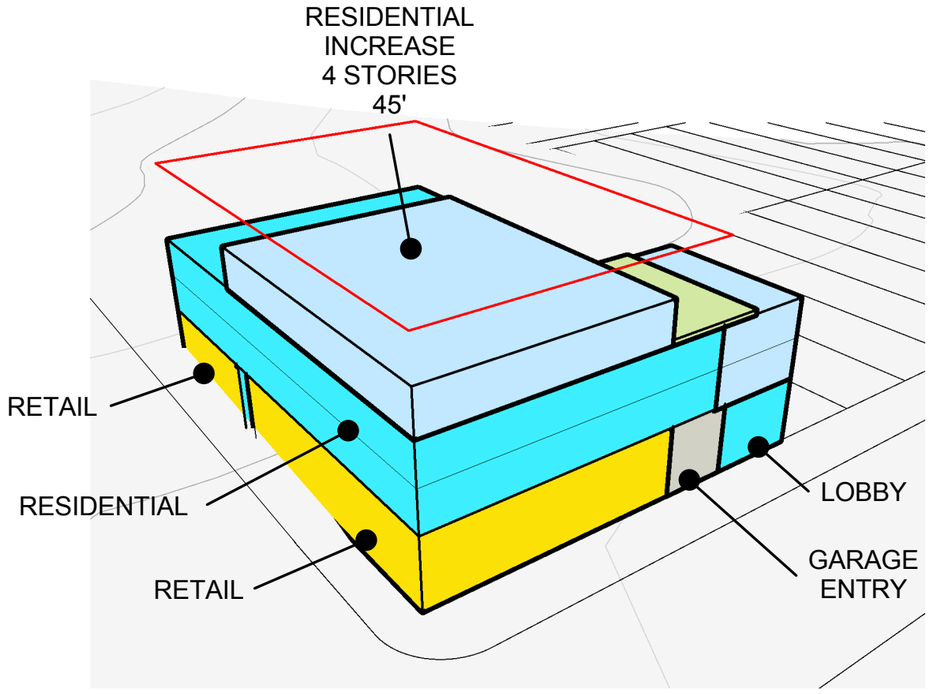
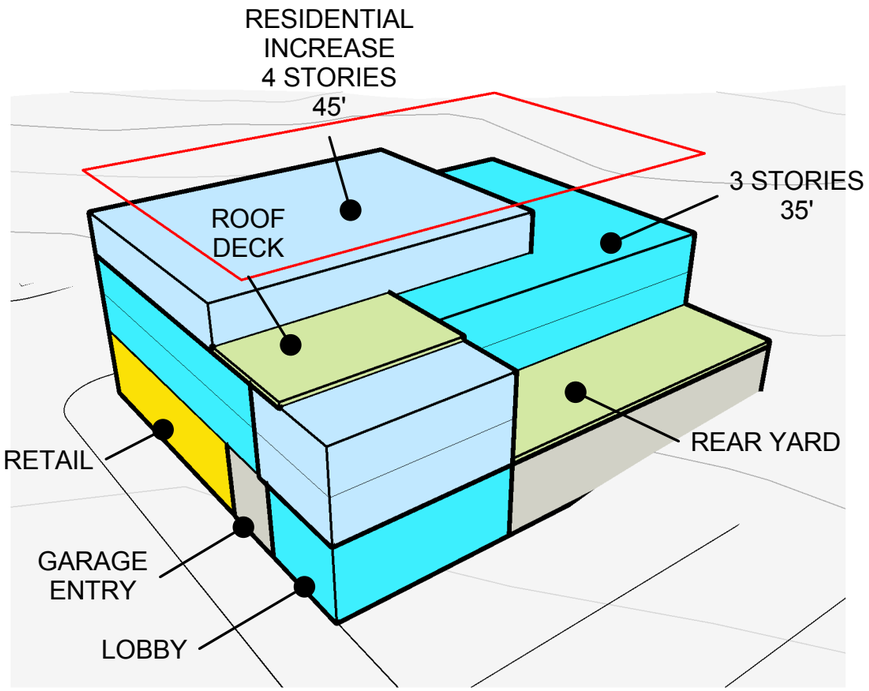




ACCOMMODATIONS NEEDED: REAR YARD

MARKET + 35% AREA	
Garage	5599 SF
Residential	26047 SF
Retail	5151 SF
Grand total	36798 SF

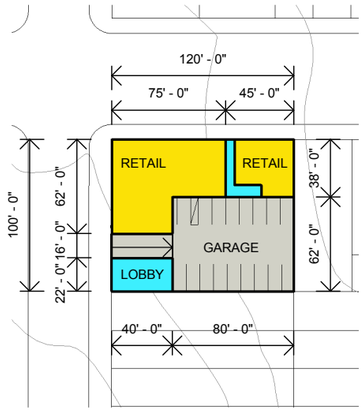
Residential Increase	6800 SF
Residential	19247 SF
	26047 SF

Open Space	3000 SF

Open Space Required: 20 UNITS X 133 SF = 2,660 SF

Residential Average Unit Size - 1333 GSF

29 Parking Spaces (Lifts) / 20 Required



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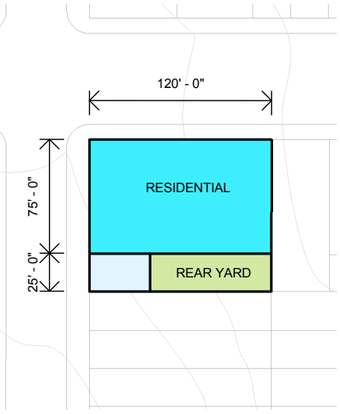

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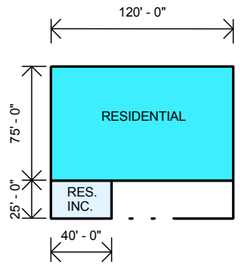

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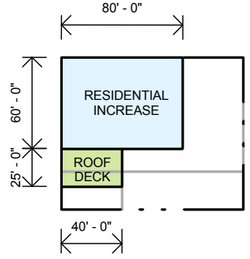

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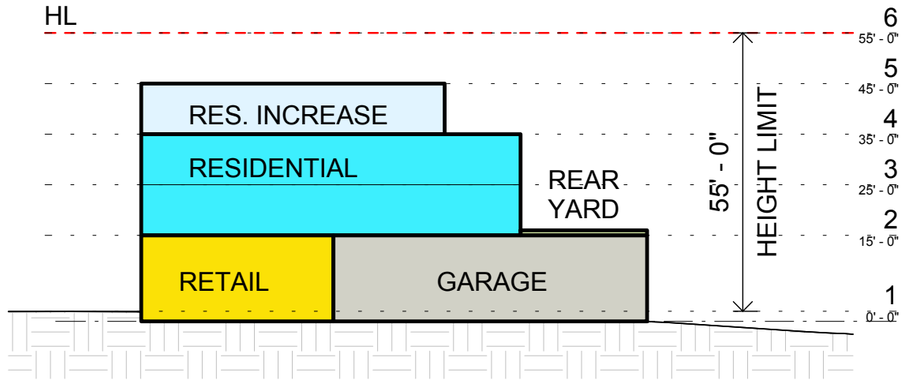

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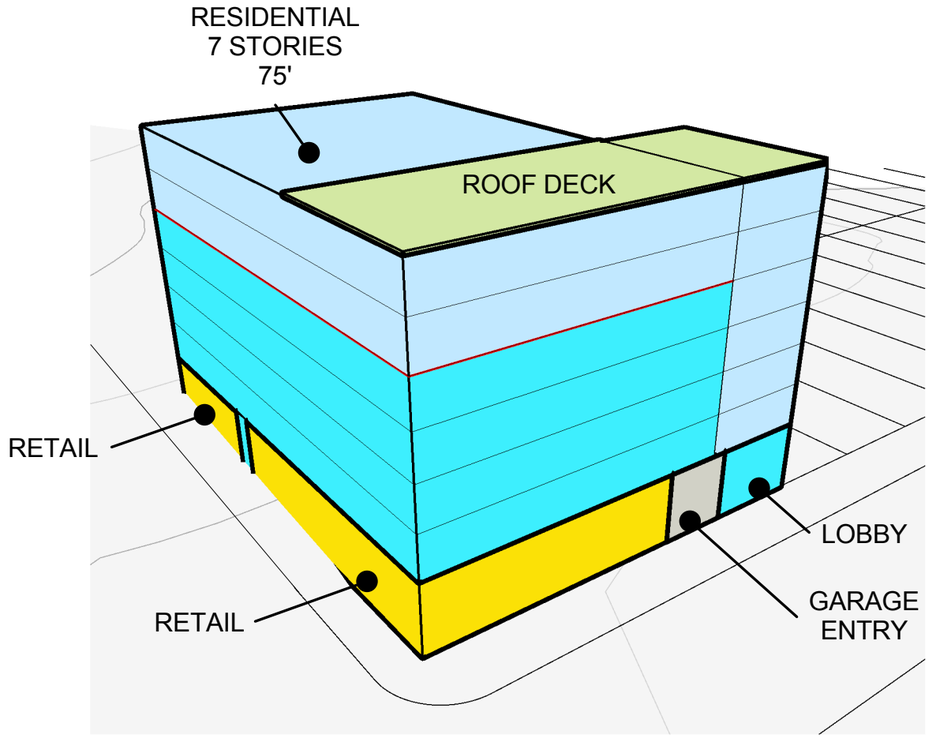
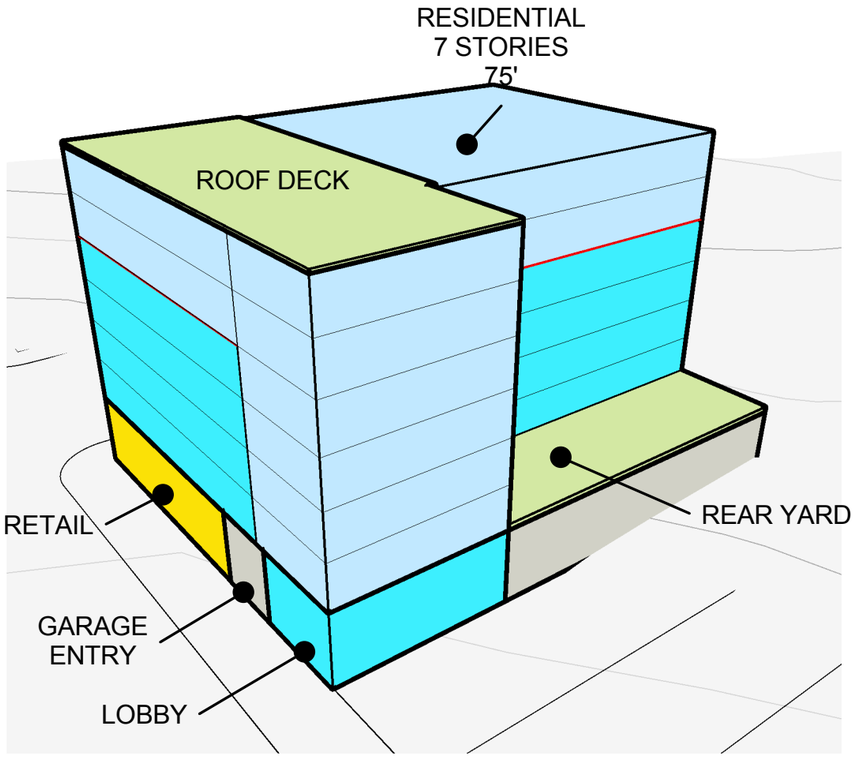




ACCOMMODATIONS NEEDED: HEIGHT, REAR YARD, PARKING

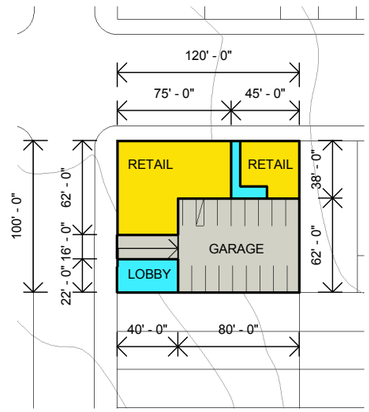
BONUS PROGRAM	
Garage	5599 SF
Residential	61247 SF
Retail	5151 SF
Grand total	71998 SF

Open Space	6118 SF

Open Space Required: 46 UNITS X 133 SF = 6,118 SF

Residential Average Unit Size - 1333 GSF

29 Parking Spaces (Lifts) / 46 Required



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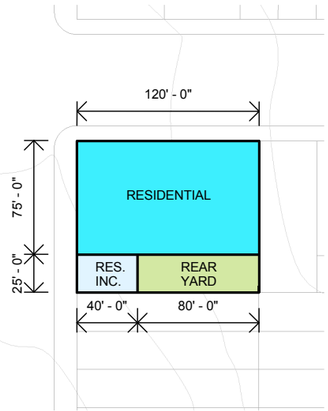

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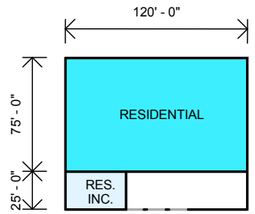

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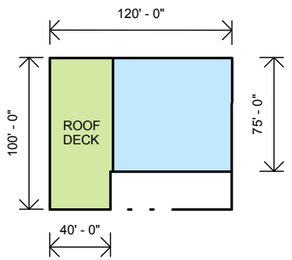

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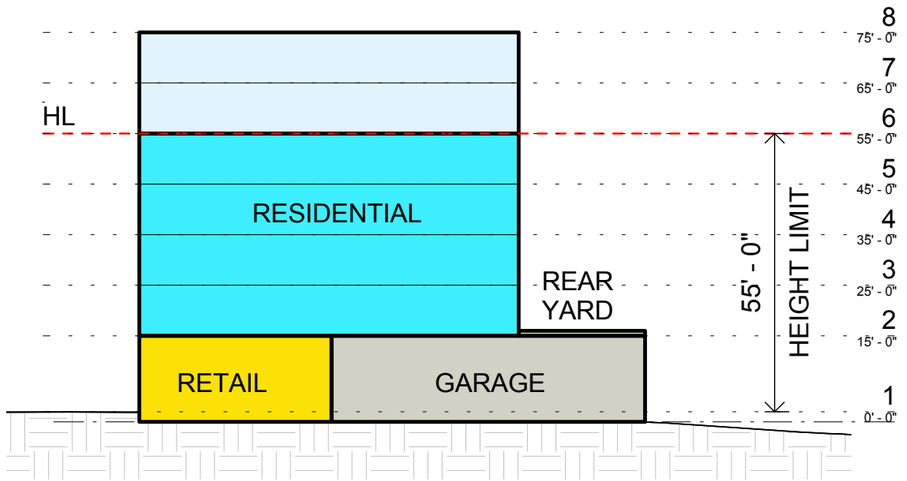


Section 1" = 30'-0"

RC-3

RUSSIAN HILL

ZONING PARAMETERS

ZONING CLASSIFICATIONS: RC-3
LOTS: 0502005H

LOT AREA: 7,400 SF

HEIGHT AND BULK: 65-A

BULK DISTRICT	Height Above Which Maximum Dimensions Apply (in feet)	Maximum Plan Dimensions (in feet)	
		Length	Diagonal dim.
A	40	110	125

REAR YARD: (SECT 134): 25% OF LOT DEPTH, NO LESS THAN 15 FEET (AT DWELLING LEVELS ONLY). REAR YARD SHALL BE PROVIDED AT LOWEST STORY CONTAINING A DWELLING UNIT.

DENSITY (SECT 745) : 1 unit / 400 sq. ft lot area 7,400/400 = **19 UNITS**

FLOOR AREA RATIO: 3.6:1 (DOES NOT APPLY)

STREET FRONTAGE: Commercial not required. Active uses required (res. or comm.)
- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE
- GROUND FLOOR DUs SUBJECT TO GROUND FLOOR RESIDENTIAL DESIGN GUIDELINES INCLUDING SET BACK AND TWO STORY EXPRESSION

USABLE OPEN SPACE: 60 SF PER UNIT IF ALL PRIVATE; 80 SF IF COMMON SPACE.
80 SF X 19 UNITS **= 1,520 SF**

PARKING REQ.: 1 PER 4 DWELLING UNITS

GROUND FLOOR HEIGHT (SECT 145.1): MINIMUM 14' FOR NON-RESIDENTIAL (FLOOR TO FLOOR)

SCENARIO **A**

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 7,400/400 SF **= 18.5 ~ 19 UNITS (MAX ALLOWED)**

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS **= 32,192 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 32,192 SF / 19 UNITS **= 1,694 SF AVG. GROSS UNIT**

SCENARIO **B**

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 7,400/400 SF **= 19 UNITS (MAX ALLOWED)**

1000 NET SF / 1333 GROSS SF ASSUMED UNIT SIZE

1333 GSF x 19 **= 25,327 ASSUMED RESIDENTIAL GSF**

MARKET BASE CASE IS LESS THAN FULL ENVELOPE BUILD OUT.

SCENARIO **C**

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 7,400/400 SF **= 19 UNITS (MAX ALLOWED)**

1000 NET SF / 1333 GROSS SF ASSUMED UNIT SIZE

19 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE = 25.65 ~ **26 UNITS ALLOWED**
26 UNITS ALLOWED x 1333 GROSS SF ASSUMED UNIT SIZE **= 34,658 ALLOWED RESIDENTIAL GSF**

ACCOMMODATIONS NEEDED: HEIGHT

SCENARIO **D**

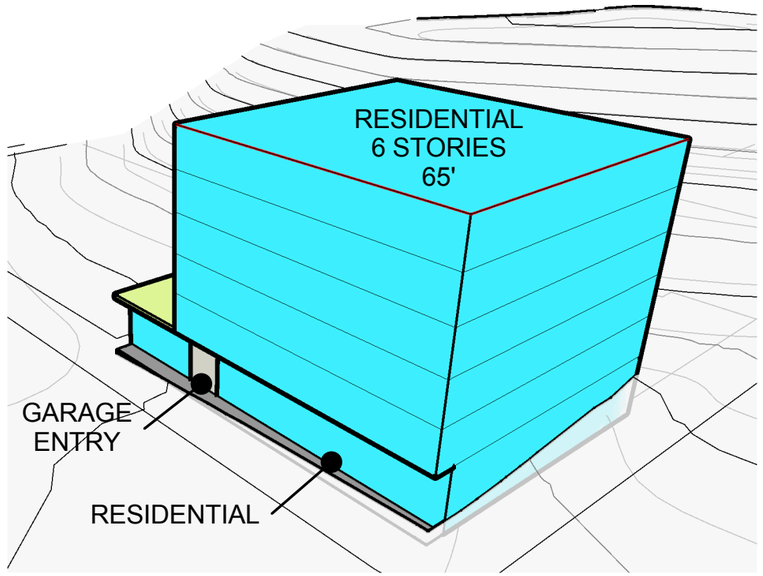
AFFORDABLE HOUSING BONUS PROGRAM

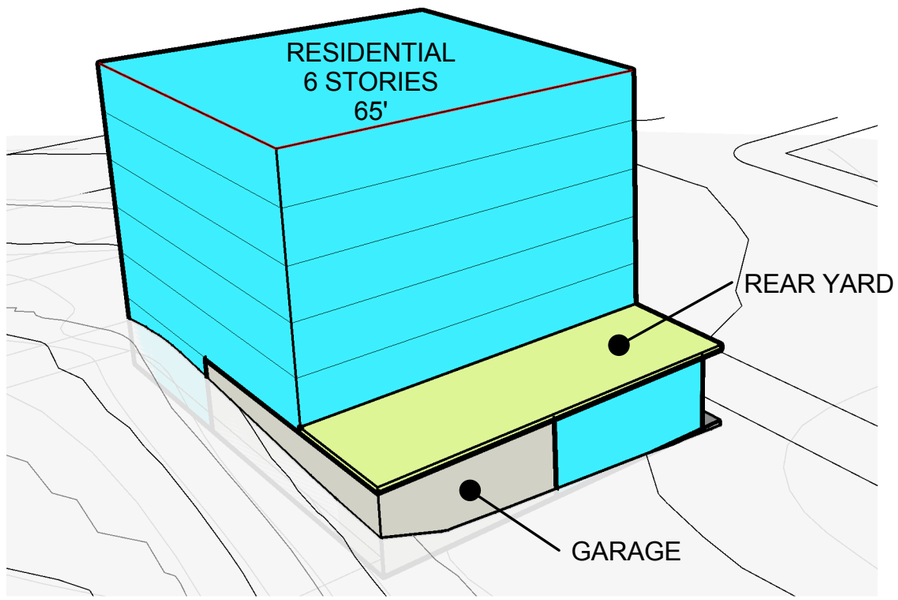
DENSITY INCREASE TO FULL ENVELOPE

43,292 RESIDENTIAL GSF
ASSUMED UNIT SIZE TAKEN FROM MARKET BASE CASE = **1,333 GSF UNIT SIZE**

43,292 SF / 1333 SF **= 32 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT
HEIGHT INCREASED TO 85' FROM 65'
32 UNITS IS 168% INCREASE IN ALLOWED UNITS FROM BASE CASE





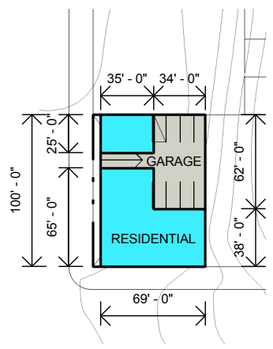
FE GROSS AREA	
Garage	2459 SF
Residential	32192 SF
Grand total	34652 SF

Open Space	1850 SF

Open Space Required: 19 UNITS X 80 SF = 1,520 SF

Residential Average Unit Size - 1694 GSF

7 Parking Spaces / 5 Required



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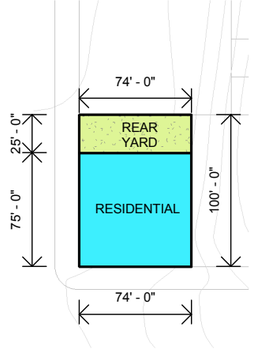

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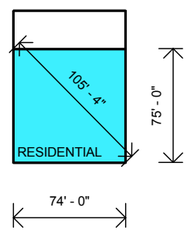
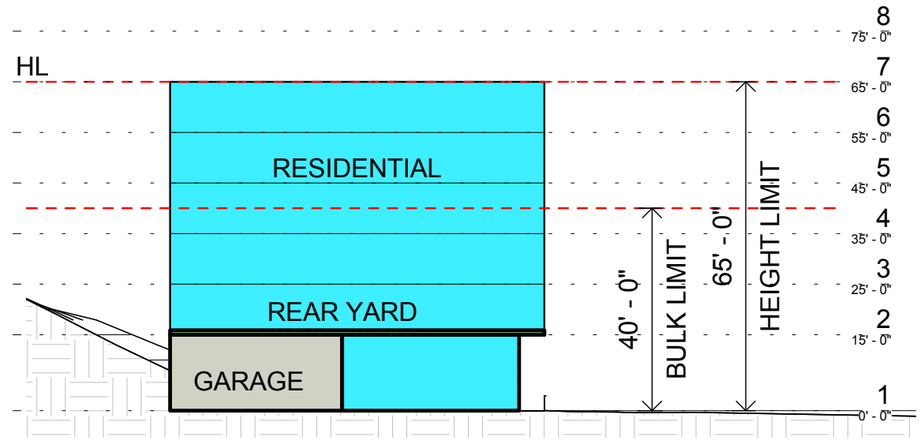


3-6 1" = 100'-0"



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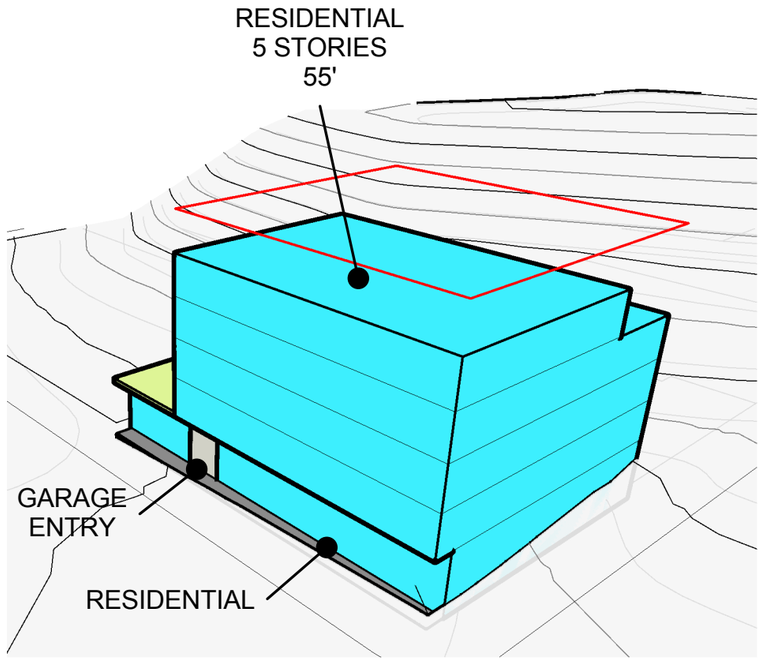
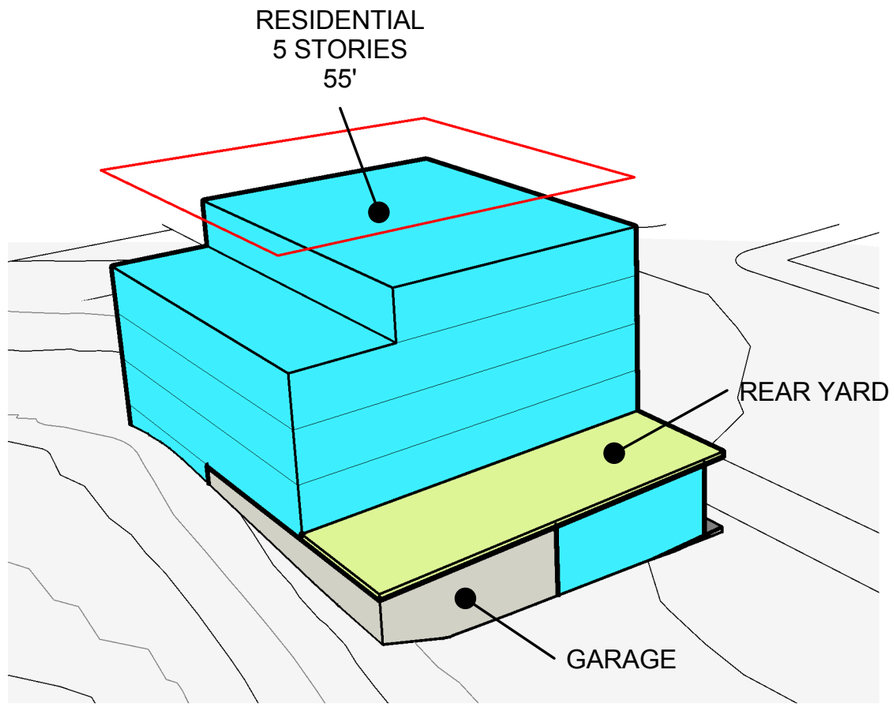




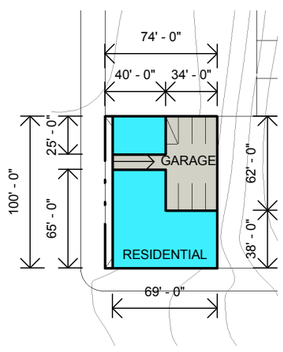
MARKET BASE CASE	
Garage	2459 SF
Residential	25142 SF
Grand total	27602 SF

Open Space	1850 SF

Open Space Required: 19 UNITS X 80 SF = 1,520 SF

Residential Average Unit Size - 1333 GSF

7 Parking Spaces / 5 Required



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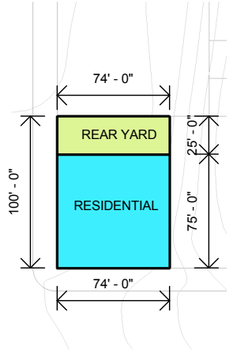

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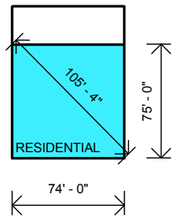

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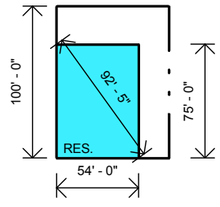

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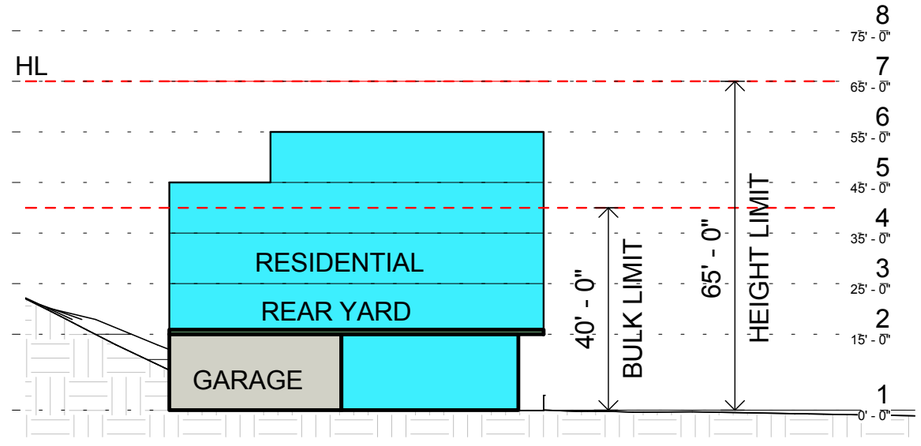

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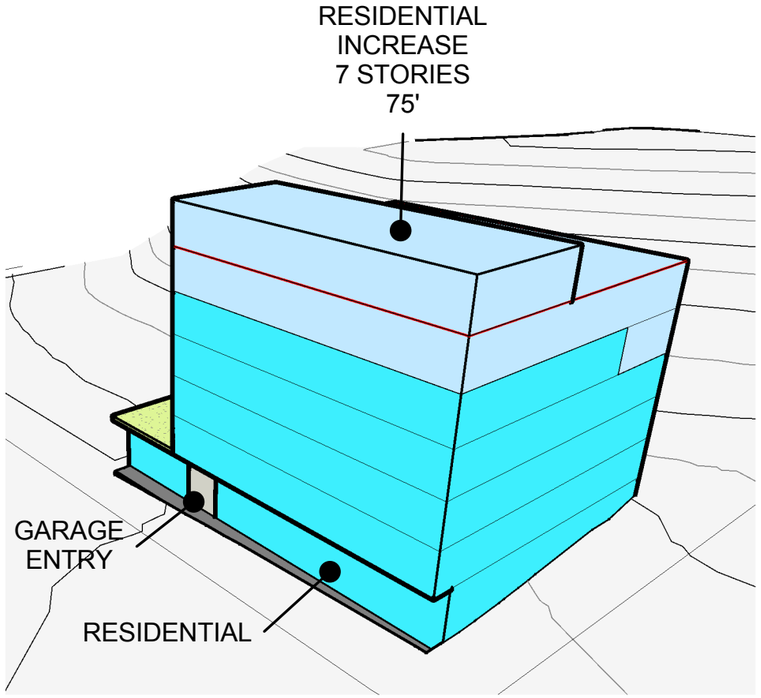
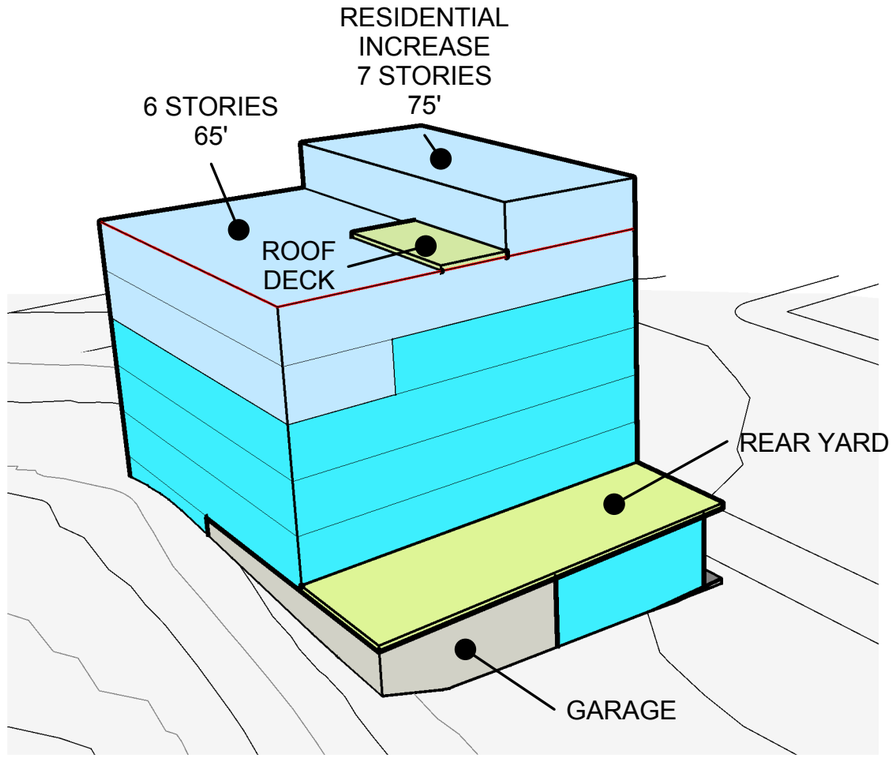




ACCOMMODATIONS NEEDED: HEIGHT

MARKET + 35% AREA	
Garage	2459 SF
Residential	34442 SF
Grand total	36902 SF

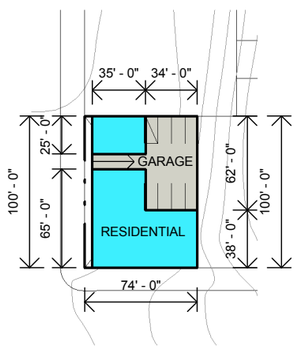
Residential Increase	9300 SF
Residential	25142 SF
	34442 SF

Open Space	2261 SF

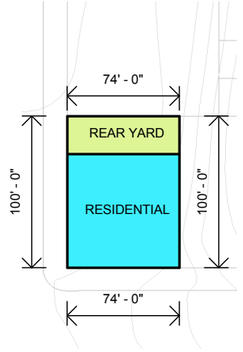
Open Space Required: 26 UNITS X 80 SF = 2,080 SF

Residential Average Unit Size - 1333 GSF

7 Parking Spaces / 7 Required



1 1" = 100'-0"



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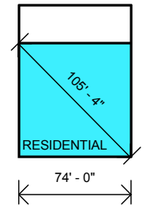

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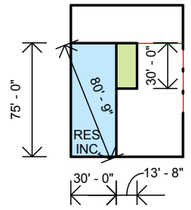

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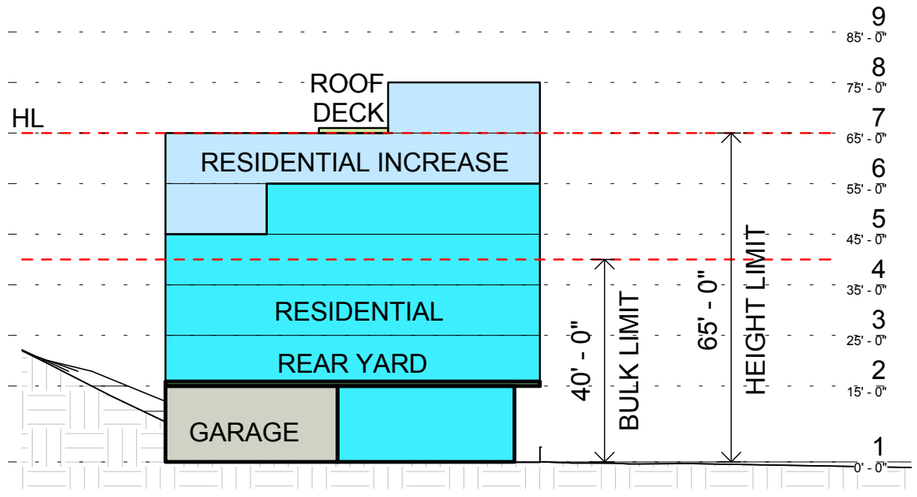

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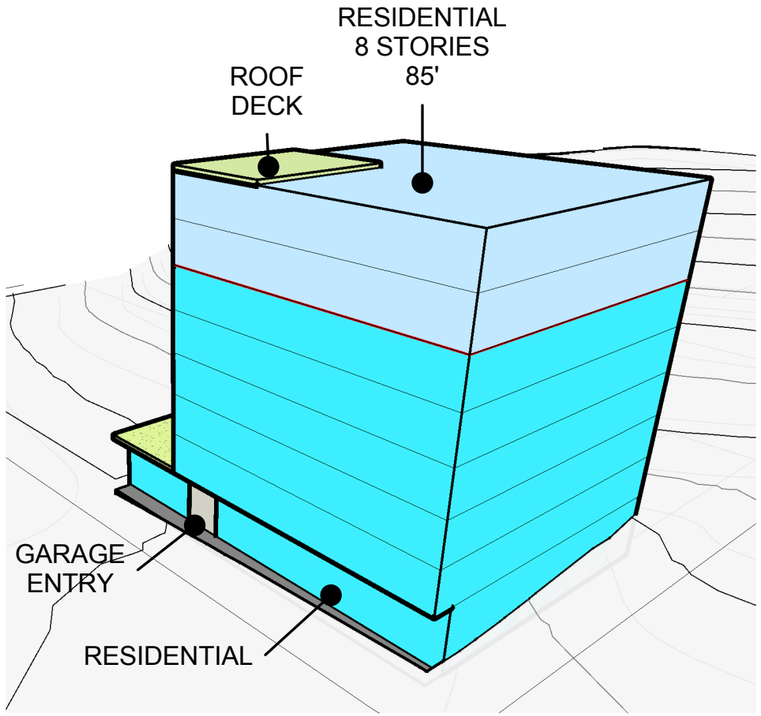
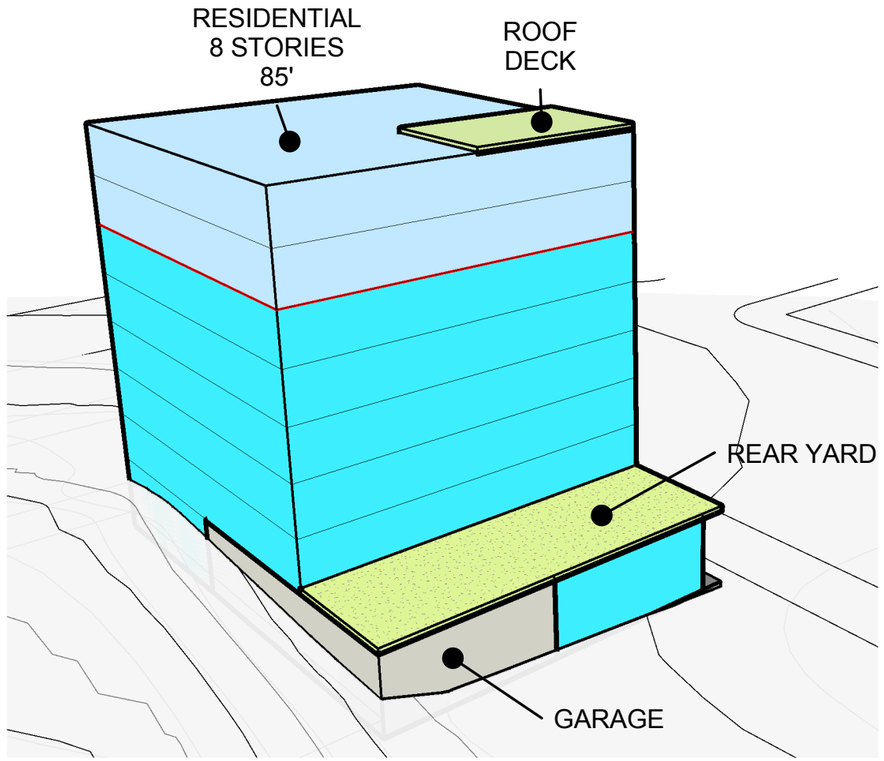




ACCOMMODATIONS NEEDED: HEIGHT

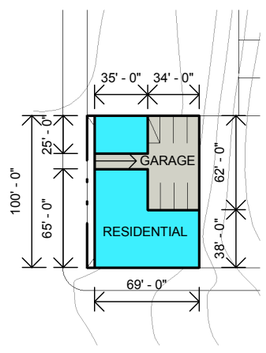
BONUS PROGRAM	
Garage	2459 SF
Residential	43292 SF
Grand total	45752 SF

Open Space	2725 SF

Open Space Required: 32 UNITS X 80 SF = 2,560 SF

Residential Average Unit Size - 1333 GSF

8 Parking Spaces (Lifts) / 8 Required



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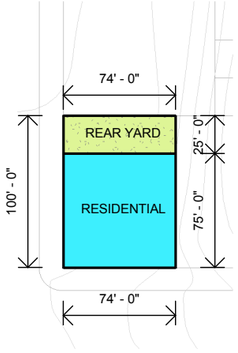

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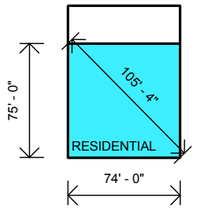
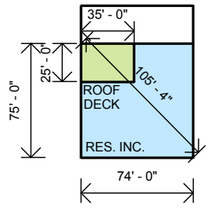


3-8 1" = 100'-0"



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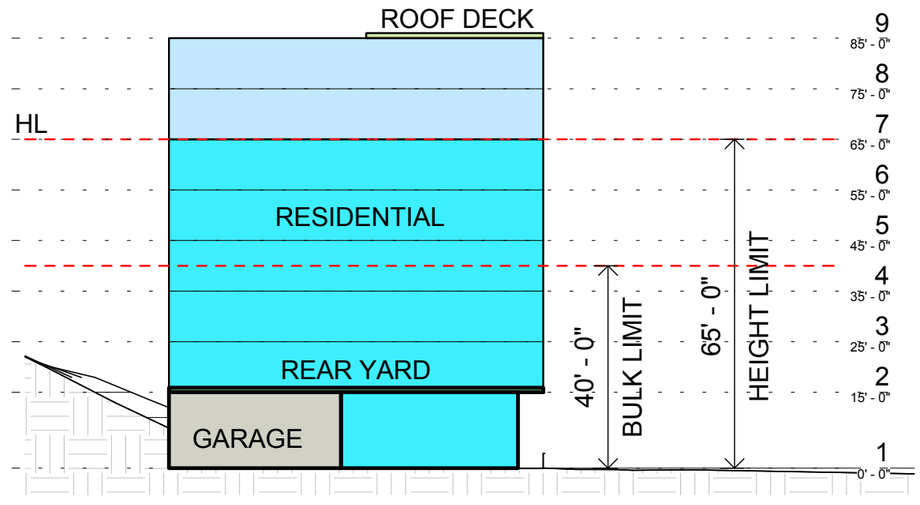


Section 1" = 30'-0"

RM-4

NOB HILL

ZONING PARAMETERS

ZONING CLASSIFICATIONS: RM-4
LOTS: 0252016

LOT AREA: 9,336 SF

HEIGHT AND BULK: 65-A

BULK DISTRICT	Height Above Which Maximum Dimensions Apply (in feet)	Maximum Plan Dimensions (in feet)	
		Length	Diagonal dim.
A	40	110	125

REAR YARD: (SECT 134): 25% of lot depth, but no less than 15 feet

DENSITY : 1 unit / 200 sq. ft lot area 9,336/200 = **47 UNITS**
- STUDIOS less than 500 SF = 3/4 of a unit

FLOOR AREA RATIO: 4.8:1 (Does not apply to residential uses)

FRONT SETBACK: Based upon average of adjacent buildings; up to 15 ft. or 15% of lot depth, whichever is less

STREET FRONTAGE: Commercial not required. Active uses required (res. or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

USABLE OPEN SPACE: 36SF / DU if all private, 48 SF if common (also consider min. dimension reqs.) 47 UNITS x 48 SF = **2,256 SF**

PARKING REQ.: 1:1 but potential modification/waiver by ZA per sec. 161(j)

GROUND FLOOR HEIGHT (SECT 145.1): Minimum 14' for Non-Residential (FLOOR TO FLOOR)

SCENARIO **A**

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 9,336 / 200 SF **= 47 UNITS (MAX ALLOWED)**

BASE RESIDENTIAL AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS = **35,485 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 35,485 SF / 47 UNITS = **755 SF AVG. GROSS UNIT**

ACCOMMODATIONS NEEDED: PARKING

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.

SCENARIO **B**

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 9,336/200 SF **= 47 UNITS (MAX ALLOWED)**

750 NET SF / 1000 GROSS SF ASSUMED UNIT SIZE

1000 GSF x 47 **= 47,000 ASSUMED RESIDENTIAL GSF**

ACCOMMODATIONS NEEDED: HEIGHT, PARKING

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.

SCENARIO **C**

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 9,336/200 SF **= 47 UNITS (MAX ALLOWED)**

ASSUMED UNIT SIZE TAKEN FROM FULL ENVELOPE BUILD OUT = 755 SF UNIT SIZE

47 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE = 62.5 ~ **63 UNITS ALLOWED**
63 UNITS ALLOWED x 755 GROSS SF ASSUMED UNIT SIZE **= 47,565 ALLOWED RESIDENTIAL GSF**

ACCOMMODATIONS NEEDED: HEIGHT, PARKING

SCENARIO **D**

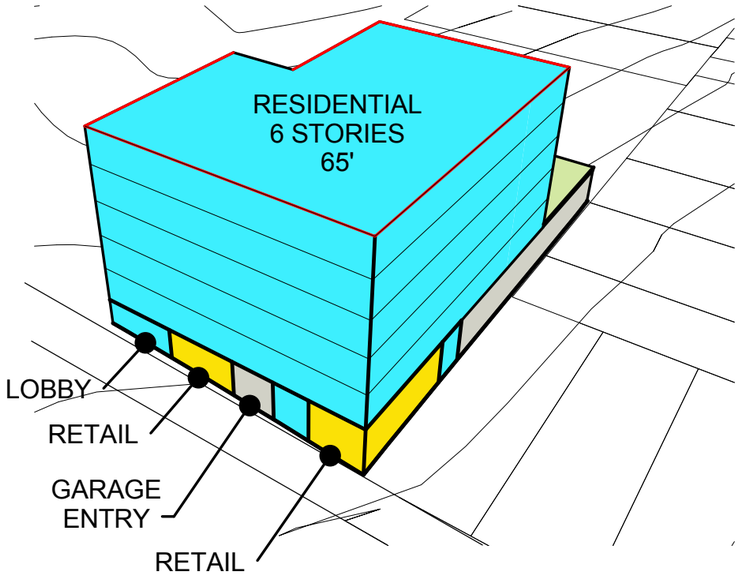
AFFORDABLE HOUSING BONUS PROGRAM

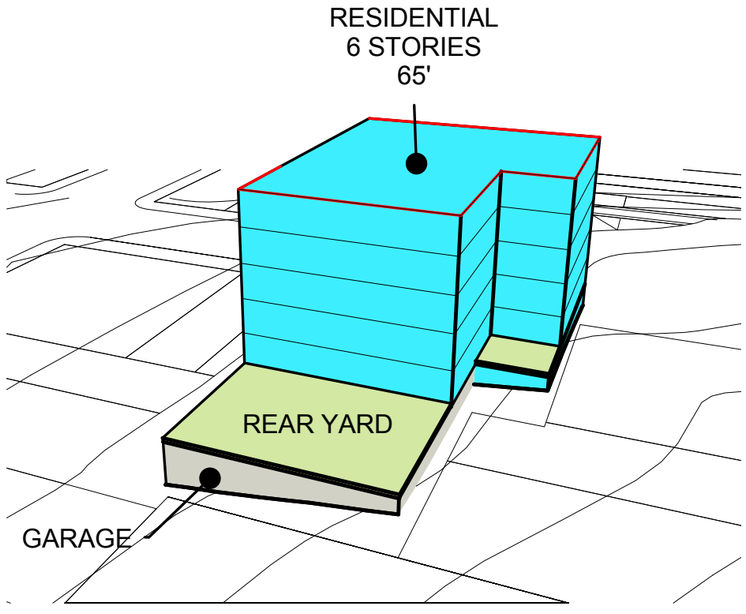
DENSITY INCREASE TO FULL ENVELOPE

48,774 RESIDENTIAL GSF
ASSUMED UNIT SIZE TAKEN FROM FULL ENVELOPE BUILD OUT = **755 GSF UNIT SIZE**

48,774 SF / 755 SF **= 65 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT, PARKING
HEIGHT INCREASED TO 85' FROM 65'
65 UNITS IS 138% INCREASE IN ALLOWED UNITS FROM BASE CASE





FE GROSS AREA	
Garage	5874 SF
Residential	35485 SF
Retail	1225 SF
Grand total	42584 SF

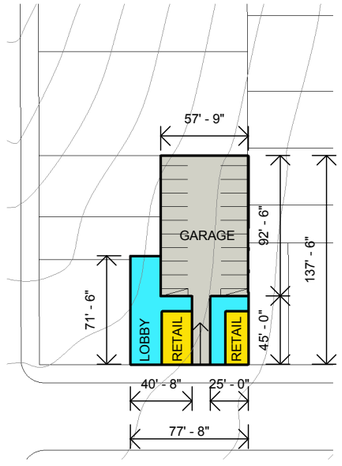
Open Space	2726 SF

Open Space Required: 47 UNITS X 48 SF = 2,256 SF

Residential Average Unit Size - 755 GSF

48 Spaces (Puzzle Lift with Pit) / 47 Required

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.



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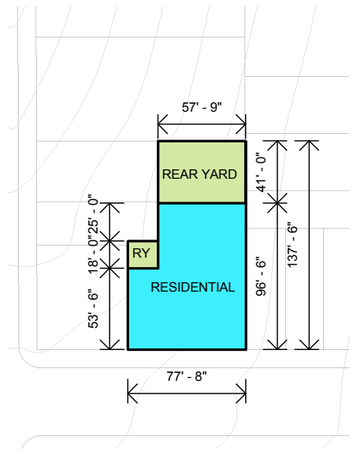

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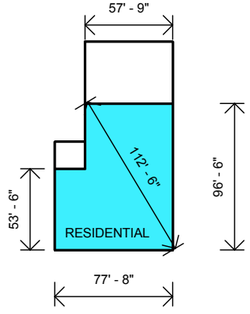
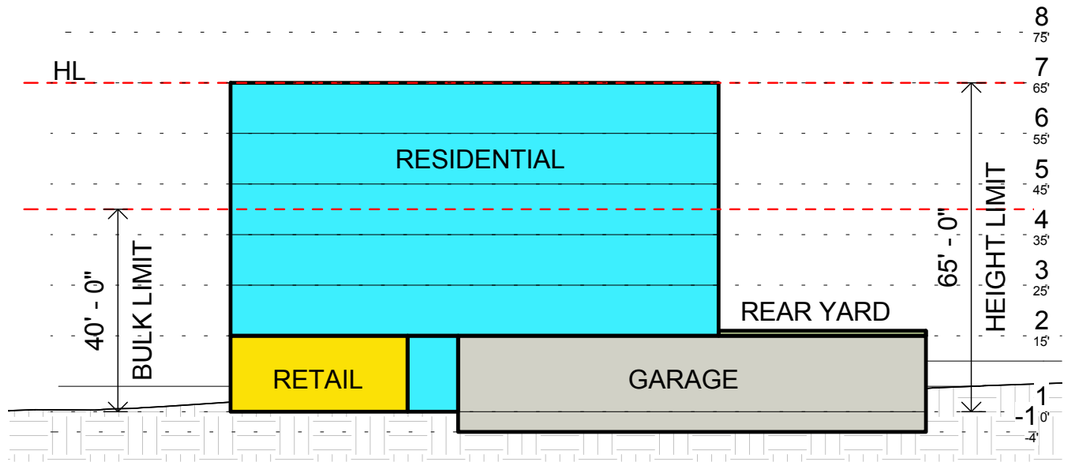
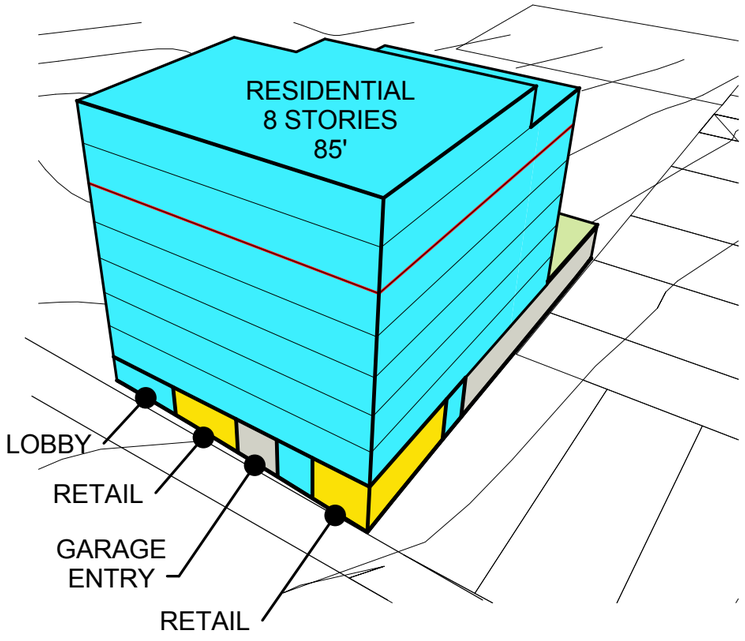
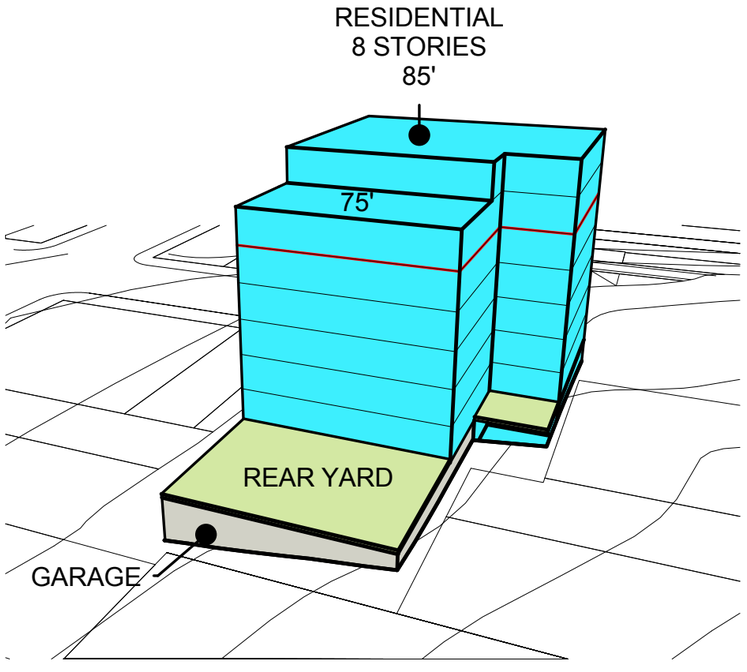


3-6 1" = 100'-0"



Section 1" = 30'-0"





ACCOMMODATIONS NEEDED: HEIGHT

MARKET GROSS AREA	
Garage	5872 SF
Residential	47010 SF
Retail	1225 SF
Grand total	54106 SF

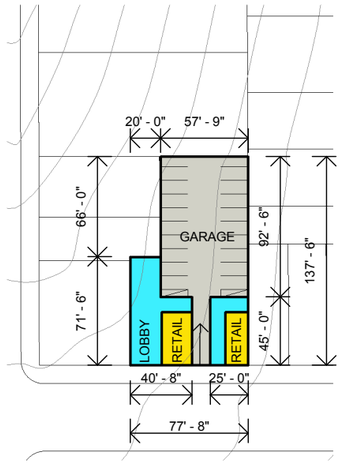
Open Space	2726 SF

Open Space Required: 47 UNITS X 48 SF = 2,256 SF

Residential Average Unit Size - 1000 GSF

48 Spaces (Puzzle Lift with Pit) / 47 Required

THE MARKET INFORMED BASE CASE IS HIGHER THAN WHAT ZONING ALLOWS, THEREFORE THE FULL ENVELOPE BUILD OUT WILL BE CONSIDERED THE BASE CASE.



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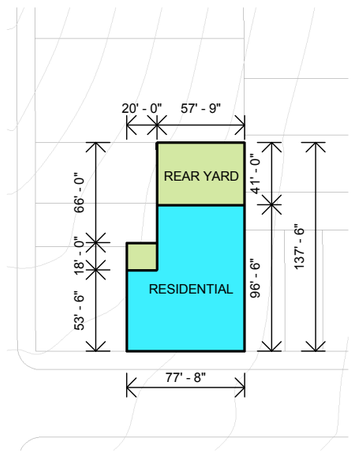

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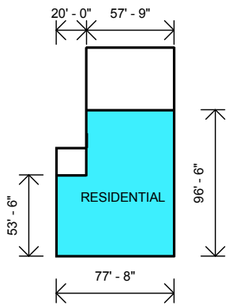
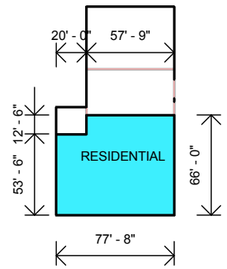


3-7 1" = 100'-0"



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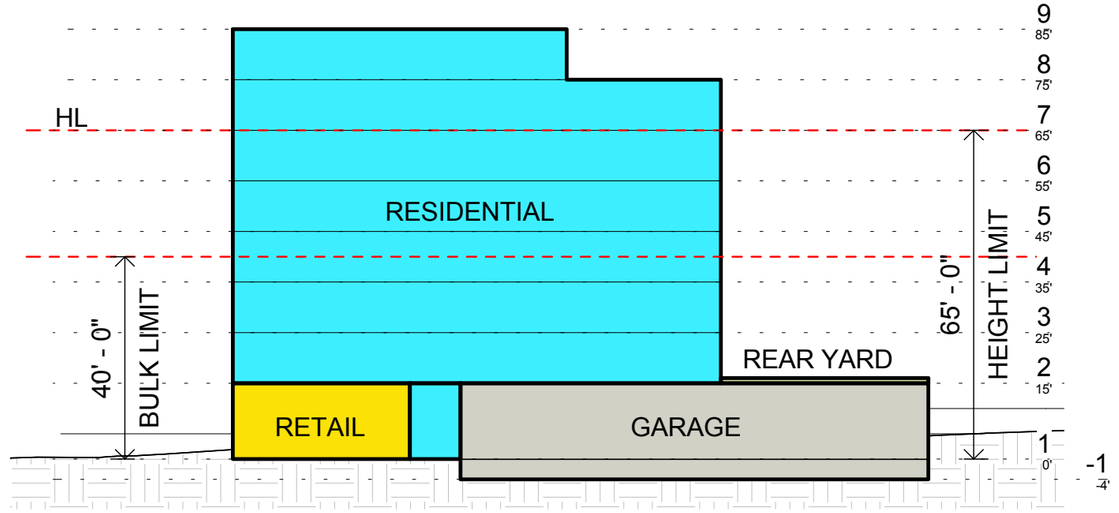

Section 1" = 30'-0"

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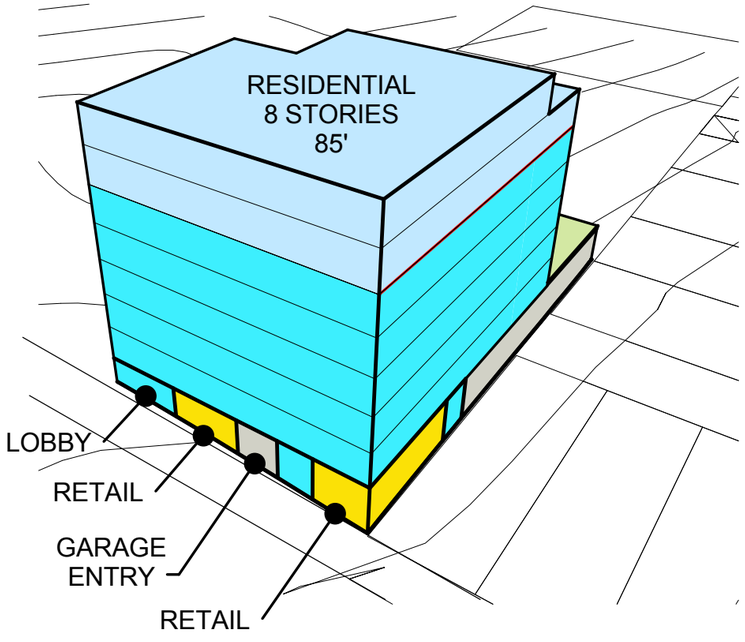
MARKET INFORMED BASE CASE

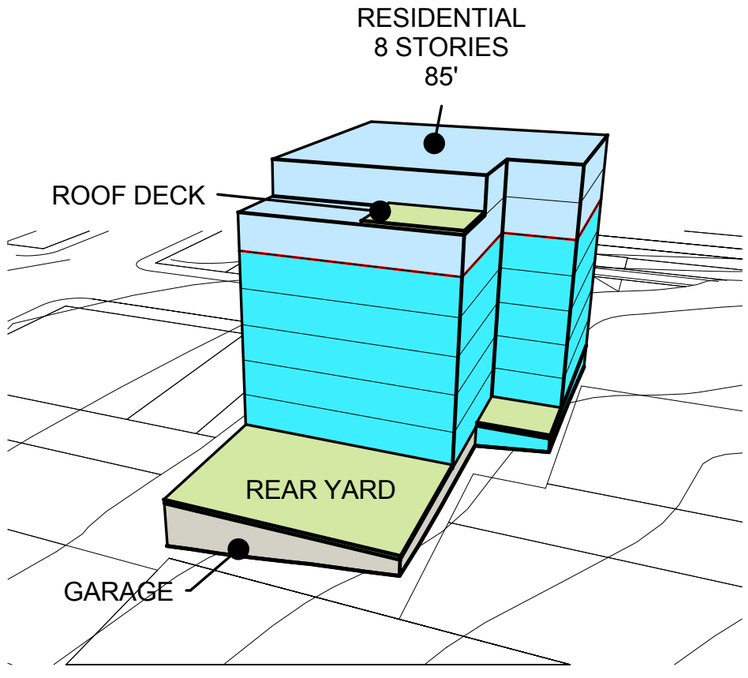
RM-4

08/2015

2.1

PROTOTYPE 11





ACCOMMODATIONS NEEDED: HEIGHT, PARKING

MARKET + 35% AREA	
Garage	5872 SF
Residential	47617 SF
Retail	1225 SF
Grand total	54714 SF

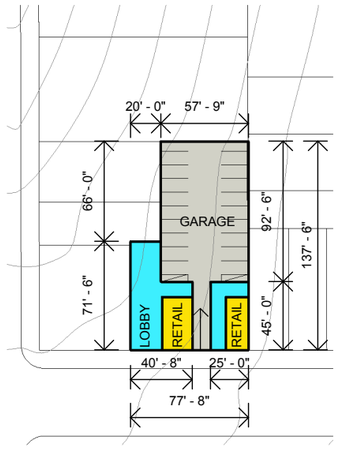
Residential	35485 SF
Residential Increase	12132 SF
	47617 SF

Open Space	3226 SF

Open Space Required: 63 UNITS X 48 SF = 3,024 SF

Residential Average Unit Size - 755 GSF

48 Spaces (Puzzle Lift with Pit) / 63 Required



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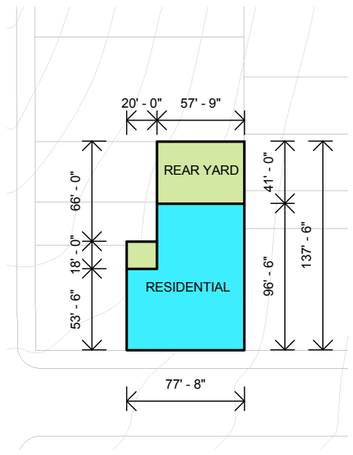

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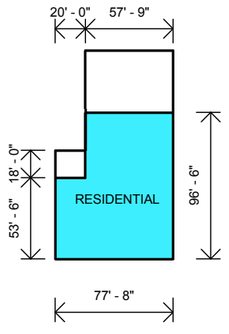
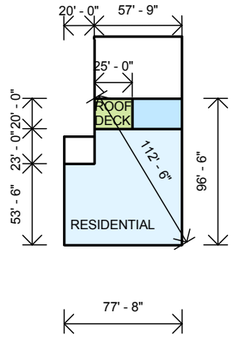
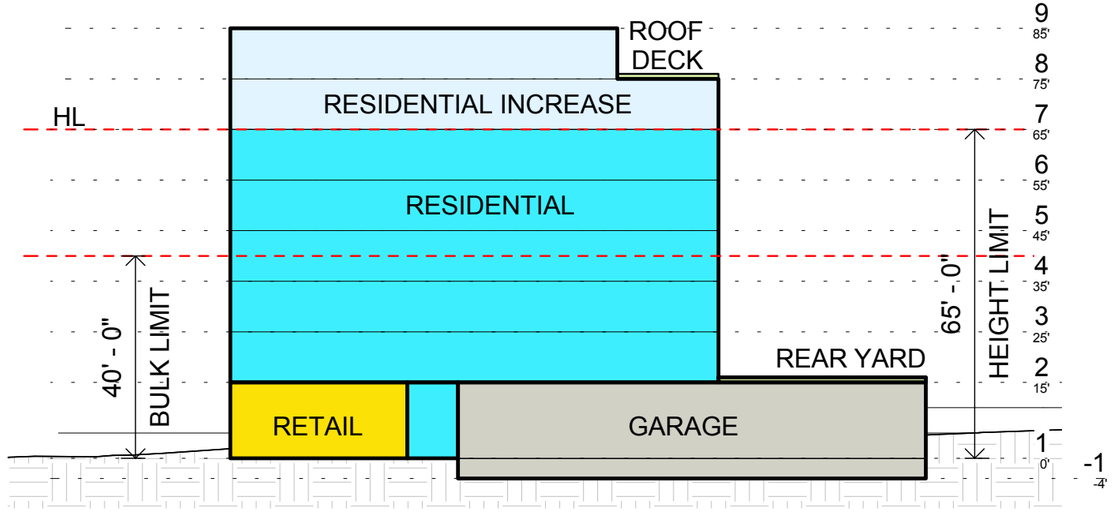


3-7 1" = 100'-0"



8 1" = 100'-0"



Section 1" = 30'-0"

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MARKET BASE + 35% INCREASE

RM-4

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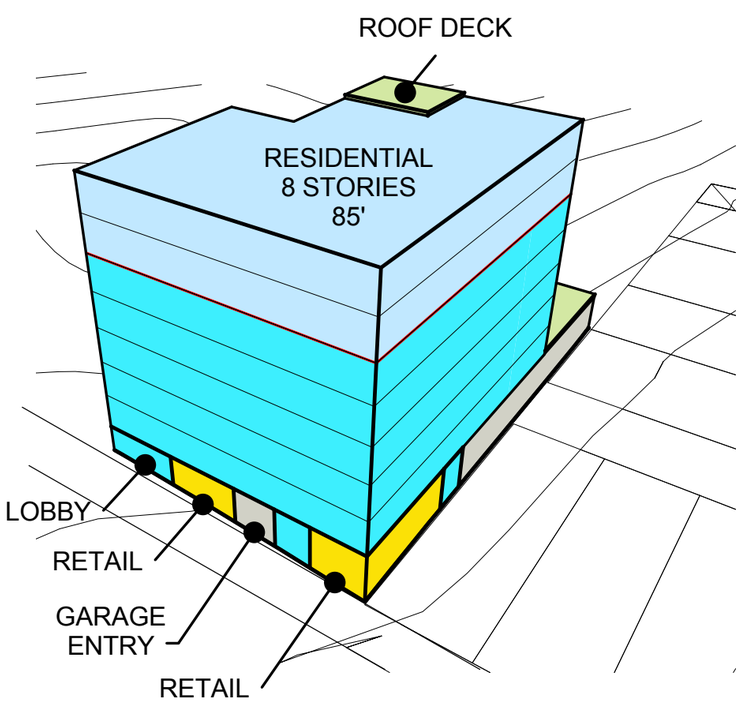
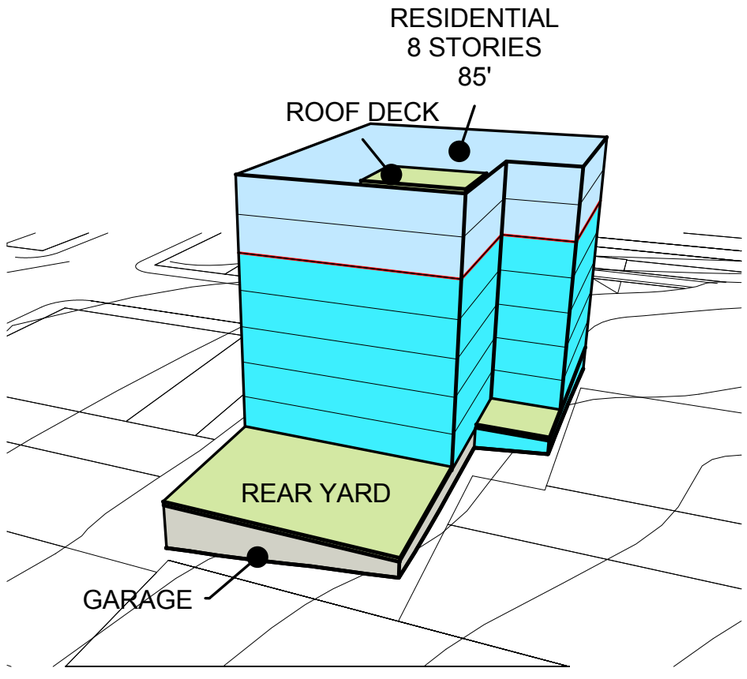
2.2

PROTOTYPE 11





ACCOMMODATIONS NEEDED: HEIGHT, PARKING

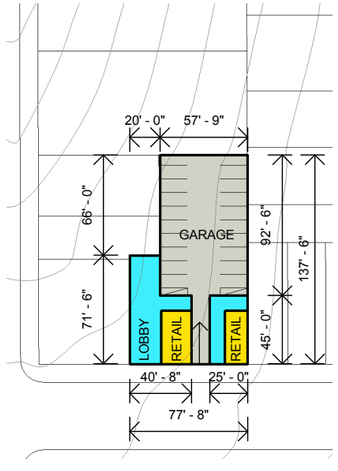
BONUS PROGRAM	
Retail	1225 SF
Residential	48774 SF
Garage	5872 SF
Grand total	55871 SF

Open Space	3226 SF

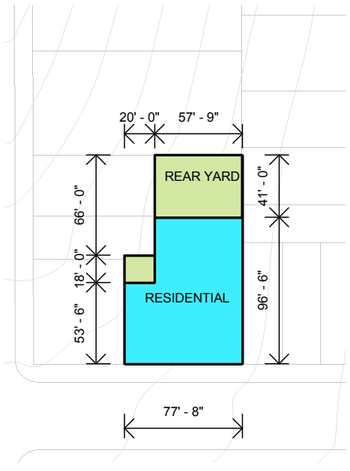
Open Space Required: 65 UNITS X 48 SF = 3,120 SF

Residential Average Unit Size - 755 GSF

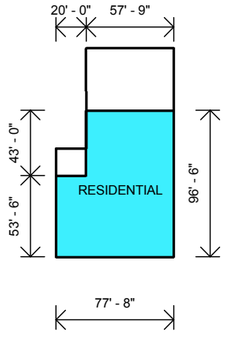
48 Spaces (Puzzle Lift with Pit) / 65 Required



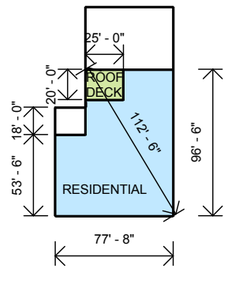
1 1" = 100'-0"



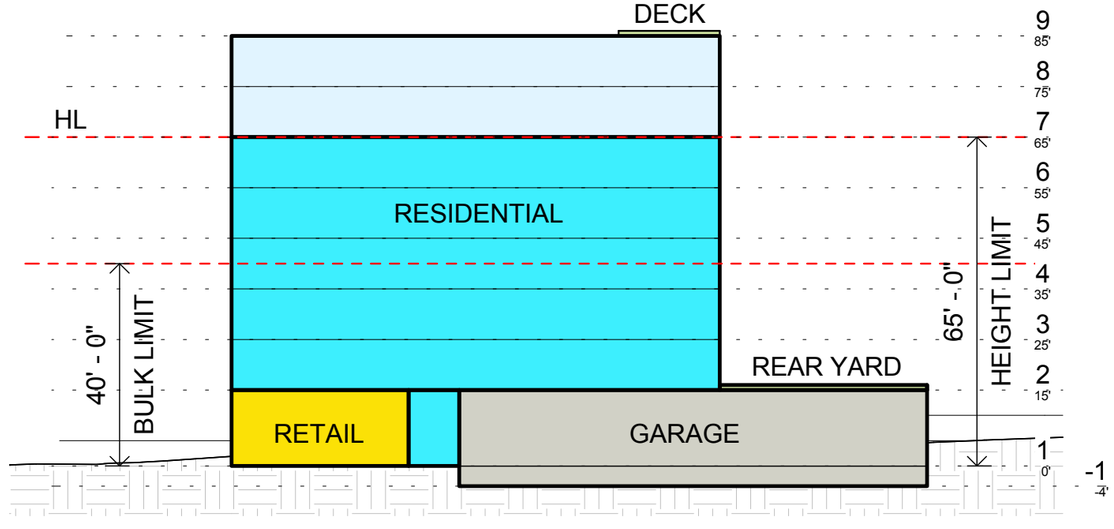
2 1" = 100'-0"



3-7 1" = 100'-0"



8 1" = 100'-0"



Section 1" = 30'-0"

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AFFORDABLE HOUSING BONUS PROGRAM

RM-4

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2.3

PROTOTYPE 11

NC-3

WESTERN ADDITION

ZONING PARAMETERS

ZONING CLASSIFICATIONS: NC-3
LOTS: 0647011A, 0647011, 0647010, 0647009, 0647008, 0647007

LOT AREA: 35,723 SF

HEIGHT AND BULK: 130-E

BULK DISTRICT	Height Above Which Maximum Dimensions Apply (in feet)	Maximum Plan Dimensions (in feet)	
		Length	Diagonal dim.
E	65	110	140

REAR YARD: (SECT 134): 25% at the lowest story containing a DU and above. Can be a corner configuration per Sec. 134(e)(2).

DENSITY (SECT 745) : 1 unit / 600 sq. ft lot area 35,723/600 = **60 UNITS**

FLOOR AREA RATIO: 3.6:1 (DOES NOT APPLY TO RESIDENTIAL USES)

FRONT SETBACK: NONE

STREET FRONTAGE: Commercial not required. Active uses required (res. or comm.)

- IF RESIDENTIAL, 50% OF STREET FRONTAGE SHOULD BE WALK UP UNITS
- LOBBY IS LESS THAN 40' OR 25% OF STREET FRONTAGE

USABLE OPEN SPACE: 80SF / DU if private, 106 SF if common (also consider min. dimension reqs.)
60 UNITS X 106 SF = **6,360 SF**

PARKING REQ.: 1:1 but potential modification/waiver by ZA per sect. 161(j)

GROUND FLOOR HEIGHT (SECT 145.1): MINIMUM 14' FOR NON-RESIDENTIAL (FLOOR TO FLOOR)

SCENARIO A

FULL ENVELOPE BUILD OUT

PHYSICAL ENVELOPE ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS

LOT AREA 35,723/600 SF **= 60 UNITS (MAX ALLOWED)**

BASE AREA - MAXIMUM AMOUNT OF RESIDENTIAL DENSITY ACHIEVABLE WITHIN ALLOWED HEIGHT AND ZONING REQUIREMENTS = **183,887 SF**

BASE RES. SF ACHIEVABLE / BASE # OF UNITS ALLOWED 183,887 SF / 60 UNITS = **3,065 SF AVG. GROSS UNIT**

SCENARIO B

MARKET INFORMED BASE CASE

UNIT SIZE ASSUMPTION BASED ON CURRENT MARKET DATA

LOT AREA 35,723/600 SF **= 60 UNITS (MAX ALLOWED)**

750 NET SF / 1000 GROSS SF ASSUMED UNIT SIZE

1000 GSF x 60 **= 60,000 ASSUMED RESIDENTIAL GSF**

THE MARKET INFORMED BASE CASE IS SIGNIFICANTLY LESS THAN THE ALLOWABLE ENVELOPE.

SCENARIO C

MARKET INFORMED BASE + 35 % INCREASE

MARKET BASE CASE FROM ABOVE WITH 35% DENSITY BONUS

LOT AREA 35,723/600 SF **= 60 UNITS (MAX ALLOWED)**

750 NET SF / 1000 GROSS SF ASSUMED UNIT SIZE

60 MAX UNITS ALLOWED X 1.35% DENSITY INCREASE **= 81 UNITS ALLOWED**
81 UNITS ALLOWED x 1000 GROSS SF ASSUMED UNIT SIZE **= 81,000 ALLOWED RESIDENTIAL GSF**

A 35% INCREASE TO THE MARKET INFORMED BASE CASE IS SIGNIFICANTLY LESS THAN THE ALLOWABLE ENVELOPE, THEREFORE NO ACCOMMODATIONS ARE NEEDED

SCENARIO D

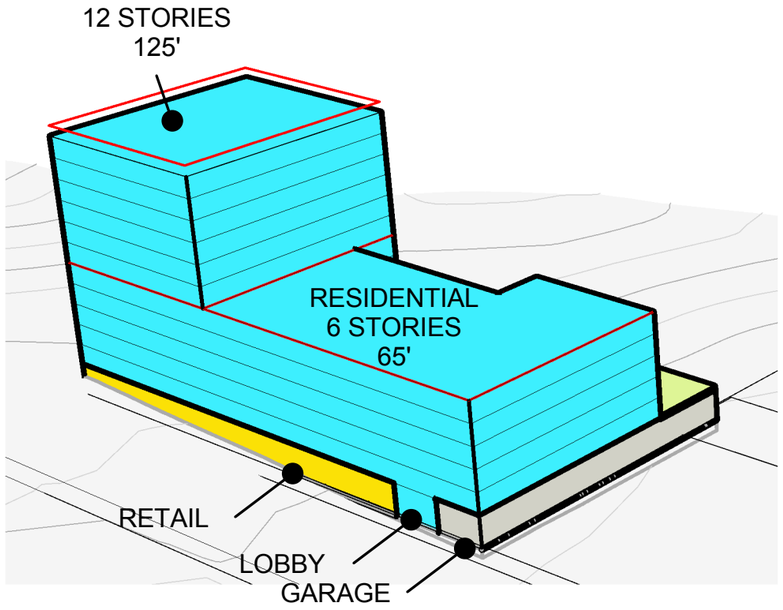
AFFORDABLE HOUSING BONUS PROGRAM

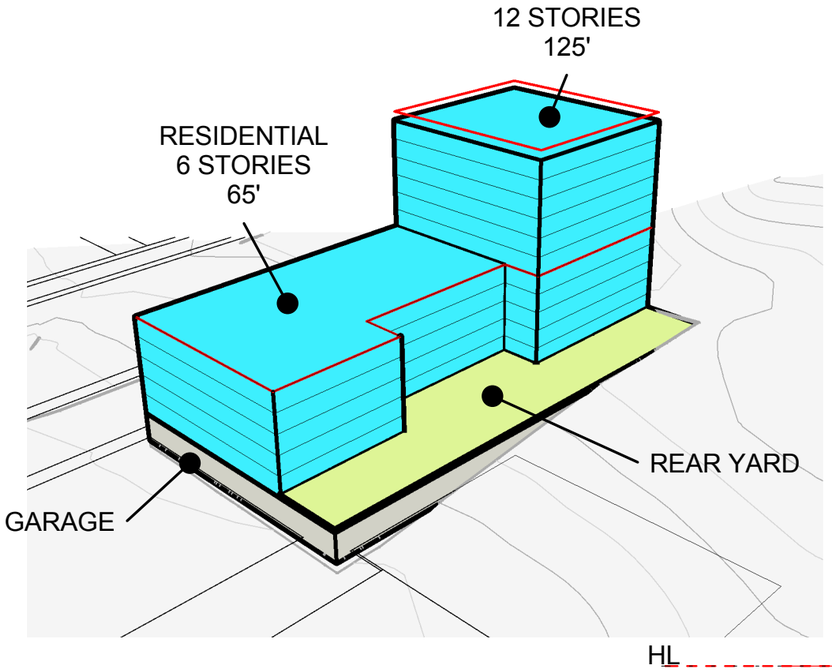
DENSITY INCREASE TO FULL ENVELOPE

232,809 RESIDENTIAL GSF
ASSUMED UNIT SIZE TAKEN FROM MARKET INFORMED BASE CASE = **1,000 GSF UNIT SIZE**

232,809 SF / 1000 SF **= 233 UNITS**

ACCOMMODATIONS NEEDED: HEIGHT, BULK, PARKING
HEIGHT INCREASED TO 145' FROM 125'
233 UNITS IS 288 % INCREASE IN ALLOWED UNITS FROM BASE CASE





FE GROSS AREA

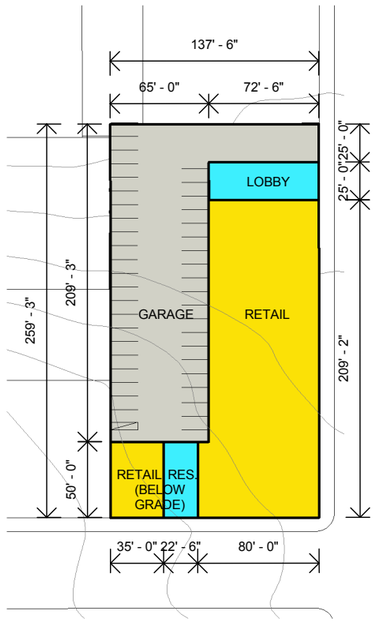
Retail	18431 SF
Residential	183887 SF
Garage	15381 SF
Grand total	217698 SF

Open Space	11195 SF

Open Space Required: 60 UNITS X 106 SF = 6,360 SF

Residential Average Unit Size - 3065 GSF

82 Parking Spaces (Lifts) / 60 Required



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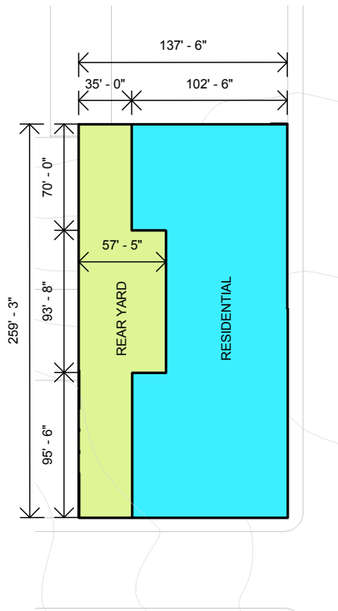

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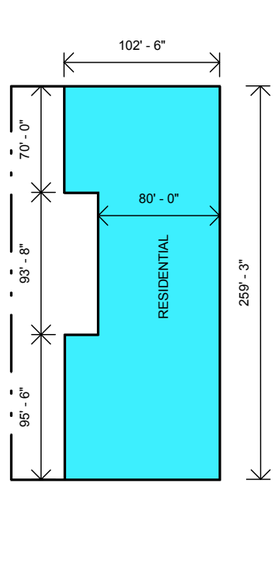

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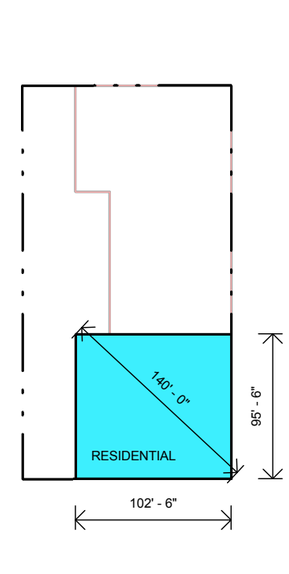
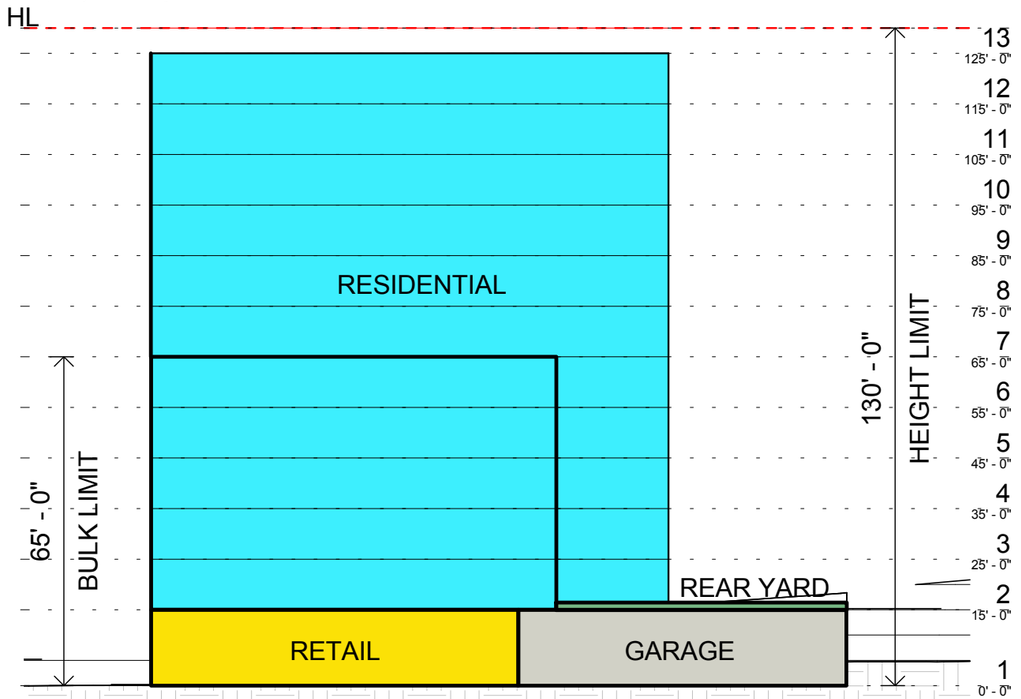
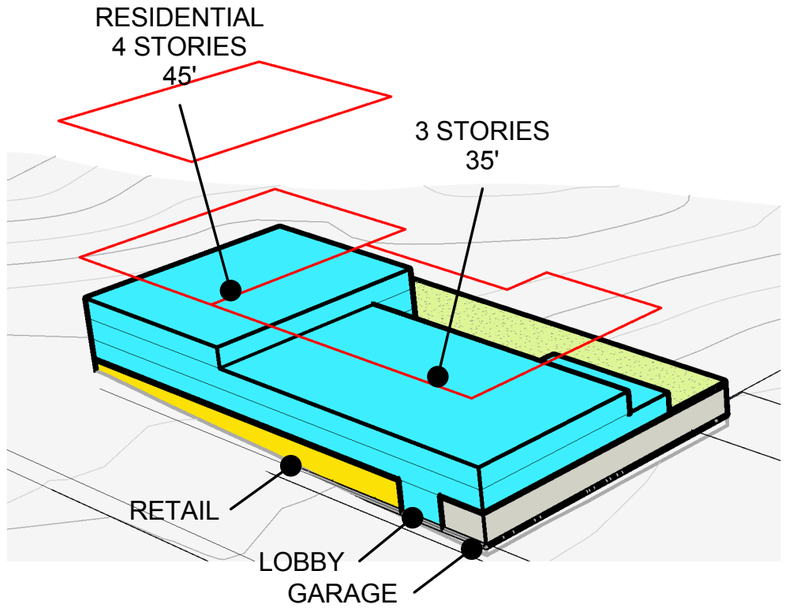
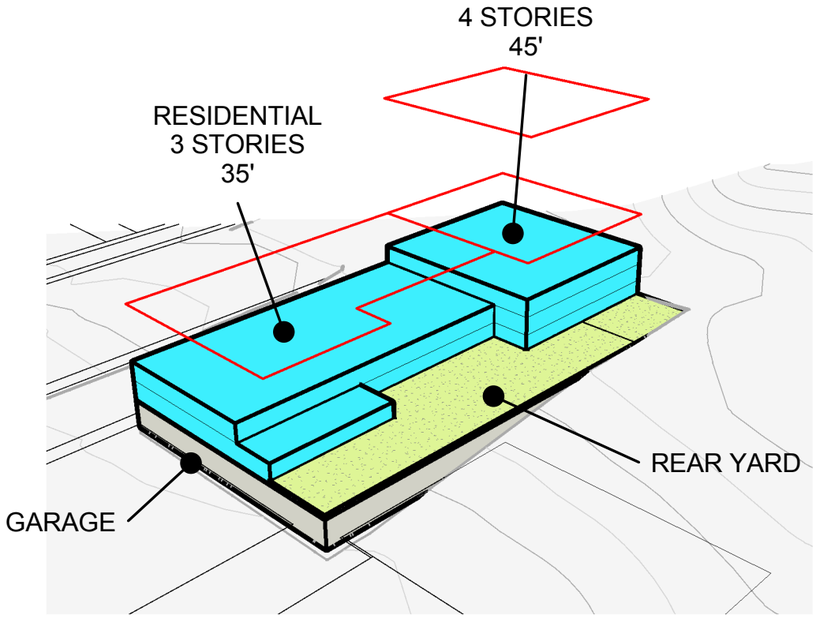


8-12 1" = 100'-0"



Section 1" = 30'-0"





MARKET BASE CASE

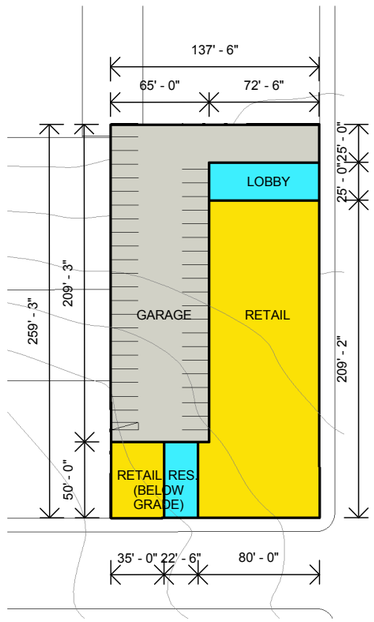
Retail	18431 SF
Residential	60053 SF
Garage	15381 SF
Grand total	93864 SF

Open Space	11195 SF

Open Space Required: 60 UNITS X 106 SF = 6,360 SF

Residential Average Unit Size - 1000 GSF

82 Parking Spaces (Lifts) / 60 Required



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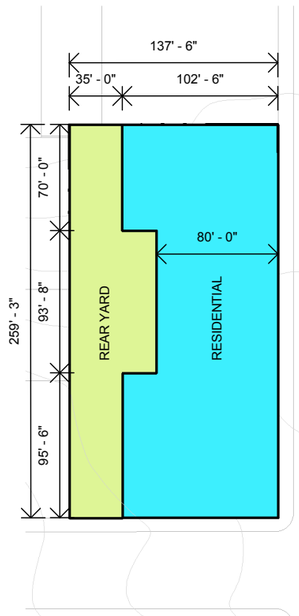

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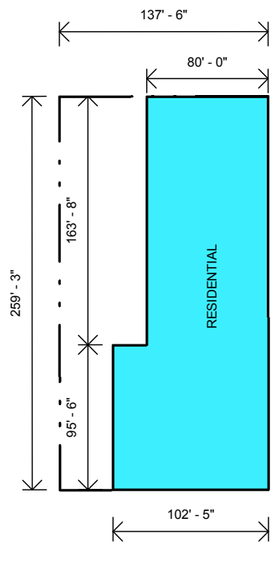

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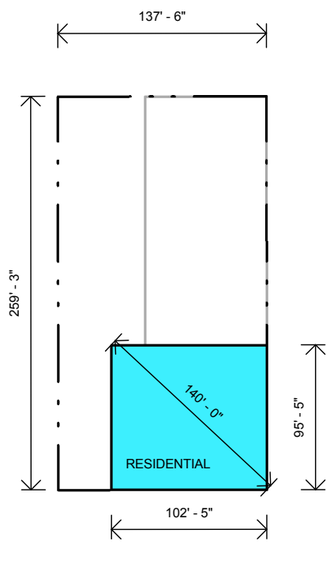

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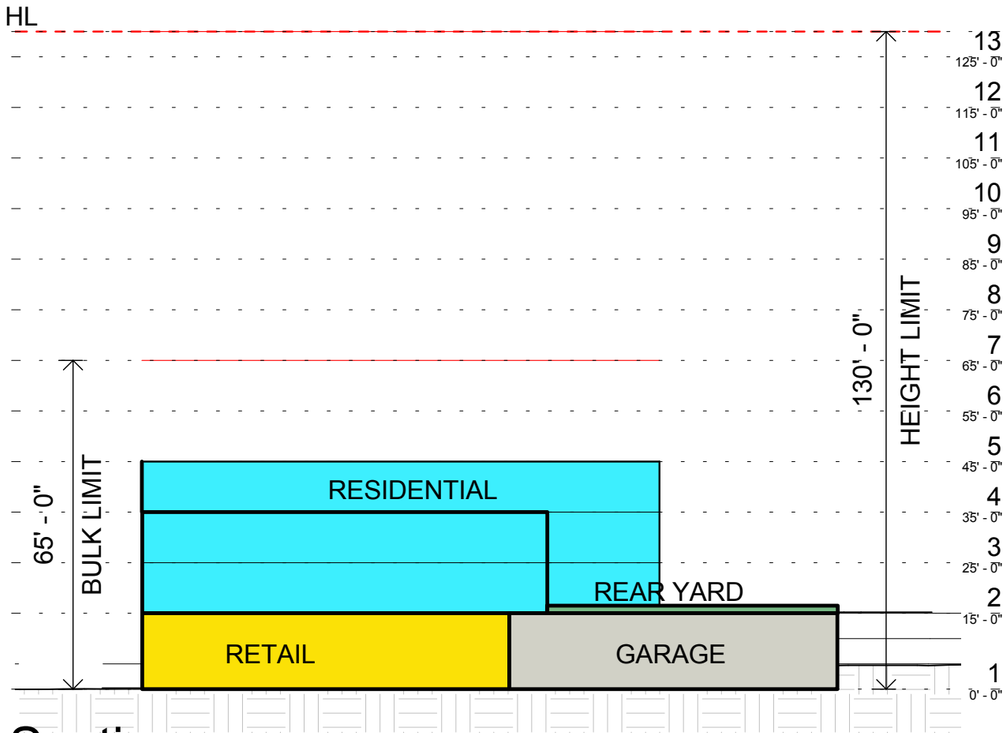


Section 1" = 30'-0"

David Baker Architects
www.dbarchitect.com

Seifel CONSULTING INC.

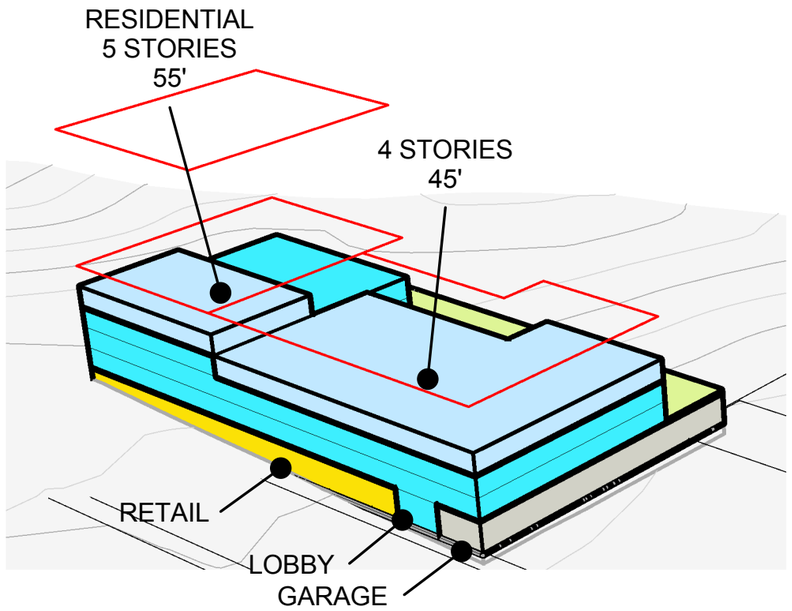
MARKET INFORMED BASE CASE

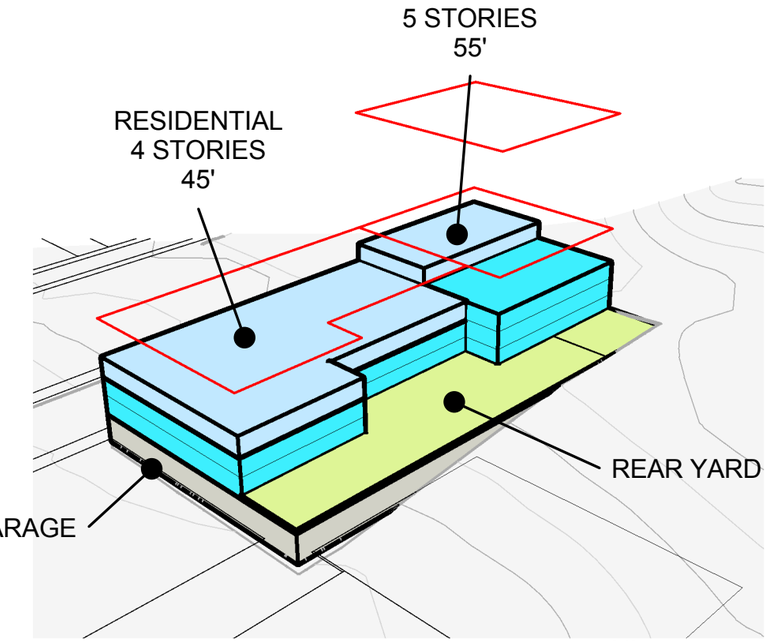
NC-3

08/2015

2.1

PROTOTYPE 12





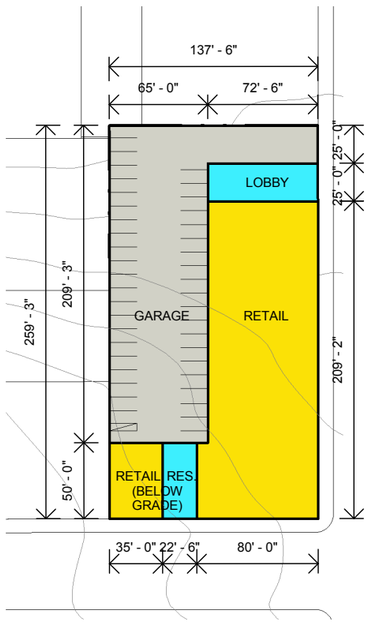
MARKET + 35% AREA

Garage	15381 SF
Residential	81079 SF
Retail	18431 SF
Grand total	114890 SF

Residential Increase	19450 SF
Residential	61629 SF
	81079 SF

Open Space	11195 SF

Open Space Required: 81 UNITS X 106 SF = 8,586 SF
Residential Average Unit Size - 1000 GSF
82 Parking Spaces (Lifts) / 81 Required



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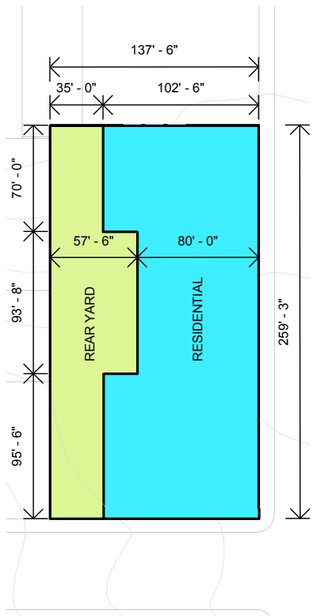

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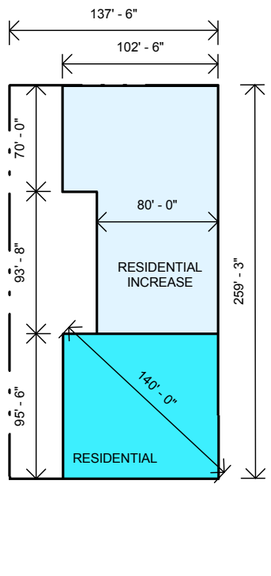
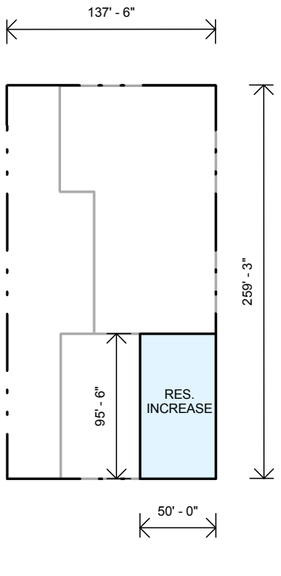


3-4 1" = 100'-0"



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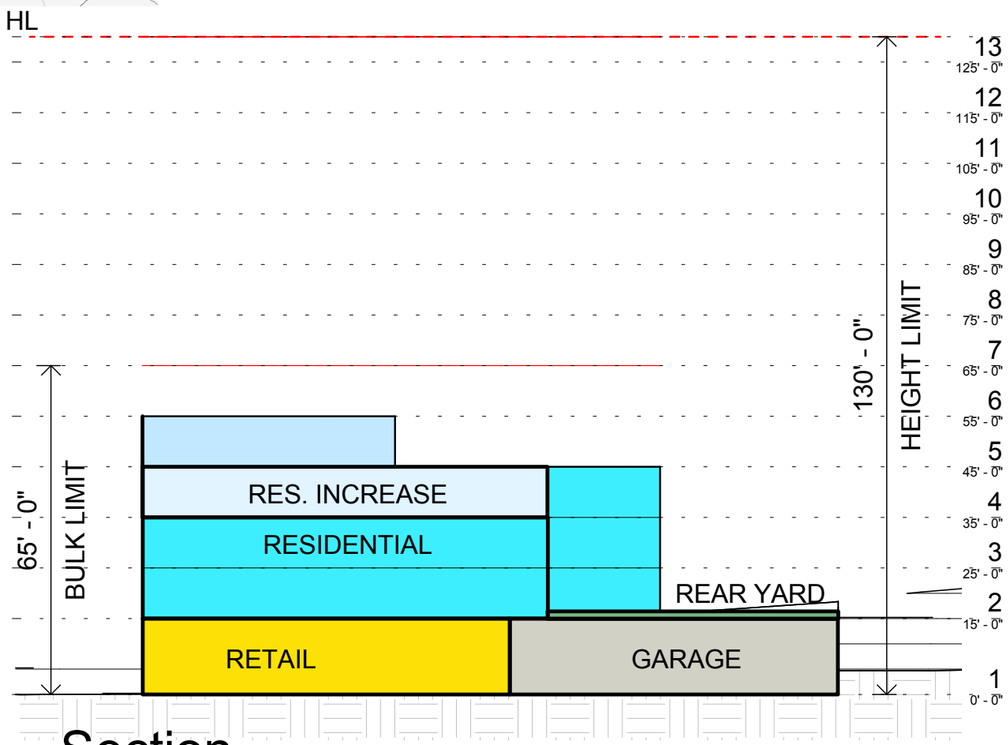

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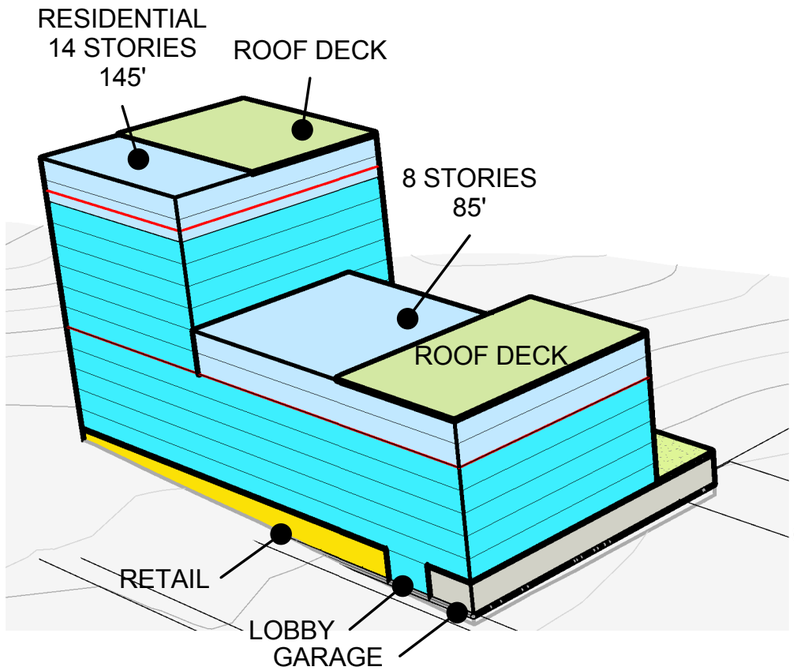
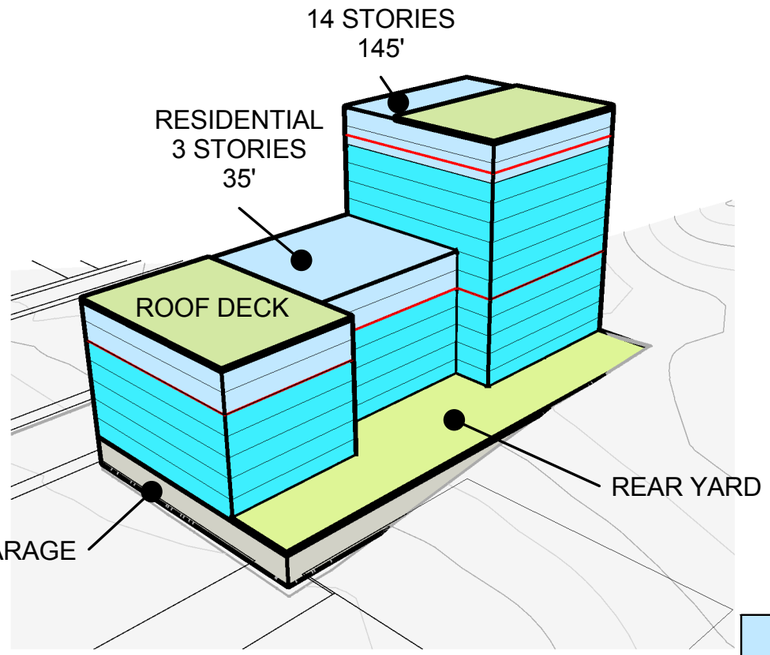




ACCOMMODATIONS NEEDED: HEIGHT, BULK, PARKING

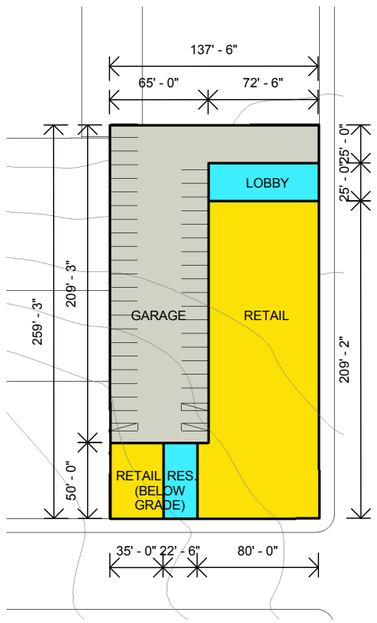
BONUS PROGRAM	
Garage	15381 SF
Residential	232809 SF
Retail	18431 SF
Grand total	266620 SF

Open Space	24578 SF

Open Space Required: 233 UNITS X 106 SF = 24,698 SF

Residential Average Unit Size - 1000 GSF

77 Parking Spaces (Lifts) / 233 Required



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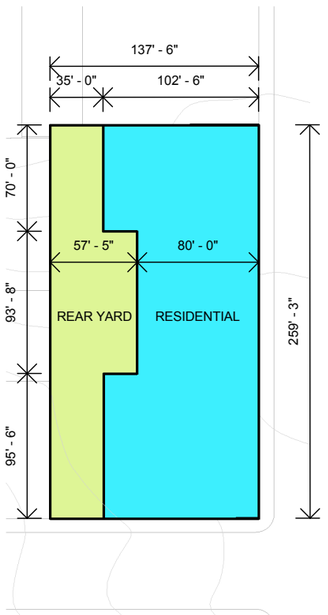

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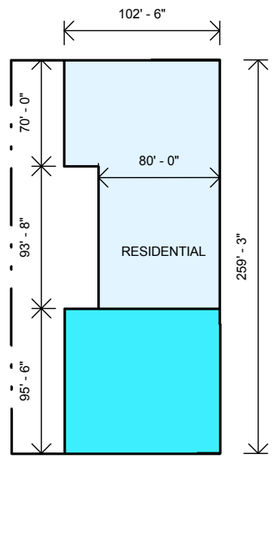
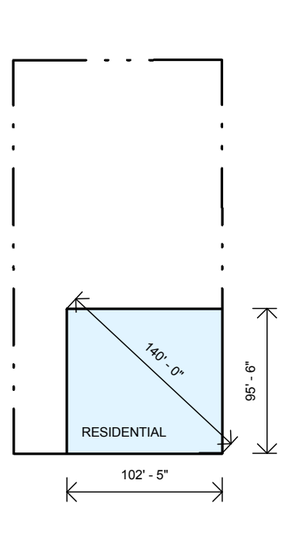
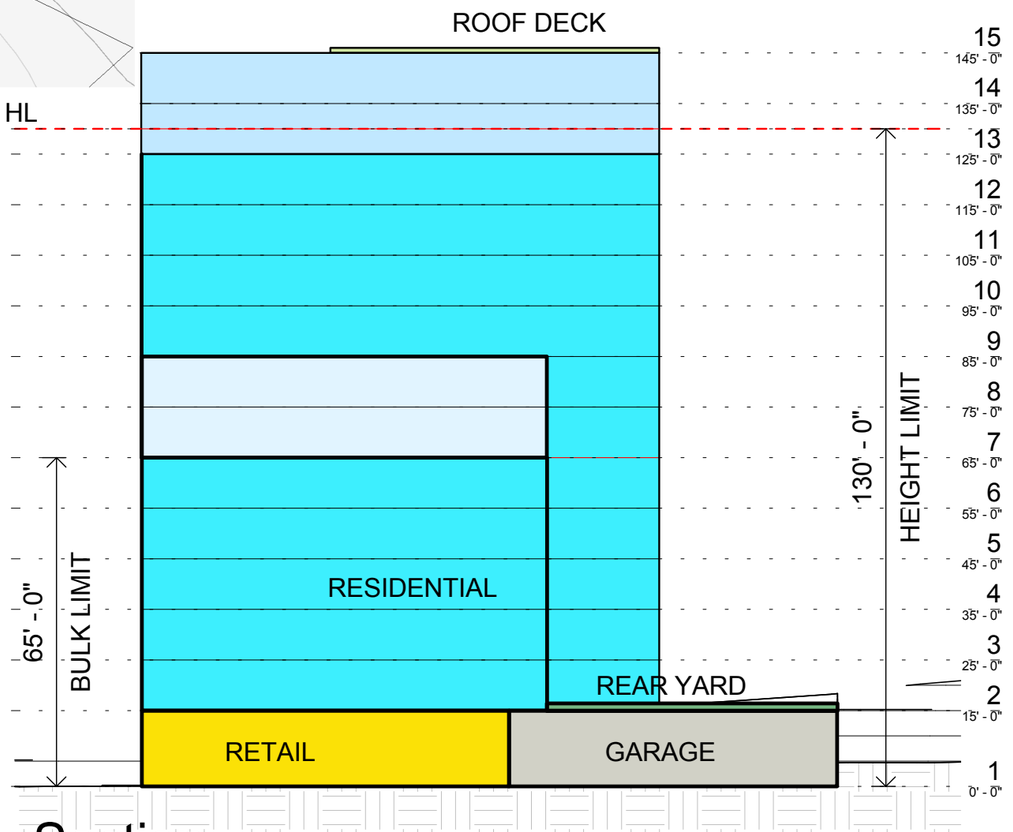


3-8 1" = 100'-0"



9-14 1" = 100'-0"



Section 1" = 30'-0"

OPENSCOPE
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AHBP: Opportunities Within Small Sites

In order to understand which waivers encouraged contextually appropriate increases in density on San Francisco's small sites, we looked at typical 25' and 50' wide lots. We focused on mid-block sites instead of corner sites because they are both common and a more difficult design problem owing to their lack of exposure. Similar to the work on larger sites completed by David Baker Architects, our study of small sites followed the standard development process.

We began with a conceptual design for each parcel which was a simple model of the project's scale, height, and overall volume. Digital modeling and representation were used to study a code-compliant development as exists under current zoning laws. We then looked at options for each size small site that either increased the number of units within a shorter building (assuming a removal of current density controls) or we increased the height by two stories while simultaneously increasing the unit count above the current limit. We looked at NC-2 zoning as our base case reference for these infill sites, which currently allows 1 residential unit per 800 square feet of lot area. This limits development to a maximum of 3 units on a 25' x 100' lot.

We had the following findings:

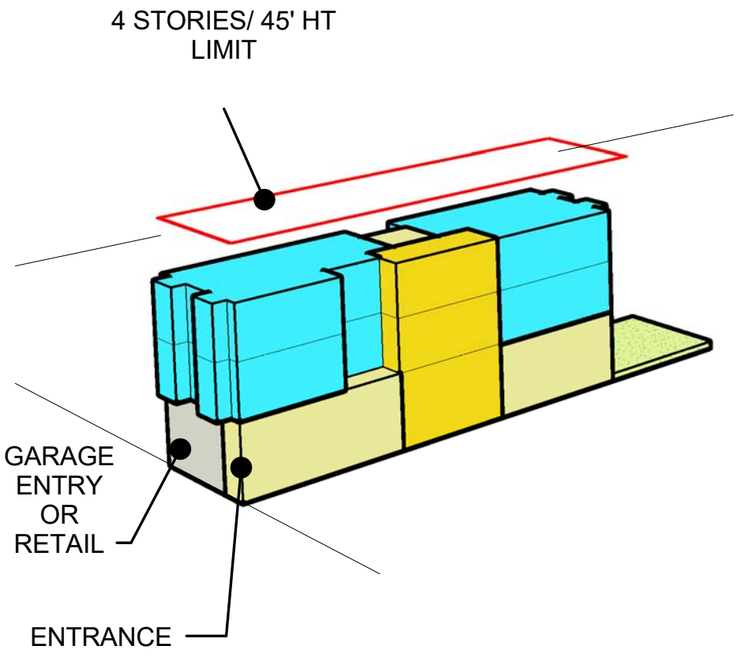
- On narrow (25' wide lots) shorter buildings may sometimes work better because less space is required for vertical circulation and the entire building can be constructed in wood framing. Three story buildings are often built without elevators and with a single exit stair.
- Taller buildings that utilize the density bonus height increase can more easily provide large family units.
- 25' wide sites are so small that it is harder to incorporate some proposed best-practice design guidelines. For example, on a small building stoops or a raised ground floor are much more difficult and costly to implement and often remove the opportunity to make a ground floor unit accessible.
- The two-story height increase is particularly useful on 50' wide sites, it provides a design opportunity to create buildings with similar massing and proportions to much of the city's older apartment housing stock.
- Unit mix requirements (i.e. requiring 40% two bedroom units or at least 50% of the bedrooms in 2 bedroom or greater units) is difficult but possible to achieve. It may be a deterrent to developing these projects in some neighborhoods or under

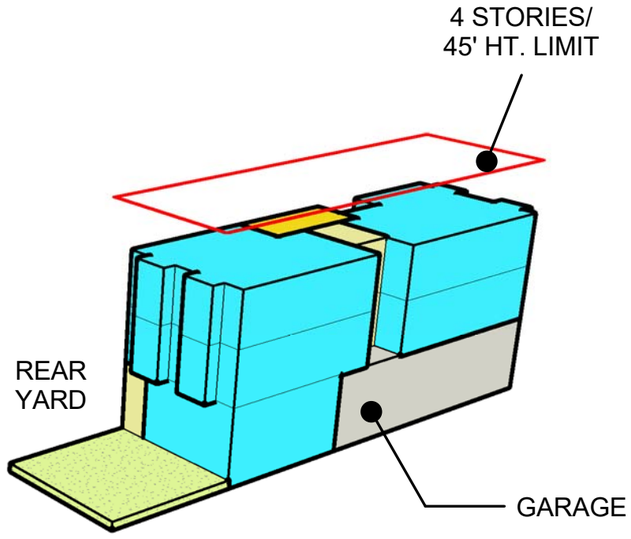
certain market conditions, particularly on the 25' wide sites where it results in a mix of small two bedroom units and studio units.

There is a need for the following waivers/concessions to make these buildings work:

- 1:1 parking was impossible in all of the prototypes, given the other requirements on the site like egress, circulation and providing a rear yard.
- The current 133 S.F. per unit open space requirement is impossible to achieve, particularly on the smaller sites, without adding a roof deck. For example, a required 25'x25' rear yard only provides enough open space for 4 units. Roof decks are expensive and often controversial in residential neighborhoods. They also require a second means of egress on all of the prototypes.
- The active ground floor requirements are difficult to comply with, especially if any parking is going to be included on a smaller site. In a 25' wide frontage, the garage door and building entrance will take up the majority of the street edge. Even on the 50' wide sites, only a small retail space can be provided if there is parking. Designers should review the city's design guidelines for recommendations on other ways (besides commercial space) to achieve an active ground floor in this context.

All the models in this study were executed at a conceptual level only. Any project electing to participate in either the State Density Bonus or Affordable Housing Bonus Programs will require more detailed design. The design guidelines currently in development for this program should also be consulted.





AREA SCHEDULE - 3 STORIES 25 FT LOT	
USE	AREA
CIRCULATION	1016 SF
OPEN SPACE	625 SF
PARKING	919 SF
RESIDENTIAL	3594 SF
	6153 SF

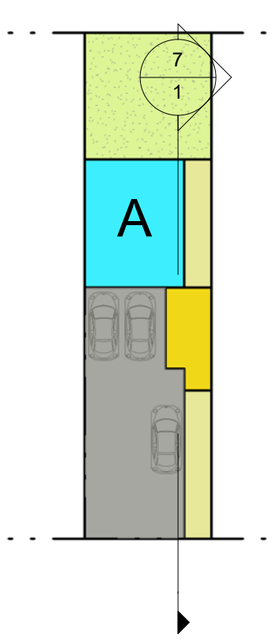
Open Space Required: 3 UNITS X 133 SF = **399 SF**
Average (mean) unit size 1,198 SF.

3 parking spaces required per zoning, 3 provided

Retail could be substituted for parking, but there is not room for both on site.

UNIT MIX

2 BED	2
3 BED	1
TOTAL	3



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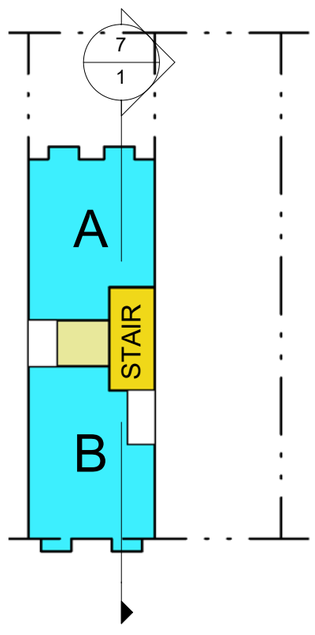
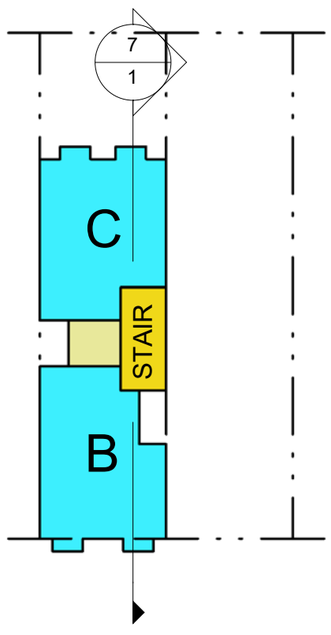


2 1" = 30'-0"



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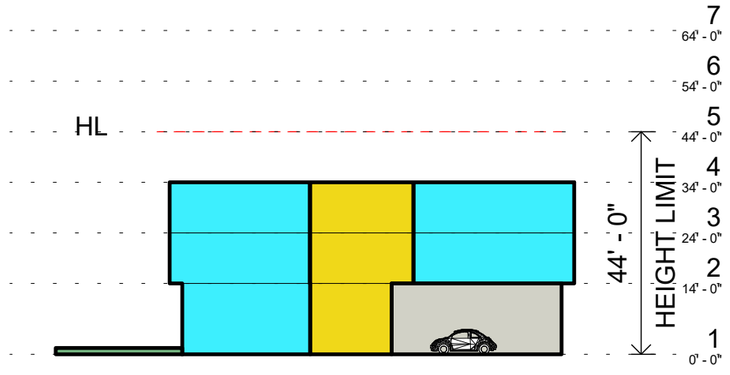

Section 1" = 30'-0"

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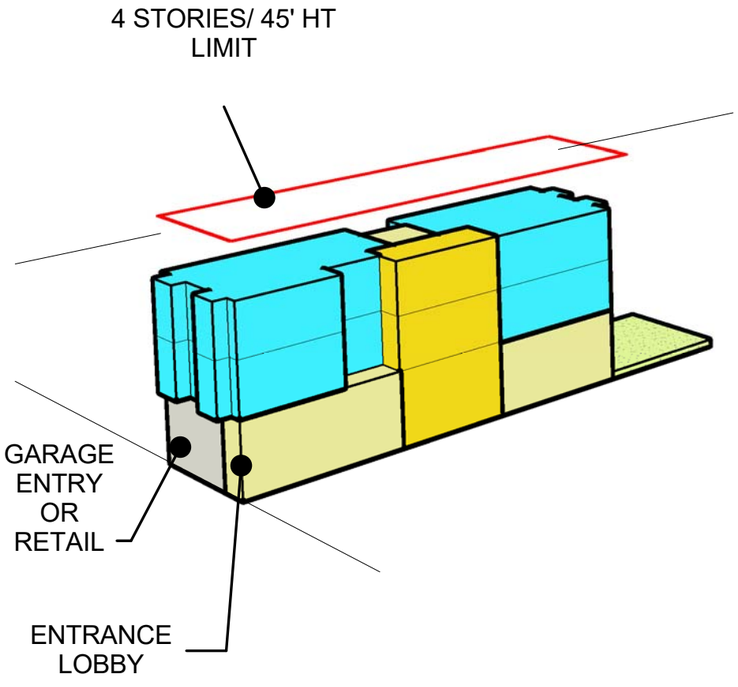
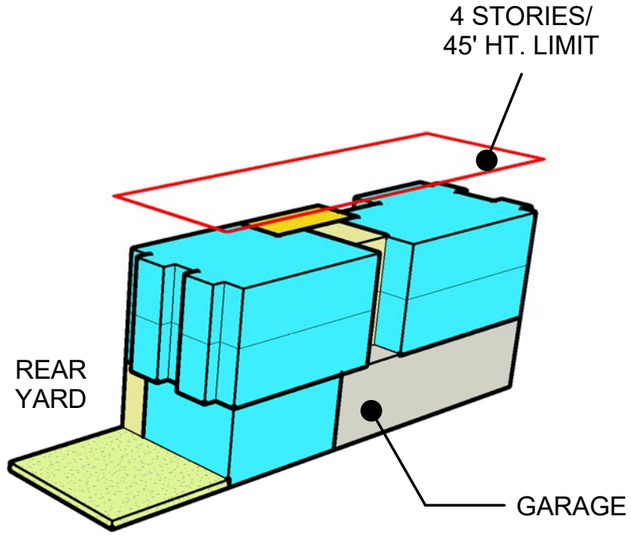
info@openscopestudio.com | v.415.310.8092

3 STORIES ON 25' WIDE LOT (2533 TARAVAL) - BASE CASE

NC-2

PROJECT NUMBER	1406.63
SCALE	1" = 30'-0"
DATE	9.16.2015





AREA SCHEDULE - 3 STORIES 25 FT LOT	
USE	AREA
CIRCULATION	1016 SF
OPEN SPACE	625 SF
PARKING	919 SF
RESIDENTIAL	3096 SF
	5656 SF

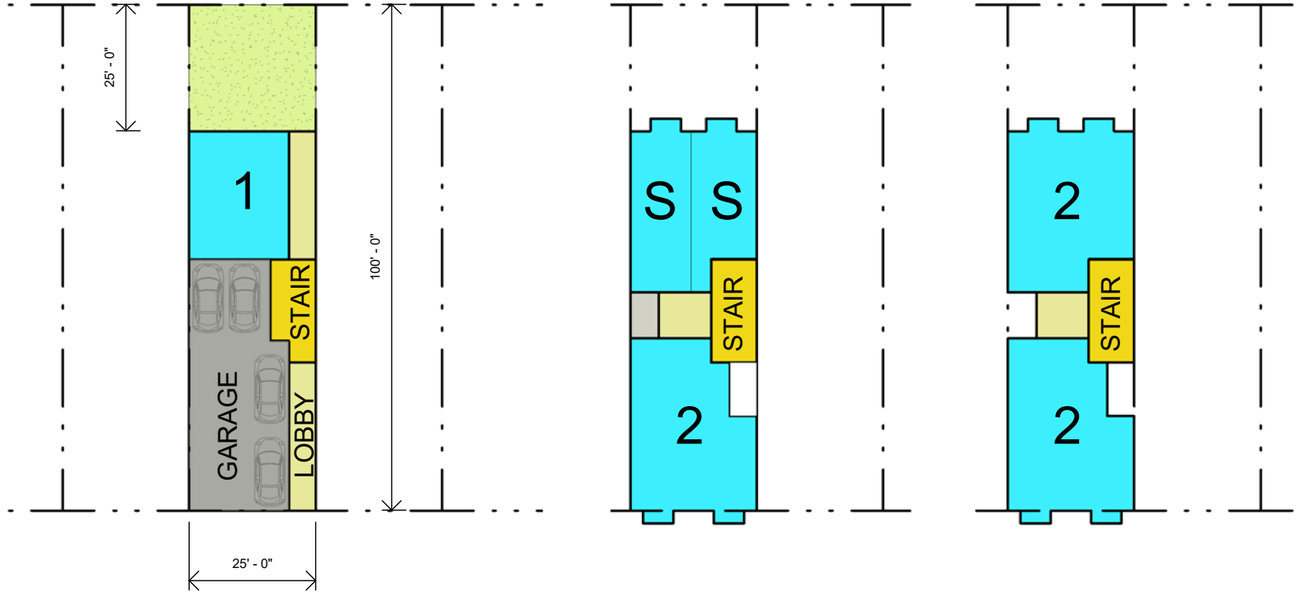
Open Space Required: 6 UNITS X 133 SF = **798 SF**
(does not comply)
Average (mean) unit size 516 SF.

6 parking spaces required per zoning, 3-4 provided
(takes advantage of 50% reduction)

Retail could be substituted for parking, but there is not
room for both on site.

UNIT MIX

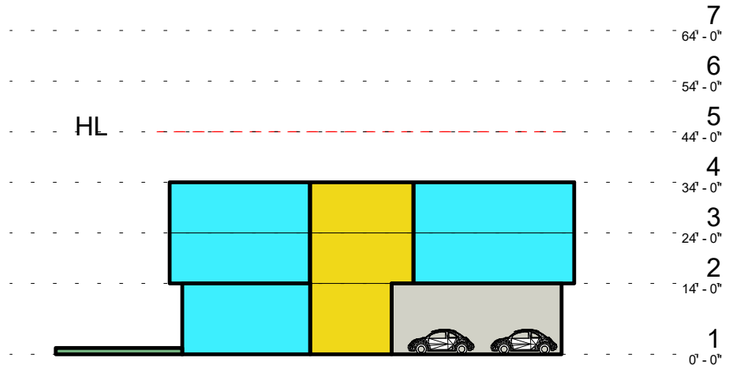
STUDIO	2
1 BED	1
2 BED	3
TOTAL	6



1 1" = 30'-0"

2 1" = 30'-0"

3 1" = 30'-0"



Section 1" = 30'-0"

OPENSCOPE
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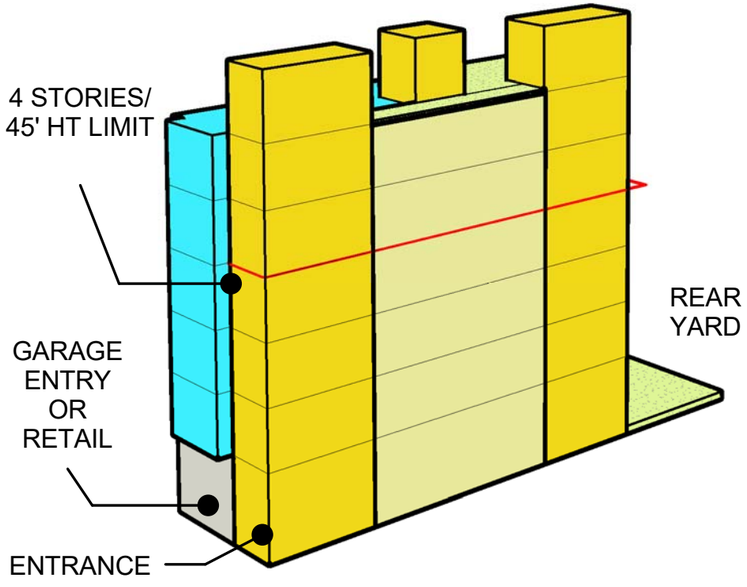
info@openscopestudio.com | v.415.310.8092

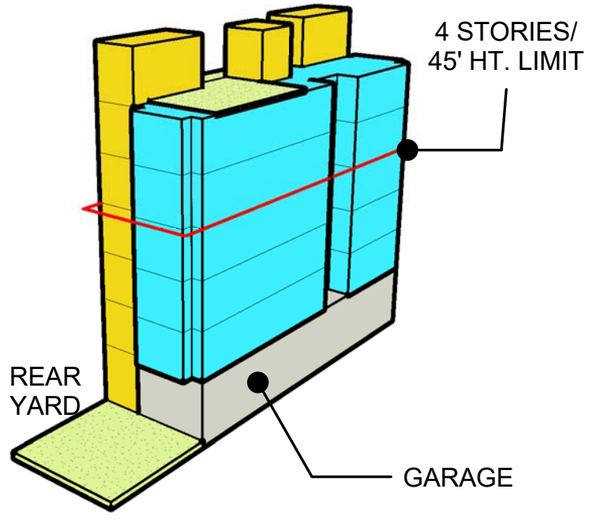
3 STORIES ON 25' WIDE LOT (2533 TARAVAL)

NC-2

PROJECT NUMBER	1406.63
SCALE	1" = 30'-0"
DATE	9.16.2015



4 SCHEME 2 3D View 2



5 SCHEME 2 3D View 1

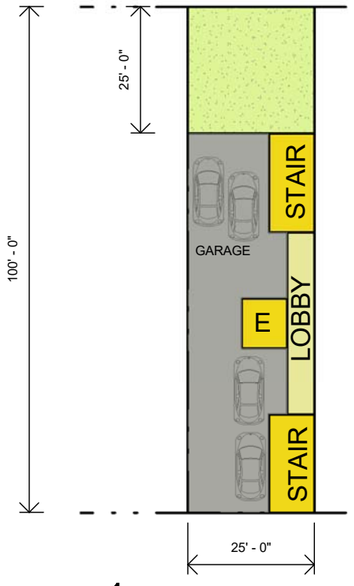
AREA SCHEDULE - 6 STORIES 25 FT LOT	
USE	AREA
CIRCULATION	4228 SF
OPEN SPACE	1319 SF
PARKING	1244 SF
RESIDENTIAL	6251 SF
	13042 SF

Open Space Required: 9 UNITS X 133 SF = **1197 SF**
Average (mean) unit size 691 SF.

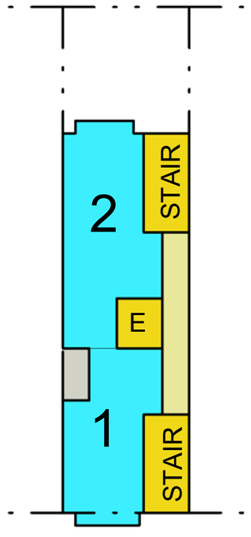
9 parking spaces required per zoning, 4 provided
(needs a larger than 50% reduction)

Retail could be substituted for parking, but there is not room for both on site.

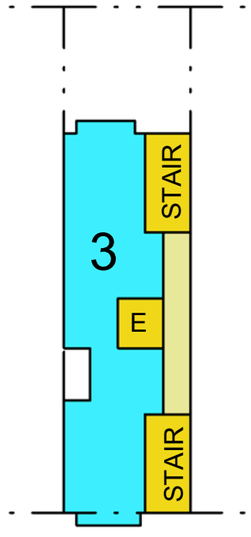
UNIT MIX	
1 BED	4
2 BED	4
3 BED	1
TOTAL	9



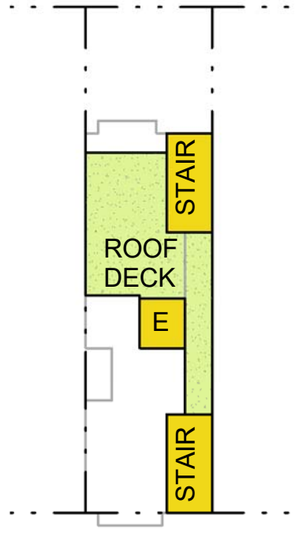
1 1" = 30'-0"



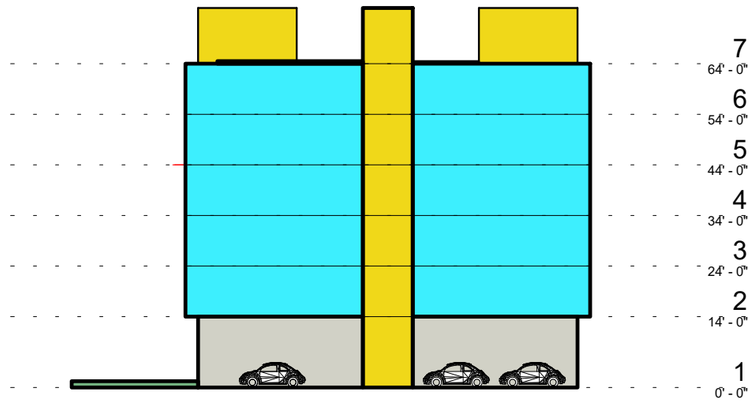
2-5 1" = 30'-0"



6 1" = 30'-0"



ROOF 1" = 30'-0"



Section 1" = 30'-0"

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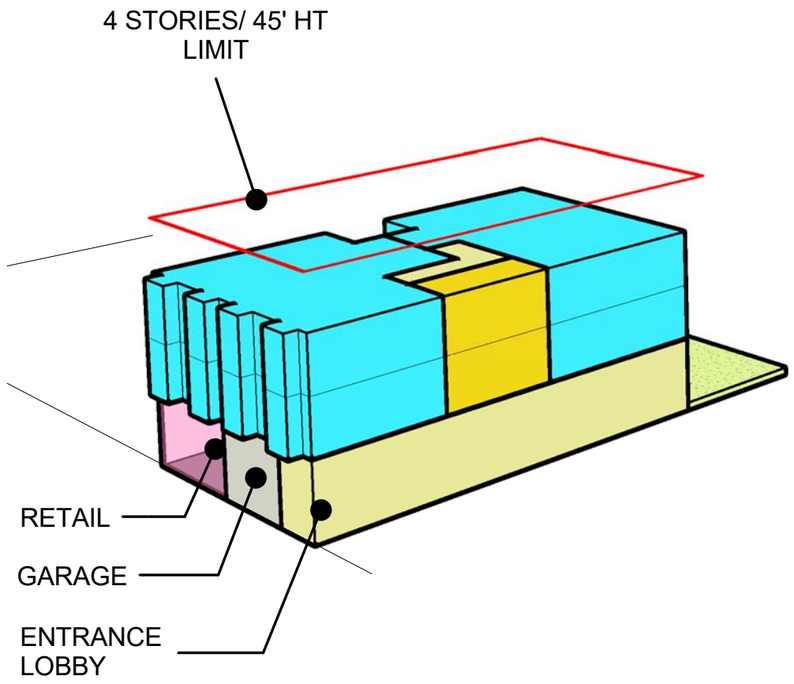
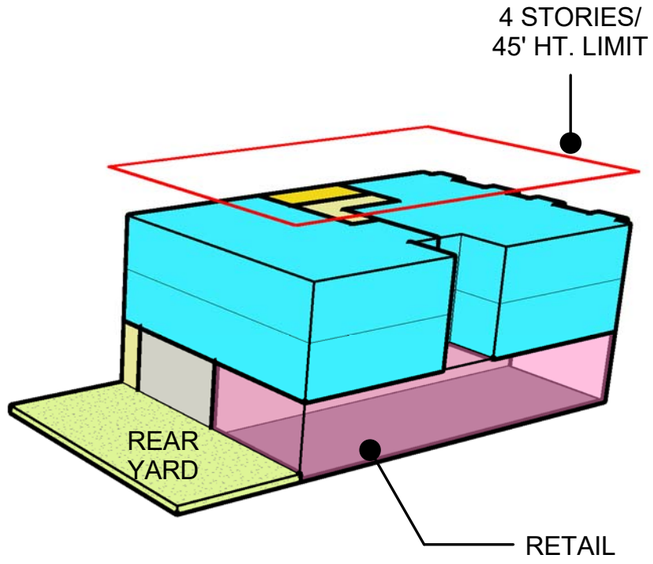
6 STORIES ON 25' WIDE LOT

NC-2

PROJECT NUMBER	1406.63
SCALE	1" = 30'-0"
DATE	9.16.2015





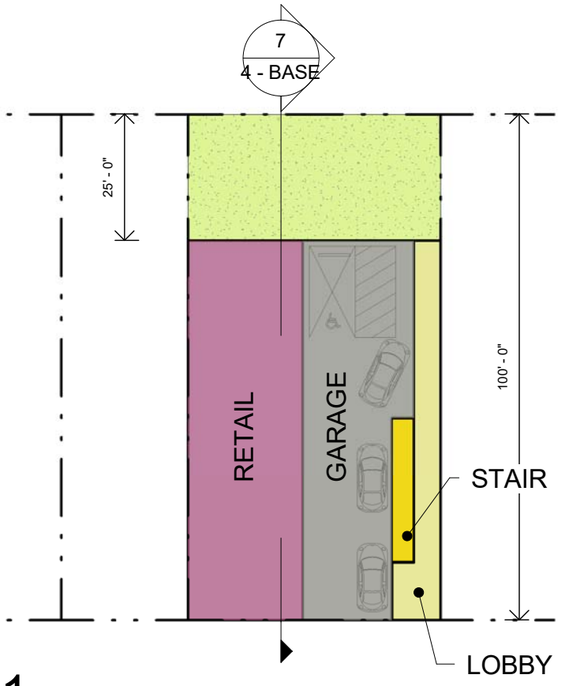
AREA SCHEDULE - 3 STORIES 50 FT LOT	
USE	AREA
CIRCULATION	1784 SF
OPEN SPACE	1250 SF
PARKING	1475 SF
RESIDENTIAL	6564 SF
RETAIL	1701 SF
	12774 SF

Open Space Required: 6 UNITS X 133 SF = 798 SF
Average (mean) unit size = 1,094 SF

6 parking spaces required per zoning, 3-4 provided

UNIT MIX

1 BED	2
2 BED	2
3 BED	2
TOTAL	6



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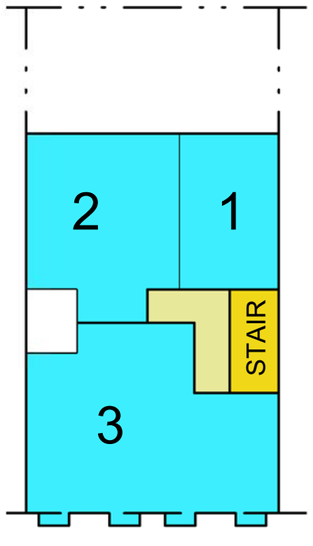
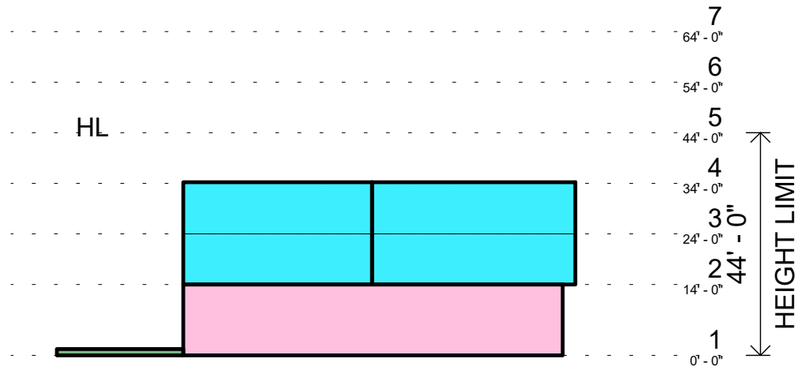


2-3 1" = 30'-0"



Section 1" = 30'-0"

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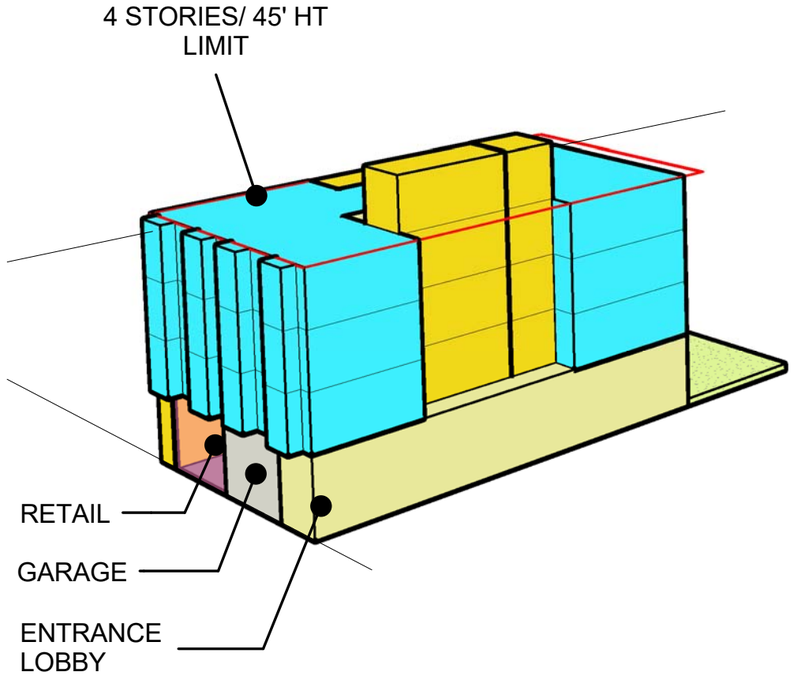
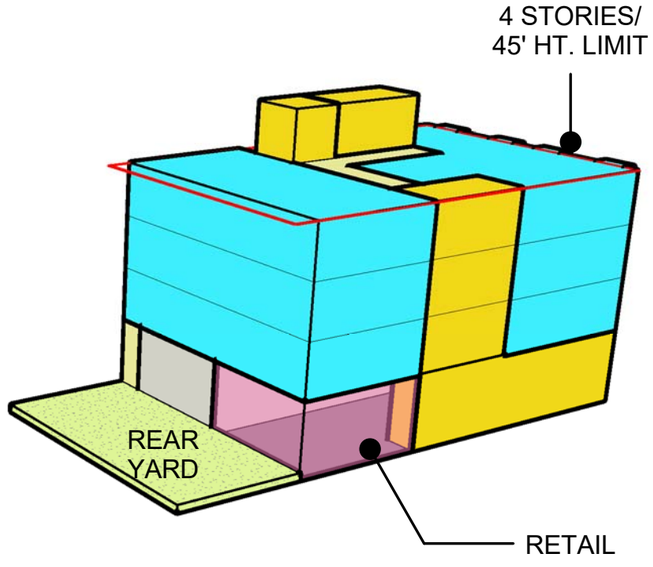
50' WIDE LOT BASE CASE

NC-2

PROJECT NUMBER	1406.63
SCALE	1" = 30'-0"
DATE	9.23.2015

4 - BASE





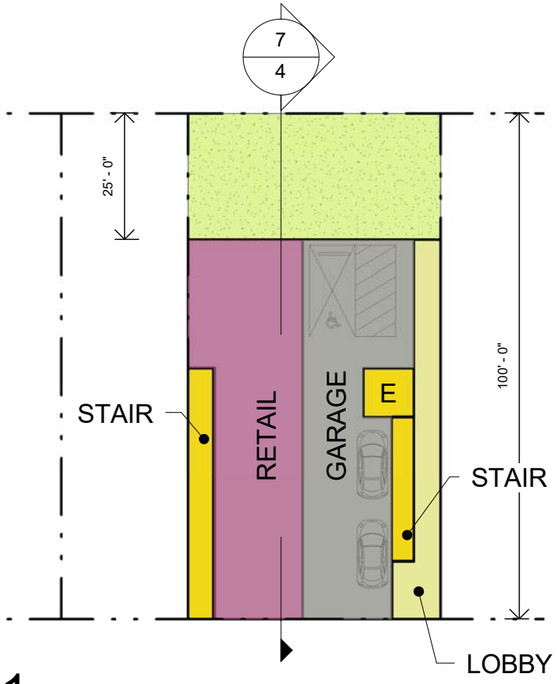
AREA SCHEDULE - 4 STORIES 50 FT LOT	
USE	AREA
CIRCULATION	3712 SF
OPEN SPACE	1250 SF
PARKING	1378 SF
RESIDENTIAL	8417 SF
RETAIL	1450 SF
	16208 SF

Open Space Required: 9 UNITS X 133 SF = 1,197SF
Average (mean) unit size = 935 SF

9 parking spaces required per zoning, 3 provided

UNIT MIX

1 BED	6
3 BED	3
TOTAL	9



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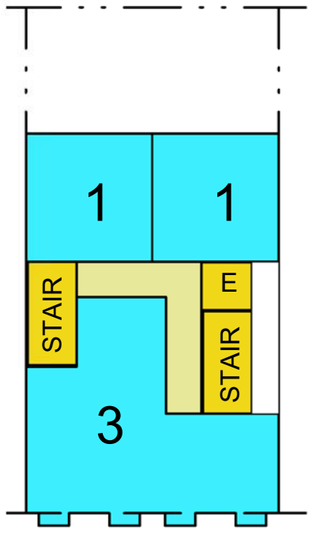
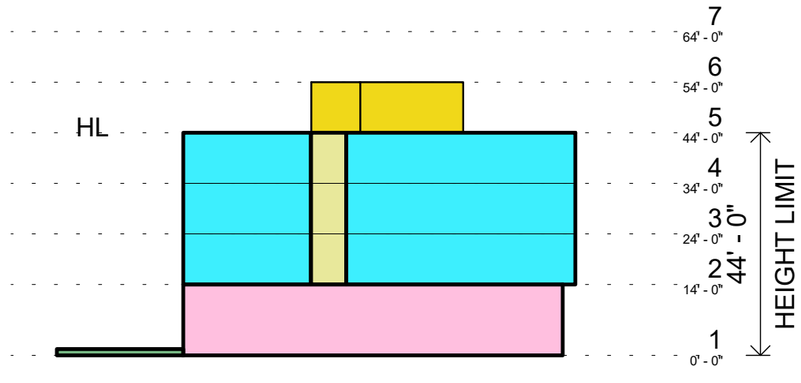


2-4 1" = 30'-0"



Section 1" = 30'-0"

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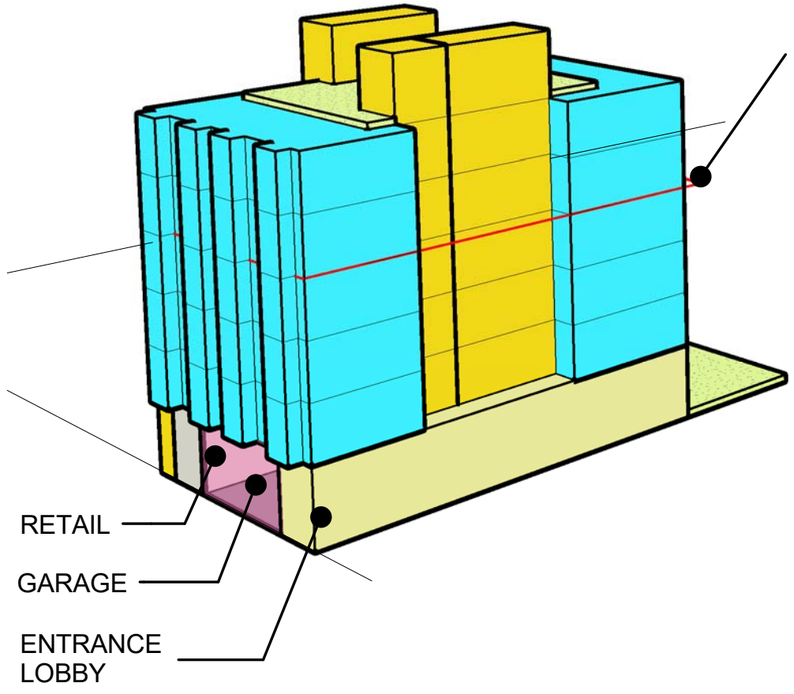
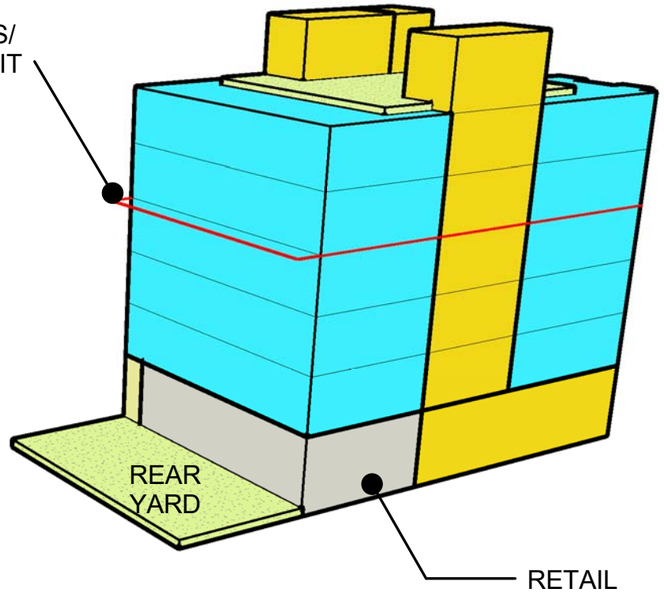
50' WIDE LOT WITH DENSITY BONUS

NC-2

PROJECT NUMBER	1406.63
SCALE	1" = 30'-0"
DATE	9.23.2015





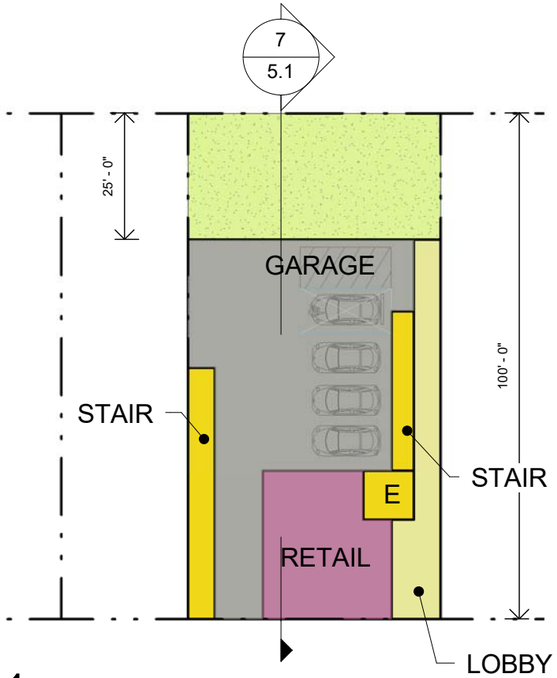
AREA SCHEDULE - 6 STORIES 50 FT LOT	
USE	AREA
CIRCULATION	5712 SF
OPEN SPACE	2642 SF
PARKING	2072 SF
RESIDENTIAL	14029 SF
RETAIL	694 SF
	25149 SF

Open Space Required: 15 UNITS X 133 SF = 1,995 SF
Average (mean) unit size = 935 SF

15 parking spaces required per zoning, 4 provided

UNIT MIX

1 BED	10
3 BED	5
TOTAL	15



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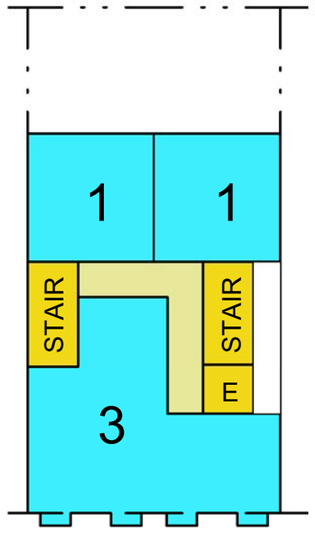
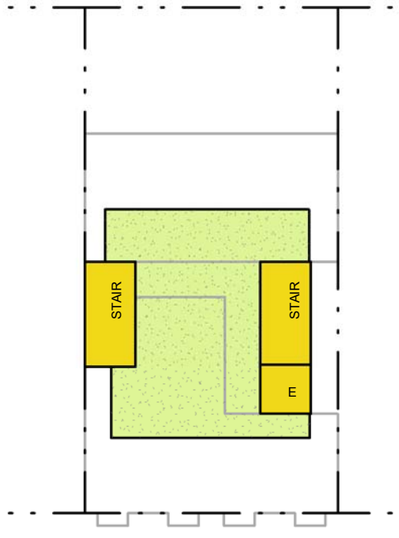


2-6 1" = 30'-0"



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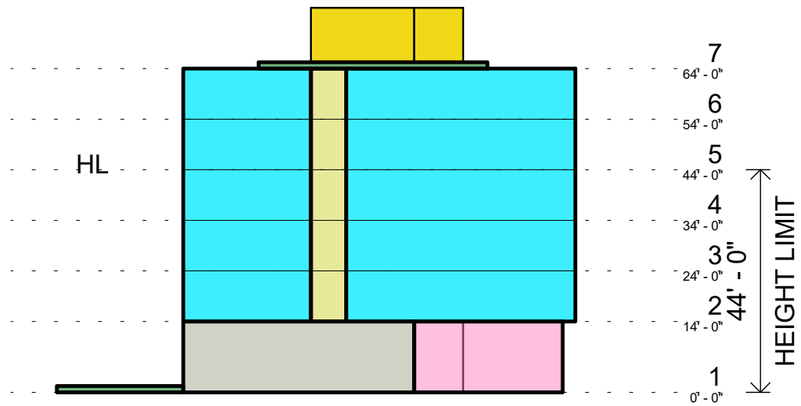

Section 1" = 30'-0"

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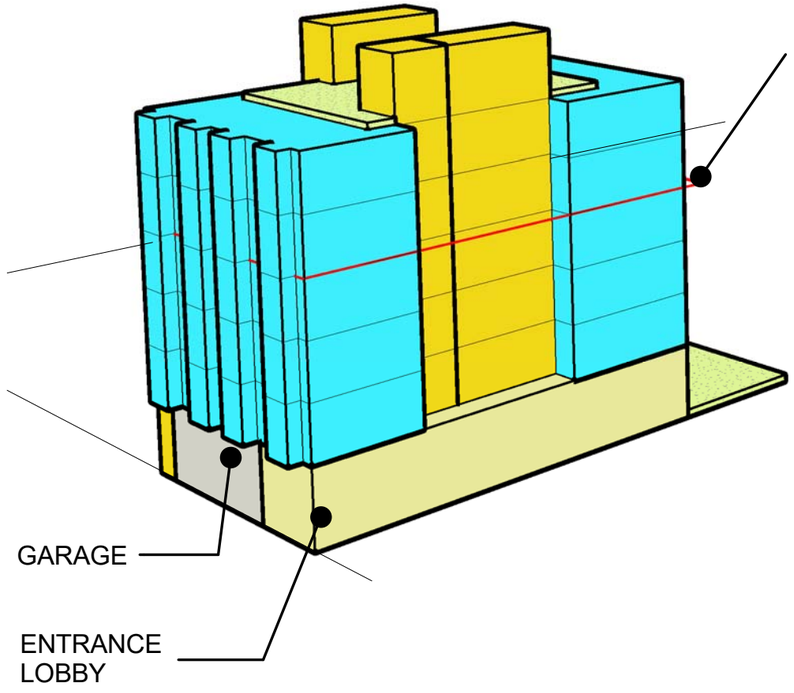
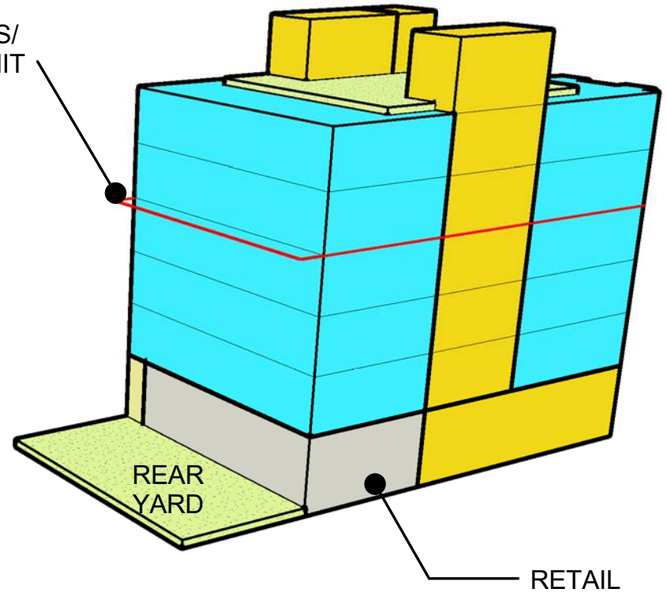
50' WIDE LOT WITH DENSITY BONUS

NC-2

PROJECT NUMBER	1406.63
SCALE	1" = 30'-0"
DATE	9.23.2015





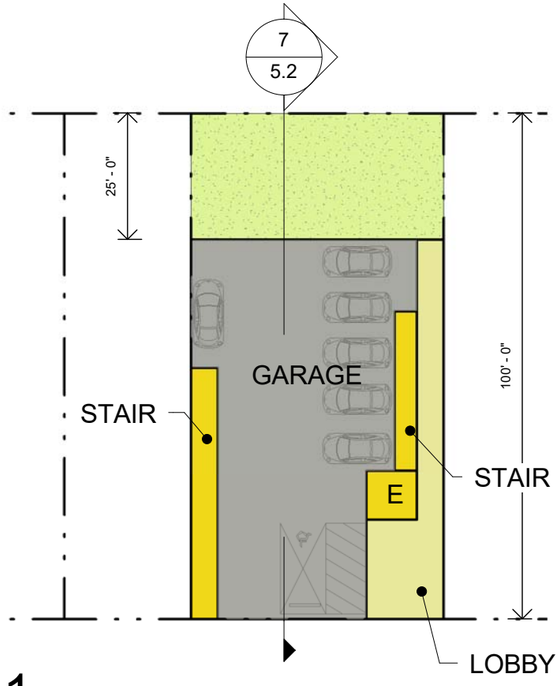
AREA SCHEDULE - 6 STORIES 50 FT LOT	
USE	AREA
CIRCULATION	5823 SF
OPEN SPACE	2642 SF
PARKING	2655 SF
RESIDENTIAL	14029 SF
	25149 SF

Open Space Required: 15 UNITS X 133 SF = 1,995 SF
Average (mean) unit size = 935 SF

15 parking spaces required per zoning, 7 provided

UNIT MIX

1 BED	10
3 BED	5
TOTAL	15



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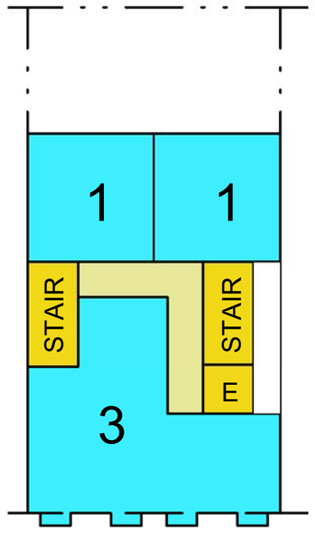
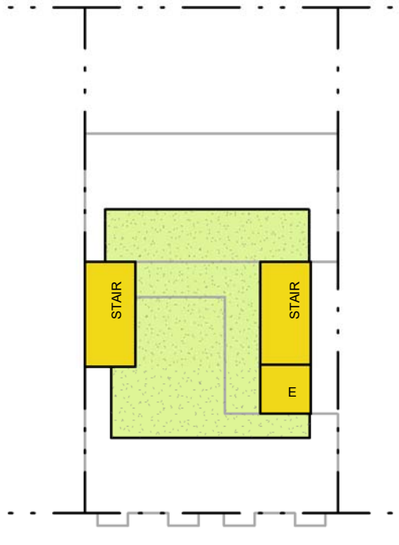
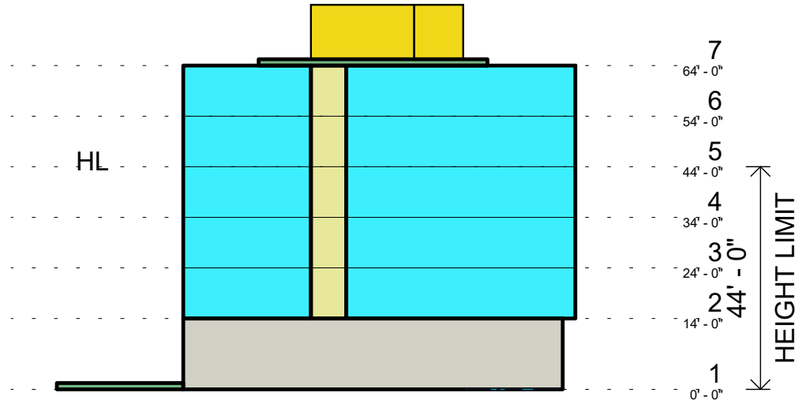


2-6 1" = 30'-0"



ROOF 1" = 30'-0"



Section 1" = 30'-0"

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50' WIDE LOT WITH DENSITY BONUS

NC-2

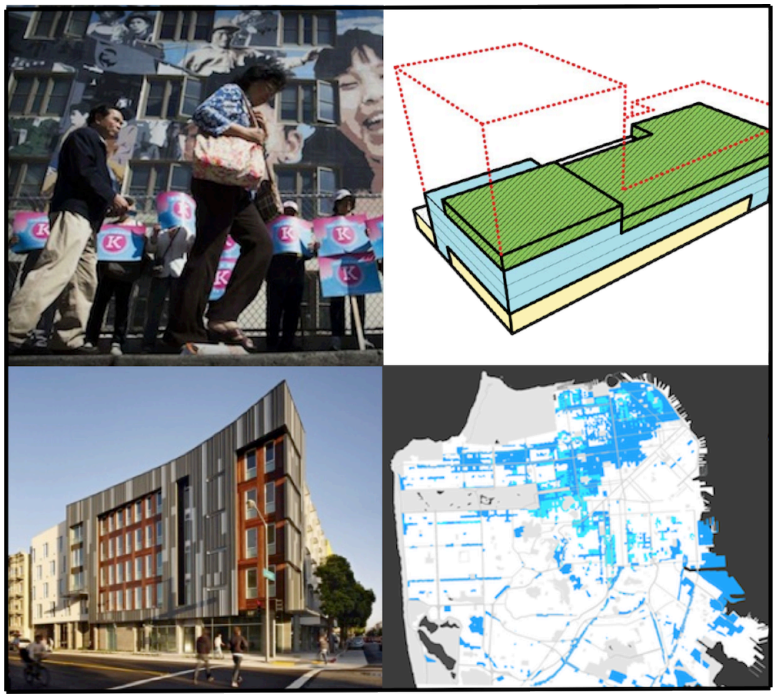
PROJECT NUMBER	1406.63
SCALE	1" = 30'-0"
DATE	9.23.2015

5.2

FINAL DRAFT

REPORT

Financial Analysis of San Francisco's Proposed Affordable Housing Bonus Program



Prepared for

San Francisco Planning Department

Prepared by

Seifel Consulting Inc.

Seifel CONSULTING INC.

August 2015

Financial Analysis
San Francisco's Proposed Affordable Housing Bonus Program
August 2015

Background

The City of San Francisco is pursuing multiple studies to understand how the City can most effectively encourage and facilitate more affordable housing supply, including middle income housing. Recent case law suggests that development projects fulfilling affordable housing requirements through the provision of onsite below market rate (BMR) units, per Section 415 of the City's Planning Code, may be eligible to pursue a state-mandated housing density bonus. The City intends to develop a local Affordable Housing Bonus Program (AHBP) that implements State Density Bonus Law.[1] In addition, San Francisco is reviewing options to offer additional incentives and potential increases in residential density if developers provide increased levels of affordable housing.

The San Francisco Planning Department retained Seifel Consulting and David Baker Architects (DBA) to evaluate the development potential and feasibility of typical sites under alternative AHBP program scenarios. DBA, in collaboration with Planning staff and Seifel Consulting, used architectural digital modeling and site analysis to evaluate how much residential development is currently allowed and could potentially be allowed under alternative State Density Bonus and AHBP scenarios on 12 typical sites. The 12 prototypical sites were chosen to represent a broad spectrum of potential sites located in zoning districts that currently have density controls (such as one unit per every 600 feet of land area).[2] The findings from this analysis are contained in a separate report: *Residential Density Bonus Study*.

Study Purpose and Goals

The purpose of this study is to model the financial feasibility of alternative AHBP program scenarios on a representative subset of the prototypical sites. The study's primary goals are to help City policy makers:

- Understand the key financial factors likely to influence the effectiveness and applicability of programs offering bonuses to projects providing onsite BMR units.
- Understand what project sponsors might choose when offered a menu of options related to the dedication of additional units to the City's affordable housing program.
- Recommend development conditions and terms that can support greater levels of affordability.
- Provide critical input on the potential parameters for a program that helps the City reach the voter-mandated Proposition K (2014) goals of achieving 33% affordability of all newly constructed units.

[1] For more information on the City's proposed Affordable Housing Bonus Program (ABHP) and State Density Bonus Law, please refer to information on the ABHP website at: http://www.sf-planning.org/index.aspx?page=4233.

[2] Zoning districts with no density controls (e.g. NCT, RTO, etc.) and those primarily composed of single family homes (RH-1 and RH-2), those associated with development agreements (e.g. Parkmerced, Treasure Island, etc.) and those that don't currently allow residential uses were excluded from the analysis. Height districts with limits lower than 40 feet were also excluded.

Prototypical Site Selection

The AHBP study area includes over 30,000 parcels with varying site conditions and zoning requirements, which include height restrictions, density, building bulk and building set backs (from street and adjoining properties), as well as other controls. The prototypical sites were chosen by the project team to represent a broad range of zoning and development conditions throughout the City.

The development potential for each site was first evaluated under current zoning conditions, called "Base Case." A key finding is that the current density limit in many zoning districts (i.e. 1 dwelling unit per 600 square feet of land) severely limits the development potential of a site to below what would be allowable under a theoretical building envelope at the existing height. Thus, the Base Case scenario produced unrealistically large units on some prototypical sites given zoning controls. For these sites, a more realistic development buildout needed to be prepared that more closely represented what a developer might likely build under current conditions. The project team chose a likely average unit size that was used to model a "market informed" Base Case for this study, reflecting prevailing market conditions in each area coupled with an assumed project tenure (apartment rental or condominium ownership) and likely unit size distribution (by bedroom size).[3]

The project team chose 3 prototypical sites out of the 12 prototypes that were physically evaluated to represent three distinct and likely outcomes of the program under alternative building types, height and tenure:

- Prototype 1 – Condominium Development Under NCD Zoning
  35/65 feet height limit, 15,000 target lot size, 1 dwelling unit per 600 SF land density limit.
  Larger condominium units with high proportion of 2 BR and 3 BR units, average target size of 1,250 NSF.
  Represents infill sites along transit corridors in the City's outer neighborhoods.
- Prototype 2 – Condominium Development Under RC-4 Zoning
  40/80 feet height limit, 20,000 target lot size, 1 dwelling unit per 200 SF land density limit.
  Condominium units with mix of studio, 1, 2 and 3 BR units (40% 2+ BR), average target size of 1,000 NSF.
  Represents infill sites along transit corridors in the City's near central neighborhoods.
- Prototype 3 – Apartment Development Under NCD Zoning
  40/50 feet height limit, 30,000 target lot size, 1 dwelling unit per 600 SF land density limit.
  Apartments with mix of studio, 1, 2 and 3 BR units (40% 2+ BR), average target size of 750 NSF.
  Represents infill sites along transit corridors in the City's near central neighborhoods.

Development Scenarios

For each site, three alternative development scenarios are modeled, which incrementally build on each other:

- **Base Case (Existing Conditions)**[4] – Evaluates the site's development potential under current zoning, assuming a developer chooses to provide BMR units onsite rather than alternatively meet its affordable housing requirements under Section 415. This scenario assumes that 12% of total units are provided as BMR units to households at 90% AMI for owners and 55% AMI for renters as defined in Section 415 of the Planning Code.

  The Base Case does not include the potential State Density Bonus that might be allowable if a developer provides 12% BMR units onsite. *For example, State Density Bonus Law provides a 7% density bonus if 12% of units are affordable to households at 90% AMI, or a 23% density bonus if 12% of units are affordable to households at 55% AMI. (State density bonus law does not distinguish by owner/renter tenure, but rather by*

[3] The chosen unit sizes were informed by an analysis of recent projects reviewed by the Planning Department, market data on recent developments and information provided by members of the Urban Land Institute, SPUR and the San Francisco Housing Action Coalition.

[4] The Base Case scenario uses the Market Informed Base Case assumptions for average unit size. Due to the current zoning restrictions, the Base Case scenario for each prototype was not found to be financially feasible at typical current market sales price per square foot for near central and outer neighborhoods.

target AMI.) The intent of the Base Case is to model the market value of the land previous to local implementation of the State Density Bonus Program.

- **Base Case + 35% State Density Bonus** – Tests each prototype under the assumption that a developer pursues the maximum allowable density bonus under state law – a 35% increase over the base case scenario. This scenario assumes a mix of BMR units at 90% AMI and 80% AMI for owner units and a mix of BMR units at 55% AMI and 50% AMI for rental units. In some cases, this increased number of units requires additional height, which can result in a change in construction type.

  While State Density Bonus Law affords project sponsors many potential paths to achieving a 35% density bonus, this analysis focused on what are considered to be the most likely scenario to be chosen by developers given the City's existing policies and potential revenue generation. *This analysis assumes that project sponsors would choose to fulfill their Section 415 affordable housing requirements by providing 12% affordable units on site and then additionally provide the fewest number of affordable units necessary to achieve a 35% density bonus. This allows a more direct financial comparison to the Base Case Scenario.*

- **Affordable Housing Bonus Program –** Tests each prototype to determine the development potential that could support the goals of locally mandated Proposition K and respond to the Middle Income Housing gap, while also meeting the City's onsite affordable housing requirement. Similar to the 35% State Density Bonus scenario, this increased number of units also requires additional height, which can result in a change in construction type. Based on direction from City staff, this scenario assumes that the overall building height does not increase by more than two stories above the maximum allowable height under current zoning.

  This scenario assumes that at least 30% of all units would be affordable. *It similarly assumes that the project would fulfill the current Section 415 requirements by providing 12% of total units on site and then additional BMR units would be targeted to middle income owner households at 140% AMI and moderate income renter households at 120% AMI.*

How Increases in Potential Height Affect the Development Program

DBA, in collaboration with the project team, prepared a development program that specifies the potential gross square footage of residential development, the number of units and parking that could be accommodated on each prototypical site under the three development scenarios above. Based on direction from City staff, the overall building height does not increase by more than two stories above the maximum allowable height under current zoning, under either the State Density Bonus or the local AHBP. In order to accommodate an increased number of units without increasing the height beyond two stories, the average unit size was decreased by 10-30% in some cases, which could produce a more marketable development.

All of the prototypes tested had two applicable height limits according to current zoning, which means that a portion of the development would continue to have a lower building height than the remainder of the site.[5] This was found to be a significant limitation on how much additional housing development could occur on a site under the AHBP. Often, this dual height restriction (in combination with required set backs and building step backs above certain building heights) often removed a significant portion of the potential increase in residential square footage that might occur from a height increase. In addition, the height increase triggered a change in building construction type that resulted in higher construction costs in most cases.

A critical piece of developer feedback was for the City to allow a uniform height throughout the site under the AHBP, which would make it much more cost effective to build and would potentially result in a greater build-out capacity under the AHBP assuming the building height for all buildings could increase two floors above the highest maximum allowable height. This flexibility could also potentially allow some developments to maintain a consistent building construction type for the residential units (for example, all wood frame construction on top of podium parking).

[5] Of the 12 prototypes evaluated by DBA, six prototypes (50%) had two applicable height limits according to current zoning.

Given the City's Transit First goals, the number of parking spaces is assumed to remain constant even as density increases, which in effect assumes the City would permit a reduced parking ratio per unit in some cases under current zoning. As a result, no parking stackers are assumed to be needed though additional parking could be provided on all three sites with the use of stackers, at additional cost.

Methodology for Financial Analysis

The financial analysis compares the potential revenues that could be generated for each development scenario with the associated development costs in order to test overall financial feasibility using typical measures of return and/or developer margin. Developers and their financial partners must receive a sufficient margin on development costs to be willing to undertake the risks and expenses associated with development. The financial feasibility analysis solves for developer margin, which is equal to total revenues less the following development costs: land, construction, impact fees, construction financing and other soft costs (including architectural design, legal and marketing costs).

A series of meetings on the proposed density bonus program were held August-December 2014 with members of the Urban Land Institute, SPUR and the San Francisco Housing Action Coalition. Development revenue and cost information was gathered during these meetings and through interviews with a broad range of residential developers, contractors and real estate professionals that are actively engaged in development in San Francisco, as well as from the review of confidential financial pro formas on recent projects. The following briefly summarizes the key assumptions that were developed based on information gathered by Seifel Consulting:

- **Revenues** – The Base Case revenue assumptions were developed using recent market data (for condominium sales and for apartments), interviews with developers and market professionals and developer pro formas. (The Concord Group, Polaris Pacific, The Mark Company and RealAnswers were key sources of market data for residential products.) While many economists project continued growth in sales values and rental rates in the coming years, development revenues for the financial analysis are based on Winter 2014/Spring 2015 market values and have not been trended upwards to reflect improving future market conditions. However, in order to demonstrate feasibility, revenues are increased above these market values in some development scenarios.

  For rental property, revenues are based on the potential market value for apartment development based on stabilized net operating income (NOI) divided by a market capitalization rate of 4.5% for the Base Case. NOI equals gross income from the rental of apartments and parking spaces, less a vacancy allowance of 5% and less operating expenses. Based on input from apartment developers, the cap rate for the AHBP scenario is increased to 4.75% to reflect a significantly higher percentage (30%) of affordable housing units at restricted rents, which would dampen the potential upside value of the property. (The additional .25% cap rate is also referred to as a cap rate premium.)

- **Land Costs** – Each prototype was evaluated assuming that the land acquisition cost remains constant across all three development scenarios. This was done based on the assumption that policies to increase the number of allowable units are coupled with increased affordability requirements, and therefore do not affect the purchase price of the land for development.[6]

  The land acquisition costs for each prototype were estimated assuming each property currently has an existing one- or two-story, rent-generating building on all or a portion of the property, which is true for all of the actual sites used to develop the three prototypes. (While a number of sites in the study area are vacant or do not contain significant revenue generating uses, a one or two story building is considered to be a reasonable representative existing land use for typical sites.) The current minimum value for a low-rise commercial building in San Francisco in the study area neighborhoods is about $300 per square foot, which established a floor on land costs for this analysis. In summary, land costs range from $160,000 to $210,000 per unit for the Base Case,

[6] Although land prices often increase based on the number of units that can be built on a site, the economic land value remains unchanged given these policy assumptions.

or about $300 to $400 per square foot of land under all scenarios. Given the assumption that land acquisition costs remain constant, they decrease under the State Density Bonus and AHBP scenarios on a per unit basis. [7]

- **Hard Construction Costs** – Hard construction costs include the labor and materials needed to undertake building construction, including general contractor overhead, profit and general conditions. As the type and location of parking varies significantly across building types, the hard construction costs for parking are estimated separately from the hard construction costs for the residential components. The parking costs were then added to the hard construction costs for each prototype and compared with developer pro formas and contractor estimates for projects in this building type, as well as information on construction costs provided by the San Francisco Department of Building Inspection. These costs were also compared to the residential construction cost estimates assembled for the Mayor's Office of Housing in 2012. The costs were found to be generally consistent, after taking into account an inflationary adjustment of 15-20% since 2012, reflecting the rapid increase in construction costs over the past three years. A 10% contingency was added to reflect the preliminary nature of the design work and to take into account the fact that construction costs may continue to increase in the near term.

  Hard construction costs for each prototype and each scenario vary based on the allowable building height. For example, lowrise construction of 40-55 feet in height is assumed to be Type V, wood frame over Type I podium construction. However, as discussed earlier, building heights for all three prototypes had two applicable height limits according to current zoning, and thus the building construction type likewise varies under the scenarios as height increases by one to two stories. Thus, without doing a detailed construction estimate, hard construction costs are difficult to estimate and are thus generalized across the prototypes and scenarios to reflect variations in height, construction type and unit size.[8]

- **Impact Fees** – City development impact fees are based on the current development impact fee schedule. As all of the prototypical sites are outside Area Plans, the fees only reflect the cost of school, water and wastewater capacity fees.

- **Construction Financing** – Private lenders typically provide the major source of capital that pays for development costs during construction. Construction terms vary depending on market conditions, developer financial capacity, developer track record and the construction lender. The construction interest rate is assumed at 5.5% for all prototypes with a loan fee of 1-1.25%, depending on loan size. The loan amount is based on about a 60-65% loan to development cost (considered to be approximately equal to a 50% loan to value) at an average outstanding balance of 60% of development costs. The term of the construction loan is directly related to project timing, as the construction loan is the primary source of capital during the construction and absorption phase (sales for condominiums and lease-up for rentals).

- **Other Soft Costs** – These include all other indirect construction costs such as architectural design, engineering, legal fees, building permit fees, marketing and other sales/leasing related development costs. These costs are calculated as a percentage of hard construction costs based on a review of pro formas and interviews with developers and real estate professionals. Other soft costs for the residential condominium prototypes are assumed at 25% of hard construction costs while rental prototypes (both residential and commercial) that have less extensive sales and marketing costs are assumed at 18% of hard construction costs. As density increases on the site, some of these soft costs might be able to decrease as fixed costs could be spread over a larger number of units. Soft cost savings are assumed to range from between 1% to 1.5% of hard construction costs,

[7] Under the Base Case scenario, the land acquisition cost is on the high end of current market values, largely due to the restricted number of units that can be built under current zoning. As the number of developable units increases under the AHBP scenario on each prototypical site, the land acquisition costs decrease to about $75,000 to $90,000 per unit.

[8] As unit sizes decrease, residential construction costs (for the same building construction type) typically increase on a per residential square foot basis because kitchens and bathrooms represent a higher proportion of square footage, and there is a higher proportion of windows, doors and other high cost items. Furthermore, smaller unit sizes can result in a lower overall building efficiency.

or $3,000 to $6,000 per unit to reflect savings in design, processing and other benefits realized through a larger scale project.

- **Developer Margin or Return** – Developers, lenders and investors evaluate and measure returns in several ways. Based on input from real estate developers, equity investors and lenders, and discussions with City staff, this analysis measures developer margin in the following ways:[9]
    - Low-Rise 40-58 Feet: 15-20% return on total development cost (assumed at 19% return on development cost or 16% threshold for return on net sales for condominiums).
    - Mid-Rise 65 Feet: 20-22% on total development cost (assumed at 21% return on development cost, or 17% threshold for return on net sales for condominiums).
    - Mid-Rise and High-Rise, 80-160 Feet: 22-24% on total development cost (assumed at 23% return on development cost, or 19% threshold for return on net sales for condominiums).
    - As apartments are income-producing buildings, returns are often measured based on the net operating income (or NOI, which equals revenues less operating expenses) divided by development costs exclusive of profit. The target Yield (Return) on Cost for apartments in San Francisco is 5-7%, with most developers trying to achieve between 5.5% and 6% in the current market.

In summary, the financial feasibility analysis uses the following formula to calculate development feasibility, which solves for developer margin (as well as Yield on Cost for apartments).

Revenues
Less: Land (assumed to remain constant across scenarios)
Less: Hard and Soft Construction Costs (varies according to building height and density)
Developer Margin

Figure 1 and Exhibits 1 through 3 present the results from the financial analysis of the three development scenarios for each prototype. These tables show the number of units that would potentially be allowed to be built under each scenario, along with the assumed level of affordability that would be required (as described above). These tables also present the key development assumptions that would vary by scenario: height, average unit size (reduced in some cases as density increases), hard construction cost (varies according to building height), construction loan period (varies according to length of construction period), development impact fees (water and wastewater capacity charges decrease as costs are spread across more units) and other soft costs. Exhibit 4 summarizes the baseline development assumptions for each prototype under the Base Case (Existing Conditions) and other key development assumptions that remain fixed across each development scenario.

Conclusion: Key Findings of the Financial Analysis

When more units are allowed to be built under the proposed State Density and AHBP programs, development costs per unit decrease on each site, as illustrated in Figure 1. The financial analysis also demonstrates the following key findings for each development scenario:

- **Base Case (Existing Conditions)** – Only a small portion of new development has occurred in the areas that were studied for this program, and most of the development that does occur is on small infill developments that typically only produce a few units. While both market and political factors hinder feasibility (including relatively low residential values and long standing neighborhood opposition), this analysis indicates that the City's existing zoning controls significantly limit development potential, making many sites financially infeasible to build. As described earlier, the current density limit in many zoning districts (i.e. 1 dwelling unit per 600 square feet of land) dramatically limits the development potential on a site to below what would be allowable under a theoretical

[9] These returns are consistent with prior studies done by the Mayor's Office of Housing and Community Development. As buildings increase in height and complexity, return thresholds increase due to the longer time frame for development and construction. As the prototypes studied have dual height limits, and some of the scenarios result in changes in building type due to height increases, the target return is based on the highest allowable building height limit.

building envelope at the existing height. In addition, the combination of height limits, set backs, building envelope step backs and minimum parking ratios per unit significantly limit potential residential capacity. For all three prototypes studied, potential revenues under existing market and zoning conditions are not high enough to support development costs and yield sufficient developer margin. In particular, land costs would need to be significantly lower, ranging from about $50,000 to $100,000 per unit in order for development to be feasible.

- **Base Case + 35% State Density Bonus** – Where sites are currently close to attaining financial feasibility, the state density bonus program would enhance their financial feasibility. In particular, this could apply when project sponsors have owned the property for a long time or developers are able to purchase sites at favorable terms. The density bonus would thus enable the developer to achieve a larger project with greater economies of scale. However, where revenues do not currently support the cost of new construction (as found for all three prototypes), rents or sales prices may need to increase 15-35% (on a per square foot basis) above what is currently assumed in the Base Case as representing current market conditions on the site. This means that the use of the State Density Bonus program would have the greatest likelihood of success in higher priced areas where the increased number of market rate units at high price levels could more than offset the increased number of BMR units, or where development costs are significantly less than estimated. In addition, as this scenario assumes the City's current onsite inclusionary requirements would remain in place, the restriction of BMR ownership units at 90% AMI does not allow developers to receive as much density per BMR unit under the State Density Bonus program as they would if all of the BMR units were targeted to 80% AMI.
- **Local Affordable Housing Bonus Program–** Similar to the State Density Bonus scenario, the Local AHBP would work best on sites that have significantly constrained development potential but are close to being feasible because revenues are high enough to support development costs and yield sufficient developer margin. Based on sensitivity analysis performed for this study and interviews with developers, achieving the goal of at least 30% of affordable housing units on site (while also meeting the Section 415 onsite inclusionary requirements) would likely necessitate at least a doubling of the number of units above a currently feasible development scenario. Again, where revenues do not currently support new construction, rents or sales prices may need to increase 20-35% (on a per square foot basis) above what is assumed in the Base Case to make them feasible. As this program would allow for the potential reduction in unit size, part of this pricing increase could be simply attributable to the fact that smaller units often have higher rents or sales prices per square foot as compared to larger units. A final critical factor in the refinement of this program will be to allow greater flexibility in overall building envelope, which could help lower construction costs on a per square foot basis. As described earlier, allowing a uniform height throughout the site could make it much more cost effective to build and would potentially result in a greater build-out capacity under the AHBP, assuming the building height for all buildings could increase two floors above the maximum allowable height without resulting in a significantly higher construction cost due to a change in building construction type (for example, from wood frame to concrete).

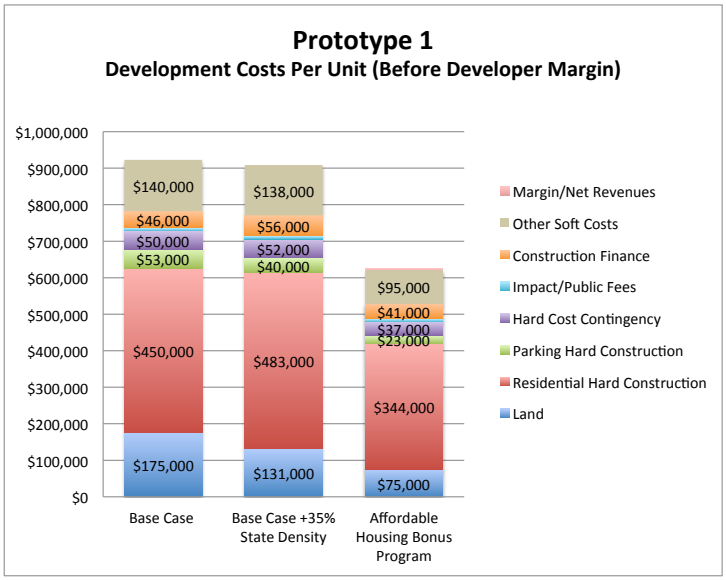
In conclusion, the potential use of the State Density Bonus and AHBP will depend on the development conditions for individual sites and how the programs are designed and implemented. While the use of the programs will be affected by market conditions (including cost of land, housing prices in different neighborhoods and construction costs), the following changes to zoning requirements are key to enhancing development feasibility:

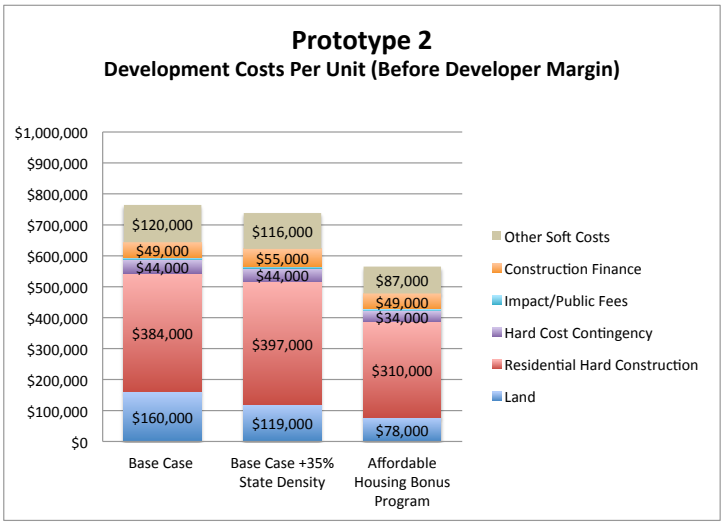
- Reduce parking and the need to build underground (for example, modify parking requirements per unit)
- Allow developers to build smaller units (for example, modify dwelling unit per land square feet standard)
- Enable developers to build more units at a lower per unit development cost (for example, modify building bulk, unit exposure, rear and side yard setbacks, height, vertical step backs, and/or open space).

All of these changes could help developers offset the increased cost of providing additional BMR units through the potential "economies of scale" that could occur from being able to spread fixed construction and soft costs over a larger number of units, which is particularly important in neighborhoods with lower than average housing prices.

In summary, the City's policies to increase the number of allowable units need to be balanced with increased affordability requirements in such a way that the proposed programs do not drive up the purchase price of land and provide sufficient flexibility and financial incentives to encourage developers to use the programs.

Figure 1: Summary Comparison of Development Costs By Prototype





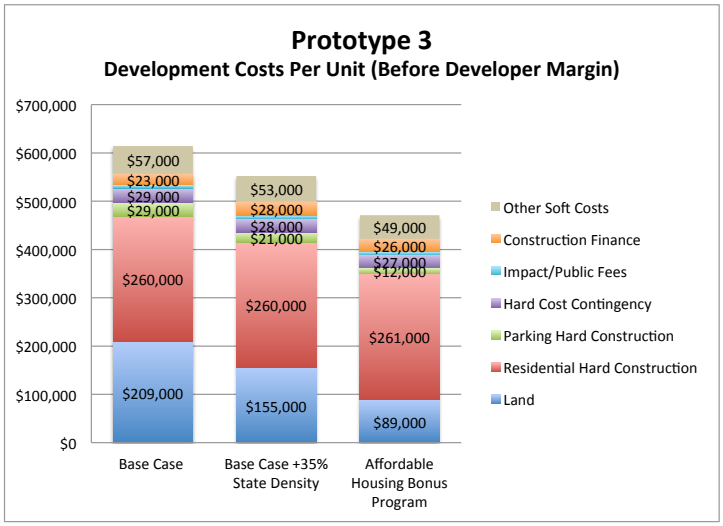


Exhibit 1
Financial Feasibility Analysis
Prototype 1 – Condominium Under NCD Zoning

Unit Distribution	Base Case	Base Case +35% State Density	Affordable Housing Bonus Program
Base Units	**Units**	**Units**	**Units**
Market Rate	21	21	21
Affordable @ 90% AMI	3	3	3
Subtotal	24	24	24
State Bonus Units		*35% of Base Units*	
Market Rate		4	
Affordable @ 80% AMI		4	
Affordable @ 120% AMI		0	
Subtotal		8	
Local Bonus Units			*135% of Base Units*
Market Rate			18
Affordable @ 140% AMI			10
Subtotal			32
Total Units	**24**	**32**	**56**
Affordable Units	**3**	**7**	**17**
% Affordable of Local Bonus Units	N/A	N/A	44%
% Affordable of Total Units	13%	22%	30%
Parking Stalls	**27**	**27**	**27**
Dedicated Residential Parking	**24**	**24**	**24**
Stacker Parking Spaces	***0***	***0***	***0***
Parking Space Ratio	*1.00*	*0.75*	*0.43*
Variable Residential Assumptions			
Height	35/65 feet	45/75 feet	55/85 feet
Average Size Unit (NSF)	1,250 NSF	1,250 NSF	860 NSF
Average Size Unit (GSF)	1,667 GSF	1,667 GSF	1,147 GSF
Residential Hard Costs w/o Parking	$270 Per GSF	$290 Per GSF	$300 Per GSF
Construction Loan Period	30 months	30 months	32 months
Soft Cost Savings	0.0% of HCC	1.0% of HCC	1.5% of HCC
Average Sales Price Per SF	$850 per NSF	$1,150 per NSF*	$1,130 per NSF*

Revenue Generation	Base Case		Base Case +35% State Density		Affordable Housing Bonus Program	
Base Units	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**
Market Rate	$1,063,000	$22,323,000	$1,438,000	$30,198,000	$972,000	$20,412,000
Affordable @ 90% AMI	$310,000	$930,000	$310,000	$930,000	$310,000	$930,000
Subtotal	$969,000	$23,253,000	$1,297,000	$31,128,000	$889,000	$21,342,000
State Bonus Units						
Market Rate			$1,438,000	$5,752,000		
Affordable @ 80% AMI			$266,000	$1,064,000		
Affordable @ 120% AMI			$443,000	$0		
Subtotal			$852,000	$6,816,000		
Local Bonus Units						
Market Rate					$972,000	$17,496,000
Affordable @ 90% AMI					$310,000	$1,240,000
Affordable @ 140% AMI					$531,000	$5,310,000
Subtotal					$751,000	$24,046,000
Total/Average	**$969,000**	**$23,253,000**	**$1,186,000**	**$37,944,000**	**$811,000**	**$45,388,000**
Less: Cost of Sales/Transfer Tax	$53,000	$1,279,000	$65,000	$2,087,000	$45,000	$2,496,000
Net Revenues	**$916,000**	**$21,974,000**	**$1,121,000**	**$35,857,000**	**$766,000**	**$42,892,000**

Development Costs	Per Unit	Total	Per Unit	Total	Per Unit	Total
Land	$175,000	$4,200,000	$131,000	$4,200,000	$75,000	$4,200,000
Residential Hard Construction	$450,000	$10,800,000	$483,000	$15,456,000	$344,000	$19,264,000
Parking Hard Construction	$53,000	$1,278,000	$40,000	$1,278,000	$23,000	$1,278,000
Hard Cost Contingency	$50,000	$1,200,000	$52,000	$1,664,000	$37,000	$2,072,000
Development Impact Fees	$8,500	$204,000	$8,500	$272,000	$8,500	$476,000
Construction Finance	$46,000	$1,104,000	$56,000	$1,792,000	$41,000	$2,296,000
Other Soft Costs	$140,000	$3,360,000	$144,000	$4,608,000	$101,000	$5,656,000
Less: Other Soft Cost Savings	$0	$0	-$6,000	-$192,000	-$6,000	-$336,000
Total/Average	**$923,000**	**$22,146,000**	**$909,000**	**$29,078,000**	**$623,000**	**$34,906,000**
Developer Margin	**-$7,000**	**-$172,000**	**$212,000**	**$6,779,000**	**$143,000**	**$7,986,000**
Margin/Development Costs	**-1%**		**23%**		**23%**	
Margin/Net Revenues	**-1%**		**19%**		**19%**	

**Note: In order to achieve development feasibility (as measured by developer margin or return on cost), sales prices or rents per square foot were increased for the State Density Bonus and Affordable Housing Bonus Program scenarios. For more information, refer to the key findings in the accompanying report.*

Exhibit 2
Financial Feasibility Analysis
Prototype 2 – Condominium Under RC-4 Zoning

Unit Distribution	Base Case	Base Case +35% State Density	Affordable Housing Bonus Program
Base Units	**Units**	**Units**	**Units**
Market Rate	53	53	53
Affordable @ 90% AMI	7	7	7
Subtotal	60	60	60
State Bonus Units		*35% of Base Units*	
Market Rate		12	
Affordable @ 80% AMI		9	
Affordable @ 120% AMI		0	
Subtotal		21	
Local Bonus Units			*105% of Base Units*
Market Rate			33
Affordable @ 140% AMI			22
Subtotal			63
Total Units	**60**	**81**	**123**
Affordable Units	**7**	**16**	**37**
% Affordable of Local Bonus Units	N/A	N/A	48%
% Affordable of Total Units	12%	20%	30%
Parking Stalls	**74**	**74**	**74**
Residential Parking Spaces	**70**	**70**	**70**
Additional Spaces with Stackers	**0**	**0**	**0**
Parking Space Ratio	*1.17*	*0.86*	*0.57*
Variable Residential Assumptions			
Height	40/80 feet	60/90 feet	60/100 feet
Average Size Unit (NSF)	1,000 NSF	1,000 NSF	728 NSF
Average Size Unit (GSF)	1,280 GSF	1,280 GSF	970 GSF
Residential Hard Costs w/o Parking	$300 Per GSF	$310 Per GSF	$320 Per GSF
Construction Loan Period	31 months	35 months	42 months
Soft Cost Savings	0.0% of HCC	1.0% of HCC	1.5% of HCC
Average Sales Price Per SF	$1,100 per NSF	$1,200 per NSF*	$1,280 per NSF*

Revenue Generation	Base Case		Base Case +35% State Density		Affordable Housing Bonus Program	
Base Units	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**
Market Rate	$1,100,000	$58,300,000	$1,200,000	$63,600,000	$931,000	$49,343,000
Affordable @ 90% AMI	$290,000	$2,030,000	$290,000	$2,030,000	$290,000	$2,030,000
Subtotal	$1,006,000	$60,330,000	$1,094,000	$65,630,000	$856,000	$51,373,000
State Bonus Units						
Market Rate			$1,200,000	$14,400,000		
Affordable @ 80% AMI			$249,000	$2,241,000		
Affordable @ 120% AMI			$415,000	$0		
Subtotal			$792,429	$16,641,000		
Local Bonus Units						
Market Rate					$931,000	$30,723,000
Affordable @ 90% AMI					$290,000	$2,320,000
Affordable @ 140% AMI					$498,000	$10,956,000
Subtotal					$698,000	$43,999,000
Total/Average	**$1,006,000**	**$60,330,000**	**$1,016,000**	**$82,271,000**	**$775,000**	**$95,372,000**
Less: Cost of Sales/Transfer Tax	$55,000	$3,318,000	$56,000	$4,525,000	$43,000	$5,245,000
Net Revenues	**$950,000**	**$57,012,000**	**$960,000**	**$77,746,000**	**$733,000**	**$90,127,000**
Development Costs	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**
Land	$160,000	$9,600,000	$119,000	$9,600,000	$78,000	$9,600,000
Residential Hard Construction	$384,000	$23,040,000	$397,000	$32,157,000	$310,000	$38,130,000
Parking Hard Construction	$60,000	$3,598,000	$44,000	$3,598,000	$29,000	$3,598,000
Hard Cost Contingency	$44,000	$2,640,000	$44,000	$3,564,000	$34,000	$4,182,000
Development Impact Fees	$7,000	$420,000	$7,000	$567,000	$7,000	$861,000
Construction Finance	$49,000	$2,940,000	$55,000	$4,455,000	$49,000	$6,027,000
Other Soft Costs	$120,000	$7,200,000	$121,000	$9,801,000	$93,000	$11,439,000
Less: Other Soft Cost Savings	$0	$0	-$5,000	-$405,000	-$6,000	-$738,000
Total/Average	**$824,000**	**$49,438,000**	**$782,000**	**$63,337,000**	**$594,000**	**$73,099,000**
Developer Margin	**$126,000**	**$7,574,000**	**$178,000**	**$14,409,000**	**$138,000**	**$17,028,000**
Margin/Development Costs	**15%**		**23%**		**23%**	
Margin/Net Revenues	**13%**		**19%**		**19%**	

**Note: In order to achieve development feasibility (as measured by developer margin or return on cost), sales prices or rents per square foot were increased for the State Density Bonus and Affordable Housing Bonus Program scenarios. For more information, refer to the key findings in the accompanying report.*

Exhibit 3
Financial Feasibility Analysis
Prototype 3 – Apartment Under NCD Zoning

Unit Distribution	Base Case	Base Case +35% State Density	Affordable Housing Bonus Program
Base Units	**Units**	**Units**	**Units**
Market Rate	50	50	50
Affordable @ 55% AMI	7	7	7
Subtotal	57	57	57
State Bonus Units		*35% of Base Units*	
Market Rate		17	
Affordable @ 50% AMI		3	
Affordable @ 80% AMI		0	
Subtotal		20	
Local Bonus Units			*135% of Base Units*
Market Rate			44
Affordable @ 120% AMI			24
Subtotal			77
Total Units	**57**	**77**	**134**
Affordable Units	**7**	**10**	**40**
% Affordable of Local Bonus Units	N/A	N/A	43%
% Affordable of Total Units	12%	13%	30%
Parking Stalls	**47**	**47**	**47**
Dedicated Residential Parking	**43**	**43**	**43**
Additional Spaces with Stackers	**0**	**0**	**0**
Parking Space Ratio	*0.75*	*0.56*	*0.32*
Variable Residential Assumptions			
Height	40/50 feet	40/50 feet	60/70 feet
Average Size Unit (NSF)	750 NSF	750 NSF	675 NSF
Average Size Unit (GSF)	1,000 GSF	1,000 GSF	900 GSF
Residential Hard Costs w/o Parking	$260 Per GSF	$260 Per GSF	$290 Per GSF
Construction Loan Period	24 months	25 months	28 months
Soft Cost Savings	0.0% of HCC	1.0% of HCC	1.5% of HCC
Market Rental Price	$60 per NSF/year	$70 per NSF/year*	$78 per NSF/year*

Annual Rents	Base Case		Base Case +35% State Density		Affordable Housing Bonus Program	
Base Units	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**
Market Rate	$45,000	$2,250,000	$52,500	$2,625,000	$52,700	$2,635,000
Affordable @ 55% AMI	$13,080	$91,560	$13,080	$91,560	$12,840	$89,880
Subtotal	$41,080	$2,341,560	$47,659	$2,716,560	$47,805	$2,724,880
State Bonus Units						
Market Rate			$52,500	$892,500		
Affordable @ 50% AMI			$11,880	$35,640		
Affordable @ 80% AMI			$19,320	$0		
Subtotal			$46,407	$928,140		
Local Bonus Units						
Market Rate					$52,700	$2,318,800
Affordable @ 55% AMI					$13,080	$117,720
Affordable @ 120% AMI					$29,280	$702,720
Subtotal					$40,769	$3,139,240
Total Rental Revenues/Average	**$41,080**	**$2,341,560**	**$47,334**	**$3,644,700**	**$43,762**	**$5,864,120**
Plus: Parking Revenues	$2,716	$154,800	$2,010	$154,800	$1,155	$154,800
Less: Vacancy	$2,054	$117,078	$2,367	$182,235	$2,188	$293,206
Less: Base Operating Expenses	$8,000	$456,000	$8,000	$616,000	$8,000	$1,072,000
Less: Property Taxes	$7,057	$402,233	$8,152	$627,681	$6,958	$932,310
Net Operating Income	$26,685	$1,521,049	$30,826	$2,373,584	$27,772	$3,721,404
Capitalization Rate	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.75%*	*4.75%*
Value of Rental Development	**$593,000**	**$33,801,000**	**$685,000**	**$52,746,000**	**$585,000**	**$78,345,000**
Less: Cost of Sales/Transfer Tax	$21,000	$1,183,000	$24,000	$1,846,000	$20,000	$2,742,000
Net Revenues	**$572,000**	**$32,618,000**	**$661,000**	**$50,900,000**	**$565,000**	**$75,603,000**

Development Costs	Per Unit	Total	Per Unit	Total	Per Unit	Total
Land	$209,000	$11,900,000	$155,000	$11,900,000	$89,000	$11,900,000
Residential Hard Construction	$260,000	$14,820,000	$260,000	$20,020,000	$261,000	$34,974,000
Parking Hard Construction	$29,000	$1,625,000	$21,000	$1,625,000	$12,000	$1,625,000
Hard Cost Contingency	$29,000	$1,653,000	$28,000	$2,156,000	$27,000	$3,618,000
Development Impact Fees	$7,000	$399,000	$7,000	$539,000	$7,000	$938,000
Construction Finance	$23,000	$1,311,000	$28,000	$2,156,000	$26,000	$3,484,000
Other Soft Costs	$57,000	$3,249,000	$56,000	$4,312,000	$54,000	$7,236,000
Less: Other Soft Cost Savings	$0	$0	-$3,000	-$231,000	-$5,000	-$670,000
Total/Average	**$613,000**	**$34,957,000**	**$552,000**	**$42,477,000**	**$471,000**	**$63,105,000**
Developer Margin	**-$41,000**	**-$2,339,000**	**$109,000**	**$8,423,000**	**$93,000**	**$12,498,000**
Margin/Development Costs	**-7%**		**20%**		**20%**	
Return on Cost (NOI/DevtCost)	**4.4%**		**5.6%**		**5.9%**	

**Note: In order to achieve development feasibility (as measured by developer margin or return on cost), sales prices or rents per square foot were increased for the State Density Bonus and Affordable Housing Bonus Program scenarios. For more information, refer to the key findings in the accompanying report.*

Exhibit 4
Summary of Fixed Development Assumptions By Prototype

Development Assumptions	Protoype 1 Condominium (NCD Zoning)	Protoype 2 Condominium (RC-4 Zoning)	Protoype 3 Apartment (NCD Zoning)
Development Parameters			
Height Under Base Case	35/65 feet	40/80 feet	40/50 feet
Residential Floors	5	7	3/4
Target Lot Size	15,000 SF	20,000 SF	30,000 SF
Lot Size	14,419 SF	24,201 SF	34,391 SF
Density Limit	600 SF Land/Unit	200 SF Land/Unit	600 SF Land/Unit
Allowable Units Under Base Case	24 units	121 units	57 units
Market-informed Base Case	24 units	60 units	57 units
Development Program			
Average Number of Bedrooms	2.20 BR	1.65 BR	1.15 BR
Parking Area	10,654 GSF	25,700 GSF	13,539 GSF
Land			
Lot Size (Rounded)	14,000 SF	24,000 SF	34,000 SF
Land Acquisition Cost (Estimated)	$4,200,000	$9,600,000	$11,900,000
Development Costs			
Parking Hard Const.Cost /GSF	$120 Per GSF	$140 Per GSF	$120 Per GSF
Stacker Unit Cost (Puzzle)	$15,000 Per Space	$15,000 Per Space	$15,000 Per Space
Hard Cost Contingency	10% of Hard Costs	10% of Hard Costs	10% of Hard Costs
Soft Cost as % of Hard Costs	25% of Hard Costs	25% of Hard Costs	18% of Hard Costs
Development Impact Fees (Baseline)	$8,500 Per Unit	$7,000 Per Unit	$7,000 Per Unit
Construction Loan Fee*	1.25% of Loan	1.25% of Loan	1.25% of Loan
Construction Financing Interest Rate*	5.50%	5.50%	5.50%
Sales/Transfer Tax	5.5% of Price/Value	5.5% of Price/Value	3.5% of Value
Residential Rental Costs/Valuation			
Residential Vacancy Rate			5% of Rents
Residential Operating Expenses			$8,000 Per Unit/year
Property Tax Rate			1.19% of Value
Parking Space Rent			$3,600 Per Space/year
Capitalization Rate			4.50% (on NOI)
Cap. Rate Premium for Local Program			0.25% (on NOI)

**Construction Loan amount is equal to 50% Loan to Value or about 60% Loan to Cost; interest calculated on 60% outstanding balance.*

Source: Interviews with real estate professionals and developers, as well as development pro forma information provided by members of the Urban Land Institute, SPUR and the San Francisco Housing Action Coalition.

[Planning Code – Affordable Housing Bonus Programs]

Ordinance amending the Planning Code to create the Affordable Housing Bonus Programs, consisting of the Local Affordable Housing Bonus Program, the 100 Percent Affordable Housing Bonus Program, the Analyzed State Density Bonus Program and the Individually Requested State Density Bonus Program, to provide for development bonuses and zoning modifications for affordable housing, in compliance with, and above those required by the State Density Bonus Law, Government Code Section 65915 et seq.; to establish the procedures in which the Local Affordable Housing Bonus Program and the 100 Percent Affordable Housing Bonus Program shall be reviewed and approved; and amending the Planning Code to exempt projects from the height limits specified in the Planning Code and the Zoning Maps; and affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources

Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

(c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code Amendment will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. _____, and the Board incorporates such reasons herein by reference.

Section 2. The Planning Code is hereby amended by adding Section 206 to read as follows:

SEC. 206. THE AFFORDABLE HOUSING BONUS PROGRAMS.

This section shall be known as the Affordable Housing Bonus Programs, which includes the Local Affordable Housing Bonus Program, the 100 Percent Affordable Housing Bonus Program, the Analyzed State Density Bonus Program and the Individually Requested State Density Bonus Program.

SEC. 206.1. PURPOSE AND FINDINGS.

(a) The purpose of the Affordable Housing Bonus Programs is to facilitate the development and construction of affordable housing in San Francisco. Affordable housing is of paramount statewide concern, and the California State legislature has declared that local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community. The State Legislature has found that local governments must encourage the development of a variety of

types of housing for all income levels, including multifamily rental housing and assist in the development of adequate housing to meet the needs of low- and moderate-income households.

(b) Affordable housing is an especially paramount concern in San Francisco. San Francisco has one of the highest housing costs in the nation, but San Francisco's economy and culture rely on a diverse workforce at all income levels. It is the policy of the Board of Supervisors to provide housing to these workers and ensure that they pay a proportionate share of their incomes to live in adequate housing and to not commute ever-increasing distances to their jobs. The Association of Bay Area Governments determined that San Francisco's share of the Regional Housing Need for January 2015 to June 2022 was provision of 28,870 new housing units, with 6,234 (or 21.6%) as very low, 4,639 (or 16.1%) as low, and 5,460 (or 18.9%) as moderate income units.

(c) This Board of Supervisors, and the voters in San Francisco, have long recognized the need for the production of affordable housing. The voters, or this Board have adopted measures such as the establishment of the mandatory Inclusionary Affordable Housing Ordinance in Planning Code section 415; the San Francisco Housing Trust Fund, adopted in 2012, which established a fund to create, support and rehabilitate affordable housing, and set aside $20 million in its first year, with increasing allocations to reach $50 million a year for affordable housing; the adoption of Proposition K in 2014 which established as City policy that the City, by 2020, will help construct or rehabilitate at least 30,000 homes, with more than 50% of the housing affordable for middle-income households, and at least 33% as affordable for low-and moderate income households; and the multiple programs that rely on Federal, State and local funding sources as identified in the Mayor's Office of Housing and Community Development Comprehensive Plan.

(d) Historically, in the United States and San Francisco, affordable housing requires high levels of public subsidy, including public investment and reliance on public dollars. Costs to subsidize an affordable housing unit vary greatly depending on a number of factors, such as household income of the residents, the type of housing, and the cost to acquire land acquisition. Currently, MOHCD

estimates that the level of subsidy for an affordable housing units is approximately $250,000 per unit. Given this high cost per unit, San Francisco can only meet its affordable housing goals through a combination of increased public dollars dedicated to affordable housing and other tools that do not rely on public money.

(e) Development bonuses are a long standing zoning tool that enable cities to encourage private development projects to provide public benefits including affordable housing. By offering increased development potential, a project sponsor can offset the expenses necessary to provide additional public benefits. In 1979, the State of California adopted the Density Bonus Law, Government Code section 65915 et seq, which requires that density bonuses and other concessions and incentives be offered to projects that provide a minimum amount of on-site affordable housing.

(f) In recognition of the City's affordable housing goals, including the need to produce more affordable housing without need for public subsidies, the Planning Department contracted with David Baker Architects and Seifel Consulting to determine a menu of zoning modifications and development bonuses that could offset a private developer's costs of providing various levels of additional on-site affordable housing. David Baker Architects and Seifel Consulting analyzed various parcels in San Francisco, to determine the conditions in which a zoning accommodation would be necessary to achieve additional density. The analysis modeled various zoning districts and lot size configurations, consistent with current market conditions and the City's stated policy goals, including to achieve a mix of unit types, including larger units that can accommodate larger households. These reports are on file in Board of Supervisors File No. _____.

(g) Based on the results of the studies, the Department developed four programs set forth in this Section 206, the Affordable Housing Bonus Programs, which provide options by which developers can include affordable units on-site in exchange for increased density and other zoning or design modifications. These programs are the Local Affordable Housing Bonus Program, the 100 Percent

Affordable Housing Bonus Program, the Analyzed State Density Bonus Program and the Individually Requested Bonus Program.

(h) The goal of the Local Affordable Housing Program is to increase affordable housing production, especially housing affordable to Middle Income households. Housing for Middle Income Households in San Francisco is necessary to stabilize San Francisco's households and families, ensure income and household diversity in the long term population of San Francisco, and reduce transportation impacts of middle income households working in San Francisco. Middle Income households do not traditionally benefit from public subsidies.

(i) The 100 Percent Affordable Housing Bonus Program provides additional incentives for developers of 100% affordable housing projects, thereby reducing the overall cost of such developments on a per unit basis.

(j) The Affordable Housing Bonus Program also establishes a clear local process for all projects seeking the density bonuses guaranteed through the State Density Bonus Law. The State Analyzed Program provides an expedited process for projects that comply with a pre-determined menu of incentives, concessions and waivers of development standards that the Department, in consultation with David Baker Architects and Seifel Consulting can appropriately respond to neighborhood context without causing adverse impacts on public health and safety, and provide affordable units through the City's already-established Inclusionary Housing Program. Projects requesting density or concessions, incentives and waivers outside of the City's preferred menu may seek a density bonus consistent with State law in the Individually Requested Density Bonus Program.

SEC. 206.2 DEFINITIONS.

This Section applies to Sections 206 through 206.8. The definitions of Section 102 and the definitions in Section 401 for "Area Median Income" or "AMI," "First Construction Document," "Housing Project," "Inclusionary Unit," "Life of the Project," "MOHCD," "On-site Unit," "Off-site Unit," "Principal Project," and "Procedures Manual," shall generally apply. For purposes of this

Section 206 et seq., the following definitions shall apply, and shall prevail if there is a conflict with other sections of the Planning Code.

"100 Percent Affordable Housing Project" shall be a project where all of the dwelling units with the exception of the manager's unit are "Affordable Units" as that term is defined in section 406(b).

"Affordable to a Household of Lower, Very Low, or Moderate Income shall mean, at a minimum (1) a maximum purchase price that is affordable to a Household of Lower, Very Low, or Moderate Income, adjusted for the household size, assuming an annual payment for all housing costs of 33 percent of the combined household annual gross income, a down payment recommended by the Mayor's Office of Housing and Community Development and set forth in the Procedures Manual, and available financing; and (2) an affordable rent as defined in Section 50053 of the Health and Safety Code sufficient to ensure continued affordability of all very low and low-income rental units that qualified the applicant for the award of the density bonus for 55 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program.

"Affordable to a Household of Middle Income" shall mean, at a minimum, (1) a maximum purchase price that is affordable to a Household of Middle Income at 140% of Area Median Income, adjusted for the household size, assuming an annual payment for all housing costs of 33 percent of the combined household annual gross income, a down payment recommended by the Mayor's Office of Housing and Community Development and set forth in the Procedures Manual, and available financing; and (2) the maximum annual rent for an affordable housing unit shall be no more than 30% of the annual gross income for a Household of Middle Income at an Area Median Income of 120%, as adjusted for the household size, as of the first date of the tenancy.

"Base Density" is the number of units permitted per a parcel's zoning controls as established in Article 2, 7 and 8 of this Code.

"Density Bonus" means a density increase over the Maximum Allowable Residential Density granted pursuant to Government Code Section 65915 and Section 206 et seq.

"Density Bonus Units" means those market rate dwelling units granted pursuant to the provisions of this Section 206.3, 206.5 and 206.6 that exceed the otherwise Maximum Allowable Residential Density for the development site.

"Development standard" shall mean a site or construction condition, including, but not limited to, a height limitation, a setback requirement, a floor area ratio, an onsite open space requirement, or an accessory parking ratio that applies to a residential development pursuant to any ordinance, general plan element, specific plan, charter, or other local condition, law, policy, resolution or regulation.

"Household of Middle Income" shall mean a household whose combined annual gross income for all members does not exceed 140% of AMI to qualify for ownership housing and 120% of AMI to qualify for rental housing.

"Inclusionary Units" shall mean on-site income-restricted residential units provided within a development that meet the requirements of the Inclusionary Affordable Housing Program, Planning Code Section 415 et seq.

"Lower, Very Low, or Moderate Income" means annual income of a household that does not exceed the maximum income limits for the income category, as adjusted for household size, applicable to San Francisco, as published and periodically updated by the State Department of Housing and Community Development pursuant to Sections 50079.5, 50105, or 50093 of the California Health and Safety Code. Very low income is currently defined in California Health and Safety Code section 50105 as 50% of area median income. Lower Income is currently defined in California Health and Safety Code section 50079.5 as 80% of area median income. Moderate Income is currently defined in California Health and Safety Code section 50093 as 120% of area median income.

"Maximum Allowable Residential Density" means the maximum number of dwelling units per square foot of lot area or, in zoning districts without such a density measurement, the maximum number of dwelling units permitted in the Housing Project by the City's General Plan, Planning Code, and Zoning Map at the time of application, excluding the provisions of Section 206 et seq., permitted per the Planning Code without use of a modification, Conditional Use Authorization, Variance, Planned Unit Development (PUD) or other exception from the Planning Code. In the Fillmore Neighborhood Commercial Transit District and the Divisadero Neighborhood Commercial Transit District, "Base Density" shall mean 1 unit per 600 square feet of lot area.

"Middle Income Unit" shall mean a residential unit affordable to a Household of Middle Income.

"Qualifying Resident" means senior citizens or other persons eligible to reside in a Senior Citizen Housing Development.

"Regulatory Agreement" means a recorded and legally binding agreement between an applicant and the City to ensure that the requirements of this Chapter are satisfied. The Regulatory Agreement, among other things, shall establish: the number of Restricted Affordable Units, their size, location, terms and conditions of affordability, and production schedule.

"Restricted Affordable Unit" means a dwelling unit within a Housing Project which will be Affordable to Very Low, Lower or Moderate Income Households, as defined in this Section 206.2 for a minimum of 55 years. Restricted Affordable Units shall meet all of the requirements of Government Code 65915, except that Restricted Affordable Units that are ownership units shall not be restricted using an equity sharing agreement."

"Senior Citizen Housing Development" has the meaning in California Civil Code section 51.3.

SEC. 206.3 LOCAL AFFORDABLE HOUSING BONUS PROGRAM.

*(a) **Purpose.** This Section sets forth the Local Affordable Housing Bonus Program. The Local Affordable Housing Bonus Program or "Local Program" provides benefits to project sponsors of*

housing projects that set aside a total of 30% of residential units onsite at below market rate rent or sales price, including a percentage of units affordable to low and moderate income households consistent with Section 415, the Inclusionary Housing Program, and the remaining percentage affordable to a Household of Middle Income. The purpose of the Local Affordable Housing Bonus Program is to expand the number of Inclusionary Units produced in San Francisco and provide housing opportunities to a wider range of incomes than traditional affordable housing programs, which typically provide housing only for very low, low or moderate income households. The Local Program allows market-rate projects to match the City's shared Proposition K housing goals that 50% of new housing constructed or rehabilitated in the City by 2020 be within the reach of working middle class San Franciscans, and at least 33% affordable for low and moderate income households.

*(b) **Applicability.** A Local Affordable Housing Bonus Project or "Local Project" under this Section 206.3 shall be a project that:*

(1) contains three or more residential units, as defined in Section 102, not including Density Bonus Units permitted through this Section 206.3, or any other density bonus; and

(2) is located in any zoning district that: (A) is not designated as an RH-1 or RH-2 Zoning Districts; and (B) establishes a maximum dwelling unit density through a ratio of number of units to lot area, including RH-3, RM, RC, C-2, Neighborhood Commercial, Named Neighborhood Commercial, Chinatown Mixed Use Districts, and Soma Mixed Use Districts; or in (C) the Fillmore Neighborhood Commercial Transit District and Divisadero Neighborhood Commercial Transit District; and,

(3) is not seeking and receiving a density or development bonus under the provisions of California Government Code Section 65915 et seq, Planning Code Section 207, Section 124(f), Section 202.2(f), 304, or any other State or local program that provides development bonuses; and

(4) includes at least 135% of the Base Density as calculated under Planning Code Section 206.5.

(c) ***Local Affordable Housing Bonus Project Eligibility Requirements.*** *To receive the development bonuses granted under this Section, a Local Project must meet all of the following requirements:*

(1) Comply with the Inclusionary Affordable Housing Program, Section 415 of this Code, by providing the applicable number of units on-site under Section 415.6. For projects not subject to the Inclusionary Affordable Housing Program, the applicable number of on-site units under this section shall be zero;

(2) Provide an additional percentage of affordable units in the Local Project as Middle Income Units, as defined herein, such that the total percentage of Inclusionary Units and Middle Income Units equals 30%. The Middle Income Units shall be restricted for the Life of the Project and shall comply with all of the requirements of the Procedures Manual authorized in Section 415. As provided for in subsection (e), the Planning Department and MOHCD shall amend the Procedures Manual to provide policies and procedures for the implementation, including monitoring and enforcement, of the Middle Income units;

(3) Demonstrate to the satisfaction of the Environmental Review Officer that the Local Project does not:

(A) cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5,

(B) create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas; and

(C) alter wind in a manner that substantially affects public areas;

(4) Has a minimum of a nine foot floor to ceiling height on all residential floors;

(5) Inclusive of Inclusionary Units and Middle Income Units, provides either (A) a minimum unit mix of at least 40% of all units as two bedroom units or larger; or (B) any unit mix such that 50% of all bedrooms within the Local Project are provided in units with more than one bedroom.

Local Projects are not eligible to modify this requirement under Planning Code Section 303, 328, or any other provision of this Code; and,

(6) Provides replacement units for any units demolished or removed that are subject to the San Francisco Rent Stabilization and Arbitration Ordinance, San Francisco Administrative Code Section 37, or are units qualifying for replacement as units being occupied by households of Low or Very Low Income, consistent with the requirements of Government Code section 65915(c)(3).

*(d) **Development Bonuses.** Any Local Project shall, at the project sponsor's request, receive any or all of the following:*

*(1) **Form based density.** Notwithstanding any zoning designation to the contrary, density of a Local Project shall not be limited by lot area but rather by the applicable requirements and limitations set forth elsewhere in this Code. Such requirements and limitations include, but are not limited to, height, including any additional height allowed by subsection (d)(2), Bulk, Setbacks, Required Open Space, Exposure and unit mix as well as applicable design guidelines, elements and area plans of the General Plan and design review, including consistency with the Affordable Housing Bonus Program Design Guidelines, referenced in Section 328, as determined by the Planning Department.*

*(2) **Height.** Up to 20 additional feet, not including allowed exceptions permitted under Section 260(b), above the height authorized for the Local Project under the Height Map of the Zoning Map. The distance between the floor and ceiling for each residential floor of the Project shall be no less than nine feet, so as to result in no more than two additional residential floors than would be permitted by the applicable zoning rules for the Local Project lot.*

*(3) **Ground Floor Ceiling Height**. In addition to the permitted height allowed under (d)(2), Local Projects with active ground floors as defined in Section 145.1(b)(2) shall receive one additional foot of height, up to a maximum of an additional 5 feet in height at the ground floor, to exclusively provide a minimum 14-foot (floor to ceiling) ground floor ceiling height.*

*(4) **Zoning Modifications.** Local Affordable Housing Bonus Projects may select up to three of the following zoning modifications:*

*(A) **Rear yard:** The required rear yard per Section 134 or any applicable special use district may be reduced to no less than 20 percent of the lot depth, or 15 feet, whichever is greater. Corner properties may provide 20 percent of the lot area at the interior corner of the property to meet the minimum rear yard requirement, provided that each horizontal dimension of the open area is a minimum of 15 feet; and that the open area is wholly or partially contiguous to the existing midblock open space, if any, formed by the rear yards of adjacent properties.*

*(B) **Dwelling Unit Exposure:** The dwelling unit exposure requirements of Section 140(a)(2) may be satisfied through qualifying windows facing an unobstructed open area that is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.*

*(C) **Off-Street Loading:** Off-street loading spaces per Section 152 shall not be required.*

*(D) **Parking:** Up to a 75% reduction in the residential and commercial parking requirements Section 151 or any applicable special use district.*

*(E) **Open Space:** Up to a 5% reduction in common open space if provided per Section 135 or any applicable special use district.*

*(F) **Additional Open Space:** Up to an additional 5% reduction in common open space if provided per Section 135 or any applicable special use district, beyond the 5% provided in subsection (E) above.*

*(e) **Implementation.***

*(1) **Application.** The following procedures shall govern the processing of a request for a project to qualify under the Local Program.*

(A) An application to participate in the Local Program shall be submitted with the first application for approval of a Housing Project and processed concurrently with all other applications required for the Housing Project. The application shall be submitted on a form prescribed by the City and shall include at least the following information:

(i) A full plan set, including a site plan, elevations, sections and floor plans, showing total number of units, number of and location of Inclusionary Units, and Middle Income Units;

(ii) The number of dwelling units which are on the property, or if the dwelling units have been vacated or demolished in the five year period preceding the application, have been and which were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income; subject to any other form of rent or price control through the City or other public entity's valid exercise of its police power; or occupied by lower or very low income households; and

(iii) If the property includes a parcel or parcels in which dwelling units under subsection (ii) are located or were located in the five year period preceding the application, the type and size of those units, and the incomes of the persons or families occupying those units.

(iv) The requested development bonuses and/or zoning modifications from those listed in subsection (d).

(B) Documentation that the applicant has provided written notification to all existing commercial or residential tenants that the applicant intends to develop the property pursuant to this section. Any affected commercial tenants shall be given priority processing similar to the Department's Community Business Priority Processing Program, as adopted by the San Francisco Commission on February 12, 2015 under Resolution Number 19323, to support relocation of such business in concert with access to relevant local business support programs.

*(2) **Procedures Manual.** The Planning Department and MOHCD shall amend the Procedures Manual, authorized in Section 415, to include policies and procedures for the implementation, including monitoring and enforcement, of the Middle Income units. As an amendment to the Procedures Manual, such policies and procedures are subject to review and approval by the Planning Commission under Section 415.*

*(3) **Notice and Hearing.** Local Projects shall comply with Section 328 for review and approval.*

*(4) **Controls.** Local Projects shall comply with Section 328. Notwithstanding any other provision of this Code, no conditional use authorization shall be required for a Local Project unless such conditional use requirement was adopted by the voters.*

SEC. 206.4: THE 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAM.

*(a) **Purpose and Findings.** This Section 206.4 describes the 100 Percent Affordable Housing Bonus Program, or "100 Percent Affordable Housing Program". In addition to the purposes described in section 206.1, the purpose of the 100 Percent Affordable Housing Program is to facilitate the construction and development of projects in which all of the residential units are affordable to Low and Very-Low Income Households. Projects pursuing a development bonus under this 100 Percent Affordable Program would exceed the City's shared Proposition K housing goals that 50% of new housing constructed or rehabilitated in the City by 2020 be within the reach of working middle class San Franciscans, and at least 33% affordable for low and moderate income households.*

*(b) **Applicability.** A 100 Percent Affordable Housing Bonus Project under this Section 206.4 shall be a Housing Project that:*

(1) contains three or more Residential Units, as defined in Section 102, not including Density Bonus Units permitted though this Section 206 through a density bonus;

(2) is located in any zoning district that:

(A) is not designated as an RH-1 or RH-2 Zoning District; and

(B) allows Residential Uses;

(3) is not seeking and receiving a density or development bonus under the provisions of California Government Code Section 65915 et seq., Planning Code Sections 207, 124(f), 304, 803.8 or any other state or local program that provides development bonuses; and

(4) meets the definition of a "100 Percent Affordable Housing Project" in Section 206.2.

(5) demonstrates to the satisfaction of the Environmental Review Officer that the Project does not:

(A) cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5,

(B) create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas; and

(C) alter wind in a manner that substantially affects public areas.

*(c) **Development Bonuses.** A 100 Percent Affordable Housing Bonus Project shall, at the project sponsor's request, receive any or all of the following:*

*(1) **Priority Processing.** 100 Percent Affordable Housing Bonus Projects shall receive Priority Processing.*

*(2) **Form based density.** Notwithstanding any zoning designation to the contrary, density of the 100 Percent Affordable Housing Bonus Project shall not be limited by lot area but rather by the applicable requirements and limitations set forth elsewhere in this Code. Such requirements and limitations include, but are not limited to, height, including any additional height allowed by subsection (c)(2) herein, Bulk, Setbacks, Open Space, Exposure and unit mix as well as applicable design guidelines, elements and area plans of the General Plan and design review, including consistency with the Affordable Housing Bonus Program Design Guidelines, referenced in Section 328, as determined by the Planning Department.*

*(3) **Height.** 100 Percent Affordable Housing Bonus Projects shall be allowed up to 30 additional feet, not including allowed exceptions per Section 260(b), above the property's height district limit in order to provide three additional stories of residential use.*

*(4) **Ground Floor Ceiling Height.** In addition to the permitted height allowed under subsection (c)(3), 100 Percent Affordable Housing Bonus Projects with active ground floors as defined in Section 145.1(b)(2) shall receive one additional foot of height, up to a maximum of an additional five feet at the ground floor, exclusively to provide a minimum 14-foot (floor to ceiling) ground floor ceiling height.*

*(5) **Zoning Modifications.** 100 Percent Affordable Housing Bonus Projects may select any or all of the following zoning modifications:*

*(A) **Rear Yard:** the required rear yard per Section 134 or any applicable special use district may be reduced to no less than 20% of the lot depth or 15 feet, whichever is greater. Corner properties may provide 20% of the lot area at the interior corner of the property to meet the minimum rear yard requirement, provided that each horizontal dimension of the open area is a minimum of 15 feet; and that the open area is wholly or partially contiguous to the existing midblock open space, if any, formed by the rear yards of adjacent properties.*

*(B) **Dwelling Unit Exposure:** The dwelling unit exposure requirements of Section 140(a)(2) may be satisfied through qualifying windows facing an unobstructed open area that is no less than 15 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.*

*(C) **Off Street Loading:** No off-street loading spaces per Section 152.*

*(D) **Parking:** Up to a 100% reduction in the minimum off-street residential and commercial parking requirement per Article 1.5 of this Code.*

*(E) **Open Space:** Up to a 10% reduction in common open space requirements if required by Section 135, but no less than 36 square feet of open space per unit.*

(d) ***Implementation.***

(1) ***Application.*** *The following procedures shall govern the processing of a request for a project to qualify as under the 100 Percent Affordable Housing Bonus Program.*

(A) An application to participate in the 100 Percent Affordable Housing Bonus Program shall be submitted with the first application for approval of a Housing Project and processed concurrently with all other applications required for the Housing Project. The application shall be submitted on a form prescribed by the City and shall include at least the following information:

(i) A full plan set including a site plan, elevations, sections and floor plans, showing total number of units, unit sizes and planned affordability levels and any applicable funding sources;

(ii) The requested development bonuses from those listed in subsection (c); and,

(iii) Unit size and distribution of multi-bedroom units.

(B) Documentation that the applicant has provided written notification to all existing commercial or residential tenants that the applicant intends to develop the property pursuant to this section. Any affected commercial tenants shall be given priority processing similar to the Department's Community Business Priority Processing Program, as adopted by the San Francisco Commission on February 12, 2015 under Resolution Number 19323 to support relocation of such business in concert with access to relevant local business support programs.

(2) ***Conditions.*** *Entitlements of 100 Percent Affordable Housing Bonus Projects approved under this Section shall be valid for 10 years from the date of Planning Commission or Planning Department approval.*

(3) ***Notice and Hearing.*** *100 Percent Affordable Housing Bonus Projects shall comply with Section 328 for review and approval.*

*(4) **Controls.** Notwithstanding any other provision of this Code, no conditional use authorization shall be required for a 100 Percent Affordable Housing Bonus Project, unless such conditional use requirement was adopted by the voters.*

206.5 STATE RESIDENTIAL DENSITY BONUS PROGRAM: ANALYZED

*(a) **Purpose:** Sections 206.5, 206.6, and 206.7 shall be referred to as the San Francisco State Residential Density Bonus Program or the State Density Bonus Program. First, the Analyzed State Density Bonus Program in Section 206.5 offers an expedited process for projects that seek a density bonus that is consistent with the pre-vetted menu of incentives, concessions and waivers that the Planning Department and its consultants have already determined are feasible, result in actual cost reductions, and do not have specific adverse impacts upon public health and safety of the physical environment. Second the Individually Requested State Density Bonus Program in Section 206.6 details the review, analysis and approval process for any project seeking a density bonus that is consistent with State Law, but is not consistent with the requirements for the Analyzed State Density Bonus Program established in Section 206.5. Third, Sections 206.7, describes density bonuses available under the State code for the provision of childcare facilities.*

This Section 206.5 implements the Analyzed State Density Bonus Program or "Analyzed State Program." The Analyzed State Program offers an expedited process for projects that seek a density bonus that is consistent with, among other requirements set forth below, the pre-vetted menu of incentives, waiver and concessions.

*(b) **Applicability:***

(1) A Housing Project that meets all of the requirements of this subsection (b)(1) or is a Senior Housing Project meeting the criteria of (b)(2) shall be an Analyzed State Density Bonus Project or an "Analyzed Project" for purposes of Section 206 et seq. A Housing Project that does not meet all of the requirements of this subsection (b), but seeks a density bonus under State law may apply for a density bonus under Section 206.6 as an Individually Requested State Density Bonus Project. To

qualify for the Analyzed State Density Bonus Program a Housing Project must meet all of the following:

(A) contain five or more residential units, as defined in Section 102, not including Density Bonus Units permitted through this Section 206.5;

(B) is not seeking and receiving a density or development bonus under Section 207; the Local Affordable Housing Bonus Program, Section 206.3; the 100 Percent Affordable Housing Bonus Program, Section 206.4; or any other local or State density bonus program that provides development bonuses;

(C) is located in any zoning district that: (i) is not designated as an RH-1 or RH-2 Zoning District; and (ii) establishes a maximum dwelling unit density through a ratio of number of units to lot area, including but not limited to, RH-3, RM, RC, C-2, Neighborhood Commercial, Named Neighborhood Commercial, Chinatown Mixed Use Districts, and Soma Mixed Use Districts; or (iii) is in the Fillmore Neighborhood Commercial Transit District and Divisadero Neighborhood Commercial Transit District

(D) is providing all Inclusionary Units as On-site Units under Section 415.6. If the Dial Alternative currently proposed in an ordinance in Board of Supervisors File No. 150911 is adopted and permits a project sponsor to provide more Inclusionary Units at higher AMIs than currently required (referred to as "dialing up"), a project sponsor may dial up and meet the requirements of this subsection (D). If the Dial Alternative of the Inclusionary Affordable Housing Program is ever amended to allow a project sponsor to provide fewer Inclusionary Units at lower AMIs than currently required (referred to as "dialing down"), then a Project cannot qualify for this Section 206.5 if it elects to dial down;

(E) includes a minimum of nine foot ceilings on all residential floors;

(F) is seeking only Concessions or Incentives set forth in subsection (c)(4);

(G) is seeking height increases only in the form of a waiver as described in subsection (c)(5); and,

(H) provides replacement units for any units demolished or removed that are subject to the San Francisco Residential Rent Stabilization and Arbitration Ordinance, San Francisco Administrative Code Section 37, or are units qualifying for replacement as units being occupied by households of low or very low income, consistent with the requirements of Government Code section 65915(c)(3).

(2) A Senior Housing Project, as defined in Section 102, may qualify as an Analyzed State Density Bonus Project if it follows all of the procedures and conditions set forth in Planning Code Section 202.2(f).

(c) ***Development Bonuses.*** *All Analyzed State Law Density Bonus Projects shall receive, at the project sponsor's written request, any or all of the following:*

(1) ***Priority Processing.*** *Analyzed Projects that provide 30% or more of Units as On-site Inclusionary Housing Units or Restricted Affordable Units that meet all of the requirements of for an Inclusionary Housing Unit shall receive Priority Processing.*

(2) ***Density Bonus.*** *Analyzed Projects that provide On-site Inclusionary Housing Units or Restricted Affordable Units that meet all of the requirements of for an Inclusionary Housing Unit shall receive a density bonus as described in Table 206.5 A as follows:*

Table 206.5A

Density Bonus Summary – Analyzed

A	*B*	*C*	*D*	*E*
Restricted Affordable Units or Category	*Minimum Percentage of Restricted Affordable Units*	*Percentage of Density Bonus Granted*	*Additional Bonus for Each 1% Increase In Restricted Affordable Units*	*Percentage of Restricted Units Required for Maximum 35% Density Bonus*
Very Low Income	*5%*	*20%*	*2.50%*	*11%*

Lower Income	*10%*	*20%*	*1.50%*	*20%*
Moderate Income	*10%*	*5%*	*1%*	*40%*
Senior Citizen Housing, as defined in § 102, and meeting the requirements of § 202.2(f).	*100%*	*50%*	-----	-----

Note: A density bonus may be selected from more than one category, up to a maximum of 35% of the Maximum Allowable Residential Density.

In calculating density bonuses under this subsection 206.5(c)(2) the following shall apply:

(A) When calculating the number of permitted Density Bonus Units or Restricted Affordable Units, any fractions of units shall be rounded to the next highest number. Analyzed Density Bonus Program projects must include the minimum percentage of Restricted Affordable Units identified in Column B of Table 206.5A for at least one income category, but may combine density bonuses from more than one income category, up to a maximum of 35% of the Maximum Allowable Residential Density.

(B) An applicant may elect to receive a Density Bonus that is less than the amount permitted by this Section; however, the City shall not be required to similarly reduce the number of Restricted Affordable Units required to be dedicated pursuant to this Section and Government Code Section 65915(b).

(C) In no case shall a Housing Project be entitled to a Density Bonus of more than 35%, unless it is a Senior Housing Project meeting the requirements of Section 202.2(f).

(D) The Density Bonus Units shall not be included when determining the number of Restricted Affordable Units required to qualify for a Density Bonus. Density bonuses shall be calculated as a percentage of the Maximum Allowable Residential Density.

(E) Any Restricted Affordable Unit provided pursuant to the on-site requirements of the Inclusionary Affordable Housing Program, Section 415 et seq., shall be included when determining the number of Restricted Affordable Units required to qualify for a Development Bonus under this Section 206.5. The payment of the Affordable Housing Fee shall not qualify for a Development Bonus under this Section. The provision of Off-site Units shall not qualify the Principal Project for a Density Bonus under this Section; however an Off-site Unit may qualify as a Restricted Affordable Unit to obtain a density bonus for the Off-site Project.

(F) In accordance with state law, neither the granting of a Concession, Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in and of itself, to require a general plan amendment, zoning change, variance, or other discretionary approval.

(3) ***Concessions and Incentives.*** *Analyzed Projects shall receive concessions or incentives, in the amounts specified in Table 206.5B :*

Table 206.5B

Concessions and Incentives Summary – Analyzed Projects

Target Group	*Restricted Affordable Units*		
Very Low Income	*5%*	*10%*	*15%*
Lower Income	*10%*	*20%*	*30%*
Moderate Income (Common Interest Development)	*10%*	*20%*	*30%*
Maximum Incentive(s)/Concession(s)	*1*	*2*	*3*

Notes: 1. Concessions or Incentives may be selected from only one category (very low, lower, or moderate) 2. Common Interest Development is defined in California Civil Code Section 4100.

(4) ***Menu of Concessions and Incentives:*** *In submitting a request for Concessions or Incentives, an applicant for an Analyzed State Density Bonus Project may request the specific Concessions and Incentives set forth below. The Planning Department, based on Department research*

and a Residential Density Bonus Study prepared by David Baker Architects, Seifel Consulting, and the San Francisco Planning Department dated August 2015, on file with the Clerk of the Board of Supervisors in File No. _____, has determined that the following Concessions and Incentives are generally consistent with Government Code Section 65915(d) because, in general, they: are required in order to provide for affordable housing costs; will not be deemed by the Department to have a specific adverse impact as defined in Government Code Section 65915(d); and are not contrary to State or Federal law.

*(A) **Rear yard:** the required rear yard per Section 134 or any applicable special use district may be reduced to no less than 20% of the lot depth, or 15 feet, whichever is greater. Corner properties may provide 20% of the lot area at the interior corner of the property to meet the minimum rear yard requirement, provided that each horizontal dimension of the open area is a minimum of 15 feet; and that the open area is wholly or partially contiguous to the existing midblock open space, if any, formed by the rear yards of adjacent properties.*

*(B) **Dwelling Unit Exposure:** the dwelling unit exposure requirements of Section 140(a)(2) may be satisfied through qualifying windows facing an unobstructed open area that is no less than 25 feet in every horizontal dimension, and such open area is not required to expand in every horizontal dimension at each subsequent floor.*

*(C) **Off-Street Loading:** off-street loading spaces under Section 152 shall not be required.*

*(D) **Parking:** up to a 50% reduction in the residential and commercial parking requirement, per Section 151 or any applicable special use district.*

*(E) **Open Space:** up to a 5% reduction in required common open space per Section 135, or any applicable special use district.*

*(F) **Additional Open Space:** up to an additional 5% reduction in required common open space per Section 135 or any applicable special use district, beyond the 5% provided in subsection (E) above.*

*(5) **Waiver or Modification of Height Limits.** Analyzed Projects may request a waiver of the applicable height restrictions if the applicable height limitation will have the effect of physically precluding the construction of a Housing Project at the densities or with the Concessions or Incentives permitted by this subsection (c)(4). Analyzed Projects may receive a height bonus as of right of up to twenty feet or two stories, excluding exceptions permitted per Section 260(b), if the applicant demonstrates that it qualifies for a height waiver through the following formula:*

Step one: Calculate Existing and Bonus Density Limits

Existing Density Limit (ED): Lot Area divided by the maximum lot area per unit permitted under existing density regulation (e.g. 200, 400, 600, 800, or 1000)

Bonus Density Limit (BD): ED multiplied by 1.XX where XX is the density bonus requested per Section 206.5 of this Code (e.g. 7%, 23%, 35%), not to exceed 1.35, the maximum density bonus available by this Section.

***Step two: Calculate Permitted Envelope (PE).** Buildable envelope available under existing height and bulk controls.*

PE equals lot area multiplied by permitted lot coverage, where lot coverage equals .75, or .8 if the developer elects to request a rear yard modification under Section 206.5(c)(4)(A), multiplied by existing height limit (measured in number of stories), minus one story for projects in districts where non-residential uses are required on the ground floor, and minus any square footage subject to bulk limitations (for parcels that do not have an X bulk designation).

***Step three: Calculate Bonus Envelope (BE)** Residential envelope necessary to accommodate additional density ("Bonus envelope" or "BE")*

BE equals Bonus Density multiplied by 1,000 gross square feet

Step four: Calculate Additional Residential Floors. *Determine the number of stories required to accommodate bonus:*

(A) If BE is less than or equal to PE, the project is not awarded height under this subsection (c)(5).

(B) If BE is greater than PE, the project is awarded height, as follows:

(i) If BE minus PE is less than the lot area multiplied by 0.75, project is allowed 1 extra story; total gross square footage of building not to exceed BE;

(ii) If BE minus PE is greater than the lot area multiplied by 0.75 (i.e. if the difference is greater than one story), project is allowed two extra stories; total gross square footage of building not to exceed BE.

(d) ***Application.*** *An application for an Analyzed State Density Bonus Project under this Section 206.5 shall be submitted with the first application for approval of a Housing Project and shall be processed concurrently with all other applications required for the Housing Project. The application shall be on a form prescribed by the City and, in addition to any information required for other applications, shall include the following information:*

(1) A description of the proposed Housing Project, including the total number of dwelling units, Restricted Affordable Units, and Density Bonus Units proposed;

(2) Any zoning district designation, assessor's parcel number(s) of the project site, and a description of any Density Bonus, Concession or Incentive, or waiver requested;

(3) A list of the requested Concessions and Incentives from Section 206.5(c)(4);

(4) If a waiver or modification of height is requested under Section 206.5(c)(5), a calculation demonstrating how the project qualifies for such waiver under the formula;

(5) A full plan set including site plan, elevations, sections, and floor plans, showing location of market-rate units, Restricted Affordable Units, and Density Bonus units within the proposed Housing Project;

(6) Level of affordability of the Restricted Affordable Units and a draft Regulatory Agreement;

(7) The number of rental dwelling units which are on the property, or if the dwelling units have been vacated or demolished in the five year period preceding the application, have been and which were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income; subject to any other form of rent or price control through the City or other public entity's valid exercise of its police power; or occupied by lower or very low income households; and

(8) If the property includes a parcel or parcels in which dwelling units under subsection (7) are located or were located in the five year period preceding the application, the type and size of those units, and the incomes of the persons or families occupying those units.

(9) Documentation that the applicant has provided written notification to all existing commercial or residential tenants that the applicant intends to develop the property pursuant to this section. Any affected commercial tenants shall be given priority processing similar to the Department's Community Business Priority Processing Program, as adopted by the San Francisco Commission on February 12, 2015 under Resolution Number 19323 to support relocation of such business in concert with access to relevant local business support programs.

(e) ***Review Procedures.*** *An application for an Analyzed State Density Bonus Project, shall be acted upon concurrently with the application for other permits related to the Housing Project.*

(1) Before approving an application for an Analyzed Project, the Planning Department or Commission shall make written findings that the Housing Project is qualified as an Analyzed State Density Bonus Project.

(2) The review procedures for an Analyzed Project, including notice, hearings, and appeal, shall be the procedures applicable to the Housing Project regardless of whether it is applying for a State Density Bonus under this Section 206.5. However, any notice shall specify that the Housing

Project is seeking a Development Bonus and shall provide a description of the Development Bonuses requested. Analyzed Projects shall also be reviewed for consistency with the Affordable Housing Bonus Program Design Guidelines.

SEC. 206.6 STATE DENSITY BONUS PROGRAM: INDIVIDUALLY REQUESTED.

*(a) **Purpose and Findings:** This Section 206.6 details the review, analysis and approval process for any project seeking a density bonus that is consistent with State Law, Government Code section 65915 et seq., but is not consistent with the pre-vetted menu of concessions, incentives or waivers, or other requirements established in Section 206.5 as analyzed by the Planning Department in coordination with David Baker and Seifel Consulting, and shall be known as the Individually Requested State Density Bonus Program.*

California State Density Bonus Law allows a housing developer to request parking ratios not to exceed the ratios set forth in Government Code section 65915(p)(1), which may further be reduced as an incentive or concession. Because in most cases San Francisco regulates parking by dwelling unit as described in Article 1.5 of this Code, the minimum parking ratios set forth in the Government Code are greater than those allowed in San Francisco. Given that San Francisco's parking ratios are already less than the State ratios, the City finds that the State's minimum parking ratio requirement does not apply.

*(b) **Applicability.** A Housing Project that does not meet any one or more of the criteria of Section 206.5(b) under the Analyzed State Density Bonus Program, but meets the following requirements, may apply for a Development Bonus under this Section 206.6 as an "Individually Requested State Density Bonus Project" or "Individually Requested Project" if it meets all of the following criteria:*

(1) contains five or more residential units, as defined in Section 102;

(2) is not seeking and receiving a density or development bonus under Section 207; the Local Affordable Housing Bonus Program, Section 206.3; the 100 Percent Affordable Housing Bonus

Program, Section 206.4; Section 304, or any other local or state bonus program that provides development bonuses.

(3) provides Restricted Affordable Housing Units, including but not limited to Inclusionary Housing Units, at minimum levels as provided in Table 206.6A; and,

(4) provides replacement units for any units demolished or removed that are subject to the San Francisco Rent Stabilization and Arbitration Ordinance, San Francisco Administrative Code Section 37, or are units qualifying for replacement as units being occupied by households of low or very low income, consistent with the requirements of Government Code section 65915(c)(3).

(c) ***Development Bonuses.*** *Any Individually Requested Density Bonus Project shall, at the project sponsor's request, receive any or all of the following:*

(1) ***Density Bonus.*** *Individually Requested Projects that provide On-site Inclusionary Housing Units or Restricted Affordable Units shall receive a density bonus as described in Table 206.6A as follows:*

Table 206.6 A

Density Bonus Summary – Individually Requested Project

Restricted Affordable Units or Category	*Minimum Percentage of Restricted Affordable Units*	*Percentage of Density Bonus Granted*	*Additional Bonus for Each 1% Increase In Restricted Affordable Units*	*Percentage of Restricted Units Required for Maximum 35% Density Bonus*
Very Low Income	*5%*	*20%*	*2.50%*	*11%*
Lower Income	*10%*	*20%*	*1.50%*	*20%*
Moderate Income	*10%*	*5%*	*1%*	*40%*
Senior Citizen Housing	*100%*	*20%*	-----	-----

Note: A density bonus may be selected from only one category up to a maximum of 35% of the Maximum Allowable Residential Density.

In calculating density bonuses under this subsection 206.6(c)(1) the following shall apply:

(A) When calculating the number of permitted Density Bonus Units or Restricted Affordable Units, any fractions of units shall be rounded to the next highest number.

(B) An applicant may elect to receive a Density Bonus that is less than the amount permitted by this Section; however, the City shall not be required to similarly reduce the number of Restricted Affordable Units required to be dedicated pursuant to this Section and Government Code Section 65915(b).

(C) Each Housing Project is entitled to only one Density Bonus, which shall be selected by the applicant based on the percentage of Very Low Income Restricted Affordable Units, Lower Income Restricted Affordable Units, or Moderate Income Restricted Affordable Units, or the Housing Project's status as a Senior Citizen Housing Development. Density bonuses from more than one category may not be combined. In no case shall a Housing Project be entitled to a Density Bonus of more than thirty-five percent (35%), unless it is a Senior Housing Project meeting the requirements of Section 202.2(f).

(D) The Density Bonus Units shall not be included when determining the number of Restricted Affordable Units required to qualify for a Density Bonus. Density bonuses shall be calculated as a percentage of the Maximum Allowable Residential Density.

(E) Any Restricted Affordable Unit provided pursuant to the on-site requirements of the Inclusionary Affordable Housing Program, Section 415 et seq., shall be included when determining the number of Restricted Affordable Units required to qualify for a Development Bonus under this Section 206.6. The payment of the Affordable Housing Fee shall not qualify for a Development Bonus under this Section. The provision of Off-site Units shall not qualify the Principal Project for a Density Bonus under this Section; however an Off-site Unit may qualify as a Restricted Affordable Unit to obtain a density bonus for the Off-site Project.

(F) In accordance with state law, neither the granting of a Concession, Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in and of itself, to require a general plan amendment, zoning change, variance, or other discretionary approval.

(G) No additional Density Bonus shall be authorized for a Senior Citizen Development beyond the Density Bonus authorized by subsection (1) of this Section.

(H) Certain other types of development activities are specifically eligible for a development bonuses pursuant to State law, including land donation under Government Code Section 65915(g), condominium conversions under Government Code section 65915.5 and qualifying mobile home parks under Government Code section 65915(b)(1)(C). Such projects shall be considered Individually Requested State Density Bonus Projects.

(2) ***Concessions and Incentives.*** *This Section includes provisions for providing Concessions or Incentives pursuant to Government Code Section 65915 et seq, as set forth in Table 206.6B. For purposes of this Section 206.6, Concessions and Incentives as used interchangeably shall mean such regulatory concessions as specified in Government Code Section 65915(k) to include:*

(A) A reduction of site Development Standards or architectural design requirements which exceed the minimum applicable building standards approved by the State Building Standards Commission pursuant to Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code, including, but not limited to, a reduction in setback, coverage, and/or parking requirements which result in identifiable, financially sufficient and actual cost reductions;

(B) Allowing mixed use development in conjunction with the proposed residential development, if nonresidential land uses will reduce the cost of the residential project and the nonresidential land uses are compatible with the residential project and existing or planned development in the area where the Housing Project will be located; and

(C) Other regulatory incentives or concessions proposed by the developer or the City that result in identifiable, financially sufficient, and actual cost reductions.

Table 206.6B

Concessions and Incentives Summary – Individually Requested Project

Target Group	*Restricted Affordable Units*		
Very Low Income	*5%*	*10%*	*15%*
Lower Income	*10%*	*20%*	*30%*
Moderate Income (Common Interest Development)	*10%*	*20%*	*30%*
Maximum Incentive(s)/Concession(s)	*1*	*2*	*3*

Notes: 1. Concessions or Incentives may be selected from only one category (very low, lower, or moderate). 2. Common Interest Development is defined in California Civil Code Section 4100.

(3) Request for Concessions and Incentives. In submitting a request for Concessions or Incentives that are not specified in Section 206.5(c)(4), an applicant for an Individually Requested Density Bonus Project must provide documentation described in subsection (d) below in its application. The Planning Commission shall hold a hearing and shall approve the Concession or Incentive requested unless it makes written findings, based on substantial evidence that:

(A) The Concession or Incentive is not required in order to provide for affordable housing costs, as defined in Section 50052.5 of the California Health and Safety Code, or for rents for the Restricted Affordable Units to be as specified in this Section 206.6; or

(B) The Concession or Incentive would have a specific adverse impact, as defined in Government Code Section 65589.5(d)(2) upon public health and safety or the physical environment or any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the Housing Project unaffordable to low- and moderate-income households.

(C) The Concession or Incentive would be contrary to state or federal law.

*(4) **Waiver or Modification.** An applicant may apply for a waiver or modification of Development Standards that will have the effect of physically precluding the construction of a Housing Project at the densities or with the Concessions or Incentives permitted by this Section 206.6. The*

Planning Commission will not grant a waiver or modification under this Section unless it is necessary to achieve the additional density or the Concessions or Incentives permitted by this Section 206.6. The developer must submit sufficient information as determined by the Planning Department demonstrating that Development Standards that are requested to be waived or modified will have the effect of physically precluding the construction of a Housing Project meeting the criteria of this Section 206.6 at the densities or with the Concessions or Incentives permitted. The Planning Commission shall hold a hearing to determine if the project sponsor has demonstrated that the waiver is necessary. The Planning Commission may deny a waiver if it finds on the basis of substantial evidence that:

(A) It is not required to permit the construction of a Housing Project meeting the density permitted or with the Concessions and Incentives permitted under this Section 206.6;

(B) The Waiver is not required in order to provide for affordable housing costs, as defined in Section 50052.5 of the California Health and Safety Code, or for rents for the Restricted Affordable Units to be as specified in this Section 206.6;

(C) The Waiver would have a specific adverse impact, as defined in Government Code Section 65589.5(d)(2) upon public health and safety or the physical environment or any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the Housing Project unaffordable to low- and moderate-income households; or,

(D) The Waiver would be contrary to state or federal law.

(5) Nothing in this Section shall be construed to require the provision of direct financial incentives for the Project, including the provision of publicly owned land by the City or the waiver of fees or dedication requirements.

*(d) **Application.** An application for a Density Bonus, Incentive, Concession, or waiver under this Section 206.6 shall be submitted with the first application for approval of a Housing Project and shall be processed concurrently with all other applications required for the Housing Project. The*

application shall be on a form prescribed by the City and, in addition to any information required for other applications, shall include the following information:

(1) A description of the proposed Project, and a full plan set, including a site plan, elevations, section and floor plans, with the total number and location of dwelling units, Restricted Affordable Units, and Density Bonus Units proposed;

(2) A plan set sufficient for the Planning Department to determine the project site's Base Density. The project sponsor shall submit plans for a base project that demonstrates a Code complying project on the Housing Project site without use of a modification, Conditional Use Authorization, Variance, Planned Unit Development, or other exception from the Planning Code. Such plans shall include similar detail to the proposed Housing Project. The project sponsor shall demonstrate that site constraints do not limit the Maximum Allowable Residential Density for the base project in practice. If the project sponsor cannot make such a showing, the Zoning Administrator shall determine whether the Maximum Allowable Residential Density shall be adjusted for purposes of this Section.

(3) The zoning district designations, assessor's parcel number(s) of the project site, and a description of any Density Bonus, Concession or Incentive, or waiver requested;

(4) If a Concession or Incentive is requested that is not included within the menu of Incentives/Concessions set forth in subsection 206.5(c), a submittal including financial information or other information providing evidence that the requested Concessions and Incentives result in identifiable, financially sufficient, and actual cost reductions required in order to provide for affordable housing costs as defined in Health and Safety Code Section 50052.5, or for rents for the Restricted Affordable Units to be provided as required under this Program. The cost of reviewing any required financial information, including, but not limited to, the cost to the City of hiring a consultant to review the financial data, shall be borne by the applicant. The financial information shall include all of the following items:

(A) The actual cost reduction achieved through the Concession or Incentive;

(B) Evidence that the cost reduction allows the applicant to provide affordable rents or affordable sales prices; and

(C) Any other information requested by the Planning Director. The Planning Director may require any financial information including information regarding capital costs, equity investment, debt service, projected revenues, operating expenses, and such other information as is required to evaluate the financial information;

(5) If a waiver or modification is requested, a submittal containing the following information. The cost of reviewing any required information supporting the request for a waiver, including, but not limited to, the cost to the City of hiring a consultant to review the architectural information, shall be borne by the applicant.

(A) Why the Development Standard would physically preclude the construction of the Development with the Density Bonus, Incentives, and Concessions requested.

(B) Any other information requested by the Planning Director as is required to evaluate the request;

(6) Level of affordability of the Restricted Affordable Units and a draft Regulatory Agreement;

(7) The number of residential units which are on the property, or if the residential units have been vacated or demolished in the five year period preceding the application, have been and which were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income; subject to any other form of rent or price control through the City or other public entity's valid exercise of its police power; or occupied by lower or very low income households;

(8) If the property includes a parcel or parcels in which dwelling units under (6) are located or were located in the five year period preceding the application, the type and size of those units, the incomes of the persons or families occupying those units.

(9) Documentation that the applicant has provided written notification to all existing commercial or residential tenants that the applicant intends to develop the property pursuant to this section. Any affected commercial tenants shall be given priority processing similar to the Department's Community Business Priority Processing Program, as adopted by the San Francisco Commission on February 12, 2015 under Resolution Number 19323 to support relocation of such business in concert with access to relevant local business support programs.

(10) If a Density Bonus or Concession is requested for a land donation, the application shall show the location of the land to be dedicated, provide proof of site control, and provide evidence that all of the requirements and each of the findings included in Government Code Section 65915(g) can be made;

(11) If a density bonus or Concession is requested for a Child Care Facility under Section 206.7, the application shall show the location and square footage of the child care facilities and provide evidence that all of the requirements and each of the findings included in Government Code Section 65915(h) can be made;

(12) If a Density Bonus or Concession is requested for a condominium conversion, the applicant shall provide evidence that all of the requirements found in Government Code Section 65915.5 can be met.

(e) ***Review Procedures.*** *An application for a Density Bonus, Incentive, Concession, or waiver shall be acted upon concurrently with the application other permits related to the Housing Project.*

(1) Before approving an application for a Density Bonus, Incentive, Concession, or waiver, for any Individually Requested Density Bonus Project, the Planning Commission shall make the following findings as applicable.

(A) The Housing Project is eligible for the Affordable Housing Bonus Program.

(B) The Housing Project has demonstrated that any Concessions or Incentives are required in order to provide for affordable housing costs, as defined in Section 50052.5 of the California Health and Safety Code, or for rents for the targeted units, based upon the financial analysis and documentation provided.

(C) If a waiver or modification is requested, a finding that the Development Standards for which the waiver is requested would have the effect of physically precluding the construction of the Housing Project with the Density Bonus or Concessions and Incentives permitted.

(D) If the Density Bonus is based all or in part on donation of land, a finding that all the requirements included in Government Code Section 65915(g) have been met.

(E) If the Density Bonus, Concession or Incentive is based all or in part on the inclusion of a Child Care Facility, a finding that all the requirements included in Government Code Section 65915(h) have been met.

(F) If the Concession or Incentive includes mixed-use development, a finding that all the requirements included in Government Code Section 65915(k)(2) have been met.

(2) If the findings required by subsection (a) of this Section cannot be made, the Planning Commission may deny an application for a Concession, Incentive, waiver or modification only if it makes one of the following written findings, supported by substantial evidence:

(A) The Concession, Incentive, waiver or modification is not required to provide for the affordability levels required for Restricted Affordable Units;

(B) The Concession, Incentive, waiver or modification would have a specific, adverse impact upon public health or safety or the physical environment or on real property listed in the California Register of Historic Resources, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the Housing Project unaffordable to Low and Moderate Income households. For the purpose of this subsection, "specific adverse impact" means a

significant, quantifiable, direct, and unavoidable impact, based on objective, identified, written public health or safety standards, policies, or conditions as they existed on the date that the application for the Housing Project was deemed complete; or

(C) The Concession, Incentive, waiver or modification is contrary to state or federal law.

(3) The review procedures for an Individually Requested Density Bonus Project, including notice, hearings, and appeal, shall be the procedures applicable to the Housing Project regardless of whether it is applying for a State Density Bonus under this Section 206.6. However, any notice shall specify that the Housing Project is seeking a Development Bonus and shall provide a description of the development bonuses requested. Individually Requested Projects shall also be reviewed for consistency with the Affordable Housing Bonus Program Design Guidelines.

(4) In accordance with state law, neither the granting of a Concession, Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in and of itself, to require a general plan amendment, zoning change, variance, or other discretionary approval.

(f) ***Regulatory Agreements.*** *Applicants for a Density Bonus, Incentive, Concession, waiver, or modification shall enter into a Regulatory Agreement with the City, as follows.*

(1) The terms of the agreement shall be acceptable in form and content to the Planning Director, the Director of MOHCD, and the City Attorney. The Planning Director shall have the authority to execute such agreements.

(2) Following execution of the agreement by all parties, the completed Density Bonus Regulatory Agreement, or memorandum thereof, shall be recorded and the conditions filed and recorded on the Housing Project.

(3) The approval and recordation of the Regulatory Agreement shall take place prior to the issuance of the First Construction Document. The Regulatory Agreement shall be binding to all future owners and successors in interest.

(4) The Regulatory Agreement shall be consistent with the guidelines of the City's Inclusionary Housing Program and shall include at a minimum the following:

(A) The total number of dwelling units approved for the Housing Project, including the number of Restricted Affordable Units;

(B) A description of the household income group to be accommodated by the Restricted Affordable Units, and the standards for determining the corresponding Affordable Rent or Affordable Sales Price;

(C) The location, dwelling unit sizes (in square feet), and number of bedrooms of the Restricted Affordable Units;

(D) Term of use restrictions for Restricted Affordable Units of at least 55 years for Moderate Income units and at least 55 years for Low and Very Low units;

(E) A schedule for completion and occupancy of Restricted Affordable Units;

(F) A description of any Concession, Incentive, waiver, or modification, if any, being provided by the City;

(G) A description of remedies for breach of the agreement (the City may identify tenants or qualified purchasers as third party beneficiaries under the agreement); and

(H) Other provisions to ensure implementation and compliance with this Section.

SEC. 206.7 CHILD CARE FACILITIES.

(a) For purposes of this Section 206.7, "Child Care Facility" means a child day care facility other than a family day care home, including, but not limited to, infant centers, preschools, extended day care facilities, and school age child care centers

(b) When an applicant proposes to construct a Housing Project that is eligible for a Density Bonus under Section 206.6 and includes a Child Care Facility that will be located on the premises of, as part of, or adjacent to, the Housing Project, all of the provisions of this Section 206.7 shall apply

and all of the provisions of Section 206.6 shall apply, except as specifically provided in this Section 206.7.

(c) When an applicant proposes to construct a Housing Project that is eligible for a Density Bonus under Section 206.6 and includes a Child Care Facility that will be located on the premises of, as part of, or adjacent to, the Housing Project, the City shall grant either:

(1) An additional density bonus that is an amount of square feet of residential space that is equal to or greater than the square footage of the Child Care Facility; or

(2) An additional Concession or Incentive that contributes significantly to the economic feasibility of the construction of the Child Care Facility.

(d) The City shall require, as a condition of approving the Housing Project, that the following occur:

(1) The Child Care Facility shall remain in operation for a period of time that is as long as or longer than the period of time during which the Affordable Units are required to remain affordable. In the event the childcare operations cease to exist, the Zoning Administrator may approve in writing an alternative community service use for the child care facility.

(2) Of the children who attend the Child Care Facility, the children of Very Low, Lower and Moderate Income households shall equal a percentage that is equal to or greater than the percentage of Restricted Affordable Units in the Housing Project that are required for Very Low, Lower and Moderate Income households pursuant to Section 206.6.

(e) Notwithstanding subsections (a) and (b) above, the City shall not be required to provide a density bonus or a Concession or Incentive for a child care facility if it finds, based upon substantial evidence, that the community has adequate child care facilities.

SEC. 206.8 AFFORDABLE HOUSING BONUS PROGRAM EVALUATION.

(a) Within one year from the effective date of Section 206 and following, the Planning Department shall provide an informational presentation to the Planning Commission, and any other

City agency at their request, presenting an overview of all projects that request or receive development bonuses under the Local Affordable Housing Bonus Program, the 100 Percent Affordable Housing Bonus Program and the Analyzed and Individually Requested State Density Bonus Program ("the Bonus Programs").

(b) Annual Reporting. The Planning Department shall include information on projects which request and receive development bonuses under the Bonus Programs in any relevant Department publications regarding the development of housing in San Francisco, including, but not limited to, the Quarterly Pipeline Report, the Housing Inventory and the Housing Balance Report.

(c) Data Report. The Planning Department, in coordination with MOHCD, shall prepare a Data Report reviewing the Bonus Programs every five years, beginning five years from the Effective Date of Section 206 and following. This report shall include, but not be limited to, information on: the number of projects utilizing the Bonus Programs; the number of units approved and constructed under the Bonus Programs and the AMI levels of such units; the number of additional affordable units in excess of that otherwise required by Section 415; and the geographic distribution of projects, including the total number of units in each project, utilizing the Bonus Programs.

(d) Program Evaluation and Update:

(1) Purpose and Contents. In coordination with the Time Series Report, the Department shall prepare a Program Evaluation and Update. The Program Evaluation and Update shall include an analysis of the Bonus Programs effectiveness as it relates to City policy goals including, but not limited to Proposition K (2014) and the Housing Element. The Program Evaluation and Update shall include a review of all of the following:

(A) Target income levels for the Local Affordable Housing Bonus Program in relation to market values and assessed affordable housing needs.

(B) Feasibility of the Local Affordable Housing Bonus Program, in relations to housing policy goals, program production, and current market conditions.

(C) Requested and granted concessions and incentives, including consideration of whether the menu of zoning modification or concessions and incentives set forth in Section 206.3(d)(4), 206.4(c)(5) and 206.5(c)(4) respond to the needs of projects seeking approvals under the Bonus Programs; consideration of whether the elected zoning modifications or incentives and concessions result in a residential project that responds to the surrounding neighborhood context; and review and recommendation for additions or modifications to the list of zoning modifications or concessions and incentives in 206.3(d)(4), 206.4(c)(5) and 206.5(c)(4).

(D) Geography and neighborhood specific considerations. Review and analysis of where Bonus Program projects are proposed and approved, including an analysis of land values, zoning, height controls and neighborhood support.

(2) Public Hearing: The Program Evaluation and Update shall be prepared no less than every five years, beginning five years from the Effective Date of this Ordinance, and may be completed as a series of reports and in coordination with ongoing monitoring of affordable housing policies, or feasibility analyses. The Planning Commission shall hold a hearing on the Program Evaluation and Update and any recommendations for modification to any of the Bonus Programs.

Section 3. The Planning Code is hereby amended by adding Sections 328, to read as follows:

SEC. 328. LOCAL AND 100 PERCENT AFFORDABLE HOUSING BONUS PROJECT AUTHORIZATION

(a) Purpose. The purpose of this Section is to ensure that all Local and 100 Percent Affordable Housing Bonus projects under Section 206.3 or 206.4 are reviewed in coordination with priority processing available for certain projects with greater levels of affordable housing. While most projects in the Program will likely be somewhat larger than their surroundings in order to facilitate higher levels of affordable housing, the Planning Commission shall ensure that each project is consistent with

the Affordable Housing Bonus Design Guidelines and any other applicable design guidelines, as adopted and periodically amended by the Planning Commission, so that projects respond to their surrounding context, while still meeting the City's affordable housing goals.

(b) Applicability. This section applies to all qualifying Local and 100 Percent Affordable Housing Bonus Projects that meet the requirements described in Planning Code Sections 206.3 or 206.4.

(c) Planning Commission Design Review: The Planning Commission shall review and evaluate all physical aspects of a Local or 100 Percent Affordable Housing Bonus Project at a public hearing. The Planning Commission recognizes that most qualifying projects will need to be larger in height and mass than surrounding buildings in order to achieve the Affordable Housing Bonus Program's affordable housing goals. However, the Planning Commission may, consistent with the Affordable Housing Bonus Program Design Guidelines, and any other applicable design guidelines, and upon recommendation from the Planning Director, make minor modifications to a project to reduce the impacts of such differences in scale.

Additionally, as set forth in subsection (d) below, the Planning Commission may grant minor exceptions to the provisions of this Code. However, such exceptions should only be granted to allow building mass to appropriately shift to respond to surrounding context, and only when such modifications do not substantially reduce or increase the overall building envelope permitted by the Program under Section 206.3 or 206.4. All modifications and exceptions should be consistent with the Affordable Housing Bonus Program Design Guidelines and any other applicable design guidelines. In case of a conflict with other applicable design guidelines, the Affordable Housing Bonus Program Design Guidelines shall prevail.

The Planning Commission may require these or other modifications or conditions, or disapprove a project, in order to achieve the objectives and policies of the Affordable Housing Bonus

Program or the purposes of this Code. This review shall limited to design issues including the following:

(1) whether the bulk and massing of the building is consistent with the Affordable Housing Bonus Design Guidelines.

(2) whether building design elements including, but not limited to architectural treatments, façade design, and building materials, are consistent with the Affordable Housing Bonus Program Design Guidelines and any other applicable design guidelines.

(3) whether the design of lower floors, including building setback areas, commercial space, townhouses, entries, utilities, and parking and loading access is consistent with the Affordable Housing Bonus Program Design Guidelines, and any other applicable design guidelines.

(4) whether the required streetscape and other public improvements such as tree planting, street furniture, and lighting are consistent with the Better Streets Plan, and any other applicable design guidelines.

(d) Exceptions. As a component of the review process under this Section 328, the Planning Commission may grant minor exceptions to the provisions of this Code as provided for below, in addition to the development bonuses granted to the project in Section 206.3(d) or 206.4(c). Such exceptions, however, should only be granted to allow building mass to appropriately shift to respond to surrounding context, and only when such modifications: 1) do not substantially reduce or increase the overall building envelope permitted by the Program under Sections 206.3 or 206.4; and 2) are consistent with the Affordable Housing Bonus Design Guidelines. These exceptions may include:

(1) Exception from residential usable open space requirements per Section 135, or any applicable special use district.

(2) Exception from satisfaction of loading requirements per Section 152.1, or any applicable special use district.

(3) Exception for rear yards, pursuant to the requirements of Section 134, or any applicable special use district.

(4) Exception from dwelling unit exposure requirements of Section 140, or any applicable special use district.

(5) Exception from satisfaction of accessory parking requirements per Section 152.1, or any applicable special use district.

(6) Where not specified elsewhere in this Subsection (d), modification of other Code requirements that could otherwise be modified as a Planned Unit Development (as set forth in Section 304), irrespective of the zoning district in which the property is located.

(e) Required Findings. If a Local Affordable Housing Bonus Program Project or 100 Percent Affordable Housing Bonus Project otherwise requires a conditional use authorization due only to 1) a specific land use, 2) use size limit, or 3) requirement adopted by the voters, then the Planning Commission shall make all findings and consider all criteria required by this Code for such use or use size as part of this Local and 100 Percent Affordable Housing Bonus Project Authorization.

(f) Hearing and Decision.

(1) Hearing. The Planning Commission shall hold a public hearing for all projects that are subject to this Section.

(2) Notice of Hearing. Notice of such hearing shall be provided pursuant to the same requirements for Conditional Use requests, as set forth in Section 306.3 and 306.8.

(3) Director's Recommendations on Modifications and Exceptions. At the hearing, the Planning Director shall review for the Commission key issues related to the project based on the review of the project pursuant to Subsection (c) and recommend to the Commission modifications, if any, to the project and conditions for approval as necessary. The Director shall also make recommendations to the Commission on any proposed exceptions pursuant to Subsection (d).

(4) Decision and Imposition of Conditions. The Commission, after public hearing and, after making appropriate findings, may approve, disapprove or approve subject to conditions, the project and any associated requests for exception. As part of its review and decision, the Planning Commission may impose additional conditions, requirements, modifications, and limitations on a proposed project in order to achieve the objectives, policies, and intent of the General Plan or of this Code.

(5) Appeal. The decision of the Planning Commission may be appealed to the Board of Appeals by any person aggrieved within 15 days after the date of the decision by filing a written notice of appeal with that body, setting forth wherein it is alleged that there was an error in the interpretation of the provisions of this Code or abuse of discretion on the part of the Planning Commission.

(6) Discretionary Review. No requests for discretionary review shall be accepted by the Planning Department or heard by the Planning Commission for projects subject to this Section.

(7) Change of Conditions. Once a project is approved, authorization of a change in any condition previously imposed by the Planning Commission shall require approval by the Planning Commission subject to the procedures set forth in this Section.

Section 4. The Planning Code is hereby amended by amending Sections 250 and 260, to read as follows:

SEC. 250. HEIGHT AND BULK DISTRICTS ESTABLISHED.

(a) In order to carry out further the purposes of this Code, height and bulk districts are hereby established, subject to the provisions of this Article 2.5.

(b) No building or structure or part thereof shall be permitted to exceed, except as stated in Sections 172, ~~*and*~~ 188, *and 206* of this Code, the height and bulk limits set forth in this Article for the district in which it is located, including the height limits for use districts set forth in Section 261.

* * * *

SEC. 260 HEIGHT LIMITS; MEASUREMENT

(a) **Method of Measurement**. The limits upon the height of buildings and structures shall be as specified on the Zoning Map, *except as permitted by Section 206*. In the measurement of height ~~*for purposes of such limits*~~, the following rules shall be applicable:

* * * *

Section 5. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Susan Cleveland-Knowles
Deputy City Attorney

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GUIDELINES FOR

AFFORDABLE HOUSING BONUS PROGRAM DESIGN

San Francisco Planning

Mayor

Edwin M. Lee

Board of Supervisors

London Breed, *President*
John Avalos
David Campos
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Planning Commission

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Introduction

Inviting and active ground floors, sidewalks and streets enrich and enliven dense neighborhoods. Above the first twenty feet, thoughtful small-scale adjustments can help larger-scale volumes that add significant housing complement existing neighborhood architectural character. In recognition that the projects utilizing the **Affordable Housing Bonus Program (AHBP**) will sometimes be taller or of differing mass than the surrounding context the AHBP Design Guidelines clarify how projects shall both maintain their size and adapt to their neighborhood context.

In order to ensure consistency with the intent of the Planning Code and, the General Plan, and construct high quality buildings, as well as provide project sponsors with guidance and predictability in forming their building proposals, the Planning Commission and City Agencies will use the following guidelines as an evaluating tool for specific project implementation.

- Four **AHBP Specific Design Guidelines** clarify how projects shall both maintain their size and adapt to their neighborhood context.
- Because several portions of the AHBP program area, such as the neighborhood commercial districts, do not have design guidelines, several existing design principles around massing, articulation, ground floor treatment and streets will also apply.
- AHBP projects in historic districts shall preserve materials features of the District and be complementary and differentiated.

Interface with Existing Design Guidelines

Generally, **AHBP** projects will be reviewed under existing guidelines, however in some cases, due to the specific goals of the bonus program, guidelines adopted in this program will supplement or supersede portions of them. These existing guidelines include the Residential Design Guidelines, the Draft Ground Floor Residential Design Guidelines and the forthcoming Urban Design Guidelines. The general principles and the related policies of these documents shall apply to **AHBP** projects. In cases where there is a discrepancy between the unique architectural attributes accessible through the **AHBP** and the Residential Design Guidelines, the **AHBP Specific Design Guidelines** shall apply.

S 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 Complementary Architectural Character

S SPECIFIC DESIGN GUIDELINES

1. Create a gracious, well-defined ground floor.

Generous ground floor heights are crucial to ensuring flexibility, diversity, and activity at the level of the public realm. New construction projects shall strongly consider adding additional ground floor height to make a gracious commercial ground floor, including heights from 10 to 15 feet.

» Residential uses on the ground floor facing a public right-of-way or other publicly-accessible pathway should be elevated a minimum of 3' above the adjacent exterior sidewalk and connect directly to that right-of-way or pathway.

» Projects must comply with the Draft Ground Floor Residential Design Guidelines which includes direction on stoops and landscape buffers.

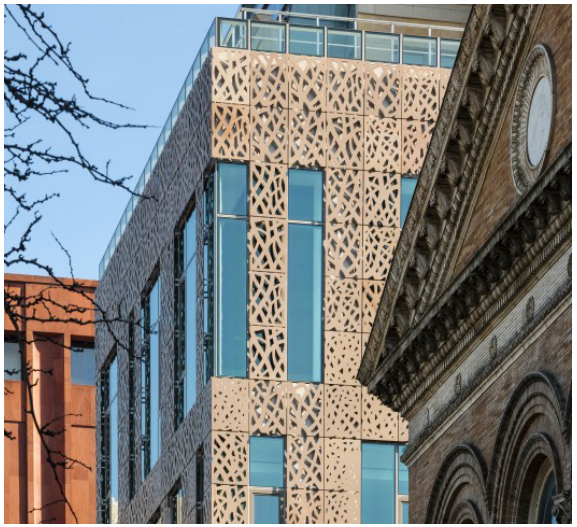
2. Ensure tops of buildings contribute to neighborhood quality.

New buildings taking advantage of additional height offered by the AHBP should shall articulate building mass to most appropriately complement the surrounding neighborhood context. Significant reductions in building volume, however, are detrimental to achieving the housing goals that are the

basis of the AHBP and should be avoided. Building design elements should be selected and composed in a manner that assures – to the extent possible – that such projects are contextually compatible despite greater bulk than otherwise allowed. For example, small to medium scale features can contribute to the shaping of upper stories with minimal impact to floor area.

3. Articulate Sidewalls

Generally, building architecture should be conceived of three-dimensionally with exposed sidewalls alongside property lines given special attention through the use of planting or green walls, premium materials, fenestration, art, and architectural sculpting. This is particularly important for portions of sidewalls that extend above existing height limits or adjacent to lots with historic or residential structures, particularly those not likely to be developed with taller buildings, as **AHBP** buildings will be more vertically prominent than adjacent structures. Fenestration, lightwells, decks, or balconies can help achieve this intent. Consider upper story setbacks along interior property lines to allow for fenestration above the prevailing height. (Generally consistent with number 7 of Market and Octavia principle for massing and articulation).



4. Express Exceptionally Complementary Architectural Character

While overall building mass may be larger for AHBP projects than adjacent ones, thoughtful design and fine-grain detailing with high-quality materials can provide patterns of visual interest to enhance the pedestrian experience. While this should be present in all projects, AHBP projects should elevate this aspect to enhance compatibility and character. This can be achieved in a variety of ways, such as:

- Window detailing – increased setback depth (minimum of 2-inch or greater if achieveable) or sun shading devices
- Fenestration proportions or patterns
- Variation in materiality or depth of materiality on visible facades
- Notches or Bays
- Fine-grain façade detailing with high-quality, durable materials, particularly at the building base and street level.
- Design elements that respond to the adjacent or prevailing neighborhood scale, even if the overall building is larger.

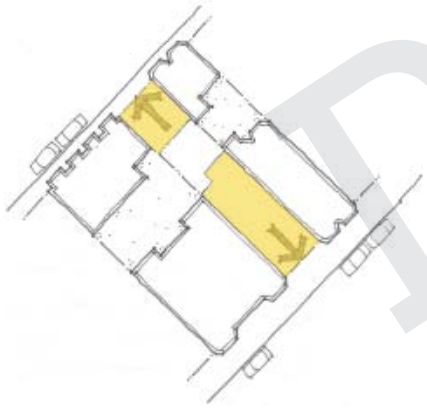
E Existing Design Guidelines

Many areas of San Francisco have neighborhood or district specific design guidelines – specifically in the recently adopted plan areas, several new and important design principles have been established. This section details several existing design principles that shall be applied to all AHBP projects.

E FUNDAMENTAL DESIGN PRINCIPLES FOR BUILDING MASSING AND ARTICULATION

1. **Most new buildings should be built to all property lines facing public rights-of-way.**

2. **Building façades should include three-dimensional detailing; these may include bay windows, cornices, belt courses, window moldings, and reveals to create shadows and add interest.**



Construct infill development to property lines

In most cases, a minimum window reveal of two inches should be incorporated and sliding windows or applied mullions should not be incorporated on windows facing the street or the public realm (streets, alleys and other publicly-accessible spaces). Windows and cornices are especially important elements contributing to the creation of a comfortable "urban room" and pedestrian environment. Upper floors may include smaller, vertically proportioned windows punched into walls, projections such as bay windows, or small balconies. Windows should typically be vertical to reflect traditional arrangements found throughout San Francisco. Other façade elements that contribute to visual interest may include awnings, canopies, projections, trellises, and detailed parapets.

3. **The façades of new buildings should extend patterns.**

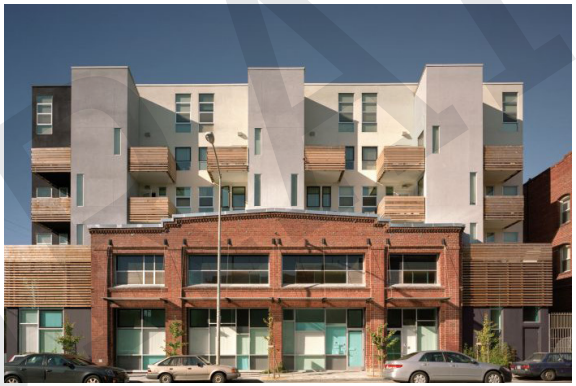
New buildings should occupy narrow frontages and express a vertical orientation in their use of projections, windows, and other detailing. This is ideally achieved through individual buildings on narrow frontages. On wider lots, at the least, vertical elements should break down the visual scale of larger buildings and create a rhythm that visually minimizes overall massing, consistent with historic development patterns.

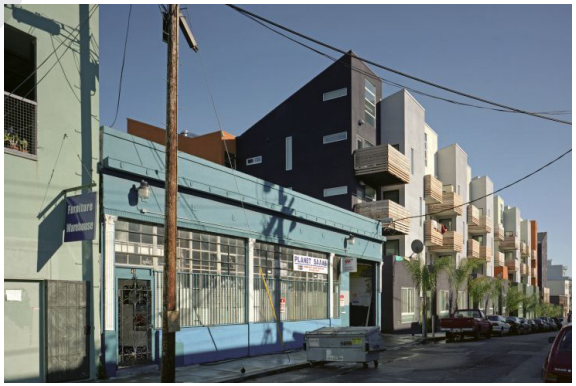
Although constructed on a large lot, this building façade replicates the traditional 25 - 50 foot-wide lot pattern through changes to the plane, color and roof line.

4. There are cases where new buildings may be built adjacent to existing buildings that are substantially shorter (i.e. by two or more stories).

Sometimes these adjacent buildings have historic merit, contain housing units, feature lower height limits, or are limited by other factors that make them unlikely to be re-developed in the foreseeable future with larger buildings that might mask the side facade of the proposed building. Large expanses of blank wall are unsightly and potentially blighting on a neighborhood. New buildings shall sensitively and creatively treat these prominent interior property line conditions, cognizant of the visibility of these facades from surrounding public spaces and buildings. Larger, wider buildings with greater amounts of street frontage shall also consider more significant articulations or partial upper floor setbacks along these property lines.

Techniques for incorporating planted "living walls" can also soften the visual impact of exposed sidewalls and facades while providing ecological benefit.



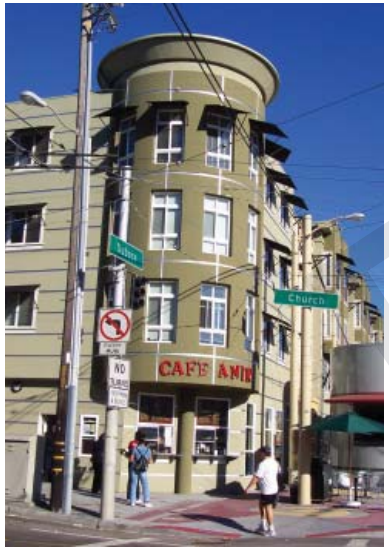


5. Buildings on sloping sites should follow the slope to reinforce and accentuate the city's natural topography and maintain a strong relationship to the street.

One of the qualities most revered in San Francisco is streets and buildings that rise and fall in concert with topography. New buildings or additions should follow the slope of the street to accent and celebrate the natural topography and provide a vertical rhythm to the street. Where buildings fail to step up slopes, they adversely "flatten" the city's natural topography.

E FUNDAMENTAL DESIGN PRINCIPLES FOR BUILDING MASSING AND ARTICULATION

6. For buildings on slopes, the ground floor and building entries should step-up in proportion to the slope between façade segments.



Corner Tall tower / bay element establishes a visual landmark at an important street intersection.

7. High-quality building materials should be used on all visible façades and should include stone, masonry, ceramic tile, wood (as opposed to composite, fiber-cement based synthetic wood materials), precast concrete, and high-grade traditional "hard coat" stucco (as opposed to "synthetic stucco" that uses foam).

Rich architectural detailing on individual buildings significantly contributes to the public realm. Detailing is encouraged to provide interest and create variation in wall planes; materials and level of detail should be drawn from the best examples in the area. Base and cornice materials should be balanced in material and color.

E FUNDAMENTAL DESIGN PRINCIPLES FOR THE GROUND FLOOR

1. **Surface parking should not be permitted between the street facing property line and the fronts of buildings in most instances.**

The use of setbacks for parking detracts greatly from the sidewalk character and pedestrian comfort. Parking should not be permitted at the front of buildings, except on parcels with 25 feet or less of frontage, where it is in a garage that is integrated into the structure of the building.

The buildings in the two images above both have a density of 100 units to the acre. The building in the top image, built before parking requirements, provides one parking space for every four units. The building in the bottom image provides one parking space for every unit. It is four stories taller than the first building. On the street level, it offers little except views of the parked cars within.

2. **No more than 30 percent of the width of the ground floor may be devoted to garage entries or blank walls.**

This shall in no case require garage entries be less than 10 feet wide. Where curb cuts are expressly prohibited by this plan, garage entries are not permitted. No façade may feature garage entries that together total more than 20 feet in width. The building area immediately facing the street should support residential or commercial uses, have a human scale, and contribute active uses to the street. Large garage entries are extremely detrimental to a street's design character and pedestrian safety,. Vehicular traffic crossing the sidewalk should be limited to the absolute minimum necessary to facilitate access to parcels. At least 70 percent of the width of the ground floor facing streets must be devoted to windows, entrances to dwelling units, store windows and entrances,

E FUNDAMENTAL DESIGN PRINCIPLES FOR THE GROUND FLOOR

landscaping or planters, and other architectural features that provide visual relief and interest.

Excessively wide garage doors create a visually "dead" sidewalk.

3. Building entries and shop fronts should add to the character of the street by being clearly identifiable and inviting.

Blank walls (absent windows, entries, or ornamentation) should be avoided. Display windows with unobstructed views into interior spaces and building entrances should line major streets. Service functions such as trash, utility, or fire rooms, should not be placed at the street front where possible.

4. Primary building entries may be set back from the street-facing property line, though no more than 5 feet from the street-facing façade; and if set back, should be no wider than 15 feet at the property line per individual entry.

A recessed entryway provides transition space between the public sidewalk and the private interior of the building, and is common in many neighborhoods for both commercial and residential uses.

5. Building projections and recesses, along with variations in materials and color and other architectural design features, should be used to emphasize pedestrian entries and de-emphasize garage doors and parking.

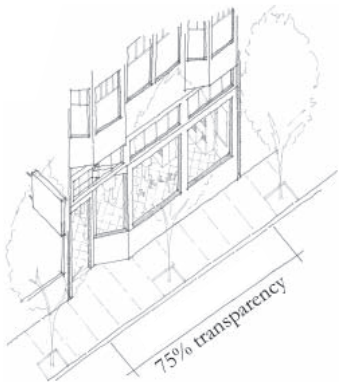
6. Residential units on the first (to third) floor(s) should generally be directly and independently accessible from the sidewalk, rather than from common lobbies. Individual entries to residential units help to provide rhythm to a building façade, contribute activity, interest, and "eyes" on the street, and enhance the sense of connectedness between residential units and the public life of the street.

Direct residential entries from the street are appropriate in most buildings where they do not conflict with ground floor retail uses.

E FUNDAMENTAL DESIGN PRINCIPLES FOR STREETS

1. **Where present, retail frontages should occupy no less than 75 percent of a building frontage at the ground floor.**

The interior of the retail space should be visible at pedestrian eye level to help activate the street. Retail spaces in the neighborhood typically provide ample transparency to the street. Businesses often use retail frontages to display goods and provide views to the interior. Dark or mirrored glass is not permitted. Solar consideration should be treated architecturally, through the use of recesses, eyebrows, or awnings.



2. **Ground floor retail use should be directly accessible from the street at the grade of the sidewalk onto which it fronts.**

Storefronts located above or below grade often feel removed from the life of the street and are notoriously difficult to make successful. Steps up or down should be avoided. On sloping sites, taller retail spaces at the low end of the site are preferable to sinking a portion of the retail floor below sidewalk grade.

Historic District Design Guidelines

H HISTORIC DISTRICT DESIGN GUIDELINES FOR AHBP PROJECTS

NEW CONSTRUCTION

The Guidelines below apply to AHBP projects located within diestrics determined to be Historic Resources eligilbe for local, state or National registers. Infill construction shall preserve historic features, character, and spatial relationships. Recognizing that AHBP projects may be taller than existing buildings, the design of infill construction should not be so differentiated that it becomes the primary focus of the district. Design differences between new and historic may be subtle but they also must be clear. Every project will have its own unique benefits and constraints; infill construction will be reviewed for compatibility with the overall district. In districts with uniform character, the design may rely on subtle differentiation from the dominating character-defining features. In districts with mixed character, the design may define the character of the district by referencing significant features.

Infill Construction - Reflect Materials Features and Forms of the District

1. Design a site plan that is harmonious with the characteristics found with the district. Avoid unnecessary contrast with historic fabric in form or building articulation, to maintain the integrity and character of the site and its context.
2. Strengthen the primary characteristics of the district through infill construction by referencing and relating to the historic design, landscape, use, and cultural expressions found within the district.

Infill Construction - Complementary and Differentiated Design

1. Design to be visually distinguishable to the historic district.
2. Design to be identifiable as contemporary and harmonious with the historic district in terms of general site characteristics, materials, and features.
3. Employ innovative and exceptional design solutions where scale and massing may visually overwhelm or compete with historic buildings or districts in dense, urban environments
4. Utilize character-defining features of the historic district to inspire the design.
5. Respect the historic and architectural features without duplicating historic styles or features that will create a false sense of history.

6. Reference the size, proportion, rhythm and alignment of doors and windows found in the district to reinforce compatibility in the design.
7. Design roofs to fit within the historic context and integrated into the building's overall composition.
8. Select materials that are harmonious and referential to the general character, color, and textures of the historic district. Avoid contrast that detracts or visually competes with the historic district.

San Francisco Planning

FOR MORE INFORMATION:
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Planning staff are available by phone and at the PIC counter.
No appointment is necessary.

PROGRAM AREA

MAP OF PROGRAM AREA

Areas highlighted in blue on the map below illustrate the key residential and commercial corridors where the Program applies in the City. Ground floor commercial retail is generally allowed or required in the program area.

WHERE THE PROGRAM DOES NOT APPLY

- Parcels in RH-1 or RH-2 Districts
- Districts where density is regulated by height and bulk
- Districts that do not allow residential uses