

File No. 151258 Committee Item No. 2  
 Board Item No. 43

**COMMITTEE/BOARD OF SUPERVISORS**

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date November 5, 2018

Board of Supervisors Meeting  
 Cmte Board

Date NOVEMBER 13, 2018

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CEQA Determination 012516</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BOS Resolution 25-16</u>      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral 041316</u>           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral CEQA 041316</u>      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral PLN Comm 041316</u>  |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Response PC 071216</u>        |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral CEQA 032917</u>      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral PC 032917</u>        |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI 032917</u>       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Hearing Notice 040317</u>     |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Hearing Notice 102218</u>     |

Completed by: Erica Major Date November 1, 2018  
 Completed by: Erica Major Date 11/9/2018

1 [Planning Code - Affordable Housing Requirement and Fee in Divisadero and Fillmore  
2 Neighborhood Commercial Transit Districts]

3 **Ordinance amending the Planning Code to require additional affordable housing or**  
4 **payment of a fee for certain sites that obtained higher residential development**  
5 **potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial**  
6 **Transit District and the Fillmore Street Neighborhood Commercial Transit District in**  
7 **2015; affirming the Planning Department's determination under the California**  
8 **Environmental Quality Act; and making findings of consistency with the General Plan,**  
9 **public convenience, necessity, and welfare under Planning Code, Section 302, and**  
10 **making findings of consistency with the General Plan, and the eight priority policies of**  
11 **Planning Code, Section 101.1.**

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

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

20 Section 1. Findings.

21 (a) The Planning Department has determined that the actions contemplated in this  
22 ordinance comply with the California Environmental Quality Act (California Public Resources  
23 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of  
24 Supervisors in File No. 151258 and is incorporated herein by reference. The Board affirms  
25 this determination.

1 (b) On June 30, 2016, the Planning Commission, in Resolution No. 19679, adopted  
2 findings that the actions contemplated in this ordinance are consistent, on balance, with the  
3 City's General Plan and eight priority policies of Planning Code Section 101.1. The Board  
4 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the  
5 Board of Supervisors in File No. 151258, and is incorporated herein by reference.

6 (c) Pursuant to Planning Code Section 302, this Board finds that the actions  
7 contemplated in this ordinance will serve the public necessity, convenience, and welfare for  
8 the reasons set forth in Planning Commission Resolution No. 19679 and the Board  
9 incorporates such reasons herein by reference. A copy of the Planning Commission  
10 Resolution No. 19679 is on file with the Clerk of the Board of Supervisors in File No. 151258.

11 (d) The City adopted legislation rezoning the area along Divisadero Street between  
12 Haight and O'Farrell Streets to become the Divisadero Street Neighborhood Commercial  
13 Transit District ("NCT") in Ordinance No. 127-15 in August 2015, ~~and the area along Fillmore~~  
14 ~~Street between Bush and McAllister Streets to become the Fillmore Street NCT in Ordinance~~  
15 ~~No. 126-15 in August 2015.~~ The rezoning for both NCTs removed any residential density  
16 limits based on lot area, and instead restricted residential uses by physical envelope controls  
17 like height, bulk, and setback requirements for each site. This removal of density limits based  
18 on lot areas ~~should afford~~ allows for greater increased residential development potential on  
19 certain sites within each the Divisadero NCT.

20 (e) On November 6, 2012, the voters adopted Proposition C ("2012 Prop C"), the  
21 Housing Trust Fund, which was set forth in San Francisco Charter Section 16.110. 2012 Prop  
22 C established a limitation on the Inclusionary Housing Cost Obligation that the City could  
23 impose on residential development projects. 2012 Prop C set forth certain exceptions to this  
24 limitation, including but not limited to circumstances in which a project receives a 20% or  
25 greater increase in developable residential uses, as measured by a change in height limits,

1 Floor Area Ratio limits, or use, over prior zoning, or a 50% or greater increase in residential  
2 densities over prior zoning, through a special use district or other local legislation adopted  
3 after November 6, 2012. The Divisadero Street NCT and the Fillmore Street NCT rezonings  
4 were was adopted after this date.

5 (f) In July 2017, in Ordinance No. 158-17, the Board of Supervisors amended the  
6 Inclusionary Affordable Housing Program, Planning Code Sections 415 et seq., and included  
7 a provision that requires the Planning Department, in consultation with the Controller's Office,  
8 to study whether a higher on-site inclusionary affordable housing requirement is feasible on  
9 sites that, after January 1, 2015, received a 20% or greater increase in developable  
10 residential gross floor area or a 35% or greater increase in residential density over prior  
11 zoning. The Divisadero Street NCT and the Fillmore Street NCT received a 20% or greater  
12 increase in developable residential gross floor area or a 35% or greater increase in residential  
13 density over prior zoning after January 1, 2015. Accordingly, an Inclusionary Housing Analysis  
14 of Divisadero and Fillmore Street Rezoning was published by the Office of the Controller and  
15 the Planning Department on March 19, 2018, and was presented at a public hearing of the  
16 Planning Commission on March 22, 2018. The study can be found in Board of Supervisors  
17 File No. 151258. The study found that sites in the Divisadero Street NCT could feasibly  
18 provide on-site affordable units in an amount ranging from 20% to 22% of dwelling units for  
19 Rental Housing projects, or 23% for projects consisting of Owned Units. The study found that  
20 increased on-site affordability requirements were not financially feasible for sites in the  
21 Fillmore NCT district.

22 (g) In keeping with the intent and provisions of the Housing Trust Fund and the 2017  
23 amendments to the Inclusionary Affordable Housing Program, projects on sites that have  
24 received increases in developable residential gross floor area or greater density should, and  
25 can afford to, mitigate fully their impacts on the need for affordable housing.

1 (fh) The City updated its Nexus Study in November 2016, performed by Keyser  
2 Marston and Associates, in support of the Inclusionary Affordable Housing Program, or an  
3 analysis of the impact of development of market rate housing on affordable housing supply  
4 and demand. The Board of Supervisors reviewed the Nexus Study and staff analysis and  
5 report of the Study and, on that basis, found that the Study supported the inclusionary  
6 affordable housing requirements combined with the additional affordable housing fee set forth  
7 in Planning Code Sections 415 *et seq.*

8 (g) ~~On June 7, 2016, the voters approved a Charter Amendment ("2016 Prop C")~~  
9 ~~eliminating the limits on inclusionary affordable housing set forth in Charter Section 16.110.~~  
10 ~~The Board of Supervisors also adopted legislation to implement changes to the inclusionary~~  
11 ~~affordable housing requirements, Ordinance No. 76-16, which went into effect when 2016~~  
12 ~~Prop C went into effect.~~

13 (h) ~~The 2015 rezoning of the Divisadero and Fillmore NCTs allowed a 50% or greater~~  
14 ~~increase in residential densities over prior zoning on certain sites contained within the two~~  
15 ~~NCTs. In keeping with the intent and provisions of both 2012 Prop C and 2016 Prop C,~~  
16 ~~projects on such sites should, and can afford to, mitigate fully their impacts on the need for~~  
17 ~~affordable housing.~~

18  
19 Section 2. The Planning Code is hereby amended by adding Section 428, including  
20 Sections 428.1, 428.2, 428.3, 428.4, and 428.5, to read as follows:

21 **SEC. 428. DIVISADERO STREET NCT AND FILLMORE STREET NCT AFFORDABLE**  
22 **HOUSING FEE AND REQUIREMENTS.**

23 Sections 428.1 through 428.5, hereafter referred to as Sections 428.1 et seq., set forth the  
24 requirements and procedures for the Divisadero Street and Fillmore Street Neighborhood  
25 Commercial Transit Districts Affordable Housing Fee.

1           SEC. 428.1. FINDINGS.

2           The Board of Supervisors hereby finds that:

3           (a) The additional affordable housing fee requirement of this Sections 428.1 et seq. is  
4 supported by the November 2016 Nexus Study performed by Keyser Marston and Associates. The  
5 Board of Supervisors has reviewed the Nexus Study and other documents and, on that basis, finds that  
6 the Study supports the inclusionary affordable housing requirements combined with the additional  
7 affordable housing fee and requirements set forth in this Sections 428.1 et seq. Specifically, the Board  
8 finds that the Study: (1) identifies the purpose of the additional fee and requirements to mitigate  
9 impacts on the demand for affordable housing in the City; (2) identifies the use of the additional fee to  
10 increase the City's affordable housing supply; and (3) establishes a reasonable relationship between  
11 the use of the additional fee for affordable housing and the need for affordable housing and the  
12 construction of new market rate housing. Further, the affordable housing fee and requirements do not  
13 include the costs of remedying any existing deficiencies and do not duplicate other City requirements or  
14 fees.

15           (b) An account has been established, funds appropriated, and a construction schedule adopted  
16 for affordable housing projects funded through the Inclusionary Affordable Housing Program. The  
17 Affordable Housing Fee will reimburse the City for expenditures on affordable housing that have  
18 already been made and that will be made in the future.

19           (c) A major objective of the Divisadero Street and Fillmore Street NCTs, set forth in Planning  
20 Code Sections 746 759 and 747, respectively, is to encourage and promote development that  
21 enhances the walkable, mixed-use character of the corridor and surrounding neighborhoods and to  
22 encourage housing development in new buildings above the ground floor. New market rate housing  
23 development could outnumber both the number of units and potential new sites within the area for  
24 permanently affordable housing opportunities. The City has adopted a policy in its General Plan to  
25 meet the affordable housing needs of its general population and to require new housing developments

1 to produce sufficient affordable housing opportunities for all income groups, both of which goals are  
2 not likely to be met by the potential housing development in the area. In addition, the Nexus Study  
3 indicates that market rate housing itself generates additional lower income affordable housing needs  
4 for the workforce needed to serve the residents of the new market rate housing proposed for the area.  
5 To meet the demand created for affordable housing by the Divisadero Street NCT and Fillmore Street  
6 NCT zoning and to be consistent with the policy of the City, additional affordable housing  
7 requirements should be included for all market rate housing development in these this NCTs.

8 (d) The Divisadero Street NCT and Fillmore Street NCT rezonings set forth in Ordinance  
9 Nos. 126-15 and 127-15 will allows greater residential development on certain sites within the  
10 NCTs, and such residential development will create a greater need for affordable housing, and should  
11 provide more affordable housing. The higher densities will also make provision of higher levels of  
12 affordable housing feasible for such sites.

13 (e) If a site located in the Divisadero Street NCT or Fillmore Street NCT received an increase  
14 in density of 50% or more from the 2015 rezoning set forth in Ordinance Nos. 126-15 and 127-15, a  
15 higher inclusionary affordable housing requirement should apply. The density for the previously  
16 existing Divisadero Neighborhood Commercial District was one unit per 800 square feet of lot area.  
17 The density for the Fillmore Neighborhood Commercial District was 1 unit per 600 square feet  
18 of lot area, with one parcel (Block 0798, Lot 001) zoned RH 3 (3 units per lot), another parcel  
19 (Block 0779, Lot 031) zoned RM 4 (1 unit per 200 square feet of lot area), and one parcel  
20 (Block 0702, Lot 038) zoned RM 3 (1 unit per 400 square feet of lot area).

21 **SEC. 428.2. DEFINITIONS.**

22 See Section 401 of this Article 4.

23 **SEC. 428.3. APPLICATION OF AFFORDABLE HOUSING FEE REQUIREMENT.**

24 (a) Applicability. The Inclusionary Affordable Housing Program set forth in Planning  
25 Code Sections 415.1 et seq. shall apply in the Divisadero Street NCT and Fillmore Street

1 NCT, with the following requirements that will apply to certain sites in these NCTs. In the  
2 event that the Planning Department determines that the residential development potential on  
3 a site within the Divisadero Street NCT or the Fillmore Street NCT has been increased  
4 through the adoption of the NCT rezoning set forth in Ordinance Nos. 126-15 and 127-15, as  
5 detailed in Section 428.1(e) herein, the requirements of Sections 415.1 through 415.9 of the  
6 Planning Code shall apply, except that the "grandfathering" provisions of Planning Code  
7 Section 415.3(b) shall not apply to such sites and the following affordable housing  
8 requirements shall be applied to residential development on such sites:

9       —— (1) Fee. For a development project that is subject to the Residential  
10 Inclusionary Affordable Housing Program, the development project shall pay an affordable  
11 housing fee equivalent to a requirement to provide 30% of the units in the principal project as  
12 affordable units, using the method of fee calculation set forth in Section 415.5(b).

13       —— (2) On Site Housing. If the project sponsor of a housing development project is  
14 eligible and elects to construct units affordable to qualifying households on site of the principal  
15 project as set forth in Planning Code Section 415.5(g), the project sponsor shall construct a  
16 total of 23% of all units constructed on the project site as affordable housing and shall comply  
17 with all otherwise applicable requirements of Section 415.6. The on-site affordable units shall  
18 be affordable as follows. A minimum of 6% of the units shall be affordable to households  
19 earning up to 55% of Area Median Income, and 8% of the units shall be affordable to  
20 households earning up to 120% of Area Median Income, and 9% of the units shall be  
21 affordable to households earning up to 140% of Area Median Income.

22       —— (3) Off Site Housing. If the project sponsor of a housing development project is  
23 eligible and elects to provide units affordable to qualifying households off site of the principal  
24 project as set forth in Section 415.5(g), the project sponsor shall construct or cause to be  
25 constructed affordable housing equal to 30% of all units constructed on the principal project



1 ~~site as affordable housing and shall comply with all otherwise applicable requirements of~~  
2 ~~Section 415.7.~~

3 (a) For any project for which a complete development application has been submitted  
4 before October 1, 2018, the Inclusionary Affordable Housing Program set forth in Planning  
5 Code Sections 415.1 et seq. shall apply in the Divisadero Street NCT, except the temporary  
6 provisions of Planning Code Section 415.3(b) shall not apply and except as set forth in this  
7 Section 428.3(a). For any development site for which the Planning Department determines  
8 that the residential development potential within the Divisadero Street NCT has been  
9 increased through the adoption of the NCT rezoning set forth in Ordinance No. 127-15, as  
10 detailed in Section 428.1(e) herein, the requirements of Sections 415.1 et seq of the Planning  
11 Code shall apply, except as set forth in subsections (a)(1), (a)(2), and (a)(3), below, and the  
12 temporary provisions of Planning Code Section 415.3(b) shall not apply.

13 (1) Fee. For a development project of 10 or more dwelling units that is subject  
14 to the Inclusionary Affordable Housing Program, the development project shall pay an  
15 affordable housing fee equivalent to a requirement to provide 33% of the units in the principal  
16 project as affordable units if those units are Owned Units, or 30% of the units if the project is a  
17 Rental Housing Project, using the method of fee calculation set forth in Section 415.5(b).

18 (2) On-site. For a development project of 10 or more units that is subject to the  
19 Inclusionary Affordable Housing Program that elects to construct units affordable to qualifying  
20 households on-site of the principal project as set forth in Planning Code Section 415.5(g), the  
21 development project shall comply with all otherwise applicable requirements of Section 415.6,  
22 except that for all housing development projects consisting of 10 or more units, the following  
23 requirements shall apply.

24 (A) For a housing development project consisting of Owned Units, the  
25 number of affordable units constructed on site shall be 23% of all units constructed on the

1 site. A minimum of 12% of the units shall be affordable to low-income households, 5.5% of  
2 the units shall be affordable to moderate-income households, and 5.5% of the units shall be  
3 affordable to middle-income households. In no case shall the total number of affordable units  
4 required exceed the number required as determined by the application of the applicable on-  
5 site requirement rate to the total project units. Owned Units for low-income households shall  
6 have an affordable purchase price set at 80% of Area Median Income or less, with  
7 households earning up to 100% of Area Median Income eligible to apply for low-income units.  
8 Owned Units for moderate-income households shall have an affordable purchase price set at  
9 105% of Area Median Income or less, with households earning from 95% to 120% of Area  
10 Median Income eligible to apply for moderate-income units. Owned Units for middle-income  
11 households shall have an affordable purchase price set at 130% of Area Median Income or  
12 less, with households earning from 120% to 150% of Area Median Income eligible to apply for  
13 middle-income units.

14 (B) For a Rental Housing Project, the number of affordable units  
15 constructed on site shall be 20% of all units constructed on the site. A minimum of 12% of the  
16 units shall be affordable to low-income households, 4% of the units shall be affordable to  
17 moderate-income households, and 4% of the units shall be affordable to middle-income  
18 households. In no case shall the total number of affordable units required exceed the number  
19 required as determined by the application of the applicable on-site requirement rate to the  
20 total project units. Rental Units for low-income households shall have an affordable rent set at  
21 55% of Area Median Income or less, with households earning up to 65% of Area Median  
22 Income eligible to apply for low-income units. Rental Units for moderate-income households  
23 shall have an affordable rent set at 80% of Area Median Income or less, with households  
24 earning from 65% to 90% of Area Median Income eligible to apply for moderate-income units.  
25 Rental Units for middle-income households shall have an affordable rent set at 110% of Area

1 Median Income or less, with households earning from 90% to 130% of Area Median Income  
2 eligible to apply for middle-income units.

3 (3) Off-site. If the project sponsor of a housing development project of 10 or  
4 more units that is subject to the Inclusionary Affordable Housing Program elects to provide  
5 units affordable to qualifying housing households off-site of the principal project as set forth in  
6 Section 415.5(g), the project sponsor shall construct or cause to be constructed affordable  
7 housing equal to 33% of all units constructed on the principal project site as affordable  
8 housing if the units in the principal project are owned units, and 30 % if the project is a Rental  
9 Housing Project.

10 (b) For any project for which a complete development application has been submitted  
11 on or after October 1, 2018, the Inclusionary Affordable Housing Program set forth in Planning  
12 Code Sections 415.1 et seq, shall apply in the Divisadero Street NCT except as set forth in  
13 this section (b). For any development site for which the Planning Department has determined  
14 that the residential development potential has been increased through the adoption of the  
15 NCT rezoning set forth in Ordinance No. 127-15, as detailed in Section 428.1(e) herein, the  
16 requirements of Planning Code Sections 415.1 et seq. shall apply, except that the following  
17 affordable housing requirements shall be applied to residential development on such sites:

18 (1) Fee. For a development project of 10 or more dwelling units that is subject  
19 to the Inclusionary Affordable Housing Program, the development project shall pay an  
20 affordable housing fee equivalent to a requirement to provide 33% of the units in the principal  
21 project as affordable units if those units are Owned Units, or 30% of the units if the project is a  
22 Rental Housing Project, using the method of fee calculation set forth in Section 415.5(b).

23 (2) On-site. If the housing development project of 10 or more dwelling units that  
24 is subject to the Inclusionary Affordable Housing Program elects to construct units affordable  
25 to qualifying households on-site of the principal project as set forth in Planning Code Section

1 415.5(g), the project sponsor shall comply with all otherwise applicable requirements of  
2 Section 415.6, except that for all housing development projects consisting of 10 or more units,  
3 the number of affordable units constructed on-site shall be provided as follows.

4 (A) A project that consists of Owned Units shall provide 23% of units as  
5 affordable units at the following levels: ten percent shall have an average affordable purchase  
6 price set at 80% of Area Median Income; 8% shall have an average affordable purchase price  
7 set at 105% of Area Median Income; and 5% shall have an average affordable purchase price  
8 set at 130% of Area Median Income.

9 (B) A project that consists of Rental Units shall provide 23% of units in  
10 the as affordable units at the following levels: ten percent shall have an average affordable  
11 rent set at 55% of Area Median Income; 8% shall have an average affordable rent set at 80%  
12 of Area Median Income; and 5% shall have an average affordable rent set at 110% of Area  
13 Median Income.

14 (C) Notwithstanding subsections (b)(2)(A) and (b)(2)(B), the percentage  
15 and affordability levels of affordable units constructed on-site as set forth in subsections  
16 (b)(2)(A) and (b)(2)(B) shall be the same percentage and affordability levels as set forth in  
17 Section 206.3(f)(2)(A), as it may be amended from time to time, and in no case shall the  
18 percentage of affordable units constructed on-site pursuant to this section (b)(2) be less than  
19 the percentage required by Section 415.6 for projects consisting of 25 or more units. If the  
20 percentage of affordable units constructed on-site pursuant to this section (b)(2) would be less  
21 than the percentage set forth in Section 415.6 for projects consisting of 25 or more units, the  
22 percentage of affordable units set forth in Section 415.6 for projects consisting of 25 or more  
23 units shall apply.

24 (3) Off-site. If the project sponsor of a housing development project of 10 or  
25 more units is eligible and elects to provide units affordable to qualifying housing households

1 off-site of the principal project as set forth in Section 415.5(g), the project sponsor shall  
2 construct or cause to be constructed affordable housing equal to 33% of all units constructed  
3 on the principal project site as affordable housing if the units in the principal project are owned  
4 units, and 30% if the project is a Rental Housing Project.

5 (b) ~~Exemption for Affordable Housing. A project applicant shall not pay the affordable~~  
6 ~~housing fee for any space designated as a below market rate unit under Section 415.1 et~~  
7 ~~seq., the Citywide Inclusionary Affordable Housing Program, or any other residential unit that~~  
8 ~~is designated as an affordable housing unit under a Federal, State, or local restriction in a~~  
9 ~~manner that maintains affordability for a term no less than 50 years.~~

10 (c) ~~If the Board adopts higher inclusionary housing requirements, the higher~~  
11 ~~requirement shall apply.~~

12 **SEC. 428.4. IMPOSITION OF AFFORDABLE HOUSING REQUIREMENTS.**

13 (a) Determination of Requirements. The Planning Department shall determine the  
14 applicability of Sections 428.1 et seq. to any development project requiring a first construction  
15 document and, if Sections 428.1 et seq. is applicable, shall impose any such requirements as a  
16 condition of approval for issuance of the first construction document. The project sponsor shall supply  
17 any information necessary to assist the Department in this determination.

18 (b) Department Notice to Development Fee Collection Unit of Fee Requirements. After the  
19 Department has made its final determination regarding the application of the affordable housing  
20 requirements to a development project pursuant to Sections 428.1 et seq., it shall immediately notify  
21 the Development Fee Collection Unit at DBI of the applicable affordable housing fee amount in  
22 addition to the other information required by Planning Code Section 402(b).

23 (c) Process for Revisions of Determination of Requirements. If the Department or the  
24 Commission takes action affecting any development project subject to Sections 428.1 et seq. and such  
25

1 action is subsequently modified, superseded, vacated, or reversed by the Board of Appeals, the Board  
2 of Supervisors, or a court, the procedures of Planning Code Section 402(c) shall be followed.

3 **SEC. 428.5. USE OF FUNDS.**

4 The affordable housing fee specified in this Sections 428.1 et seq. for the Divisadero Street NCT  
5 and the Fillmore Street NCT shall be paid into the Citywide Affordable Housing Fund, established in  
6 Administrative Code Section 10.100-49, and the funds shall be separately accounted for. The Mayor's  
7 Office of Housing and Community Development shall expend the funds to increase the supply of  
8 housing affordable to qualifying households in the City. The funds may also be used for monitoring  
9 and administrative expenses subject to the process described in Planning Code Section 415.5(f).

10  
11 Section 3. The Planning Code is hereby amended by revising Sections 759 ~~746~~ and  
12 ~~747~~, to read as follows:

13 **SEC. 746 759. DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT**  
14 **DISTRICT.**

15 The Divisadero Street Neighborhood Commercial Transit District ("Divisadero Street  
16 NCT") extends along Divisadero Street between Haight and O'Farrell Streets. Divisadero  
17 Street's dense mixed-use character consists of buildings with residential units above ground-  
18 story commercial use. Buildings typically range in height from two to four stories with  
19 occasional one-story commercial buildings. The district has an active and continuous  
20 commercial frontage along Divisadero Street for most of its length. Divisadero Street is an  
21 important public transit corridor and throughway street. The commercial district provides  
22 convenience goods and services to the surrounding neighborhoods as well as limited  
23 comparison shopping goods for a wider market.

24 The Divisadero Street NCT controls are designed to encourage and promote  
25 development that enhances the walkable, mixed-use character of the corridor and

1 surrounding neighborhoods. Rear yard requirements above the ground story and at residential  
2 levels preserve open space corridors of interior blocks. Housing development in new buildings  
3 is encouraged above the ground story. Existing residential units are protected by limitations  
4 on demolition and upper-story conversions.

5 Consistent with Divisadero Street's existing mixed-use character, new commercial  
6 development is permitted at the ground and second stories. Most neighborhood-serving  
7 businesses are strongly encouraged. Controls on new Formula Retail uses are consistent with  
8 Citywide policy for Neighborhood Commercial Districts; Eating and Drinking and  
9 Entertainment uses are confined to the ground story. The second story may be used by some  
10 retail stores, personal services, and medical, business and professional offices. Additional  
11 flexibility is offered for second-floor Eating and Drinking, Entertainment, and Trade Shop uses  
12 in existing non-residential buildings to encourage the preservation and reuse of such  
13 buildings. Hotels are monitored at all stories. Limits on late-night activity, drive-up facilities,  
14 and other automobile uses protect the livability within and around the district, and promote  
15 continuous retail frontage.

16 If the Planning Department determines that any site proposed for residential development and  
17 located within the Divisadero Street NCT has received a 50% or greater increase in residential  
18 densities over prior zoning through the adoption of Ordinance No. 127-15, any development project  
19 that is subject to the Inclusionary Affordable Housing Program on such site shall pay the Affordable  
20 Housing Fee, or provide one of the Alternatives to Payment of the Affordable Housing Fee, set forth in  
21 Planning Code Sections 415 et seq., except that the amount of the Affordable Housing Fee or  
22 Alternatives to Payment of the Affordable Housing Fee shall be modified as set forth in Planning Code  
23 Sections 428 et seq. If the Board adopts inclusionary affordable housing requirements that are  
24 higher than those set forth in Sections 428 et seq., the higher requirements shall apply.

25 \* \* \* \*

1  
2           **SEC. 747. FILLMORE STREET NEIGHBORHOOD COMMERCIAL TRANSIT**  
3 **DISTRICT.**

4           The Fillmore Street Neighborhood Commercial Transit District ("Fillmore Street NCT")  
5 extends along Fillmore Street between Bush and McAllister Streets. Fillmore Street's dense  
6 mixed-use character consists of buildings with residential units above ground-story  
7 commercial use. Buildings range in height from one-story commercial buildings to high-rise  
8 towers. Fillmore Street and Geary Boulevard are important public transit corridors. The  
9 commercial district provides convenience goods and services to the surrounding  
10 neighborhoods as well as shopping, cultural, and entertainment uses that attract visitors from  
11 near and far.

12           The Fillmore Street NCT controls are designed to encourage and promote  
13 development that enhances the walkable, mixed-use character of the corridor and  
14 surrounding neighborhoods. Rear yard requirements at residential levels preserve open space  
15 corridors of interior blocks. Housing development in new buildings is encouraged above the  
16 ground story. Existing residential units are protected by limitations on demolition and upper-  
17 story conversions.

18           Consistent with Fillmore Street's existing mixed-use character, new commercial  
19 development is permitted at the ground and second stories. Most neighborhood- and visitor-  
20 serving businesses are strongly encouraged. Controls on new Formula Retail uses are  
21 consistent with Citywide policy for Neighborhood Commercial Districts; Eating and Drinking  
22 and entertainment uses are confined to the ground story. The second story may be used by  
23 some retail stores, personal services, and medical, business, and professional offices.  
24 Parking and hotels are monitored at all stories. Limits on drive-up facilities and other  
25



1 automobile uses protect the livability within and around the district and promote continuous  
2 retail frontage.

3 If the Planning Department determines that any site proposed for residential  
4 development and located within the Fillmore Street NCT has received a 50% or greater  
5 increase in residential densities over prior zoning through the adoption of Ordinance No. 126-  
6 15, any development project that is subject to the Inclusionary Affordable Housing Program on  
7 such site shall pay the Affordable Housing Fee, or provide one of the Alternatives to Payment  
8 of the Affordable Housing Fee, set forth in Planning Code Sections 415 et seq., except that  
9 the amount of the Affordable Housing Fee or Alternatives to Payment of the Affordable  
10 Housing Fee shall be modified as set forth in Planning Code Section 428 et seq. If the Board  
11 adopts inclusionary affordable housing requirements that are higher than those set forth in  
12 Sections 428 et seq., the higher requirements shall apply.

13 \* \* \* \*

14 Section 4. The Planning Code is hereby amended by revising Section 415.3(b), to  
15 read as follows:

16 (b)

17 \* \* \* \*

18 (3) During the limited period of time in which the provisions of Section 415.3(b)  
19 apply, for any housing development that is located in an area with a specific affordable  
20 housing requirement set forth in an Area Plan or a Special Use District, or in any other section  
21 of the Code such as Section 419, with the exception of the UMU Zoning District or in the  
22 South of Market Youth and Family Zoning District, the higher of the affordable housing  
23 requirement set forth in such Area Plan or Special Use District or in Section 415.3(b) shall  
24 apply. Any affordable housing impact fee paid pursuant to an Area Plan or Special Use  
25 District shall be counted as part of the calculation of the inclusionary housing requirements

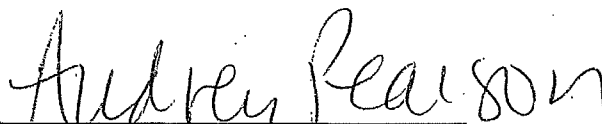
1 contained in Planning Code Sections 415.1 et seq. In the Divisadero Street NCT and the  
2 Fillmore Street NCT, the provisions of Section 415.3(b) shall not apply to certain sites, as set forth in  
3 the Divisadero Street NCT And Fillmore Street NCT Affordable Housing Fee And Requirements,  
4 Planning Code Sections 428.1 et seq.

5 \* \* \* \*

6 Section 5. Effective Date. This ordinance shall become effective 30 days after  
7 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
8 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
9 of Supervisors overrides the Mayor's veto of the ordinance.

10  
11 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
12 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
13 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
14 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
15 additions, and Board amendment deletions in accordance with the "Note" that appears under  
16 the official title of the ordinance.

17  
18 APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

19  
20 By:   
21 AUDREY WILLIAMS PEARSON  
Deputy City Attorney

22 n:\legana\las2018\1900103\01313429.docx

**REVISED LEGISLATIVE DIGEST**  
(Amended in Committee, 10/22/2018)

[Planning Code - Affordable Housing Requirement and Fee in Divisadero Street Neighborhood Commercial Transit District]

**Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

Existing Law

Residential development projects of 10 or more units are required to comply with inclusionary housing requirements, as provided in the Planning Code in Section 415. Projects may comply by paying a fee equivalent to a requirement to provide a specified percentage of units on-site, or by providing the units on-site or off-site. Section 415 requires that on-site units be affordable to households earning between 55% and 130% of the area median income (AMI). The fee or number of units required differ for projects depending on whether the project is between 10 and 24 units, or 25 or more units, and whether the project is an ownership or a rental project. Projects with environmental evaluation applications filed before January 12, 2016 are subject to temporary inclusionary affordable housing requirements.

Amendments to Current Law

The proposed amendments would create Section 428 of the Planning Code and would impose affordability requirements for certain projects in the Divisadero Street Neighborhood Commercial Transit District (NCT). If the Planning Department determines that the housing development potential on a site within the Divisadero Street NCT has been increased 50% or more through the adoption of rezoning set forth in Ordinance No. 127-15, a proposed housing development project on such site would be subject to specified inclusionary housing requirements.

Residential projects of 10 or more units that have submitted a complete development application before October 1, 2018 would comply with Section 415, except that the temporary inclusionary requirements in Section 415 would not apply, and projects would be required to provide affordable housing in the following amounts:

Fee/Off-site: Ownership project – 33%  
Rental Projects – 30%

On-site: Ownership: 23% at the following area median incomes (AMI)

- 12% low income (80% AMI)
- 5.5% moderate income (105% AMI)
- 5.5% middle income (130% AMI)

Rental: 20% at the following AMI's

- 12% low income (55% AMI)
- 4% moderate income (80% AMI)
- 4% middle income (110% AMI)

For projects of 10 or more units that have submitted a complete development application on or after October 1, 2018, projects would comply with Section 415, except that projects would be required to provide affordable housing in the following amounts:

Fee/Off-site: 33% for Ownership projects  
30% for Rental projects

On-site: Ownership: 23% at the following AMI's

- 10% low income (80% AMI)
- 8% moderate income (105% AMI)
- 5% middle income (130% AMI)

Rental: 23% at the following AMI's

- 10% low income (55% AMI)
- 8% moderate income (80% AMI)
- 5% middle income (110% AMI)

The percentage of affordable units and level of affordability for projects of 10 or more units that have submit a complete development application on or after October 1, 2018, shall be the same as the levels set forth in 206.3(f)(2)(A), the HOME-SF Program, as that program may be amended from time to time. However, the percentage of affordable units constructed on-site must always be higher than or equal to the percentage required by Section 415.6 for projects consisting of 25 or more units.



# SAN FRANCISCO PLANNING DEPARTMENT

MEMO

March 20, 2018

To: Ms. Angela Calvillo, Clerk, Board of Supervisors

From: Jacob Bintliff, Senior Planner, Planning Department  
[jacob.bintliff@sfgov.org](mailto:jacob.bintliff@sfgov.org), (415) 575-9170

Cc: Ted Egan, Chief Economist, Office of the Controller

Re: **Inclusionary Housing Study for the Divisadero and Fillmore NCTs;**  
**Board File No. 151258 Affordable Housing Requirements and Fee in Divisadero and**  
**Fillmore Neighborhood Commercial Transit Districts**

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

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415.558.6409

Planning  
Information:  
415.558.6377

Ordinance Number 158-17, adopted in July, 2017, established a requirement that an economic feasibility study be conducted to determine the feasibility of establishing specific on-site inclusionary housing requirements in certain areas where significant re-zonings have occurred in recent years. Specifically, Section 415.6 of the Planning Code was amended to state the following:

*The Planning Department, in consultation with the Controller, shall undertake a study of areas greater than 5 acres in size, where an Area Plan, Special Use District, or other re-zoning is being considered for adoption or has been adopted after January 1, 2015, to determine whether a higher on-site inclusionary affordable housing requirement is feasible on sites that have received a 20% or greater increase in developable residential gross floor area or a 35% or greater increase in residential density over prior zoning, and shall submit such information to the Planning Commission and Board of Supervisors.*

The Planning Department determined that these criteria were met by two recent re-zoning actions: the re-zonings of the Divisadero Street and Fillmore Street Neighborhood Commercial Districts (NCDs) to the Divisadero Street and Fillmore Street Neighborhood Commercial Transit Districts (NCTs), as established by Ordinances 127-15 and 126-15, respectively, in July, 2015.

As required, the Planning Department and Office of the Controller jointly conducted a financial feasibility study for these areas, which was prepared by a qualified economic consultant. The final report for the study was issued March 19, 2018 and has been submitted to the Planning Commission and is scheduled to be heard as an informational item at the Commission hearing on March 22, 2018.

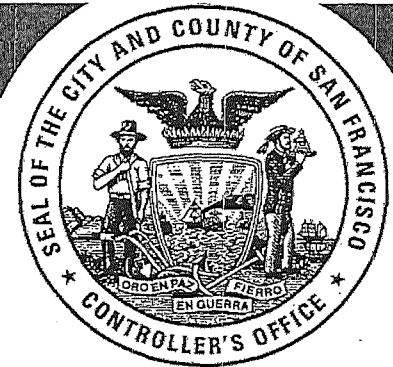
The final report is attached here for transmittal to the Board of Supervisors, as required by the Planning Code, and for consideration in relation to pending legislation regarding affordable housing requirements in the Divisadero and Fillmore NCTs (BF No. 151258).

Attachments:

Inclusionary Housing Analysis of Divisadero and Fillmore Street Rezoning, March 19, 2018

# Inclusionary Housing Analysis of Divisadero and Fillmore Street Rezoning

4480



**CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller  
City Planning Department

3.19.2018

## Reason for This Report

- In August, 2017, Ordinance 158-17 went into effect, which created a new requirement to study if significant rezoning creates the potential to increase inclusionary housing requirements, without undermining financial feasibility.
- The Planning Department has determined that this study is required for the 2015 rezonings of Neighborhood Commercial Districts (NCDs) to Neighborhood Commercial Transit Districts (NCTs) on Fillmore and Divisadero Streets.
- This report was prepared to summarize the key assumptions and findings of an economic feasibility study for these areas. This study was designed to estimate, for illustrative purposes only, the maximum potential on-site inclusionary housing requirement that would be economically feasible for a prototypical development project in these zoning districts, under current economic conditions and assuming that the entire amount of any value increase effected by the re-zoning would be absorbed by the on-site inclusionary requirement.

## Feasibility Studies and the Land Residual Method

- In 2016, the Controller's Office, other City staff, a team of consultants, and the Inclusionary Housing Technical Advisory Committee studied how the financial feasibility of prototypical housing projects in San Francisco would be affected by different city-wide inclusionary housing requirements.
- For this study, a third-party consultant worked with the same City departments to prepare the study and used the same general methodology as in 2016. Project prototypes that are representative of typical projects in these parts of the city were developed.
- Under prevailing housing prices, development costs (excluding land), inclusionary housing and other fees, and rate of return, the project's financial model generates a "residual land value": a maximum expenditure on land before a project is no longer feasible for the developer. If that amount meets or exceeds the value expectations of potential land sellers—then land may potentially transact for development of new housing.



## Estimating the Maximum Inclusionary Housing

- Two prototypes were prepared first to estimate the land residual values under the old zoning.
- The prototype projects were then revised to reflect different potential development options, based on the increased development capacity of the new zoning. Holding all other factors constant, these new prototype projects, with increased unit counts, would be anticipated to result in higher estimated land residual values.
- Raising inclusionary housing requirements for the new prototype projects, however, would lower the estimated land residual values. For illustrative purposes only, the assumed inclusionary housing requirement for each new prototype project was increased until the estimated land residual value equaled the estimated residual land value under the old zoning.

## The Prototypes

- Prototype A generally reflects a potential project typology in the Divisadero NCT, where the residential density limit was changed from a maximum of 1 unit per 800 square feet of lot area to no limit, and the most prevalent height district for potential development sites in the district is 65' feet.
- Prototype B generally reflects a potential project typology in the Fillmore NCT, where the residential density limit was changed from a maximum of 1 unit per 600 square feet of lot area to no limit, and the most prevalent height district for potential development sites in the district is 50' feet.
- Because the original density limitations were more restrictive and the prevalent height district is higher on Divisadero Street, the elimination of density controls has a greater potential impact on the estimated residual land value generated by development there than on Fillmore Street.

## The Pro Forma Models

- For each of the two prototypes, four different scenarios were examined:
  1. a baseline case, under the old zoning, assuming the projects were to be developed as for-sale condominiums
  2. potential for-sale condominium development under the new zoning, allowing more housing units, with more inclusionary housing.
  3. potential for-rent apartment development under the new zoning, with more inclusionary housing, assuming constant rent over the next 2 years.
  4. potential for-rent apartment development under the new zoning, with more inclusionary housing, assuming growing rent over the next 2 years.

## Construction Details

- Reflecting the greater impact of the re-zoning on Divisadero Street, residential gross square footage is projected to increase by approximately 100% for the Divisadero prototype, but only by approximately 30% for the Fillmore prototype.
- The number of units in the Divisadero prototype is projected to rise from 16 to 47 for a condominium project, and 53 for an apartment project. The Fillmore prototype is projected to grow from 21 units to 37 (condominiums) or 43 (apartments), under the new zoning. Actual project unit counts may vary in each NCT; in which case, the prototype analysis may not be applicable.
- The unit count grows by more than the residential square footage, because the units are expected to be smaller, on average.
- Because both projects would, under the old zoning, have fewer than 25 units, they would only have a 12% inclusionary housing requirement.
- Specific assumptions related to construction are shown on the next page.

# Analysis

## Construction Details

	Prototype A: Divisadero	Prototype B: Fillmore
Old Zoning		
Height (feet)	35	35
Residential Square Footage	24,000	29,625
# of Units	16	21
New Zoning - Condos		
Height (feet)	65	50
Residential Square Footage	48,375	39,000
# of Units	47	37
New Zoning - Apartments		
Height (feet)	65	50
Residential Square Footage	48,375	39,000
# of Units	53	42

## Financial Details

- Research was conducted to identify current (late 2017-early 2018) cost and revenue information for each prototype scenario. The findings are summarized on the next slide. In general, research showed a significant increase in costs, and only a limited increase, if any, in prices and rents, since 2016.
- Costs per net square foot (NSF), which are also reported on the next page, vary between the two prototypes due to project size and program differences.
- Rents at the time of completion are assumed to be approximately 2% higher in the growing-rent scenario, compared to current rents.

# Analysis

## Financial Details

	Prototype A: Divisadero	Prototype B: Fillmore
Old Zoning – Condos:		
Weighted Price/Rent per unit, market-rate	\$1,343,000	\$1,311,000
Total Cost per NSF	\$784	\$811
New Zoning – Condos:		
Weighted Price/Rent per unit, market-rate	\$973,000	\$993,000
Total Cost per NSF	\$758	\$832
New Zoning – Apartment (Current Rent):		
Weighted Price/Rent per unit, market-rate	\$3,650/month	\$3,785/month
Total Cost per NSF	\$748	\$841
New Zoning – Apartment (Growing Rent)		
Weighted Price/Rent per unit, market-rate	\$3,725/month	\$3,850/month
Total Cost per NSF	\$748	\$840

## Results

- The old-zoning prototypes used an inclusionary housing requirement of 12%, all at the low-income tier, because these projects would have less than 25 units.
- As discussed earlier, for illustrative purposes only, the inclusionary housing requirements for the four new zoning scenarios were set to equalize the residual land values to what they would be under the old zoning.
- The new-zoning prototypes assumed that, for condominiums, 50% of the inclusionary housing would go to low-income, 25% to moderate-income, and 25% to middle-income households and, for apartments, 56% of the inclusionary housing would go to low-income, 22% to moderate-income, and 22% to middle-income households.



# Analysis

## Results

	Prototype A: Divisadero	Prototype B: Fillmore
Old Zoning – Condos:		
Inclusionary Requirement	12%	12%
Total Land Residual Value	\$2.3 Million	\$3.9 Million
New Zoning – Condos		
Maximum Inclusionary	23%	13%
Total Land Residual Value	\$2.3 Million	\$3.9 Million
New Zoning–Apartment (Current Rent)		
Maximum Inclusionary	20%	5%
Total Land Residual Value	\$2.3 Million	\$3.9 Million
New Zoning–Apartment (Growing Rent)		
Maximum Inclusionary	22%	10%
Total Land Residual Value	\$2.3 Million	\$3.9 Million

# Conclusions

- The Divisadero prototype can support a maximum inclusionary housing requirement that is slightly higher than the current citywide inclusionary requirements adopted in 2017. This finding reflects the level of density increase established by the re-zoning in the Divisadero NCT, and an assumption – for the illustrative purposes of this analysis – that the residual land value of development sites would reflect land values under the previous density limit, with all additional value accruing to the development project.
- However, because the Fillmore Street rezoning resulted in a lower increase in residential development capacity, the Fillmore Street NCT prototype cannot support additional inclusionary housing requirements under current market conditions.
- In today's market, the Fillmore Street NCT prototype would not be feasible even with the current citywide inclusionary requirements for projects with more than 25 units.

# Attachment A

## Summary Table

NCT Feasibility Study - Fixed Land Value

CITY & COUNTY OF SAN FRANCISCO - NCT INCLUSIONARY HOUSING FEASIBILITY ANALYSIS

Inclusionary Scenario	Prototype A - Base Condominiums	Prototype B - Base Condominiums	Prototype A - Alternate Condominiums	Prototype B - Alternate Condominiums	Prototype A - Alternate Apartments - Current Rent	Prototype B - Alternate Apartments - Current Rent	Prototype A - Alternate Apartments - Growing Rent	Prototype B - Alternate Apartments - Growing Rent	
Affordability Assumption	12% at 80% AMI	12% at 80% AMI	11.5% at 80% AMI 5.8% at 105% AMI 5.6% at 130% AMI	6.5% at 80% AMI 3.7% at 105% AMI 3.3% at 130% AMI	11.4% at 85% AMI 4.4% at 110% AMI 4.4% at 130% AMI	2.8% at 85% AMI 1.2% at 110% AMI 1.1% at 130% AMI	12.2% at 85% AMI 4.4% at 110% AMI 4.2% at 130% AMI	5.6% at 85% AMI 2.4% at 110% AMI 2.2% at 130% AMI	
Inclusionary Percentage Assumption	7%	12%	25%	3%	21%	5%	22%	10%	
<b>Programmatic Summary:</b>									
1.) Construction Typology	Type V Condominiums	Type V Condominiums	Type V Condominiums	Type V Condominiums	Type V Apartments	Type V Apartments	Type V Apartments	Type V Apartments	
2.) Product Type	Condominiums	Condominiums	Condominiums	Condominiums	Apartments	Apartments	Apartments	Apartments	
3.) Building Stories	3 Stories	3 Stories	6 Stories	5 Stories	6 Stories	5 Stories	6 Stories	5 Stories	
4.) Bulkling Height	35 Feet	35 Feet	65 Feet	50 Feet	65 Feet	50 Feet	65 Feet	50 Feet	
5.) Efficiency Factor	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	
6.) Gross Square Feet:									
7.) Residential	24,000	29,625	48,375	39,000	48,375	39,000	48,375	39,000	
8.) Retail	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	
9.) Parking	3,500	5,375	5,375	5,375	5,375	5,375	5,375	5,375	
10.) Total Gross Square Feet	30,000	37,500	56,250	46,875	56,250	46,875	56,250	46,875	
11.) Unit Count	16	21	47	37	53	42	53	42	
12.) Average Unit Size	1125 NSF	1071 NSF	798 NSF	811 NSF	708 NSF	714 NSF	708 NSF	714 NSF	
13.) Parking Ratio	0.56:1	0.67:1	0.30:1	0.38:1	0.26:1	0.33:1	0.26:1	0.33:1	
14.) Parking Stalls	9	14	14	14	14	14	14	14	
15.) Parking Type	At Grade	At Grade	At Grade	At Grade	At Grade	At Grade	At Grade	At Grade	
<b>Project Budget (Total / Units):</b>									
16.) Land Cost	\$2.3M / \$145,000	\$3.9M / \$186,000	\$2.3M / \$50,000	\$3.9M / \$106,000	\$2.3M / \$44,000	\$3.9M / \$93,000	\$2.3M / \$44,000	\$3.9M / \$93,000	
17.) Hard Cost	\$9.9M / \$616,000	\$11.7M / \$557,000	\$20.7M / \$440,000	\$16.8M / \$455,000	\$21.5M / \$405,000	\$18.1M / \$430,000	\$21.5M / \$405,000	\$18.1M / \$430,000	
18.) City Required Impact & Other Fees	\$0.9M / \$55,000	\$1.0M / \$48,000	\$1.4M / \$31,000	\$1.2M / \$33,000	\$1.5M / \$28,000	\$1.3M / \$30,000	\$1.5M / \$28,000	\$1.3M / \$30,000	
19.) Soft Cost Excl. City Fees	\$2.6M / \$173,000	\$3.5M / \$165,000	\$5.7M / \$120,000	\$4.9M / \$132,000	\$4.5M / \$84,000	\$3.9M / \$93,000	\$4.5M / \$84,000	\$3.9M / \$93,000	
20.) Total Project Budget	\$15.9M / \$992,000	\$20.1M / \$956,000	\$30.1M / \$641,000	\$26.8M / \$725,000	\$29.7M / \$561,000	\$27.1M / \$645,000	\$29.7M / \$561,000	\$27.1M / \$645,000	
21.) Total Cost per NSF	\$784	\$811	\$758	\$832	\$748	\$841	\$748	\$840	
22.) Total Cost per GSF	\$529	\$535	\$535	\$572	\$529	\$578	\$529	\$578	
<b>Schedule Summary:</b>									
23.) Construction Start	Nov-18	Nov-18	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	
24.) Months of Construction	16 Months	18 Months	20 Months	20 Months	20 Months	18 Months	20 Months	18 Months	
25.) Construction End	Mar-20	May-20	Sep-20	Sep-20	Sep-20	Jul-20	Sep-20	Jul-20	
<b>Market Rate Units:</b>									
26.) Market Rate Units	14 Units	18 Units	36 Units	32 Units	42 Units	40 Units	41 Units	36 Units	
27.) Wtd. Average Sales Price/Rent	\$1,343,000 / \$1,205	\$1,311,000 / \$1,208	\$973,000 / \$1,210	\$993,000 / \$1,214	\$3,700 / \$5.15	\$3,800 / \$5.30	\$3,700 / \$5.26	\$3,900 / \$5.39	
<b>Inclusionary Housing Units:</b>									
28.) Inclusionary Units	2 Units	3 Units	11 Units	5 Units	11 Units	2 Units	12 Units	4 Units	
29.) Wtd. Average Sales Price/Rent	\$309,000 / \$257	\$296,000 / \$300	\$351,000 / \$451	\$350,000 / \$458	\$1,700 / \$2.45	\$1,300 / \$1.57	\$1,600 / \$2.27	\$1,400 / \$1.97	
30.) % of Total Unit Count	12.5%	14.3%	23.4%	13.5%	20.8%	4.8%	22.6%	9.5%	
<b>Project Economics:</b>									
31.) Minimum Target Return	20.0%	20.0%	21.3%	20.1%	5.0%	5.0%	5.0%	5.0%	
32.) Residential Land Price per Unit	\$145,000	\$186,000	\$50,000	\$106,000	\$44,000	\$93,000	\$44,000	\$93,000	

\*\* All financial and programmatic estimates are preliminary in nature for illustrative purposes and subject to change. \*\*

# Staff Contacts

15

Jacob Bintliff, City Planning Department

Ted Egan, Chief Economist, Controller's Office

151258

# MEMORANDUM

**To:** Members of the San Francisco Planning Commission

**From:** Sarah Dennis Phillips, OEWD  
 Sophie Hayward, MOHCD  
 Kearstin Dischinger, Planning Department

**CC:** Kate Stacey, Deputy City Attorney

**Date:** November 22, 2016

**Subject:** 2016 Residential Affordable Housing Nexus Analysis

The City's Inclusionary Affordable Housing Program, which requires certain residential development projects to pay an Affordable Housing Fee, is set forth in Planning Code Section 415 through 415.11. Consistent with the Mitigation Fee Act, Government Code Sections 66000 et seq., the City prepares nexus studies demonstrating that the construction of new residential developments results in the need for affordable housing, and updates such studies periodically. The attached *Residential Affordable Housing Nexus Analysis* for San Francisco has been prepared by Keyser Marston Associates, Inc,<sup>1</sup> as an update to the Residential Nexus Analysis completed in 2007.

### Summary of Findings

The attached *Residential Affordable Housing Nexus Analysis* (hereafter, 2016 Nexus Analysis) demonstrates and quantifies the impact of new market rate housing development on the demand for affordable housing for households earning up to 120% of area median income. The 2016 Nexus Analysis establishes the basis for calculating Affordable Housing Fees that could be imposed on a development project containing market rate housing in a manner consistent with the Mitigation Fee Act. The 2016 Nexus Analysis concludes that owner-occupied market rate housing results in a greater demand for affordable housing than renter-occupied market rate housing. The demand for affordable housing is quantified differently for particular housing developments, depending on: (i) whether the affordable housing is to be built on-site, or via an in-lieu fee or off-site, [and (ii) whether the market rate units are owner-occupied or renter-occupied.

*Basis for Percentages Used to Calculate Affordable Housing Fee:* The 2016 Nexus Analysis findings identify the percentage that, when applied to the number of market rate units in the principal project, would provide affordable units sufficient to mitigate the increased need for housing affordable to households earning up to 120% of area median income, as:

- 37.6 % for owner-occupied market rate housing (condominiums), and
- 31.8% for renter-occupied market rate housing (apartments)<sup>2</sup>.

<sup>1</sup> Keyser Marston is nationally recognized as an expert in jobs-housing linkage and residential nexus analyses. They prepared San Francisco's prior residential nexus analysis in April 2007, and have prepared nexus studies for most of the California cities with inclusionary housing requirements, including San Diego, Sacramento, San Mateo, Cupertino, Fremont, Hayward, Napa County, Mountain View, Emeryville, Daly City, Newark, Fremont, and Rancho Cordova, and a current update for San Jose.

<sup>2</sup> The difference between condominiums and apartments is due to the larger average size of condominiums, which require higher incomes to support, and therefore generate more expenditures on goods and services that generate new jobs at lower income levels.

In recognition of the fact that affordability gaps extend to households making over 120% of median income, the 2016 Nexus Analysis also provides, as an Appendix, information quantifying affordable housing impacts on households making up to 150% of area median income. It finds that when the needs of households from 120-150% of median income are considered, the maximum Affordable Housing Fee percentage increases by:

- 3.7% for owner-occupied market rate housing, to a total of 41.3% and
- 3.1% for renter-occupied market rate housing, to a total of 34.9%.

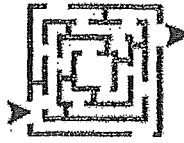
*On-Site Affordable Housing Requirement:* For informational purposes, the 2016 Nexus Analysis also calculates the percentage of units provided on-site within a project that would address affordable housing needs created by that project:

- 27.3% for owner-occupied market rate housing, and
- 24.1% for renter-occupied market rate housing.

When the needs of households from 120-150% of median income are considered, the percentage of units provided on-site within a project that would address affordable housing needs created by that project increases by:

- 1.9% for owner-occupied market rate housing, to a total of 29.2% and
- 1.8% for renter-occupied market rate housing, to a total of 25.9%.

Please feel free to contact Sarah Dennis Phillips in the Office of Economic and Workforce Development, Sophie Hayward in the Mayor's Office of Housing and Community Development, or Kearstin Dischinger in the Planning Department if you have any questions about this legal document.



# KEYSER MARSTON ASSOCIATES

RESIDENTIAL AFFORDABLE HOUSING  
NEXUS ANALYSIS  
SAN FRANCISCO, CALIFORNIA

*Prepared for:*  
**City and County of San Francisco**

*Prepared by:*  
**Keyser Marston Associates, Inc.**

**November 2016**

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## **I. SUMMARY OF ANALYSIS AND FINDINGS**

This residential nexus report documents and quantifies the linkages between new market-rate residential development in the City and County of San Francisco ("City") and the demand for additional affordable housing. The nexus analysis has been prepared to determine support for Affordable Housing Fee requirements under the City's Inclusionary Affordable Housing Program ("San Francisco Program"). This Summary contains a concise overview of the residential nexus analysis; full documentation of the analysis is contained in the body of the Report and its Appendices.

### **Residential Nexus Analysis**

This residential nexus analysis has been prepared for the limited purpose of determining nexus support for the San Francisco Program consistent with the requirements of the Mitigation Fee Act (Government Code Section 66000 et. seq.). The analysis establishes the maximum percentage basis for calculating Affordable Housing Fees that could be imposed on a development project containing market rate housing in a manner consistent with the requirements of the Mitigation Fee Act, referred to for purposes of this Report as the "Maximum Fee Percentage." The analysis calculates the demand for affordable housing generated by market rate development as a percentage of the total number of housing units in a development project containing market rate housing. This Maximum Fee Percentage is a multiplier that the City can use to quantify and impose Affordable Housing Fees to address the additional demand for affordable housing units resulting from development of market rate housing.

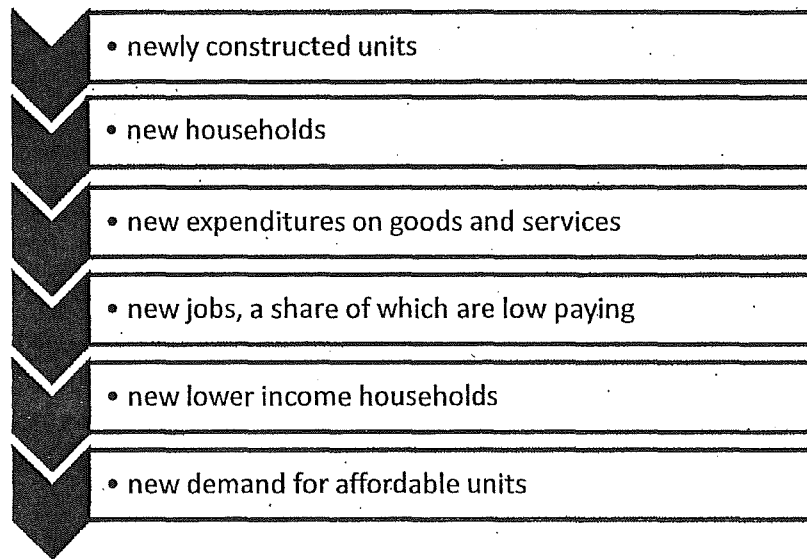
A residential nexus analysis demonstrates and quantifies the impact of new market rate housing development on the demand for affordable housing. The underlying nexus concept is that the newly constructed market rate units represent net new households in San Francisco. These households represent new income in San Francisco that will consume goods and services, either through purchases of goods and services or 'consumption' of government services. New consumption translates into jobs; a portion of the jobs are at lower compensation levels; low compensation jobs relate to lower income households that cannot afford market rate units in San Francisco and therefore need affordable housing.

The analysis quantifies affordable housing impacts from 0% through 120% of Area Median Income ("AMI" or "median income") consistent with the San Francisco Program's purpose to create affordable units for households earning up to a maximum of 120% of median income. The income range analyzed in this report from 0% through 120% of median income is referred to as "Low and Moderate Income."

## 1. Impact Methodology and Models Used

The analysis is performed using two models. The IMPLAN model is an industry accepted, commercially available model developed over 30 years ago to quantify the impacts of changes in a local economy, including the employment impacts of changes in personal income. The input into the IMPLAN model is the net new personal income that purchasers and renters of new market rate units in San Francisco have available for expenditure on a range of goods and services. The IMPLAN model quantifies the jobs generated within each industry sector that provide goods and services to new residents including retail, restaurants, personal services and others. The number of jobs by sector is then input into the KMA Jobs Housing Nexus model, which was initially developed over 25 years ago to analyze the income structure of job growth, to determine the number of Low and Moderate Income units needed to house the employees holding these jobs.

### Nexus Analysis Concept



To illustrate the linkages by looking at a simplified example, we can take an average household that buys a market rate condominium at a certain price. From that price, we estimate the gross income of the household (from mortgage rates and lending practices) and the portion of income available for expenditures. Households will "purchase" or consume a range of goods and services, such as purchases at the supermarket or services at the bank. Purchases in the local economy in turn generate employment. The jobs generated are at different compensation levels. Some of the jobs are low paying and as a result, even when there is more than one worker in the household, many still qualify as Low and Moderate Income and cannot afford market rate housing in San Francisco.

## 2. Market Survey and Residential Prototypes

The first step of the nexus analysis is to identify residential prototypes that are representative of what is generally being built by the private marketplace in San Francisco. KMA developed programmatic assumptions in consultation with the City for two residential prototypes – one owner-occupied prototype (referred to as “Condominium”) and one renter-occupied prototype (referred to as “Apartment”). KMA then undertook a market survey of projects covering these prototypes to estimate sales prices and rent levels for the prototype units. The prototypes are designed to be representative of residential development activity occurring in San Francisco as described in the Appendix A market survey. For San Francisco, the prototypical Condominium and Apartment units are in mid-rise projects of up to 85 feet in height, the height / density configuration with the greatest number of projects represented in the market survey. The prototypes are summarized in the following table.

Prototypical Market Rate Residential Units		
	<i>Condominium</i>	<i>Apartment</i>
Unit Size (net)	1,000 SF	850 SF
Price/Rent	\$1,000,000	\$4,250 /mo.
Per Square Foot	\$1,000 /SF	\$5.00 /SF

From the sales prices and rent levels, household income is determined using assumptions with respect to a share of income spent on housing and housing purchase terms. For Condominiums, KMA assumes 35% of owners' income is spent on housing (including mortgage payments, property taxes, home owner association dues, and insurance). Renters are assumed to spend 30% of their income on housing (including rent, utilities, and parking), a relationship established in the California Health and Safety Code and used throughout housing policy to relate income to affordable rental housing costs<sup>1</sup>.

Gross household income is adjusted to a net amount available for expenditures after deducting the portion of income dedicated to income taxes, contributions to Social Security and Medicare, savings, and repayment of household debt. Housing costs are not deducted as part of this adjustment step because they are addressed separately as expenditures within the IMPLAN model. In addition, an adjustment is made to account for a standard rental vacancy allowance of 5%. The adjusted household income available for expenditures becomes the input into the IMPLAN model. As a result, household income and expenditures associated with each of the prototypes are as follows:

<sup>1</sup> While a share of households in San Francisco spend more than 30% of their income on rent, the assumptions used in the analysis are intended to represent the generally higher-incomes of households occupying new market rate units. Anecdotally we know that some households do pay a higher percentage of their income toward rent and some pay a lower percentage, especially at the luxury end of the market. Using a percentage of income spent on rent above 30% would have reduced the nexus findings and using a figure less than 30% would have increased the nexus findings. See also the additional discussion in Section III.

Income Available for Expenditures		
	<i>Condominium</i>	<i>Apartment</i>
Gross Household Income	\$220,000	\$186,000
Percent of Income available for Expenditures	62%	65%
Spending Adjustment / Rental Vacancy	N/A	95%
Household Income Available for Expenditures		
One Unit	\$136,000	\$115,000
100 Units	\$13,640,000	\$11,500,000

The nexus analysis is conducted on 100-unit project modules (i.e., 100 new households) for ease of presentation and to avoid awkward fractions.

### 3. *New Services Employment*

The IMPLAN model was applied to link household income to job growth occurring in San Francisco. IMPLAN data sets are available for each county in the United States and are tailored to reflect the economic base in each area. The analysis uses the IMPLAN data set for San Francisco. The IMPLAN model distributes spending among various types of goods and services based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate employment generated. Job creation, driven by increased demand for products and services, is projected for each of the industries that will serve the new households. Employment in local government services such as Muni, Police and Fire was separately estimated by KMA and represents approximately 4% of the estimated employment. The employment generated in providing goods and services to new residents is summarized in the following table.

Jobs Generated Per 100 Units		
	<i>Condominium</i>	<i>Apartment</i>
Annual Household Expenditures (100 Units)	\$13,640,000	\$11,500,000
Total Jobs Generated, 100 Units	85.2	72.3

The IMPLAN model quantifies jobs generated at establishments that serve new residents directly (i.e., supermarkets, banks, or schools), jobs generated by increased demand at firms which service or supply these establishments (wholesalers, janitorial contractors, accounting firms, or any jobs down the service/supply chain from direct jobs), and jobs generated when the new employees spend their wages in the local economy and generate additional jobs. Retail, restaurants, and health care represent the largest share of jobs generated by household expenditures.

#### 4. Compensation Levels of Jobs and Household Income

The output of the IMPLAN model – the numbers of jobs by industry – is then entered into the Keyser Marston Associates jobs housing nexus analysis model to quantify the compensation levels of new jobs and the income of the new worker households. The KMA model sorts the jobs by industry into jobs by occupation, based on national data, and then attaches local wage distribution data to the occupations, using recent data for San Francisco from the California Employment Development Department. Further description is provided in Section III-C.

The KMA model makes a conversion from number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced. The calculation is shown in the table below. For purposes of the adjustment from jobs to housing units, the average of 1.74 workers per worker household in San Francisco is used<sup>2</sup>.

Adjustment from Number of Workers to Number of Households		
	Condominium	Apartment
Total Jobs Generated, 100 Units	85.2	72.3
Divide by Number of Workers per Worker Household in San Francisco	1.74	1.74
Net New Worker Households	49.0	41.5

The analysis distinguishes the net new worker households by income and determines the number of Low and Moderate Income Households from 0% through 120% of Area Median Income as well as the number above this income threshold as summarized in the table below.

New Worker Households per 100 Market Rate Units by Income		
	Condominium	Apartment
Low & Moderate Income Households, 0% to 120% AMI	37.6	31.8
Worker Households Above 120% AMI	11.4	9.7
Total, New Worker Households	49.0	41.5

Based on the lower compensation levels of many workers in retail, restaurants, and other services, many of the worker households are estimated to qualify as Low and Moderate Income. The number of Low and Moderate Income Households shown above represents the number of new affordable units required to offset the new affordable housing demand associated with services to each 100 new market rate residential units. Thus, a development project with 100 owner-occupied market rate Condominiums would result in the demand for just under 38 units affordable to Low and Moderate Income households earning between 0% and 120% of AMI. Likewise, a development project with 100 renter-occupied market rate

<sup>2</sup> The average number of workers per worker household is calculated using data from the 2011-2013 American Community Survey. The ratio of 1.74 results from dividing the reported number of workers living in San Francisco by the number households that have at least one member with wage or salary income (1.74 = 453,656 / 260,621).

Apartments would result in the demand for just under 32 units affordable to Low and Moderate Income households earning between 0% and 120% of AMI.

**5. Affordable Housing Fees: Maximum Fee Percentage Supported by Nexus**

San Francisco's Affordable Housing Fee is determined by multiplying a required affordable unit percentage by an affordability gap published by the Mayor's Office of Housing and Community Development. Currently, the maximum required affordable unit percentage used in determining the fee is 33% pursuant to Proposition C enacted in June 2016. This percentage is subject to potential adjustment by the Board of Supervisors based upon the findings of a separate Economic Feasibility Study as well as this nexus study.

The nexus analysis identifies the Maximum Fee Percentage supported by the nexus for purposes of determining the Affordable Housing Fees. The Maximum Fee Percentage is the percentage that, when applied to the number of market rate units in the principal project, would result in the number of affordable units sufficient to mitigate the increased need for housing affordable to Low and Moderate Income Households generated by the new market rate Condominiums and Apartments in the principal project. For Condominiums, the Maximum Fee Percentage is 37.6%. For Apartments, the Maximum Fee Percentage is 31.8%.

<i>Maximum Fee Percentage for Determining Affordable Housing Fee Supported by Nexus Analysis</i>		
	<i>Condominium</i>	<i>Apartment</i>
Maximum Fee Percentage Supported through 120% AMI	37.6%	31.8%

Source: KMA; see Table C-4

The dollar cost of mitigating the affordable housing impacts of the new market rate residential development may be determined by multiplying the Maximum Fee Percentage of 37.6% for Condominiums and 31.8% for Apartments by an affordability gap representing the net cost to produce each new unit of affordable housing. Affordability gaps are published by the Mayor's Office of Housing and Community Development and updated regularly for purposes of the Affordable Housing Fee. Because affordability gaps for San Francisco are published regularly and vary over time with changes in development costs and median income levels, the final step in the fee calculation, multiplication by an affordability gap to determine dollar mitigation cost, was not included in this report.

Analysis findings with respect to Condominiums are supportive of the current 33% requirement applicable to the determination of fees. Analysis findings for the Apartment support a reduced percentage of up to 31.8% for purposes of determining fees. Nexus findings address maximums with respect to determination of the Affordable Housing Fee, the primary requirement under the San Francisco Program. Alternatives to fee payment such as on-site provision of affordable units are not limited based on the findings of this analysis.

## 6. Additional Findings: On-Site Percentage Requirement Supported

The findings of the nexus analysis can also be used to calculate the percentage of units provided on-site within a project that would mitigate the affordable housing impacts. The percentages are different than the Maximum Fee Percentages provided above (under no. 5.) which relate to nexus support for San Francisco's existing Affordable Housing Fee, which is based on an off-site affordable housing mitigation. The on-site percentages supported are less than the percentages applicable to off-site units because, with on-site provision of affordable units, there are fewer market rate units in the project. This contrasts with off-site mitigation where the residential project is 100% market rate and all affordable units are assumed to be provided in a different building off-site. The on-site percentage calculations include both market rate and affordable units (for example, 37.6 affordable units per 100 market rate condominium units translates into a project of 137.6 units; 37.6 affordable units out of 137.6 units is equal to 27.3%). The table below presents the results of the analysis expressed as a maximum on-site inclusionary percentage supported.

<i>On-site affordable unit percentage supported</i>		
	<i>Condominium</i>	<i>Apartment</i>
Affordable Unit On-Site Percentage Supported through 120% AMI	27.3%	24.1%

Source: KMA

The above findings are provided for additional information that may be useful relative to consideration of potential future modifications to requirements.

Affordable housing impacts through 150% AMI were also quantified and, while not relevant to the current San Francisco Program, are provided in Appendix B for additional information.

## II. INTRODUCTION AND OVERVIEW

This residential nexus report documents and quantifies the linkages between new market-rate residential development in the City and County of San Francisco (City) and the demand for additional affordable housing. The report has been prepared to provide an analysis in support of the San Francisco Program and the Affordable Housing Fees required under the San Francisco Program consistent with the requirements of the Mitigation Fee Act (Government Code Section 66000 et. seq.). The nexus analysis has been prepared by Keyser Marston Associates, Inc. (KMA) in accordance with a contractual agreement.

### Existing Inclusionary Housing Program Overview

The San Francisco Program is set forth in Planning Code Section 415. The principal requirement under the San Francisco Program is payment of an Affordable Housing Fee. Alternatives to payment of the Affordable Housing Fee are inclusion of affordable units on-site within a project and off-site construction of affordable units. The San Francisco Program applies to projects of 10 units or more. Higher requirements apply to projects with 25 units or more.

The Affordable Housing Fee is calculated based on the number of affordable units that would be owed under the off-site alternative multiplied by an affordability gap. The off-site alternative for projects of 25 units or more is to provide the equivalent of 33% times the number of units in the principal project as affordable units in a separate location off-site. For projects of between 10 and 24 units, the off-site alternative is 20% times the number of units in the principal project. An affordability gap represents the net cost to produce a unit of affordable housing based on the difference between the development cost for a new unit and the value of the unit as restricted to an affordable housing cost. The affordability gap applied in the fee calculation is determined by the Mayor's Office of Housing and Community Development and is updated from time to time and indexed between full updates. This report does not analyze the Mayor's Office of Housing and Community Development's method of fee calculation, and this method of calculation does not factor into this nexus analysis.

The on-site alternative applicable to projects of 25 units or more is to provide 25% of the units in the project as on-site affordable units. For projects of between 10 and 24 units, the on-site alternative is to provide 12% of units as affordable.

Requirements differ for certain Area Plans and use districts but in no case exceed the 33% off-site percentage.

The requirements as described above reflect changes enacted by Proposition C, which voters passed in June 2016, and subsequent modifications to the Proposition C requirements that also took effect in June 2016. Modified requirements are phased in based on when an Environmental Evaluation application was submitted. Full phase in of requirements is



applicable to projects that applied after January 12, 2016. Requirements are subject to potential modification by the Board of Supervisors based on the findings of a separate Economic Feasibility Study as well as this nexus study.

### **Purpose and Use of This Study**

The nexus study has been prepared for the limited purpose of determining nexus support for the San Francisco Program consistent with the requirements of Government Code Section 66000. The analysis establishes the basis for calculating Affordable Housing Fees that could be imposed on a development project containing market rate housing in a manner consistent with the requirements of the Mitigation Fee Act, referred to for purposes of this Report as the "Maximum Fee Percentage." The analysis calculates the demand for affordable housing generated by market rate development as a percentage of the total number of housing units in a development project containing market rate housing. This Maximum Fee Percentage is a multiplier that the City can use to quantify and impose Affordable Housing Fees to address the additional demand for affordable housing units resulting from development of market rate housing.

This analysis has not been prepared as a document to guide policy design in the broader context. We caution against the use of this study, or any impact study for that matter, for purposes beyond the intended use. All nexus studies are limited and imperfect but can be helpful for addressing narrow concerns. The findings presented in this report represent the results of an impact analysis only and are not policy recommendations for changes to the San Francisco Program.

### **The Nexus Concept**

At its most simplified level, the underlying nexus concept is that the newly constructed units represent net new households in San Francisco. These households represent new income in San Francisco that will consume goods and services, either through purchases of goods and services or "consumption" of governmental services. New consumption creates a demand for new jobs; a portion of the jobs are at lower compensation levels; low compensation jobs translate into additional lower income households that cannot afford market rate units in San Francisco and therefore need affordable housing.

### **Methodology and Models Used**

To determine the impact of new market-rate housing on the need for affordable housing, this nexus analysis starts with the sales price or rental rate of a new market rate residential unit, and moves through a series of linkages to the gross income of the household that purchased or rented the unit, the income available for expenditures on goods and services, the jobs associated with the purchases and delivery of those services, the income of the workers doing those jobs, the household income of the workers and, ultimately, the affordability level of the

housing needed by the worker households and the cost of that housing. The steps of the analysis from household income available for expenditures to jobs generated were performed using the IMPLAN (Impact Analysis for PLANning) model, a model widely used for the past 35 years to quantify the impacts of changes in a local economy, including employment impacts from changes in personal income. Employment in governmental services such as Muni, Police and Fire is estimated separately based on existing City and County employment levels by department and application of analysis methodology drawn from prior fiscal impact analyses prepared for the City.

The output of the IMPLAN model (the number of jobs in various industries generated by household spending) and the estimated governmental services employment is input into KMA's own jobs housing nexus model. The KMA jobs housing nexus model was developed over 25 years ago and continually used and updated since then. The jobs housing nexus model calculates the income of worker households and sorts them by affordability level.

To illustrate the linkages by looking at a simplified example, we can take an average household that buys a house at a certain price. From that price, we estimate the gross income of the household (from mortgage rates and lending practices) and the portion of income available for expenditures. Households will "purchase" or consume a range of goods and services, such as purchases at the supermarket or services at the bank. Purchases in the local economy in turn generate employment. The jobs generated are at different compensation levels. Some of the jobs are low paying and as a result, even when there is more than one worker in the household, there are some Low and Moderate Income households who cannot afford market rate housing in San Francisco. Subsidies are required if their housing needs are to be met in San Francisco.

The IMPLAN model quantifies jobs generated at establishments that serve new residents directly (e.g., supermarkets, banks or schools), jobs generated by increased demand at firms that service or supply these establishments, and jobs generated when the new employees spend their wages in the local economy and generate additional jobs. The IMPLAN model estimates the total impact combined. The impacts estimated by IMPLAN are entirely attributable to the new household spending.

### **Market Rate Residential Project Types**

Two prototypical residential project types were selected for analysis. The prototypes were intended to be representative of market rate development activity occurring in San Francisco:

- Condominium Unit
- Apartment Unit

Only minor development activity is expected in the future for lower density residential building types such as Single Family, particularly above the 10-unit threshold subject to the San Francisco Program. Additional information on the prototypes can be found in Section III-A.

## **Low and Moderate Income Worker Households**

This analysis addresses the impact of new market rate residential development on the need for housing affordable to worker households with incomes from 0% through 120% of Area Median Income (AMI). This income range is consistent with the range of incomes currently covered by the San Francisco Program. Households within the 0% through 120% of Median Income range are referred to in this report as "Low and Moderate Income". Income limits applied in the analysis are from the schedule published by the Mayor's Office of Housing and Community Development and applicable to the San Francisco Program.

The on-site alternative to payment of the Affordable Housing Fee requires 15% of units be provided at Low-Income and 10% at Moderate / Middle-Income for a combined on-site affordable percentage of 25%. The off-site alternative requires 20% Low-Income and 13% Moderate / Middle Income units for a combined off-site affordable percentage of 33%. For purposes of these requirements, Low-Income is defined as up to 55% of AMI with respect to rental affordable units and up to 80% of AMI with respect to owner-occupied affordable units. Moderate and Middle are defined as up to 100% of AMI for rental affordable units and up to 120% of AMI for owner-occupied affordable units.

In addition to the findings regarding affordable housing impacts through 120% of Area Median Income, Appendix B contains supplemental information on impacts through 150% of Area Median Income.

## **Geographic Area of Impact**

The analysis quantifies impacts occurring within the City and County of San Francisco. The IMPLAN model computes the jobs generated within San Francisco and excludes those that occur outside the City. The analysis result would be higher if jobs located elsewhere in the Bay Area or beyond were included. For the San Francisco located employment, the KMA Jobs Housing Nexus Model is then used to analyze the income structure of jobs and their worker households without assumptions as to where the worker households live. Inclusion of all affordable housing impacts is appropriate for the nexus; however, it is a matter of policy whether to seek mitigation for the affordable housing needs of all workers or a reduced share of workers that are assumed to find housing in the City.

## **Net New Underlying Assumption**

An underlying assumption of the analysis is that households that purchase or rent new units represent net new households in San Francisco. If purchasers or renters have relocated from elsewhere in the city, vacancies have been created that will be filled. An adjustment to new construction of units would be warranted if San Francisco were experiencing demolitions or loss of existing housing inventory. However, the rate of housing unit removal is so low as to not

warrant an adjustment or offset<sup>3</sup>. On an individual project basis, if existing units are removed to redevelop a site to higher density, then the findings of this analysis would generally apply to the net increase in units on the site.

Since the analysis addresses net new households in San Francisco and the impacts generated by their need for goods and services, it quantifies net new demand for affordable units to accommodate new worker households. As such, the impact results do not address nor in any way include existing unmet needs or deficiencies in the supply of affordable housing.

### **Organization of Report**

The nexus analysis is presented in Part III of the report, in the following four sections:

- Section A. presents information regarding the prototypical new market rate residential units and the estimated household income of purchases or renters of those units.
- Section B. describes the approach to estimating the number of jobs in retail, restaurants, healthcare, government, and other sectors.
- Section C. describes the impact of employment growth associated with residential development on the need for new housing units affordable to Low and Moderate Income households.
- Section D. provides draft findings consistent with the requirements of the Mitigation Fee Act.

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<sup>3</sup> According to annual San Francisco Housing Inventory reports prepared over the five-year period from 2010 to 2014, a total of 103 housing units were demolished, excluding demolitions identified as occurring in relation to specific reconstruction projects resulting in an intensification in the overall number of residential units on the site. In relation to the overall housing stock of 376,942 per the 2010 U.S. Census, this represents a demolition rate of only 0.027%.

### III. NEXUS ANALYSIS

#### A. MARKET RATE UNITS AND HOUSEHOLD INCOME

This section describes the prototypical market rate residential units and the income of the purchaser and renter households. Market rate prototypes are representative of new residential units currently being built in San Francisco or that are likely to be built in San Francisco over the next several years. Household income is estimated based on the amount necessary for the mortgage or rent payments associated with the prototypical new market rate units and becomes the basis for the input to the IMPLAN model described in Section B of this report. These are the starting points of the chain of linkages that connect new market rate units to additional demand for affordable residential units.

##### **Recent Housing Market Activity and Prototypical Units**

KMA identified two residential prototypes in consultation with City staff, one Condominium and one Apartment. These prototypes are representative of the types of development that the City is currently seeing and expects to see over the coming years. They are based on projects recently built or in the development pipeline in San Francisco. KMA then undertook a market survey of new residential projects currently being marketed in San Francisco and obtained data on re-sales of units within recently built projects. As another indicator of market values, KMA obtained data on sales of existing but newer homes in San Francisco, focusing on units built since 2010. KMA also assembled data on asking rents in new apartments in San Francisco.

San Francisco has residential development activity occurring at a range of densities from low-rise projects to high-rise. Low-rise projects typically have four stories of wood-frame construction over a concrete podium. Mid-rise projects are generally projects of up to 85 feet in height and have concrete or steel construction. High-rise projects are projects above 85 feet in height. Minimal development activity is expected for lower density housing types such as single family. Appendix A contains the market survey of new residential projects currently marketing or recently completed. Of the ownership projects identified in the market survey, eight were in a low-rise configuration, eleven mid-rise and four high-rise. For rental, four projects identified in the market survey were low-rise, seven mid-rise, and five high-rise.

The results of the market survey and the selection of the two residential prototypes are summarized in the table on the following page. The main objective of the survey was to establish current market sales prices or rents, per unit and per square foot, for new market rate units in San Francisco. A mid-rise unit was selected to represent a typical unit for San Francisco given the greatest number of projects identified in the market survey for both rental and ownership were at the mid-rise density. The selected unit sizes of 1,000 square feet for the Condominium unit and 850 square feet for the Apartment are representative of unit sizes available in recent projects as described in Appendix A.

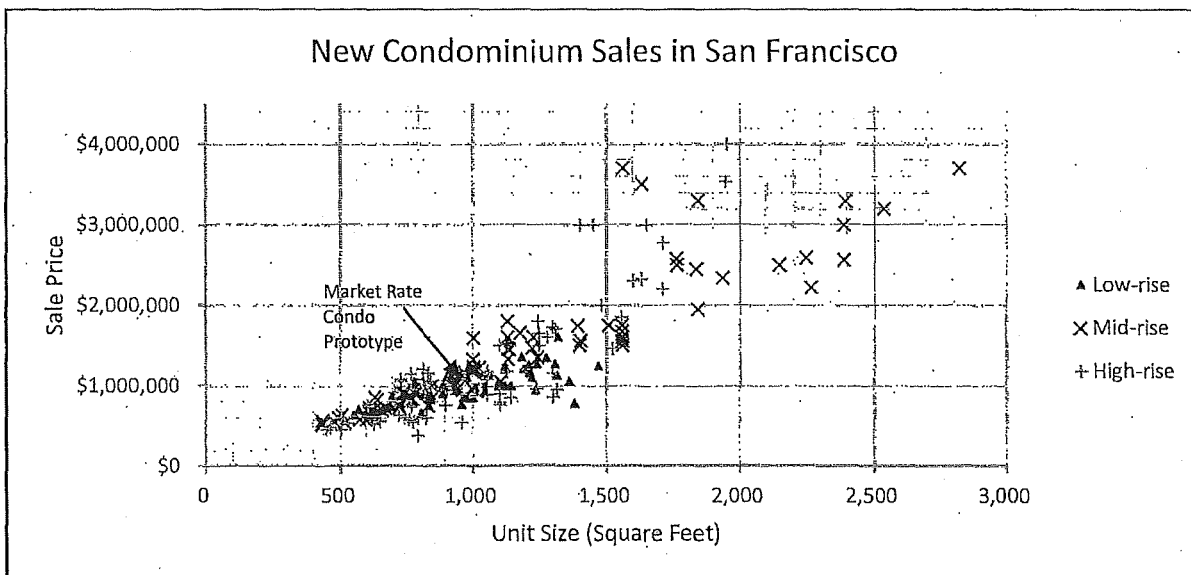
It is important to note that the residential prototypes analysis is intended to reflect typical residential projects in San Francisco rather than any specific project. It would be expected that specific projects would vary to some degree from the residential prototypes analyzed. In summary, the residential prototypes analyzed in the nexus analysis are as follows:

Prototypical Residential Units		
	Condominium	Apartment
Unit Size (net)	1,000 SF	850 SF
Price / Rent	\$1,000,000	\$4,250 /mo.
Per Square Foot	\$1,000 /SF	\$5.00 /SF

Source: KMA market survey; see Appendix A.

The market survey on which these prices and rents are based was completed in late spring 2015. Following completion of the survey, there are signs that the rental market may have reached a peak with some subsequent softening. However, in our opinion, shifts in the market since the time of the survey have not been substantial enough to necessitate an update.

The Condominium unit size and price of 1,000 net square feet and \$1,000,000, while based on a mid-rise unit, is also representative of overall development activity, inclusive of low-, mid- and high-rise units, as illustrated in the chart below.



Source: Appendix A market survey.

More discussion of the prototype selection and the supporting market survey tables are provided in Appendix A.

## Income of Housing Unit Purchaser or Renter

After the residential prototypes are established, the next step is to determine the income of the households purchasing or renting the prototypical units.

### *Condominium Unit*

For the ownership unit, a set of mortgage underwriting terms is used to calculate the income necessary to purchase the unit. The calculation is presented in Table A-1 at the end of this section. The terms for the purchase of the Condominium unit used in the analysis are slightly less favorable than what can be achieved at the current time since current terms are not likely to endure.

Purchasers of new units are estimated to make a down payment averaging 20% of the sale price, which is representative for new purchase loans being originated in San Francisco<sup>4</sup>.

The interest rate of 5.81% for a non-conforming loan reflects an estimate of the longer term average based on the experience over the past fifteen years<sup>5</sup> and includes an estimated 0.25% premium applicable for loans larger than the conforming loan limit (\$625,000 in San Francisco).

The total housing expense for the Condominium purchaser includes the primary mortgage principal and interest payment, homeowners' insurance, homeowner association dues, and property taxes, for purposes of determining mortgage eligibility<sup>6</sup>. The analysis estimates that the total housing expense is 35% of the gross household income. This figure is consistent with data on new purchase loans originated in San Francisco as well as the Health and Safety Code standard for maximum housing costs as a percentage of income<sup>7</sup> and criteria used by lenders to determine mortgage eligibility.<sup>8</sup>

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<sup>4</sup> Based on KMA review of data from Freddie Mac on its portfolio of mortgages within zip codes starting with 941 (includes San Francisco) and specific to principal residence purchase loans originated during the 1st quarter of 2014, the most recent period available at the time the data was accessed.

<sup>5</sup> Conforming loans are those that meet the guidelines for purchase by Fannie Mae and Freddie Mac. The interest rate is based on Freddie Mac Primary Mortgage Market Survey weekly average rates for 30 year fixed rate mortgages during the period from January 2000 through December 2014 in the West Region.

<sup>6</sup> Housing expenses are combined with other debt payments such as credit cards and auto loans to compute a Debt To Income (DTI) ratio which is a key criteria used for determining mortgage eligibility.

<sup>7</sup> New purchase loans in the local area have an average debt to income ratio of 37.7% based on data from Freddie Mac on its portfolio of mortgages within zip codes starting with 941 (includes San Francisco) and specific to principal residence purchase loans originated during the 1st quarter of 2014, the most recent period available at the time the data was accessed. However, the debt to income ratio includes other forms of debt such as student loans, credit cards, and auto loans, and the ratio considering only housing expenses would be less than 37.7%. For purposes of the analysis, a ratio of 35% was selected based upon the standard in California Health and Safety Code Section 50052.5(b)(4) for maximum housing costs as a percentage of gross income.

<sup>8</sup> Fannie Mae mortgage underwriting eligibility criteria establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit

### Apartment Units

Household income for renter households is estimated based on the assumption that housing costs represent, on average, 30% of gross household income. The 30% factor was referenced from the California Health and Safety Code Section 50052.5 standard for relating income to affordable rent levels.<sup>9</sup> While this percentage is higher than the overall Census average for San Francisco at 28%<sup>10</sup> and the 22% average specific to households with incomes above \$100,000<sup>11</sup>, these Census figures reflect the large stock of older units in San Francisco, many of which are subject to rent control, and are therefore not expected to be representative of new units at market rate rents.

In addition to rent, landlord parking charges and utility expenses are also considered as part of housing costs. Parking charges are estimated to average \$210 per month which reflects an estimated parking charge of \$350 per month per space multiplied by an average parking ratio of 0.6 spaces per unit. Parking charges are based on apartment properties included in the market survey and a recent feasibility study prepared for the City<sup>12</sup>. Utilities include direct-billed utilities and landlord reimbursements and were estimated based upon the San Francisco Housing Authority utility allowance schedule to total \$200 monthly.

The resulting relationship is that annual household income is 3.3 times annual housing costs.

The estimated required gross household incomes of the purchasers or renters of the prototype units are calculated in Tables A-1 and A-2 at the end of this section and summarized below.

Household Income		
	Condominium	Apartment
Gross Household Income	\$220,000	\$186,000

Source: KMA; see Tables A-1 and A-2.

### Income Available for Expenditures

The input into the IMPLAN model used in this analysis is the net income available for expenditures. To arrive at income available for expenditures, gross income must be adjusted for Federal and State income taxes, contributions to Social Security and Medicare, savings, and payments on household debt. Per KMA correspondence with the producers of the IMPLAN model (IMPLAN Group LLC), other taxes including sales tax, gas tax, and property tax are handled internally within the model as part of the analysis of expenditures. Payroll deduction for

criteria; however, most households have other forms of debt such as credit cards, student loans, and auto loans that would be considered as part of this ratio.

<sup>9</sup> Health and Safety Code Section 50052.5 defines affordable rent levels based on 30% of income.

<sup>10</sup> 2011-2013 American Community Survey.

<sup>11</sup> Calculated by KMA based on data from the 2011-2013 American Community Survey.

<sup>12</sup> Seifel Consulting. Transportation Sustainability Fee: Economic Feasibility Study. Spring 2015. Appendix Table C1a and C1b.



medical benefits and pre-tax medical expenditures are also handled internally within the model. Housing costs are addressed separately, as described below, and so are not deducted as part of this adjustment step. Table A-3 at the end of this section shows the calculation of income available for expenditures.

Income available for expenditures is estimated at approximately 62% of gross income in the case of the Condominium prototype and 65% for the Apartment prototype. The estimates are based on a review of data from the Internal Revenue Service (IRS), California Franchise Tax Board tax tables, and data from the Bureau of Economic Analysis. Per the IRS, households earning between \$200,000 and \$250,000 per year, or the residents of the prototypical Condominium units, who itemize deductions on their returns will pay an average of 16.8% of gross income for federal taxes (average tax rate not marginal). Households earning between \$100,000 and \$200,000 per year, or the residents of the Apartment units, who do not itemize deductions on their returns will pay an average of 14.1% of gross income for federal taxes<sup>13</sup>. State taxes are estimated to average 6% of gross income based on tax rates per the California Franchise Tax Board<sup>14</sup>. The employee share of FICA payroll taxes for Social Security and Medicare is 7.65% of gross income (conservatively assumes all earners in the household are within the \$118,500 ceiling on income subject to Social Security taxes).

Savings and repayment of household debt represent another necessary adjustment to gross income. Savings includes various IRA and 401(k) type programs as well as non-retirement household savings and investments. Debt repayment includes auto loans, credit cards, and all other non-mortgage debt. Overall, savings and repayment of debt are estimated to represent a combined 8% of gross income based on the 20 year average derived from United States Bureau of Economic Analysis data<sup>15</sup>. Data suggests that savings rate varies by income, with high income households saving a larger percentage of their gross income than the average. Data published by the National Bureau of Economic Research indicate that the average savings rate for households varies by income percentile, with households in the top 10% of income nationwide saving, on average, 20% of their income annually (the average for 2000-2012)<sup>16</sup>. Due to the high cost of housing and other living expenses in San Francisco, it is likely that savings rates do not approach the national average until households are at a much higher income level. For purposes of the nexus analysis, savings rates are estimated based on the national averages from the Bureau of Economic Analysis.

Housing costs are not deducted from gross income prior to running the IMPLAN model. This is for consistency with the IMPLAN model, which defines housing costs as expenditures. The

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<sup>13</sup> Average tax rates with and without itemized deductions were computed by KMA based on data from U.S. Internal Revenue Services, Tax Statistics, Tables 1.1 and 2.1.

<sup>14</sup> Franchise Tax Board. 2014 California Tax Rate Schedules.

<sup>15</sup> U.S. Bureau of Economic Analysis data, National Income and Product Accounts, Table 2.1 "Personal Income and Its Disposition."

<sup>16</sup> Emmanuel Saez and Gabriel Zucman. "Wealth Inequality in the United States Since 1913: Evidence from Capitalized Income Tax Data." National Bureau of Economic Research, Working Paper 20625. October 2014.

IMPLAN model addresses the fact that expenditures on housing do not generate employment to the degree that other expenditures such as retail or restaurants do, but there is some limited maintenance and property management employment generated.

After deducting income taxes, Social Security, Medicare, savings, and repayment of debt, the estimated income available for expenditures is 62% for the Condominium prototype and 65% for the Apartment prototype. These are the factors used to adjust from gross income to the income available for expenditures, which is the input for the IMPLAN model. As indicated above, other forms of taxation such as property tax are handled internally within the IMPLAN model.

For the Apartment, expenditures are also adjusted downward by a 5% allowance for standard operational vacancy. This figure is intended to represent a longer term average vacancy rate. The 5% vacancy assumption is consistent with the average rental vacancy rate for San Francisco per the 2010 Census of 5.4% and is slightly above the average reported by RealFacts as of 2015, Q1 of 4.5%.

Estimates of household income available for expenditures are summarized in the table below with additional detail presented in Tables A-3 and A-4 at the end of this section.

Income Available for Expenditures		
	<i>Condominium</i>	<i>Apartment</i>
Gross Household Income	\$220,000	\$186,000
Percent of Income Available for Expenditures	62%	65%
Spending Adjustment / Rental Vacancy	N/A	95%
Household Income Available for Expenditures		
One Unit	\$136,000	\$115,000
100 Units	\$13,640,000	\$11,500,000

The nexus analysis is conducted on 100-unit building modules for ease of presentation, and to avoid awkward fractions. The spending associated with 100 market rate residential units is the input into the IMPLAN model.

**TABLE A-1  
 CONDOMINIUM UNIT  
 SALES PRICE TO INCOME RATIO  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

			<u>Condo</u>
Sales Price	\$1,000 /SF	1,000 SF <sup>1</sup>	\$1,000,000 <sup>1</sup>
Mortgage Payment			
Downpayment @ 20%		20% <sup>2</sup>	\$200,000
Loan Amount			\$800,000
Interest Rate			5.81% <sup>3</sup>
Term of Mortgage			30 years
Annual Mortgage Payment	\$4,700 /month		\$56,400
Other Costs			
Property Taxes	1.24% of sales price <sup>4</sup>		\$12,415
HOA Dues	\$600 per month <sup>5</sup>		\$7,200
Homeowner Insurance	0.10% of sales price <sup>6</sup>		\$1,000
Total Annual Housing Cost	\$6,400 /month		\$77,015
% of Income Spent on Hsg			35% <sup>7</sup>
<b>Annual Household Income Required</b>			<b>\$220,000</b>
Sales Price to Income Ratio			4.5

Notes

- (1) Based on Market Survey.  
 (2) Representative down payment based upon a review of Freddie Mac data on new purchase loans originated in zip codes corresponding to San Francisco for the 1st Quarter of 2014, the most recent year available.  
 (3) Average mortgage interest rate derived from Freddie Mac Primary Mortgage Market Survey, West Region. Based on weekly average rates for 30 year fixed rate mortgages during the fifteen year period from 1/2000 through 12/31/2014. Includes a 0.25% premium to reflect the non-conforming nature of the loan (jumbo loan).  
 (4) Property tax rate is inclusive of ad valorem taxes, fixed charges and assessments. Source: ListSource.  
 (5) Based on Market Survey.  
 (6) Estimated from quotes obtained from Progressive Insurance.  
 (7) Ratio is consistent with Fannie Mae mortgage underwriting eligibility criteria which establishes a debt to income threshold of 36% above which tighter credit standards apply. A debt to income ratio of up to 45% is permitted for borrowers meeting specified credit criteria. Ratio is also consistent with the California Health and Safety Code standard for relating income to housing costs for ownership units. Freddie Mac data on new purchase loans originated in zip codes corresponding to San Francisco for the 1st Quarter of 2014 indicates an average debt to income ratio of 38%; however, most households have other forms of debt such as credit cards, student loans, and auto loans that are considered as part of this ratio and the ratio considering housing costs only would be lower.

**TABLE A-2  
 APARTMENT UNIT  
 RENT TO INCOME RATIO  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

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	<u>Apartment</u>		
Housing Costs			
Monthly Rent	\$5.00 /SF	850 SF <sup>1</sup>	\$4,250 <sup>1</sup>
Parking <sup>2</sup>	\$350	0.60 sp/unit	\$210
Utilities <sup>3</sup>			<u>\$200</u>
Monthly Housing Cost			\$4,660
Annual Housing Cost			\$55,920
% of Income Spent on Housing			30% <sup>4</sup>
<b>Annual Household Income Required</b>			<b>\$186,000</b>
Annual Rent to Income Ratio			3.3

Notes

- (1) Based on the results of the market survey. Represents rent levels applicable to new units.  
 (2) Based on survey of parking charges for new apartment properties included in the market survey. Also consistent with parking estimate for mid-rise apartments per Seifel Consulting, Transportation Sustainability Fee: Economic Feasibility Study, Spring 2015, Appendix Table C1a and C1b. Parking ratio estimated based on projects included in the market survey.  
 (3) Monthly utilities include direct-billed utilities and landlord reimbursements estimated from SFHA utility allowance schedule.  
 (4) While landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average.

**TABLE A-3  
 INCOME AVAILABLE FOR EXPENDITURES<sup>1</sup>  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

	<u>Condo</u>	<u>Apartment</u>
Gross Income	100%	100%
<u>Less:</u>		
Federal Income Taxes <sup>2</sup>	16.8%	14.1%
State Income Taxes <sup>3</sup>	6%	6%
FICA Tax Rate <sup>4</sup>	7.65%	7.65%
Savings & other deductions <sup>5</sup>	8%	8%
<b>Percent of Income Available for Expenditures<sup>6</sup> [Input to IMPLAN model]</b>	<b>62%</b>	<b>65%</b>

**Notes:**

- <sup>1</sup> Gross income after deduction of taxes and savings. Income available for expenditures is the input to the IMPLAN model which is used to estimate the resulting employment impacts. Housing costs are not deducted as part of this adjustment step because they are addressed separately as expenditures within the IMPLAN model.
- <sup>2</sup> Reflects average tax rates (as opposed to marginal) based on U.S. Internal Revenue Services, Tax Statistics, Tables 1.1 and 2.1. Homeowners are assumed to itemize deductions. Renter households are assumed to take the standard deduction. For the Condo prototype, the average tax rate for AGI of \$200,000 to \$250,000 for those itemizing deductions is applied at 16.8%. For the Apartment prototype, the average rate for AGI of \$100,000 to \$200,000 for tax payers not itemizing deductions is applied at 14.1%.
- <sup>3</sup> Average tax rate estimated by KMA based on marginal rates per the California Franchise Tax Board and ratios of taxable income to gross income estimated based on U.S. Internal Revenue Service data. The average tax rates are based upon an average of single and married tax schedules weighted based upon the percentage of married households living in San Francisco per the 2009-2013 American Community Survey.
- <sup>4</sup> For Social Security and Medicare. Conservatively assumes all income will be subject to Social Security taxes. The current ceiling on applicability of Social Security taxes is \$118,500 (ceiling applies per earner not per household).
- <sup>5</sup> Household savings including retirement accounts like 401k / IRA and other deductions such as interest costs on credit cards, auto loans, etc, necessary to determine the amount of income available for expenditures. The 8% rate used in the analysis is based on the average over the past 20 years computed from U.S. Bureau of Economic Analysis data, specifically the National Income and Product Accounts, Table 2.1 "Personal Income and Its Disposition."
- <sup>6</sup> Deductions from gross income to arrive at the income available for expenditures are consistent with the way the IMPLAN model and National Income and Product Accounts (NIPA) defines income available for personal consumption expenditures. Income taxes, contributions to Social Security and Medicare, and savings are deducted; however, property taxes and sales taxes are not. Housing costs are not deducted as part of the adjustment because they are addressed separately as expenditures within the IMPLAN model.

**TABLE A-4  
HOUSEHOLD INCOME: 100 MARKET RATE UNITS  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA**

		<u>Per Unit</u>	<u>Per Sq.Ft.</u>	<u>100 Unit Building Module</u>
<b>CONDO</b>				
Units				<b>100 Units</b>
Unit Square Feet		1,000		100,000
Sales Price		\$1,000,000	\$1,000	\$100,000,000
Sales Price to Income Ratio		4.5		4.5
Gross Household Income		\$220,000		\$22,000,000
Income Available for Expenditure <sup>1</sup>	62% of gross	\$136,000		<b>\$13,640,000</b>
<b>APARTMENT UNIT</b>				
Units				<b>100 Units</b>
Unit Square Feet		850		85,000
Housing Costs				
Monthly (with parking and utilities)		\$4,660		\$466,000
Annual		\$55,920		\$5,592,000
Housing Cost to Income Ratio		3.3		3.3
Gross Household Income		\$186,000		\$18,600,000
Income Available for Expenditure <sup>1</sup>	65% of gross	\$121,000		\$12,090,000
Income Available for Expenditures after Vacancy Adjustment <sup>2</sup>	5% vacancy	\$115,000		<b>\$11,500,000</b>

Notes:

(1) Represents net income available for expenditures after income tax, payroll taxes, and savings. See Table A-3 for derivation.

(2) Represents the estimated household income available for expenditures in 100 units, as adjusted downward by a factor to account for standard operational vacancy in rental units.

Source: See Tables A-1 through A-3.

## **B. SERVICES EMPLOYMENT**

Consumer spending by residents of new housing units will create jobs, particularly in sectors such as restaurants, health care, and retail, which are closely connected to the expenditures of residents. The widely used economic analysis tool, IMPLAN (Impact Analysis for PLANning), was used to quantify new jobs generated by the consumer expenditures of residents. In addition, residents of new housing units will also utilize public sector services such as MUNI, police and fire/EMS services. Since the IMPLAN results do not reflect employment in local government services, a separate estimate was prepared applying a methodology adapted from fiscal impact analyses and applied to current City and County of San Francisco employment by major service department.

### **IMPLAN Model**

The IMPLAN model is an economic analysis software package now commercially available through the IMPLAN Group, LLC. IMPLAN has been in use since 1979 and refined over time. It is a widely used tool for analyzing economic impacts for a broad range of applications.

IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is generated by tracking changes in purchases for final use (final demand) as they filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers, which in turn, purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle. This allows the user to identify how a change in demand for one industry will affect a list of over 500 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

Data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis utilizes the data set for San Francisco City and County. As will be discussed, much of the employment impact is in local-serving sectors, such as retail, eating and drinking establishments, and medical services. A significant portion of these jobs will be located in San Francisco. In addition, the employment impacts will extend throughout the Bay Area and beyond based on where jobs are located that serve San Francisco residents. However, consistent with the conservative approach taken in the nexus analysis, only the impacts that occur within San Francisco are included in the analysis.

The IMPLAN model was applied to link income to household expenditures to job growth. Employment generated by the household income of residents is analyzed in modules of 100 residential units to simplify communication of the results and avoid awkward fractions. The IMPLAN model distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate employment generated. The Consumer Expenditure Survey published by the Bureau of Labor Statistics tracks expenditure patterns by income level. IMPLAN utilizes this data to reflect the pattern by income bracket. Both of the San Francisco prototypes are in the \$150,000 and up income category. The jobs counted in the IMPLAN model cover all jobs, full and part time, similar to the U.S. Census and all reporting agencies (unless otherwise indicated).

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. A summary of the estimated employment generated by new household spending is summarized below.

<b>Jobs Generated Per 100 Units</b>		
	<i>Condominium</i>	<i>Apartment</i>
Annual Household Expenditures, 100 Units	\$13,640,000	\$11,500,000
Total Jobs Generated, 100 Units	82.6	69.7

Source: KMA, IMPLAN

### **Local Government Services Employment**

Increased employment associated with local government service provision to new residents was estimated based upon current City and County of San Francisco employment levels and application of a methodology adapted from fiscal impact analyses previously prepared on behalf of the City<sup>17</sup>. The approach results in an estimate of the net increase in local government employment in response to increased demands for service by residents in new market rate units.

The table on the following page summarizes the analysis. Figures presented in the table below are also presented in terms of jobs per 100 market rate units to remain consistent with analyses throughout this report which relate findings to prototypical market rate projects of 100 units in size. Additional supporting detail is provided in Appendix C Tables 1 and 2.

<sup>17</sup> Fiscal impact analyses referenced for purposes of this estimate include: Economic and Planning Systems, A Study of the Economic and Fiscal Impact of the University of California San Francisco, June 2010. Keyser Marston Associates, Inc., Fiscal Impact Analysis - Infrastructure Financing District No. 1 (Rincon Hill Area) DRAFT, December 2010. CBRE, Park Merced Fiscal and Economic Impact Analysis Overview, January 2011.



Estimated Local Government Services Employment		
	City-Wide Total	Per 100 Residential Units*
1) Total local government services employment, FY 2014-15	33,837	8.95
2) Less: share of employment that would not increase in response to additional service demands	(20,822)	(5.51)
3) Less: portion allocable to businesses / visitors	(3,188)	(0.84)
4) Net estimated local government services employment that serves residents and varies with service demands	9,827	2.60

\* Calculated by dividing City-Wide Total by the 378,186 residential units in San Francisco per the 2009-2013 American Community Survey and multiplying by 100.

*Current local government employment (No. 1 in table above)* – For the analysis of public sector employment, the starting point is total City and County employment of 33,837 for FY 2014-15, as identified in the City's annual salary ordinance. Employment is separately identified for each major City service department as shown in Appendix C, Table 2.

*Remove share of employment that does not vary based on increased service demands (No. 2 in table above)* – Employment associated with specific City facilities such as museums and the airport are not likely to measurably increase in response to increased service demands from new residents. In addition, management and administrative staff would not be expected to increase proportionate to increased service demands. Examples of services that could be expected to vary in response to increased service demands include police, fire/EMS, and MUNI. A set of factors drawn from prior fiscal analyses is used to separate the “non-variable” from the “variable” component of employment within each major service department that would respond to increased service demands. It is estimated that approximately 20,822 employees or 62% of existing local government employment is “non-variable” and would not be subject to increase in proportion to an increase in service demands. The remaining 38% of local government employment is expected to vary in response to increased service demands. See Appendix C Table 2 for detailed estimates by major City service department.

*Remove employment allocable to services provided to businesses and visitors (No. 3 in table above)* – Since many City departments serve businesses and visitors in addition to residents, an adjustment is necessary to determine the remaining employment allocable to services for residents. Again, an allocation approach adapted from fiscal impact analysis is applied. Departments that service primarily residents, such as parks, are allocated to the residential population. For departments serving both residents and businesses, a “resident equivalent” service population is used to make the allocation. Each resident is weighted as one resident equivalent and each employee is weighted as 0.5 resident equivalents (see Appendix C, Table 1 for supporting calculations). Applying this metric, it is estimated that approximately 75% of the “variable” portion of local government services employment is attributable to residents.

The portion of total local government employment allocable to services provided to residents and that would vary in response to service demands is estimated at 9,827 jobs (line 4 of the table on the prior page), representing 29% of the 33,837 total employees of the City and County. This 9,827 jobs represents 2.6 jobs for each 100 residential units in the City (results are expressed per 100 units for consistency with analyses throughout this Report). The 2.6 jobs per 100 units are included as part of the estimated services employment impacts of new market rate residential units.

As a point of comparison, the overall growth in City and County employment relative to the change in residential units over the past 20 years has been more than four times higher than the estimate of 2.6 employees per 100 units as applied in the analysis<sup>18</sup>; however, a share of the increased public sector employment growth over the past 20 years is likely attributable to service demands from businesses and / or increased overall levels of service and so should not be allocated solely to the new residential units.

This separate analysis of local government services employment was conducted because the IMPLAN results do not include government services employment. The methodology used is adapted from fiscal impact analyses prepared to analyze the cost of providing public services to specific development projects. The resulting number of local government services jobs is based on an estimate of the demand or "need" for public services. The approach differs from that of the IMPLAN model which is based on tracking household expenditures and their impact on the local economy and the resulting number of jobs in various sectors.

### Estimated Job Growth

A combined estimate of job growth is summarized below inclusive of estimated employment generated by new household spending from the IMPLAN model and the local government services employment that was separately estimated.

Jobs Generated Per 100 Units		
	Condominium	Apartment
Jobs generated from expenditures from IMPLAN	82.6	69.7
Jobs in local government services	2.6	2.6
Total Jobs Generated, 100 Units	85.2	72.3

Source: KMA, IMPLAN

Table B-1 provides a detailed summary of employment generated by industry sector. Estimated employment is shown for each industry sector representing 1% or more of total employment. The jobs that are generated are heavily retail jobs, jobs in restaurants and other eating establishments, and in services that are provided locally such as health care.

<sup>18</sup> Employment with the City and County of San Francisco increased by 3,999 positions over the 20-year period from FY 1994-95 to 2014-15 based upon totals reported in the City's annual salary ordinance. During the same period, the net increase in housing units was 35,278 based on data in the 2014 San Francisco Housing Inventory prepared by the Planning Department, resulting in a ratio of 11.3 jobs for each 100 new residential units; however, presumably much of this growth in public sector employment is attributable to other factors such as growth in service demands from the significant increase in private employment in San Francisco over the period and / or increased levels of service.

**TABLE B-1  
 IMPLAN MODEL OUTPUT<sup>3</sup>  
 EMPLOYMENT GENERATED  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

<i>Per 100 Market Rate Units</i>	<u>Condo</u>	<u>Apartment</u>	<u>% of Jobs</u>
<b>Household Expenditures (100 Market Rate Units) <sup>1</sup></b>	<b>\$13,640,000</b>	<b>\$11,500,000</b>	
<b>Jobs Generated by Industry <sup>2</sup></b>			
Full-service restaurants	5.0	4.2	6%
Individual and family services	4.8	4.1	6%
Limited-service restaurants	3.8	3.2	4%
All other food and drinking places	<u>2.4</u>	<u>2.0</u>	<u>3%</u>
Subtotal Restaurant	16.1	13.5	19%
Retail - Food and beverage stores	3.0	2.6	4%
Retail - General merchandise stores	1.7	1.5	2%
Retail - Miscellaneous store retailers	1.0	0.9	1%
Retail - Health and personal care stores	1.0	0.8	1%
Retail - Clothing and clothing accessories stores	0.9	0.8	1%
Retail - Nonstore retailers	<u>0.9</u>	<u>0.7</u>	<u>1%</u>
Subtotal Retail	8.6	7.3	10%
Hospitals	3.0	2.5	3%
Offices of physicians	2.4	2.0	3%
Offices of dentists	1.2	1.0	1%
Offices of other health practitioners	<u>0.7</u>	<u>0.6</u>	<u>1%</u>
Subtotal Healthcare	7.3	6.2	9%
Junior colleges, colleges, universities, and professional schools	3.2	2.7	4%
Real estate	3.2	2.7	4%
Wholesale trade	2.9	2.5	3%
Local Government <sup>3</sup>	2.6	2.6	4%
Personal care services	1.8	1.5	2%
Other educational services	1.6	1.4	2%
Elementary and secondary schools	1.6	1.4	2%
Insurance carriers	1.6	1.3	2%
Nursing and community care facilities	1.4	1.1	2%
Monetary authorities and depository credit intermediation	1.3	1.1	1%
Labor and civic organizations	1.2	1.0	1%
Child day care services	1.1	0.9	1%
Automotive repair and maintenance, except car washes	1.0	0.9	1%
Grantmaking, giving, and social advocacy organizations	1.0	0.8	1%
Gambling industries (except casino hotels)	0.9	0.8	1%
Legal services	0.9	0.8	1%
Services to buildings	0.9	0.8	1%
Other financial investment activities	0.8	0.7	1%
Other personal services	0.8	0.7	1%
All Other	23.3	19.7	27%
<b>Total Number of Jobs Generated</b>	<b>85.2</b>	<b>72.3</b>	<b>100%</b>

<sup>1</sup> Estimated employment generated by expenditures of households within 100 prototypical market rate units. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for San Francisco County. Includes both full- and part-time jobs.

<sup>2</sup> For Industries representing more than 1% of total employment.

<sup>3</sup> Employment associated with local government services to new residential units estimated by KMA separately from the IMPLAN model. See Appendix C Table 1 - 2 for supporting analysis.

### C. THE KMA JOBS HOUSING NEXUS MODEL

This section presents a summary of the analysis linking the employment growth created by residential development (see Section B) to the number of housing units affordable to Low and Moderate Income households required for the two prototype residential units.

#### Analysis Approach and Framework

The analysis examines the employment growth created by consumer spending and public services to residents of new market-rate housing (in 100-unit modules). Then, through a series of linkage steps, the number of employees is converted to households and housing units by affordability level. The findings are expressed in terms of numbers of affordable units needed to mitigate the impact of 100 market rate units.

The nexus analysis identifies findings for households with Low and Moderate Incomes up to 120% of median income. This is for consistency with the San Francisco Program, which services households earning up to 120% of median income. The 2015 limits published by the San Francisco Mayor's Office of Housing and Community Development for purposes of the San Francisco Program are applied. The 2015 income limits were the most current available at the time the analysis was initiated and are applied for consistency with the time period applicable to other analysis inputs such as compensation data. The table below shows median income for San Francisco and the income limits applicable to the 120% of median category.

2015 Income Limits for San Francisco						
	Household Size (Persons)					
	1	2	3	4	5	6+
Median Income	\$71,350	\$81,500	\$91,700	\$101,900	\$110,050	\$118,200
120% of Median	\$85,600	\$97,800	\$110,050	\$122,300	\$132,050	\$141,850

Source: Mayor's Office of Housing and Community Development

The analysis is conducted using a model that KMA developed and has applied to similar evaluations in many other jurisdictions. The model inputs are all local data to the extent possible, and are fully documented in the following description.

#### Analysis Steps

The tables at the end of this section present a summary of the nexus analysis steps for the prototype units. Following is a description of each step of the analysis.

### **Step 1 – Estimate of Total New Employees**

Table C-1 commences with the total number of employees associated with the new market rate residential units. The employees were estimated based on household expenditures of new residents using the IMPLAN model combined with an estimate of local government services employment (see Section B).

### **Step 2 – Adjustment from Employees to Employee Households**

This step (Table C-1) converts the number of employees to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units needed for new workers is less than the number of new workers. The workers-per-worker-household ratio eliminates from the denominator all non-working households, such as retired persons, students, and those on public assistance. If the average number of workers in *all* households were used, it would have resulted in a greater estimated demand for housing units. Excluding the non-worker households, therefore, makes the analysis more conservative.

The average for San Francisco of 1.74 workers per worker household, whether full or part-time (from the U. S. Census Bureau 2011-2013 American Community Survey), is used for this step in the analysis. The number of jobs created is divided by 1.74 to determine the number of new households.

### **Step 3 – Occupational Distribution of Employees**

The occupational breakdown of employees is the first step to arrive at income level. The output from the IMPLAN model provides the number of employees by industry sector, shown in Table B-1. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics May 2014 Occupational Employment Survey ("OES") to estimate the occupational composition of employees for each industry sector.

For local government services employees, occupations reflect the range of job classifications for City employees based upon the 2013 City and County payroll database information disclosed on the website Transparent California<sup>19</sup>.

#### **Step 3a – Translation from IMPLAN Industry Codes to NAICS Industry Codes**

The output of the IMPLAN model is jobs by industry sector using IMPLAN's own industry classification system, which consists of 536 industry sectors. The OES occupation data uses the

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<sup>19</sup> Transparent California payroll database information was accessed by KMA in August 2015.  
<http://transparentcalifornia.com/salaries/san-francisco/>.

North American Industry Classification System ("NAICS"). Estimates of jobs by IMPLAN sector must be translated into estimates by NAICS code for consistency with the OES data.

The NAICS system is organized into industry codes ranging from two- to six-digits. Two-digit codes are the broadest industry categories and six-digit codes are the most specific. Within a two-digit NAICS code, there may be several three-digit codes and within each three-digit code, several four-digit codes, etc. A chart published by IMPLAN relates each IMPLAN industry sector with one or more NAICS codes, with matching NAICS codes ranging from the two-digit level to the five-digit level. For purposes of the nexus analysis, all employment estimates must be aggregated to the four, or in some cases, five-digit NAICS code level to align with OES data which is organized by four and five-digit NAICS code. For some industry sectors, an allocation is necessary between more than one NAICS code. Where required, allocations are made proportionate to total employment at the national level from the OES.

The table below illustrates analysis Step 3a in which employment estimates by IMPLAN Code are translated to NAICS codes and then aggregated at the four and five digit NAICS code level. The examples used are Child Day Care Centers and Hospitals. The process is applied to all the industry sectors.

Illustration of Model Step 3a.						
A. IMPLAN Output by IMPLAN Industry Sector		B. Link to Corresponding NAICS Code		C. Aggregate at 4-Digit NAICS Code Level		
Jobs	IMPLAN Sector	Jobs	NAICS Code	Jobs	% Total	4-Digit NAICS
1.1	487 - Child day care services	1.1	6244 Child day care services	1.1	100%	6244 Child day care services
3.0	482 - Hospitals	3.0	622 Hospitals	2.8	92%	6221 General Medical and Surgical Hospitals
				0.1	4%	6222 Psychiatric and Substance Abuse Hospitals
				0.1	4%	6223 Specialty (except Psychiatric and Substance Abuse) Hospitals

Source: KMA, Bureau of Labor Statistics May 2014 Occupational Employment Survey.

*Step 3b – Apply OES Data to Estimate Occupational Distribution*

Employment estimates by four and five-digit NAICS code from step 3a are paired with data on occupational composition within each industry from the OES to generate an estimate of employment by detailed occupational category. As shown on Table C-1, new jobs will be distributed across a variety of occupational categories. The three largest occupational categories are office and administrative support (16%), food preparation and serving (14%), and sales and related (12%). Step 4 of Table C-1 indicates the percentage and number of employee households by occupation associated with 100 market rate units.

#### ***Step 4 – Estimates of Employee Households Meeting the Lower Income Definitions***

In this step, occupations are translated to employee incomes based on recent San Francisco wage and salary information from the California Employment Development Department (EDD). For local government services employees, employee compensations are based on City and County payroll data for 2013 and include overtime pay, as disclosed on the website Transparent California<sup>20</sup>. The wage and salary information summarized in Appendix D Tables 1 through 3 provide the income inputs to the model.

For each occupational category shown in Table C-1, the OES data provides a distribution of specific occupations within the category. For example, within the Food Preparation and Serving Category, there are Supervisors, Cooks, Bartenders, Waiters and Waitresses, Dishwashers, etc. In total there are over 100 detailed occupation categories included in the analysis as shown in Appendix D Table 2. Each of these over 100 occupation categories has a different distribution of wages which was obtained from EDD and is specific to workers in San Francisco.

For each detailed occupational category, the model uses the distribution of wages to calculate the percent of worker households that would fall into each income category. The calculation is performed for each possible combination of household size and number of workers in the household. For households with more than one worker, individual employee income data was used to calculate the household income by assuming multiple earner households are, on average, formed of individuals with similar incomes.

At the end of Step 4, the nexus analysis has established a matrix indicating the percentages of households that would qualify in the affordable income tiers for every detailed occupational category and every potential combination of household size and number of workers in the household.

#### ***Step 5 – Distribution of Household Size and Number of Workers***

In this step, the analysis examines the demographics of San Francisco in order to develop the percentage of households applicable to each potential combination of household size and number of workers. Percentages are calculated from 2011 – 2013 American Community Survey data for San Francisco. Application of this demographic data accounts for the following:

- Households have a range in size and a range in the number of workers.
- Large households generally have more workers than smaller households.

The result of Step 5 is a distribution of San Francisco working households by number of workers and household size.

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<sup>20</sup> Ibid.

### **Step 6 – Estimate of Number of Households that Meet Size and Income Criteria**

Step 6 is the final step to calculate the number of worker households from 0% to 120% of AMI. The calculation combines the matrix of results from Step 4 on percentage of worker households that would meet the income criteria at each potential household size / no. of workers combination, with Step 5, the percent of worker households having a given household size / number of workers combination. The result is the percent of worker households that are Low and Moderate Income. The percentages are then multiplied by the number of households from Step 2 to arrive at the number of Low and Moderate Income worker households.

Table C-2 shows the result after completing Steps 4, 5, and 6, resulting in a total count of worker households from 0% through 120% of AMI, per 100 market rate units.

### **Summary of Findings**

The table below summarizes the analysis findings regarding the total demand for affordable housing through 120% of Median Income associated with 100 market rate units for the two residential prototypes, summarized from Table C-3 at the end of this section.

<b>New Worker Households per 100 Market Rate Units: 0% to 120% of Median Income</b>		
	<i>Condominium</i>	<i>Apartment</i>
<b>New Worker Households 0% to 120% of Median</b>	<b>37.6</b>	<b>31.8</b>

Source: KMA; see Table C-3

Housing demand for new worker households earning less than 120% of median is estimated at 37.6 units for each 100 market rate Condominiums and 31.8 units for each 100 market rate Apartments. The finding that the jobs associated with consumer spending tend to be low-paying jobs where the workers will require housing affordable at low and moderate income is not surprising. As noted above, direct consumer spending results in employment that is concentrated in lower paid occupations including food preparation, administrative, and retail sales.

### **Maximum Supported Affordable Housing Fees**

San Francisco's Affordable Housing Fees are determined by multiplying the number of residential units in the project by:

- 1) an affordable unit percentage requirement; and
- 2) an affordability gap.

The affordable unit percentage applied in determining the Affordable Housing Fee is that which would apply in the off-site alternative under Planning Code Section 415.7. Percentages apply to the number of units in the principal project. Affordability gaps used in the determination of fees are those published by the Mayor's Office of Housing and Community Development. The affordability gap represents the net cost to produce a unit of affordable housing and is regularly



updated as required under Planning Code Section 415.5. This Report does not address, assume or include this calculation in its analysis.

The findings of the nexus analysis identify the Maximum Fee Percentage that, when applied to the number of market rate units in the principal project, would mitigate the affordable housing impacts as documented in this nexus analysis. The amounts are determined by converting the nexus findings summarized on the prior page to percentages.

<b>Maximum Fee Percentage for Affordable Housing Fees Supported by Nexus Analysis</b>		
	<i>Condominium</i>	<i>Apartment</i>
Maximum Fee Percentage Supported through 120% AMI	37.6%	31.8%

Source: KMA; see Table C-4

These percentages represent the Maximum Fee Percentage supported by the nexus analysis for purposes of determining Affordable Housing Fees in San Francisco. Analysis findings with respect to Condominiums are supportive of the current 33% requirement applicable to the determination of fees. Analysis findings for the Apartment support a reduced percentage of up to 31.8% for purposes of determining fees. Nexus findings address maximums with respect to determination of the Affordable Housing Fee, the primary requirement under the San Francisco Program. Alternatives to fee payment such as on-site and off-site provision of affordable units are not limited based on the findings of this analysis. **These are impact analysis findings only and are not policy recommendations.**

### On-Site Percentage Requirement Supported

The findings of the nexus analysis can also be used to calculate the percentage of units provided on-site within a project that would mitigate the affordable housing impacts. The percentages are different than the percentages provided above which relate to nexus support for San Francisco's existing Affordable Housing Fee, which is based on an off-site affordable housing mitigation. The on-site percentages supported are less than the percentages applicable to off-site units because, with on-site provision of affordable units, there are fewer market rate units in the project. This contrasts with off-site mitigation where the residential project is 100% market rate and all affordable units are assumed to be provided in a different building off-site. The on-site percentages are calculated including both market rate and affordable units (for example, 37.6 affordable units per 100 market rate Condominiums translates to a project of 137.6 units; 37.6 affordable units out of 137.6 units equals 27.3%). The table below presents the results of the analysis expressed as a maximum on-site inclusionary percentage supported.

<b>On-site affordable unit percentage supported</b>		
	<i>Condominium</i>	<i>Apartment</i>
Affordable Unit On-Site Percentage Supported through 120% AMI	27.3%	24.1%

Source: KMA

Under the current San Francisco Program, on-site compliance is available as an alternative to payment of the fee and does not require separate nexus support. Although not necessary to provide nexus support to the current program, the above findings were included for additional information that may be useful relative to consideration of potential modified requirements.

**TABLE C-1  
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION  
EMPLOYEE HOUSEHOLDS GENERATED  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA**

	<u>Condo</u>		<u>Apartment</u>	
Step 1 - Employees <sup>1</sup>	85.2		72.3	
Step 2 - Adjustment for Number of Households (1.74) <sup>2</sup>	49.0		41.5	
Step 3 - Occupation Distribution <sup>3</sup>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Management Occupations	2.2	4.5%	1.8	4.4%
Business and Financial Operations	2.2	4.5%	1.9	4.5%
Computer and Mathematical	0.7	1.5%	0.6	1.5%
Architecture and Engineering	0.2	0.3%	0.1	0.3%
Life, Physical, and Social Science	0.2	0.4%	0.2	0.4%
Community and Social Services	1.3	2.6%	1.1	2.5%
Legal	0.4	0.8%	0.3	0.8%
Education, Training, and Library	2.6	5.2%	2.2	5.2%
Arts, Design, Entertainment, Sports, and Media	0.8	1.6%	0.7	1.6%
Healthcare Practitioners and Technical	3.0	6.2%	2.6	6.2%
Healthcare Support	1.8	3.7%	1.5	3.7%
Protective Service	0.6	1.2%	0.5	1.2%
Food Preparation and Serving Related	7.0	14.4%	5.9	14.3%
Building and Grounds Cleaning and Maint.	1.5	3.2%	1.3	3.1%
Personal Care and Service	3.8	7.7%	3.2	7.6%
Sales and Related	6.1	12.5%	5.2	12.4%
Office and Administrative Support	7.9	16.2%	6.7	16.1%
Farming, Fishing, and Forestry	0.0	0.1%	0.0	0.1%
Construction and Extraction	0.4	0.8%	0.3	0.8%
Installation, Maintenance, and Repair	1.5	3.2%	1.3	3.1%
Production	0.8	1.6%	0.6	1.5%
Transportation and Material Moving	2.4	4.8%	2.0	4.8%
Local Government	<u>1.5</u>	<u>3.0%</u>	<u>1.5</u>	<u>3.6%</u>
<b>Totals</b>	<b>49.0</b>	<b>100.0%</b>	<b>41.5</b>	<b>100.0%</b>

Notes:

- <sup>1</sup> Estimated employment generated by expenditures of households within 100 prototypical market rate units from Table B-1.  
<sup>2</sup> Adjustment from number of workers to households using average of 1.74 workers per worker household derived from the U.S. Census American Community Survey 2011 to 2013.  
<sup>3</sup> See Appendix D Tables 1 through 3 for additional information on Major Occupation Categories.

**TABLE C-2  
 LOW AND MODERATE INCOME EMPLOYEE HOUSEHOLDS GENERATED (0% TO 120% AMI)  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

*Per 100 Market Rate Units*

	<u>Condo</u>	<u>Apartment</u>
<b>Step 5 &amp; 6 - Low &amp; Moderate Income Households (0% to 120% AMI) within Major Occupation Categories<sup>1</sup></b>		
Management	0.44	0.37
Business and Financial Operations	0.73	0.62
Computer and Mathematical	-	-
Architecture and Engineering	-	-
Life, Physical and Social Science	-	-
Community and Social Services	0.98	0.83
Legal	-	-
Education Training and Library	1.99	1.68
Arts, Design, Entertainment, Sports, & Media	-	-
Healthcare Practitioners and Technical	0.41	0.35
Healthcare Support	1.58	1.34
Protective Service	-	-
Food Preparation and Serving Related	6.74	5.68
Building Grounds and Maintenance	1.43	1.21
Personal Care and Service	3.42	2.88
Sales and Related	5.21	4.39
Office and Admin	6.45	5.44
Farm, Fishing, and Forestry	-	-
Construction and Extraction	-	-
Installation Maintenance and Repair	1.09	0.92
Production	-	-
Transportation and Material Moving	2.17	1.83
Local Government	0.54	0.54
All other occupations	4.38	3.69
<b>Total Low &amp; Moderate Households from 0% to 120% of AMI</b>	<b>37.6</b>	<b>31.8</b>

<sup>1</sup> See Appendix D Table 1 for additional information on Major Occupation Categories. Note that the model places individual employees into households. Many households have multiple income sources and therefore household income is higher than the wages shown in Appendix D Tables 2 and 3. The distribution of the number of workers per worker household and the distribution of household size are based on American Community Survey data.

**TABLE C-3  
 IMPACT ANALYSIS SUMMARY  
 EMPLOYEE HOUSEHOLDS GENERATED  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

**RESIDENTIAL UNIT DEMAND IMPACTS  
 PER 100 MARKET RATE UNITS**

<b>Number of New Households<sup>1</sup></b>	<u>Condo</u>	<u>Apartment</u>
Low and Moderate Income Households (0% to 120% AMI)	37.6	31.8
Households Above 120% Area Median Income	11.4	9.7
<b>Total Employee Households</b>	<u>49.0</u>	<u>41.5</u>
<b>Percent of New Households<sup>1</sup></b>		
Low and Moderate Income Households (0% to 120% AMI)	76.8%	76.5%
Households Above 120% Area Median Income	23.2%	23.5%
<b>Total Employee Households</b>	<u>100.0%</u>	<u>100.0%</u>

Notes

<sup>1</sup> Households of retail, education, healthcare and other workers that serve residents of new market rate units.

**TABLE C-4  
 AFFORDABLE UNITS REQUIRED TO MITIGATE AFFORDABLE HOUSING IMPACTS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

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	<u>Condo</u>	<u>Apartment</u>
<b>Affordable Unit Demand Per 100 Market Rate Units</b>	37.6 Units	31.8 Units
<b>Maximum Fee Percentage<sup>1</sup></b>	37.6%	31.8%

Notes:

<sup>1</sup> San Francisco's Affordable Housing Fee is computed by multiplying the number of market rate units by an affordable unit percentage requirement to determine the number of affordable units to be used in determining the fee amount. The number of affordable units is then multiplied by a published fee that represents the net cost of producing the affordable units (affordability gap). The identified percentage would be sufficient to mitigate the affordable housing impacts of the market rate units.

#### D. MITIGATION FEE ACT FINDINGS

This section identifies the findings of the Nexus Analysis consistent with the requirements of the Mitigation Fee Act as set forth in Government Code § 66000 et seq:

**(1) Identify the purpose of the fee (66001(a)(1)).**

The purpose of the Affordable Housing Fee is to fund construction of affordable housing units to address the affordable housing needs of new workers in retail, education, health care and other services provided to new San Francisco residents as a result of the development of new market rate residential units.

**(2) Identify the use to which the fee is to be put (66001(a)(2)).**

Affordable Housing Fees are used to increase the supply of housing affordable to qualifying Low and Moderate Income households earning from 0% through 120% of median income.

**(3) Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed (66001(a)(3)).**

The foregoing residential nexus analysis has demonstrated that there is a reasonable relationship between the use of the fee, which is to increase the supply of affordable housing in San Francisco, and the development of new market rate residential units, which increases the need for affordable housing. Residents of new market rate residential units demand an array of goods and services including retail, restaurants, and health care resulting in added employment in these services as quantified in the nexus analysis. Based on compensation levels for the jobs needed to produce these goods and services, a share of the new workers will have household incomes that qualify as Low and Moderate Income and result in an increased need for affordable housing.

**(4) Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed (66001(a)(4)).**

The analysis has demonstrated that there is a reasonable relationship between the development of market rate Condominium and Apartment units and the need for additional affordable units. Development of new market rate units results in additional households in San Francisco that generate demand for retail, health care and other goods and services that in turn generates a need for housing affordable to the workers who provide these goods and services (as documented in Table B-1 and the table on page 26). Based on the compensation levels for the new workers in these jobs, a

significant share of the need is for housing affordable at Low and Moderate Income levels (as summarized in Table C-3).

**(5) Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. (66001(b)).**

There is a reasonable relationship between the amount of the fee and the cost of the needed affordable housing attributable to the new market rate residential development. The nexus analysis has quantified, by type of new market rate unit, the increased need for affordable units in relation to the new market rate unit being developed. Two different development types were analyzed (Condominiums and Apartments). The nexus analysis concludes that for every 100 new Condominium units developed, 37.6 incremental affordable units are needed and, for every 100 new Apartment units developed, 31.8 incremental affordable units are needed. The amount of the Affordable Housing Fee is determined based in part on a required percentage of affordable units. Affordable Housing Fees based on application of an affordable unit percentage not in excess of the Maximum Fee Percentages established in this analysis and multiplied by the cost of providing each affordable unit as determined by the Mayor's Office of Housing and Community Development and regularly updated, are not in excess of the documented affordable housing need attributable to the new development.

**(6) A fee shall not include the costs attributable to existing deficiencies in public facilities (66001(g)).**

The nexus analysis quantifies only the net new affordable housing needs generated by net new market rate units and households in San Francisco. Existing deficiencies with respect to housing conditions in San Francisco are not considered nor in any way included in the analysis.



#### **IV. ADDENDUM: ADDITIONAL BACKGROUND AND NOTES ON SPECIFIC ASSUMPTIONS**

##### **No Excess Supply of Affordable Housing**

The residential nexus analysis assumes there is no excess supply of affordable housing available to absorb or offset new demand; therefore, new affordable units are needed to mitigate the new affordable housing demand generated by development of new market rate residential units. The adopted 2014-22 General Plan Housing Element documents that conditions in San Francisco are consistent with this underlying assumption. As documented in the Housing Element, market rents in San Francisco exceed affordable levels across all neighborhoods of San Francisco. The waitlist maintained by the San Francisco Housing Authority indicates an unfilled need of 17,000 units for low-income families in San Francisco.

##### **Effect of Unit Size on Nexus Findings**

The nexus findings are based on prototype unit sizes of 1,000 square feet for the Condominium and 850 square feet for the Apartment. Smaller or larger prototypes would have produced findings indicating a smaller or larger impact on the number of households within affordable income limits respectively. This is because households that purchase or rent smaller units on average have lower incomes than those that purchase or rent larger units. The structure of the Affordable Housing Fee addresses this issue by varying the mitigation requirements based on unit size. Affordable Housing Fees are varied based upon the sizes of the market rate units and reflect the cost of delivering an affordable unit of comparable bedroom count to the market rate unit. Affordable Housing Fees are higher for larger market rate units with more bedrooms and lower for smaller market rate units with few bedrooms.

##### **Non-Resident Buyers**

At the current time, some of the condominium sales activity is to foreign and other non-resident buyers as investment properties and second homes or city "pied a terre" units. For example, news articles have reported non-local buyers have represented as much as a 20% share of sales for a condominium development currently in the marketing phase.<sup>21</sup> This non-local sales activity appears concentrated toward the luxury price ranges, particularly in new high rise towers. Non-resident buyers may occupy the unit part of the time or hold it as an investment property and rent it out. The prototype unit used in this analysis reflects a lower price than the units attracting most foreign and non-resident buyers. Even considering a share of units with non-resident buyers who do not occupy the unit year-round or who rent out the unit, all impacts attributable to the higher priced units would be higher than the impacts attributable to the more modest priced unit used in the analysis. Therefore, based on the use of a more modest-priced

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<sup>21</sup> San Francisco Business Times. June 4, 2015. "Tallest tower at luxury condo complex Lumina to start sales."

unit that is well below the pricing of many luxury units where off-shore sales activity appears concentrated, no adjustment to the analysis is warranted.

### **Impacts Under Alternative Scenarios to Construction of New Market Rate Units**

If new market rate units are not built, would-be residents of the new units may instead compete for limited existing housing stock. While this does not add new households, it could result in an incremental increase in income and spending power if higher income residents displace lower income residents throughout the existing housing stock.

The KMA analysis includes impacts reasonably related to the net new households in the new market rate units. The analysis does not address the results of alternative scenarios to development of the new market rate units. No offset or reduction in the analysis findings is reflected for impacts that may occur in an alternative scenario.

### **Excess Capacity of Labor Force**

In the context of economic downturns such as the recent severe recession, the question is sometimes raised as to whether there is excess capacity in the labor force and therefore consumption impacts generated by new households will be, in part, absorbed by existing jobs and workers, thus resulting in fewer net new jobs. In response, an impact fee is a one-time requirement that addresses impacts generated over the life of the project. Recessions are temporary conditions; a healthy economy will return and the impacts will be experienced. Development of new residential units is not likely to occur until conditions improve or there is confidence that improved conditions are imminent. When this occurs, the improved economic condition of the households in the local area will absorb the current underutilized capacity of existing workers, employed and unemployed. By the time new units become occupied, economic conditions will have likely improved.

### **The Burden of Paying for Affordable Housing**

The San Francisco Program does not place the entire burden for increasing the supply of affordable housing on new residential construction. The City has a number of programs that are also aimed at increasing and preserving the supply of affordable housing in San Francisco. The City levies a jobs housing linkage fee on new non-residential development and has dedicated significant General Fund resources to affordable housing through the Housing Trust Fund established pursuant to Proposition C passed by the voters in 2012. In November 2015, San Francisco voters approved issuance of \$310 million in general obligation bonds repaid by an additional property tax levy with proceeds used to finance creation of new affordable housing and the preservation of existing affordable housing. San Francisco's Hope SF initiative will also invest billions of dollars over time in revitalization of several public housing sites through a partnership between the San Francisco Housing Authority, Mayor's Office of Housing and Community Development and private developers.

The burden of affordable housing is borne by many other sectors of the economy and society as well. A most important source in recent years of funding for affordable housing development comes from the federal government in the form of tax credits (which result in reduced income tax payment by tax credit investors in exchange for equity funding). Additionally, there are other federal grant and loan programs administered by the United States Department of Housing and Urban Development ("HUD") and other federal agencies. The State of California Department of Housing and Community Development ("HCD") also plays a major role with a number of special financing and funding programs. Much of the state money is funded by voter approved bond measures paid for by all Californians.

Local governments play a large role in affordable housing. In addition, private sector lenders play an important role, some voluntarily and others less so with the requirements of the Community Reinvestment Act. Then there is the non-profit sector, both sponsors and developers that build much of the affordable housing.

In summary, all levels of government and many private parties, for profit and non-profit contribute to supplying affordable housing. Residential developers are not asked to bear the burden alone any more than they are assumed to be the only source of demand or cause for needing affordable housing in our communities. Based on past experience, the San Francisco Program satisfies only a small percentage of the affordable housing needs in San Francisco.

#### **Non-Duplication: Residential and Non-Residential Fees**

San Francisco has adopted a separate Jobs Housing Linkage Fee for non-residential development and is preparing a separate nexus analysis with a similar analytical framework as this residential nexus analysis. Under certain circumstances the two analyses could count some of the same jobs. As part of the work program for the Jobs Housing Nexus analysis, KMA will be conducting an analysis of potential double-counting of jobs with maximum supported fee levels under the Jobs Housing Nexus analysis adjusted accordingly.

#### **Disclaimers**

This report has been prepared using the best and most recent data available at the time of the analysis. Local data and sources were used wherever possible. Major sources include the U.S. Census Bureau's American Community Survey, California Employment Development Department ("EDD") and the IMPLAN model. While we believe all sources utilized are sufficiently sound and accurate for the purposes of this analysis, we cannot guarantee their accuracy. Keyser Marston Associates, Inc. assumes no liability for information from these and other sources.

**APPENDIX A: MARKET SURVEY**

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## I. INTRODUCTION

One of the underlying components of the Residential Nexus Study is the identification of residential building prototypes that are expected to be developed in the City and County of San Francisco, both today and in the future, and what the market prices for those prototypes will be. These market prices are then used to estimate the incomes of new households that will live in those units and a quantification of the number and types of new jobs that will be created in services to those households. In this Appendix, KMA describes the residential building prototypes utilized for the analysis, summarizes the residential market data researched, and describes the market price point conclusions drawn therefrom.

## II. RESIDENTIAL PROTOTYPES

The residential market in San Francisco has been very active recently, fueled by a strengthening economy and rapidly increasing sales prices and rents. In 2014, the pace of residential construction in San Francisco reached a five-year high, and surpassed the pre-recession levels of 2009.<sup>22</sup> Units authorized for construction in 2014 were up 21% from 2013. New development is primarily condominiums and rental apartments. KMA conducted a market survey in order to understand current market conditions and to establish market sales prices or rents, per unit and per square foot, for new market rate units in San Francisco.

To conduct the market survey, KMA utilized many data sources. The City's Planning Department publishes annual housing inventories, which provide overviews of new residential construction in the city. Two real estate firms, The Mark Company and Vanguard Properties, publish periodic summaries of condominium projects that are currently being marketed or have recently closed in San Francisco. Vanguard Properties also includes data on new apartment buildings. The summaries provide project level information as well as sales data or asking prices for particular units. KMA gathered data from those published reports and supplemented with data from public record searches using ListSource, and websites that publish Multiple Listing Source (MLS) data, such as realtor.com and RedFin.com. For new apartments, KMA reviewed data compiled by RealFacts, data published on websites that advertise new apartment units (for example, Apartment Guide, craigslist.org), and the individual websites of the new apartment projects. More detail is provided in the Appendix tables.

KMA identified two residential prototypes in consultation with City staff (Appendix A Table 1), one owner-occupied Condominium and one renter-occupied Apartment. These prototypes are representative of the types of development that the City and County of San Francisco is currently seeing and expects to see over the coming years. Based on the market survey, KMA selected a mid-rise project as representative of the typical residential projects in San Francisco.

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<sup>22</sup> 2014 San Francisco Housing Inventory, SF Planning Department, 2015.

KMA then selected typical unit sizes based on the findings of the market survey; for the Condominium, the unit size is 1,000 square feet and for the Apartment, 850 square feet.

Prototypical Residential Units		
	<i>Condominium</i>	<i>Apartment</i>
Building Type	Mid-Rise	Mid-Rise
Height	Up to 85 ft.	Up to 85 ft.
Unit Size (net)	1,000 SF	850 SF

Source: KMA in consultation with City of San Francisco.

The Condominium prototype unit size of 1,000 net square feet is reflective of the mid-rise projects from the market survey summarized in Appendix A Table 5 which average approximately 1,030 net square feet. The Park Lane condominium project is not included in the average given it consists of an older building converted from a tenancy in common and not representative of new construction. An additional consideration in the selected unit size was consistency with a mid-rise condominium prototype developed for purposes of a 2015 analysis regarding the Transportation Sustainability Fee with an average unit size of 997 square feet.<sup>23</sup> A unit size of 1,000 square feet is also representative for low-rise condominiums which average 983 net square feet in the sales data summarized in Appendix A Table 4. High-rise condominiums have somewhat larger units with sales on Appendix A Table 6 averaging 1,120 net square feet. Reflection of larger average unit sizes and higher sales prices per square foot associated with high-rise projects would have driven higher nexus findings; however, a mid-rise unit was selected to make findings more broadly representative.

The Apartment prototype unit size of 850 net square feet is reflective of the mid-rise properties included in the market survey on Appendix A, Table 8. The average unit size for the mid-rise projects in the survey is estimated at 860 net square feet, which is rounded to 850 square feet for purposes of the prototypical unit size. The average unit size calculation for projects in the market survey reflects a weighting based on number of units by project and unit mix by number of bedrooms. The 1190 Mission at Trinity Place project was not included in the average because the project's smaller average units are a function of a unique arrangement to replace 360 rent-controlled units previously occupying the site and is not expected to be representative of future development activity. Inclusion of both low-rise and mid-rise units in the average would yield a similar result. The high-rise rentals included in the survey have an estimated average unit size of approximately 930 square feet, somewhat above that of the mid-rise prototype. Again, while the larger average unit sizes and higher rents associated with high-rise projects would have driven higher nexus findings, a mid-rise unit was selected as more broadly representative of development activity occurring in the City.

<sup>23</sup> Seifel Consulting. Transportation Sustainability Fee: Economic Feasibility Study. Spring 2015. See Appendix Table A-2 applicable to "Prototype 2."

The table below provides a summary of unit sizes based on the projects included in the Market Survey.

Average Unit Size (Net Square Feet)		
	<i>Condominiums</i>	<i>Apartments</i>
Low-rise	980	830
Mid-rise	1,030	860
High-rise	1,120	930

Based on projects identified in Appendix A Tables 4, 5, 6, and 8. 1190 Mission at Trinity Place and Park Lane are not included in averages for the reasons described above. Condo averages reflect the identified sales. Apartment averages have been estimated by KMA using available project specific data on unit square foot size by number of bedrooms, number of units by project, and unit mix. Unit mix by number of bedrooms has been estimated by KMA where project-specific data was not available.

### III. MARKET SURVEY & PRICING ESTIMATES

KMA reviewed the findings of the market survey to establish market sales prices or rents, per unit and per square foot, for new market rate units in San Francisco. An overview is presented below.

#### Overview of For-Sale Market

The for-sale market in San Francisco continues to strengthen and reach new highs. Appendix A Table 2 shows the median sales price per square foot for homes in San Francisco. Sales prices increased steadily from the late 1990s until the recession in 2008. Between the beginning of 2012 and the end of 2014, the median price per square foot almost doubled, from \$535 per square foot to \$991 per square foot. In 2015, prices continued to rise.

San Francisco has residential development activity occurring at a range of densities from low-rise projects to high-rise. Minimal development activity is expected for lower density housing types such as single family. Development activity in recent years is concentrated in the northeast quadrant of the city; a map of the condominium projects in the market survey is shown in Appendix A Table 3.

Appendix A Table 4 shows sales data for eight new low-rise projects. Low-rise projects typically have four stories of wood-frame construction over a concrete podium. In general, units in low-rise buildings tend to sell for less per square foot than units in taller buildings. There are several reasons for this trend, including location, level of amenities, and views. The average sales prices for the low-rise projects range from approximately \$870 to over \$1,100 per square foot.

Appendix A Table 5 shows sales data for eleven new or recent mid-rise projects. Mid-rise projects are generally projects of up to 85 feet in height and have concrete or steel construction. Within the mid-rise projects in the market survey, there is significant variation in the size of the

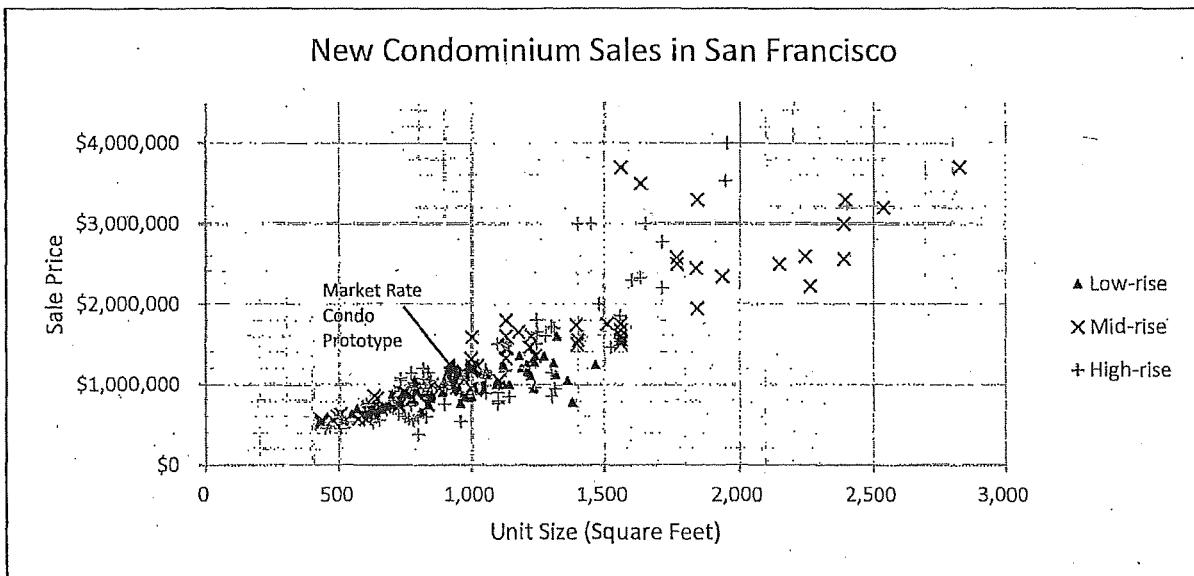
units, from less than 600 square foot to almost 2,000 square feet. Sales price per square foot, however, is consistently over \$1,000 for new units in mid-rise projects.

Appendix A Table 6 shows resale data for four recently built high-rise projects. High-rise projects are projects above 85 feet in height. KMA notes that in general, new units sell for a premium over resale units, suggesting that a new high-rise condominium project could achieve even higher sales prices than shown. The average sales prices for the high-rise projects range from around \$1,000 to \$1,500 per square foot.

*a) For-Sale Prototype Price Estimate*

It is clear that today's for-sale residential market in San Francisco is very strong, supporting a significant amount of new development. For the purposes of the nexus analysis, KMA selected a market rate sales price of \$1,000 per square foot, or \$1,000,000 for a 1,000 square foot unit. While many projects are achieving more than this in today's market, the selected prototype was selected as a conservative estimate of the for-sale market for new units in San Francisco.

While based on a unit in a mid-rise building, the selected pricing and unit size are also representative of the new condominium market overall, inclusive of low-, mid- and high-rise units, as illustrated in the chart below.



Source: sales are drawn from Appendix A Tables 4, 5 and 6 and include new unit sales and resales.

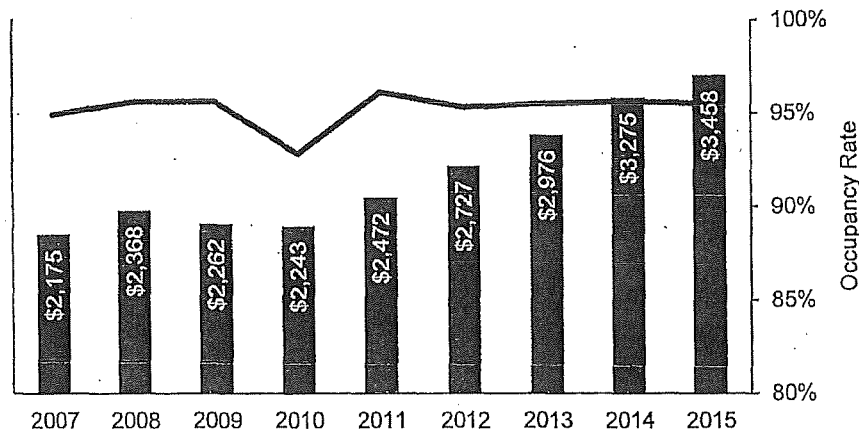
*b) Rental Housing Market*

In general, the apartment market throughout the Bay Area has enjoyed increasingly healthy conditions in the last few years, evidenced by rising rents and high occupancy rates. This has been particularly true in San Francisco, as rents have increased steadily since 2010. According



to apartment market data source RealFacts, which tracks rental projects with 50 or more units, average apartment rents in San Francisco increased 54% between 2010 and 2015.

**Average Apartment Rent & Occupancy Rate  
City of San Francisco**



Source: RealFacts

KMA notes that the average rent levels shown above represent a diverse mix of buildings in terms of location, age of building, level of amenities, etc. The rent levels in new apartment buildings in San Francisco are significantly higher.

In the last few years, San Francisco has seen substantial activity in apartment development, particularly at the higher densities such as mid-rise and high-rise. Appendix A Table 7 presents a map of new apartment development in the City. Appendix A Table 8 provides rent data for the new or recently built projects identified in the market survey. Notable new apartment projects include Jasper, a 40-story tower on Rincon Hill, and several mid-rise projects including Mosso, MB360 and 333 Fremont. There has been little activity in low-rise apartment development; 1266 9<sup>th</sup> and 2175 Market are two examples of new low-rise apartments (although 2175 Market is partially mid-rise).

It should be noted that the vast majority of new “apartments” built in San Francisco actually have condominium subdivision maps. This provides the ability to sell off units as condominiums at a later point in time even if projects are rented for an initial period. In some cases, the decision as to whether units will be sold as condominiums or rented for an initial period is not made until very late in the development process in order to optimize returns in response to evolving market conditions.

Asking rents at the new apartment buildings in the market survey have a wide range, depending on unit size, location, type of building, level of amenities, and the age of the project (new

buildings tend to command a premium). Per square foot, rents at buildings in the market survey range from around \$3.50 to over \$7.00, with the majority in the \$4.50 - \$6.00 range.

*c) Rental Prototype Rent Estimates*

The rental market in San Francisco continues to be very strong; with steadily rising rents and a significant amount of new development. For the purposes of the nexus analysis, KMA selected a market rate rent of \$5.00 per square foot, or \$4,250 per month for the 850 square foot unit. While many projects are achieving more than this in today's market, the estimate is intended as a conservative estimate of the rental market.

**IV. MARKET SURVEY CONCLUSIONS**

A full description of the prototypes, including unit sizes, parking ratios, and sales prices or rent levels, is shown in Appendix A Table 1. They are summarized below. The prototypes are the starting point of the nexus analysis.

Prototypical Residential Units		
	<i>Condominium</i>	<i>Apartment</i>
Unit Size (net)	1,000 SF	850 SF
Sales Price / Rent	\$1,000,000	\$4,250 /mo.
Per Square Foot	\$1,000 /SF	\$5.00 /SF

**APPENDIX A, TABLE 1  
SUMMARY OF PROTOTYPES  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA**

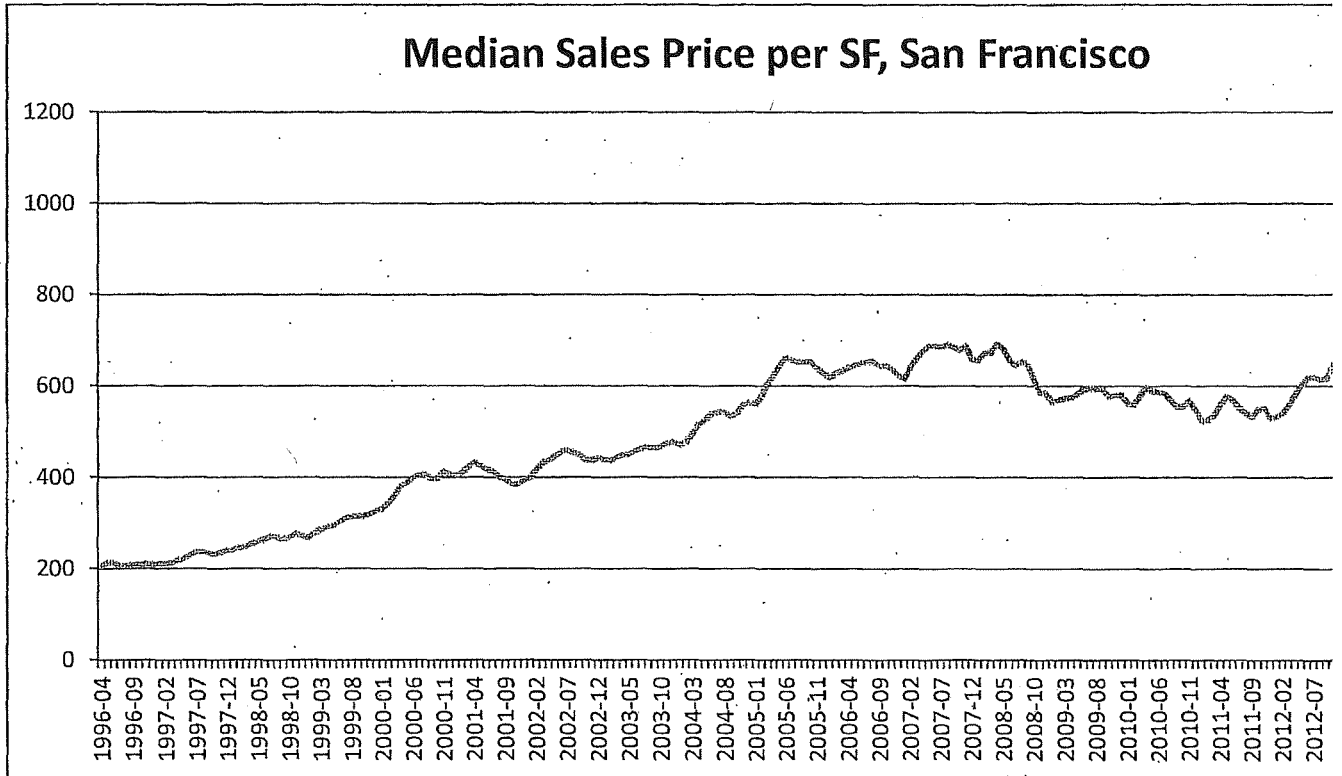
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<b>Prototype</b>	<b>Condominium</b>	<b>Apartment</b>
Building Type	Mid-Rise	Mid-Rise
Maximum Height	65 - 85 feet	65 - 85 feet
Average Unit Size	1,000 sf	850
Residential Parking Ratio	0.75 - 1 space per unit	0.6 spaces per unit
Parking Construction Type	underground, one level	underground, one level
Market Sales Price / Rent per square foot	\$1,000,000 \$1,000	\$4,250 \$5.00
Parking Cost	included in sales price	\$350/sp

Sources: City of San Francisco and KMA Market Survey.

APPENDIX A TABLE 2  
MEDIAN SALES PRICE PER SQUARE FOOT  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA

Source: Zillow.com

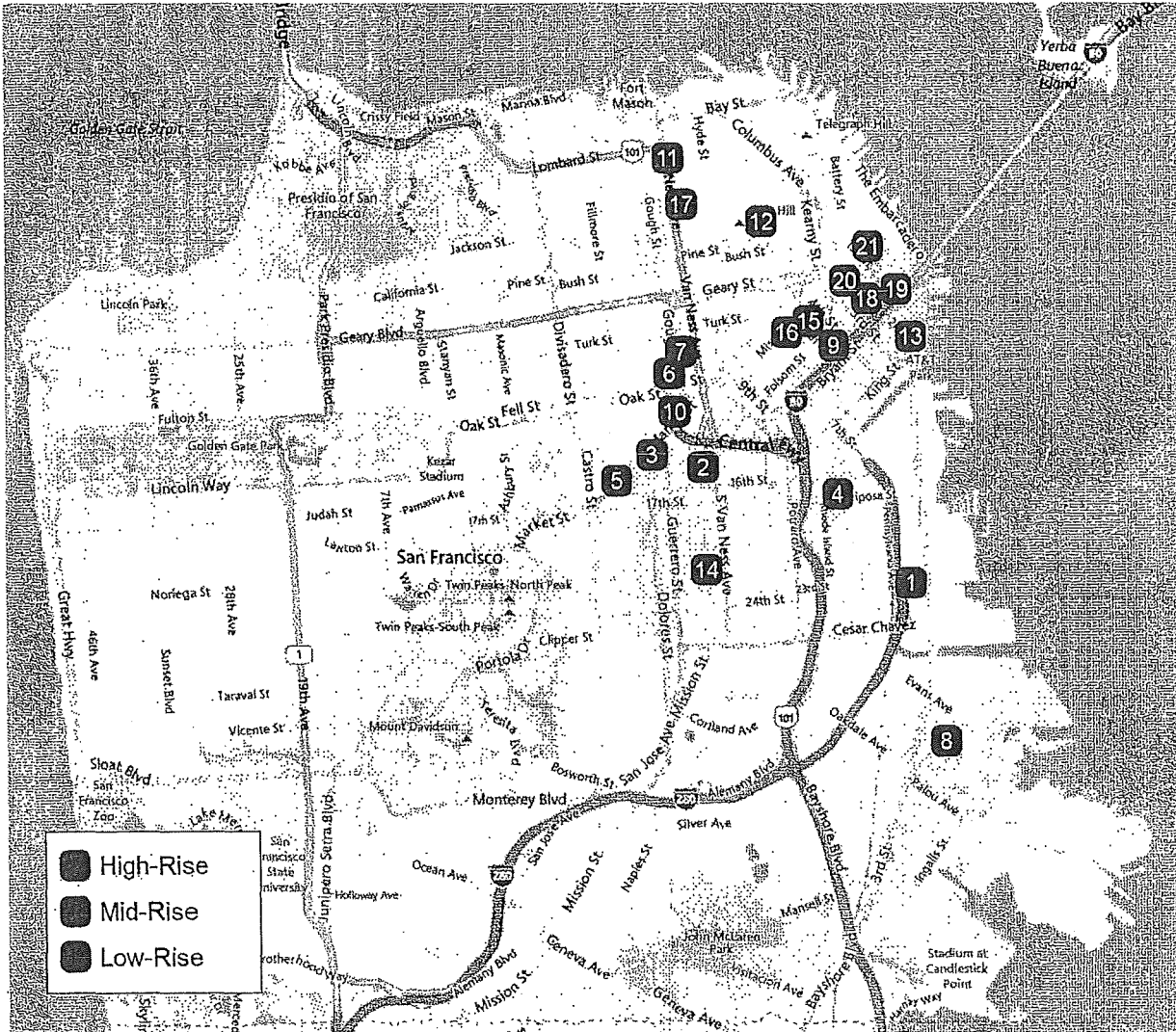


Prepared by Keyser Marston Associates, Inc.

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Appendix A, Table 3  
 Residential Nexus Analysis  
 City of San Francisco, CA

Condominiums  
 San Francisco



Low-Rise

- 1) Millwheel North
- 2) Mission at 1875
- 3) Thirty Five Dolores
- 4) Onyx Phase I
- 5) The Century
- 6) 300 Ivy
- 7) 400 Grove
- 8) The San Francisco Shipyard

Mid-Rise

- 9) 870 Harrison Street
- 10) 8 Octavia Street
- 11) Amero
- 12) Park Lane
- 13) Seventy2 Townsend
- 14) Vida
- 15) Hales Warehouse & Sliver Bldg
- 16) The Mint Collection
- 17) 1645 Pacific

High-Rise

- 18) BLU
- 19) One Hawthorne
- 20) Millennium
- 21) One Rincon Hill

APPENDIX A, TABLE 4  
 MARKET SALE PRICES: LOW RISE CONDOMINIUM PROJECTS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

Source	Project/Address	Unit	Bd.	Ba.	SF	Sales Price	\$/SF	Notes
MC	Millwheel North 1275 Indiana	403	2	2	1,096	\$1,045,000	\$953	HOA dues: \$475 - \$546 Units closed 10/2014 - 12/2014. All units have parking.
		405	2	2	1,215	\$1,150,000	\$947	
		103	2	2	1,467	\$1,245,000	\$849	
		101	2	2	1,360	\$1,050,000	\$772	
		102	2	2	1,121	\$995,000	\$888	
		203	2	2	1,233	\$949,000	\$770	
		206	2	2	1,221	\$1,100,000	\$901	
		301	2	2	1,316	\$1,125,000	\$855	
		304	2	2	1,094	\$999,000	\$913	
		104	2	2	<u>1,142</u>	<u>\$999,000</u>	<u>\$875</u>	
				1,227	\$1,065,700	\$872		
MC	Mission at 1875 <sup>1</sup> 1875 Mission	Studio			632	<u>list prices:</u> \$589,000	\$933	HOA dues: \$360 - \$450
		One BR			778	\$810,000	\$1,042	All units in contract.
		Two Bedroom			840	\$869,000	\$1,035	One & Two BRs come w parking.
MC Redfin	Thirty Five Dolores 35 Dolores	205	1	1	665	\$730,000	\$1,098	HOA Dues: \$300 - 415 ← Unit closed 1/2015.
		401	2	2	1,133	\$1,550,000	\$1,368	← Unit closed 3/2105. Includes parking. BMR Units - parking available for \$125,000.
MC	Onyx Phase I 1717 17th Street	202	1	1	889	\$985,000	\$1,108	Sold in 2014. HOA Dues: \$350 - \$445 Phase II: Includes parking, \$50 monthly fee.
		205	1	1	700	\$880,000	\$1,257	
		203	2	2	917	\$1,127,000	\$1,229	
		206	2	2.5	1,237	\$1,270,600	\$1,027	
		204	2	2.5	1,190	\$1,205,000	\$1,013	
		302	1	1	889	\$899,000	\$1,011	
		207	2	2	1,273	\$1,350,000	\$1,060	
		307	2	2.5	1,319	\$1,600,000	\$1,213	
		304	2	2.5	1,240	\$1,350,000	\$1,089	
		305	1	1	<u>730</u>	<u>\$789,000</u>	<u>\$1,081</u>	
			1,038	1,145,560	1,109			
MC	The Century 2200 Market Street	304	1	1.5	849	\$875,000	\$1,031	55 feet; 4 stories over retail. Sold in 2014. HOA Dues: \$430 - 490 ← resale unit, includes parking space.
		504	1	1.5	789	\$949,000	\$1,203	
		202	1	1.5	847	\$829,000	\$979	
		203	2	2	1,059	\$1,150,000	\$1,086	
		502	1	1.5	786	\$1,050,000	\$1,336	
		405	2	2	1,120	\$1,200,000	\$1,071	
		502	1	1.5	786	\$949,000	\$1,207	
		402	1	1.5	823	\$895,000	\$1,087	
		205	2	2	1,120	\$1,240,000	\$1,107	
		301	2	2	<u>1,181</u>	<u>\$1,355,000</u>	<u>\$1,147</u>	
			936	\$1,049,200	\$1,125			

APPENDIX A, TABLE 4  
 MARKET SALE PRICES: LOW RISE CONDOMINIUM PROJECTS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

MC	300 Ivy	507	2	2	916	\$1,210,000	\$1,321	← resale unit; includes parking space. Sold in 2014. HOA Dues: \$412 - \$650 BMR Units - parking available for \$75,000.
		215	2	2	1,010	\$967,000	\$957	
		200	2	2	1,308	\$1,270,000	\$971	
		414	2	2	970	\$1,120,000	\$1,155	
		100	1	1	839	\$748,000	\$892	
		201	1	1	658	\$687,000	\$1,044	
		104	2	2	1,208	\$1,249,000	\$1,034	
		511	1	1	692	\$737,000	\$1,065	
		513	1	1	677	\$723,000	\$1,068	
		<u>102</u>	2	2	<u>1,210</u>	<u>\$1,167,000</u>	<u>\$964</u>	
					949	\$987,800	\$1,047	
VG	400 Grove				List Prices		Five stories (four over retail) HOA dues: \$600 - \$950	
			Jr 1	428	\$550,000	\$1,285		
			1	570	\$700,000	\$1,228		
			2	905	\$1,100,000	\$1,215		
VG	The San Francisco Shipyard - Thayer Condominiums Innes Avenue				List Prices		Units sold but not closed. HOA: \$250 - \$505	
			1	550	\$630,000	\$1,145		
			1	811	\$655,000	\$808		
			2	960	\$760,000	\$792		
			2	1,380	\$775,000	\$562		

1. Average of range of unit sizes.

Source: The Mark Company (MC), March 2015, redfin.com, Vanguard Properties May 2015 (VG).

APPENDIX A, TABLE 5  
MARKET SALE PRICES: MID RISE CONDOMINIUM PROJECTS  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA

Source	Project / Address	Unit	Bd.	Ba.	SF	Sales Price	\$/SF	Notes
MC	870 Harrison Street	402	1	1	612	\$650,000	\$1,062	HOA dues: \$400 - \$550 Units closed 1/2015. BMR units - parking for \$96,000.
		602	1	1	612	\$720,000	\$1,176	
		604	2	1	880	\$950,000	\$1,080	
		301	1	1	612	\$685,000	\$1,119	
		503	1	1	575	\$578,000	\$1,005	
		202	1	1	612	\$595,000	\$972	
		403	1	1	575	\$575,000	\$1,000	
		203	1	1	575	\$575,000	\$1,000	
		204	1	1	600	\$575,000	\$958	
		206	1	1	<u>518</u>	<u>\$535,000</u>	<u>\$1,033</u>	
				617	\$643,800	\$1,041		
MC	8 Octavia Street	608	2	2	1,001	\$1,165,000	\$1,164	HOA dues: \$580 - 840 24 parking spaces (47 units) Units closed 11/2014 - 1/2015
		303	1	1	726	\$729,000	\$1,004	
		601	2	2.5	968	\$1,150,000	\$1,188	
		705	1	1	726	\$799,000	\$1,101	
		505	1	1	726	\$749,000	\$1,032	
		501	2	2.5	968	\$1,125,000	\$1,162	
		506	2	2	1,001	\$1,320,000	\$1,319	
		701	2	2.5	968	\$1,165,000	\$1,204	
		406	2	2	1,001	\$950,000	\$949	
		806	2	2.5	<u>1,225</u>	<u>\$1,600,000</u>	<u>\$1,306</u>	
				931	\$1,075,200	\$1,143		
MC	Amero 1501 Filbert	5C	2	2	1,130	\$1,600,000	\$1,416	HOA dues: \$561 - \$765 Units closed 11/2014 - 1/2015. Six stories. All units include parking.
		5G	2	2	1,770	\$2,500,000	\$1,412	
		6C	2	2.5	1,130	\$1,799,000	\$1,592	
		5E	2	2.5	1,840	\$2,450,000	\$1,332	
		5D	2	2.5	1,768	\$2,575,000	\$1,456	
		PH7F	2	2	1,634	\$3,500,000	\$2,142	
		3C	2	2	1,130	\$1,325,000	\$1,173	
		6A	2	2.5	1,220	\$1,464,000	\$1,200	
		4C	2	2	1,130	\$1,450,000	\$1,283	
PH7D	2	2.5	<u>1,562</u>	<u>\$3,700,000</u>	<u>\$2,369</u>			
				1,431	\$2,236,300	\$1,537		
MC	Park Lane 1100 Sacramento	804	2	2.5	1,938	\$2,340,000	\$1,207	Converted TIC HOA dues: \$860 - \$4,400 Units closed 1/2014 - 1/2015.
		504	3	3	2,245	\$2,595,000	\$1,156	
		802	3	3	2,497	\$5,100,000	\$2,042	
		402	3	3.5	2,395	\$3,295,000	\$1,376	
		302	3	3.5	2,390	\$2,995,000	\$1,253	
		208	3	3.5	2,537	\$3,200,000	\$1,261	
		304	3	3	2,265	\$2,225,000	\$982	
		808	3	3.5	2,825	\$3,700,000	\$1,310	
		904	3	3	2,148	\$2,500,000	\$1,164	
202	3	3.5	<u>2,389</u>	<u>\$2,565,000</u>	<u>\$1,074</u>			
				2,363	\$3,051,500	\$1,283		



APPENDIX A, TABLE 5  
MARKET SALE PRICES: MID RISE CONDOMINIUM PROJECTS  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA

Source	Project / Address	Unit	Bd.	Ba.	SF	Sales Price	\$/SF	Notes
						<u>List Prices</u>		
RC	Seventy2 Townsend 72 Townsend St	403	1	2	785	\$949,000	\$1,209	All units come w/parking. HOA: \$653 - \$1,257
		506	2	2	1,176	\$1,650,000	\$1,403	
		409	2	2	1,136	\$1,445,000	\$1,272	
		407	1	2	851	\$999,000	\$1,174	
		505	1	1	<u>632</u>	<u>\$856,000</u>	<u>\$1,354</u>	
					916	\$1,179,800	\$1,282	
MC	Vida 2558 Mission St	415	1	1	494	\$599,000	\$1,213	Eight stories. HOA dues: \$430 - \$620 Units closed 1/2015. All 1.5 and 2BR units come w/parking.
		509	2	2	1,003	\$1,195,000	\$1,191	
		313	1	1	631	<u>\$654,000</u>	<u>\$1,036</u>	
							\$1,181	
						<u>List Price</u>		
		Jr. One BR			507	\$632,000	\$1,247	
		One BR			631	\$706,000	\$1,119	
		Two BR			<u>943</u>	<u>\$960,000</u>	<u>\$1,018</u>	
							\$1,141	
MC	Hales Warehouse & Sliver Bldg 2 and 10 Mint Plaza					<u>Resale Price</u>		8 and 10 floors. Resales: 6/2014 - 11/2014.
		2	1	2	1,559	\$1,550,000	\$994	
		1	1	2	1,559	\$1,500,000	\$962	
		4	1	2	1,559	\$1,675,000	\$1,074	
		5	1	2	1,559	\$1,750,000	\$1,123	
		6	4	4	3,321	\$3,995,000	\$1,203	
		3	2	2	1,559	\$1,600,000	\$1,026	
		801	2	1	1,240	\$1,350,000	\$1,089	
		305	0	1	433	\$515,000	\$1,189	
		405	0	1	433	\$525,000	\$1,212	
		306	1	1	674	\$725,000	\$1,076	
		308	1	1	727	\$735,000	\$1,011	
		703	1	1	1,104	\$1,050,000	\$951	
		205	0	1	<u>433</u>	<u>\$560,000</u>	<u>\$1,293</u>	
					1,243	\$1,348,462	\$1,093	
VG	Mint Collection 6 Mint Plaza					<u>List Price</u>		Eight stories.
			1		661	\$695,000	\$1,051	
			2		973	\$875,000	\$899	
MC	1645 Pacific					<u>Resale Price</u>		Six stories. HOA dues: \$475 - \$625. Resales: 8/2014 - 10/2014. Parking Spaces: \$80,000.
		2G	2	2.5	1,510	\$1,750,000	\$1,159	
		3D	2	2	1,402	\$1,550,000	\$1,106	
		2D	2	2	1,399	\$1,500,000	\$1,072	
		6D	2	2	1,393	\$1,740,000	\$1,249	
		3F	2	2.5	1,509	\$1,750,000	\$1,160	
		5A	2	2	1,003	\$1,228,000	\$1,224	
		3G	2	3	1,845	\$1,950,000	\$1,057	
		6E	2	3	1,845	\$3,300,000	\$1,789	
		1A	2	2	1,003	\$1,585,000	\$1,580	
		2C	1	1	<u>642</u>	<u>\$825,000</u>	<u>\$1,285</u>	
					1,355	\$1,717,800	\$1,268	

**APPENDIX A, TABLE 5**  
**MARKET SALE PRICES: MID RISE CONDOMINIUM PROJECTS**  
**RESIDENTIAL NEXUS ANALYSIS**  
**CITY OF SAN FRANCISCO, CA**

<u>Source</u>	<u>Project / Address</u>	<u>Unit</u>	<u>Bd.</u>	<u>Ba.</u>	<u>SF</u>	<u>Sales Price</u>	<u>\$/SF</u>	<u>Notes</u>
VG	<b>Linea</b> 8 Buchanan at Market							
		312	1	1	836	\$749,000	\$896	Nine stories HOA dues: \$450 - \$675 Unit 312 does not include parking space.
		601	2	1	787	\$899,000	\$1,142	
		813	2	2	963	\$1,090,000	\$1,132	
		406	1	1	<u>778</u>	<u>\$829,000</u>	<u>\$1,066</u>	
					841	\$891,750	\$1,059	
VG	<b>The Hayes</b> 55 Page Street at Gough							
		726	2	2	1,023	\$1,225,000	\$1,197	Eight Stories HOA dues: \$300 - \$500 Includes parking.
		310	1	1	739	\$899,000	\$1,217	
		514	0	1	476	\$564,000	\$1,185	
		515	1	1	<u>750</u>	<u>\$905,000</u>	<u>\$1,207</u>	
					747	\$898,250	\$1,201	

Source: The Mark Company (MC), March 2015, Realtor.com (RC), Vanguard Properties May 2015 (VG).

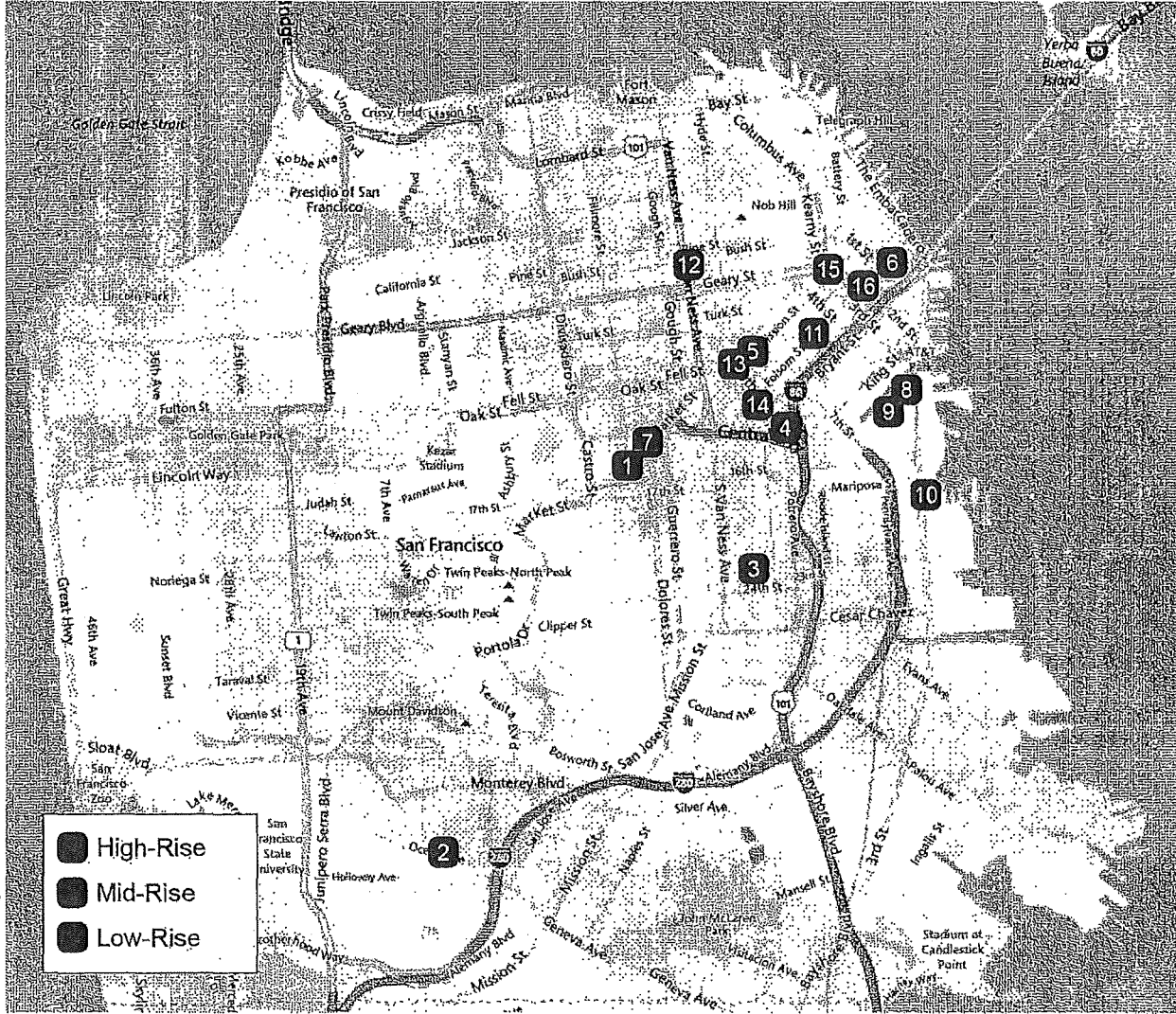
APPENDIX A, TABLE 6  
 MARKET SALE PRICES: HIGH-RISE CONDOMINIUM PROJECTS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

Source	Project/Address	Unit	Bd.	Ba.	SF	Sales Price	\$/SF	Notes	
MC	BLU 631 Folsom St.	<u>Resale Prices</u>							21 stories; 214'
		15B	2	2	1,054	\$1,175,000	\$1,115	Project sold out in 2013.	
		11B	2	2	1,054	\$1,130,000	\$1,072	HOA dues: \$650 - \$900	
		2E	2	2	906	\$1,030,000	\$1,137	Resales: 5/2013 - 8/2014	
		18E	2	2	906	\$990,000	\$1,093		
		7B	2	2	1,054	\$985,000	\$935		
		20B	2	2	1,054	\$1,150,000	\$1,091		
		2F	2	2	1,200	\$1,200,000	\$1,000		
		6B	2	2	1,054	\$889,000	\$843		
		16E	2	2	906	\$940,000	\$1,038		
		16B	2	2	<u>1,054</u>	<u>\$1,076,314</u>	<u>\$1,021</u>		
				1,024	\$1,056,531	\$1,034			
MC	ONE HAWTHORNE One Hawthorne St.	<u>Resale Prices</u>							25 stories. Built 2010.
		11E	2	2	1,246	\$1,500,000	\$1,204	HOA dues: \$500 - 720	
		15A	1	1	909	\$1,060,000	\$1,166	Project sold out 2013.	
		14G	1	1	950	\$1,150,000	\$1,211	Resales: 12/2013 - 2/2015.	
		22A	2	2	1,558	\$1,850,000	\$1,187	Valet Parking - \$273/mo.	
		16D	1	1	845	\$1,050,000	\$1,243		
		4D	1	1	826	\$950,000	\$1,150		
		2E	1	1	828	\$900,000	\$1,087		
		23G	1	1	951	\$1,125,000	\$1,183		
		19G	1	1	950	\$1,087,000	\$1,144		
		5F	1	1	<u>504</u>	<u>\$600,000</u>	<u>\$1,190</u>		
				957	\$1,127,200	\$1,177			
LS		21C			1,243	\$1,800,100	\$1,448	Feb. 2015	
		3E			1,313	\$949,000	\$723	Apr. 2015	
		9C			1,298	\$1,725,000	\$1,329	Apr. 2015	
MC/VG	MILLENNIUM 301 Mission	<u>Resale Prices</u>							60 stories.
		22H	1	1	733	\$1,080,000	\$1,473	HOA dues: \$774 - \$1,750	
		15A	2	2	1,479	\$2,000,000	\$1,352	valet parking - \$190/mo.	
		16H	1	1	773	\$950,000	\$1,229		
		12E	2	2	1,098	\$1,500,000	\$1,366		
		11G	2	2	1,246	\$1,650,000	\$1,324		
		25H	1	1	773	\$1,137,500	\$1,472		
		18H	1	1	733	\$1,050,000	\$1,432		
		36B	2	2.5	1,652	\$3,000,000	\$1,816		
		29H	2	2	1,601	\$2,300,000	\$1,437		
		9J	2	2	1,127	\$1,500,000	\$1,331		
		5E	2	2	1,136	\$1,500,000	\$1,320		
		1004	2	2	1,400	\$3,000,000	\$2,143		
		32E	2	2	1,714	\$2,775,000	\$1,619		
		36D	2	3	1,952	\$4,000,000	\$2,049		
		406	1	2	1,633	\$2,325,000	\$1,424		
30E	2	2	<u>1,714</u>	<u>\$2,200,000</u>	<u>\$1,284</u>				
				1,298	\$1,997,969	\$1,504			
MC	ONE RINCON HILL 425 First St.	<u>Resale Prices</u>							Project sold out 2013.
		5204	3	3	1,947	\$3,530,000	\$1,813	Resales: 8/2014 - 1/2015.	
		4207	1	1	819	\$1,200,000	\$1,465	Valet parking.	
		2107	1	1	819	\$1,075,000	\$1,313		
		4101	1	1	837	\$1,149,000	\$1,373		
		4805	1	1	710	\$915,000	\$1,289		
		2704	1	1	605	\$750,000	\$1,240		
		1605	1	1	710	\$799,000	\$1,125		
		3402	2	2	1,309	\$1,700,000	\$1,299		
		4103	2	2	1,278	\$1,600,000	\$1,252		
		5402	2	2	<u>1,449</u>	<u>\$3,000,000</u>	<u>\$2,070</u>		
				1,048	\$1,571,800	\$1,424			

Source: The Mark Company (MC), March 2015, Vanguard Properties, May 2015 (VG) and ListSource (LS), April 2015.

Appendix A Table 7  
 Residential Nexus Analysis  
 City of San Francisco, CA

Apartments  
San Francisco



Low-Rise

- 1) 2175 Market
- 2) Avalon Ocean Avenue
- 3) 2652 Harrison
- 4) 1266 9th Street

Mid-Rise

- 5) 1190 Mission at Trinity Place
- 6) 333 Fremont
- 7) 38 Dolores
- 8) Channel Mission Bay
- 9) MB360
- 10) The Gantry
- 11) Mosso

High-Rise

- 12) Etta
- 13) Ava, 55 Ninth
- 14) NEMA
- 15) The Paramount
- 16) Jasper

APPENDIX A, TABLE 8  
 ASKING RENTS, NEW APARTMENT BUILDINGS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

	<u>Net Sq. Ft.</u>	<u>Low Rent</u>	<u>High Rent</u>	<u>Low \$/SF</u>	<u>High \$/SF</u>
<b><u>Low Rise</u></b>					
<b>2175 Market</b>	<i>Built 2014</i>	<i>(Four stories over retail, up to 65')</i>			
One Bedroom	484	\$3,838		\$7.93	
One Bedroom	505	\$2,833	\$3,508	\$5.61	\$6.95
One Bedroom	509	\$3,528	\$3,538	\$6.93	\$6.95
One Bedroom	513	\$2,958	\$3,433	\$5.77	\$6.69
One Bedroom	517	\$3,388		\$6.55	
One Bedroom	520	\$2,858	\$3,588	\$5.50	\$6.90
One Bedroom	536	\$3,356	\$3,644	\$6.26	\$6.80
One Bedroom	635	\$3,333		\$5.25	
One Bedroom	637	\$3,783		\$5.94	
One Bedroom	649	\$3,338	\$3,813	\$5.14	\$5.88
Two Bedroom	708	\$3,988		\$5.63	
Two Bedroom	722	\$4,383		\$6.07	
Two Bedroom	724	\$3,988		\$5.51	
Two Bedroom	747	\$3,757	\$4,377	\$5.03	\$5.86
Two Bedroom	762	\$3,538	\$3,588	\$4.64	\$4.71
Two Bedroom	777	\$3,449	\$3,499	\$4.44	\$4.50
Two Bedroom	802	\$3,573		\$4.46	
Two Bedroom	805	\$3,523		\$4.38	
Two Bedroom	807	\$4,643		\$5.75	
Two Bedroom	817	\$4,757	\$5,358	\$5.82	\$6.56
Two Bedroom	819	\$3,981	\$4,806	\$4.86	\$5.87
Two Bedroom	829	\$4,070	\$4,870	\$4.91	\$5.87
Two Bedroom	845	\$5,538	\$6,141	\$6.55	\$7.27
<b>Avalon Ocean Avenue</b>					
	<i>1200 Ocean Avenue (Built 2012)</i>				
Studio	567	\$2,865		\$5.05	
Studio	595	\$2,840		\$4.77	
One Bedroom	762	\$3,125		\$4.10	
One Bedroom	761	\$3,125		\$4.11	
One Bedroom	761	\$3,125		\$4.11	
One Bedroom	834	\$3,175		\$3.81	
Two Bedroom	1,136	\$3,840		\$3.38	
Two Bedroom	1,181	\$3,680		\$3.12	
Two Bedroom	1,136	\$3,770		\$3.32	
Two Bedroom	1,236	\$3,835		\$3.10	
Two Bedroom	1,117	\$3,630		\$3.25	

APPENDIX A, TABLE 8  
 ASKING RENTS, NEW APARTMENT BUILDINGS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

	<u>Net Sq. Ft.</u>	<u>Low Rent</u>	<u>High Rent</u>	<u>Low \$/SF</u>	<u>High \$/SF</u>
<b>2652 Harrison</b>	<i>Four stories (Built 2013)</i>				
Two Bedroom		\$4,295			
<b>1266 9th St</b>	<i>Four stories (Built 2014)</i>				
One Bedroom	891	\$4,195		\$4.71	
Two Bedroom	1,256	\$5,295		\$4.22	
Two Bedroom	1,218	\$5,295		\$4.35	
Two Bedroom	1,284	\$5,295		\$4.12	
Two Bedroom	1,348				
Two Bedroom	1,362				
Three Bedroom	1,818	\$6,495		\$3.57	
Three Bedroom	1,863				
<b><u>Mid-Rise</u></b>					
<b>1190 Mission at Trinity Place</b>	<i>Built 2013</i>				
Studio	475	\$2,549		\$5.37	
Junior One Bedroom	500	\$2,429		\$4.86	
Junior One Bedroom	650	\$2,800		\$4.31	
One Bedroom	700	\$2,885		\$4.12	
One Bedroom	800	\$3,300		\$4.13	
Two Bedroom	900	\$3,791		\$4.21	
Two Bedroom	1,050	\$4,200		\$4.00	
<b>333 Fremont</b>	<i>Built 2014</i>				
One Bedroom	670	\$3,350		\$5.00	
One Bedroom	940	\$3,795		\$4.04	
One Bedroom	703	\$3,600		\$5.12	
One Bedroom	862	\$4,300		\$4.99	
One Bedroom	712	\$3,750		\$5.27	
Two Bedroom	1,300	\$5,300		\$4.08	
Two Bedroom	1,253	\$5,300		\$4.23	
Two Bedroom	1,253	\$4,692		\$3.74	
<b>38 Dolores</b>	<i>Built 2013</i>				
One Bedroom	714	\$4,475		\$6.27	
Two Bedroom	848	\$4,400		\$5.19	
Two Bedroom	1,053	\$5,195		\$4.93	
Three Bedroom	1,651	\$8,675		\$5.25	

APPENDIX A, TABLE 8  
 ASKING RENTS, NEW APARTMENT BUILDINGS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

	<u>Net Sq. Ft.</u>	<u>Low Rent</u>	<u>High Rent</u>	<u>Low \$/SF</u>	<u>High \$/SF</u>
<b>Channel Mission Bay</b>	<i>185 Channel Street (Built 2013, 6 stories)</i>				
Studio	587	\$3,960		\$6.75	
Studio	607	\$3,850		\$6.34	
One Bedroom	787	\$4,413	\$4,564	\$5.61	\$5.80
One Bedroom	748	\$4,470	\$4,382	\$5.98	\$5.86
One Bedroom	932	\$4,582		\$4.92	
One Bedroom	671	\$4,009		\$5.97	
One Bedroom	644	\$4,471		\$6.94	
One Bedroom	609	\$4,510		\$7.41	
One Bedroom	948	\$5,102		\$5.38	
One Bedroom	1,091	\$5,163		\$4.73	
One Bedroom	1,105	\$5,375		\$4.86	
Two Bedroom	963	\$5,688		\$5.91	
Two Bedroom	1,102	\$5,775		\$5.24	
<b>MB360</b>	<i>701 China Basin Street (Built 2014, 6 Stories)</i>				
Studio	548	\$3,201	\$3,639	\$5.84	\$6.64
Studio	911	\$3,739	\$4,258	\$4.10	\$4.67
One Bedroom	761	\$3,542	\$4,096	\$4.65	\$5.38
One Bedroom	785	\$3,835	\$4,345	\$4.89	\$5.54
One Bedroom	807	\$4,194		\$5.20	
One Bedroom	823	\$3,697	\$4,123	\$4.49	\$5.01
One Bedroom	873	\$3,722	\$3,855	\$4.26	\$4.42
One Bedroom	976	\$3,842	\$4,130	\$3.94	\$4.23
Two Bedroom	980	\$4,284	\$4,726	\$4.37	\$4.82
Two Bedroom	1,057	\$4,513	\$5,074	\$4.27	\$4.80
Two Bedroom	1,095	\$4,256	\$5,006	\$3.89	\$4.57
Two Bedroom	1,164	\$4,533	\$4,867	\$3.89	\$4.18
<b>The Gantry</b>	<i>2121 Third Street (Built 2014)</i>				
Studio	487	\$3,150		\$6.47	
One BR (estimated average)	628	\$3,200	\$3,800	\$5.10	\$6.05
One BR (particular unit)	602	\$3,695		\$6.14	
Two Bedroom (particular unit)	831	\$4,450	\$4,495	\$5.35	\$5.41
Two Bedroom (particular unit)	922	\$4,565	\$4,950	\$4.95	\$5.37
Three Bedroom (particular unit)	987	\$5,895	\$5,995	\$5.97	\$6.07

**APPENDIX A, TABLE 8  
 ASKING RENTS, NEW APARTMENT BUILDINGS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

	<u>Net Sq. Ft.</u>	<u>Low Rent</u>	<u>High Rent</u>	<u>Low \$/SF</u>	<u>High \$/SF</u>
<b>Mosso<sup>1</sup></b>	<i>900 Folsom Street (Built 2014, 8 stories)</i>				
Studio	453	\$2,845	\$3,046	\$6.29	\$6.73
Studio	567	\$3,195	\$3,256	\$5.63	\$5.74
One Bedroom	623	\$3,673	\$5,048	\$5.90	\$8.10
One Bedroom	695	\$3,648	\$6,214	\$5.25	\$8.94
One Bedroom	660	\$3,857	\$4,409	\$5.85	\$6.69
One Bedroom	727	\$3,450	\$5,181	\$4.75	\$7.13
One Bedroom	672	\$4,097		\$6.10	
One Bedroom	716	\$3,657		\$5.11	
Two Bedroom	945	\$4,042	\$4,285	\$4.28	
Two Bedroom	1,188	\$5,237		\$4.41	
Two Bedroom	1,061	\$5,048		\$4.76	
Two Bedroom	1,070	\$4,583	\$4,841	\$4.29	
Two Bedroom	904	\$4,188	\$4,438	\$4.63	\$4.91
Two Bedroom	1,082	\$4,687	\$5,048	\$4.33	\$4.67
Two Bedroom	1,165	\$4,562	\$4,797	\$3.92	\$4.12
Two Bedroom	1,593	\$5,087	\$7,955	\$3.19	\$5.00
Three Bedroom	1,917	\$8,192		\$4.27	

**High-Rise**

<b>Etta</b>	<i>1285 Sutter Street (Built 2013, 13 stories)</i>				
Studio	533	\$2,983		\$5.60	
One Bedroom	880	\$3,710		\$4.22	
One Bedroom	926	\$3,810		\$4.11	
One Bedroom	850	\$3,620		\$4.26	
One Bedroom	698	\$3,540		\$5.07	
One Bedroom	706	\$3,710		\$5.25	
One Bedroom	764	\$3,475		\$4.55	
One Bedroom	598	\$3,275		\$5.48	
Two Bedroom	1,496	\$5,260		\$3.52	
Two Bedroom	1,112	\$5,359		\$4.82	
Two Bedroom	1,241	\$5,900		\$4.75	
Two Bedroom	1,100	\$5,260		\$4.78	
Two Bedroom	1,137	\$4,723		\$4.15	
Two Bedroom	990	\$4,465		\$4.51	
Two Bedroom	1,133	\$4,761		\$4.20	
Two Bedroom	1,453	\$5,710		\$3.93	
Two Bedroom	1,474	\$7,360		\$4.99	
Two Bedroom	1,521	\$7,370		\$4.85	
Two Bedroom	1,783	\$7,460		\$4.18	
Two Bedroom	1,910	\$7,470		\$3.91	



**APPENDIX A, TABLE 8  
 ASKING RENTS, NEW APARTMENT BUILDINGS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA**

	<u>Net Sq. Ft.</u>	<u>Low Rent</u>	<u>High Rent</u>	<u>Low \$/SF</u>	<u>High \$/SF</u>
<b>Ava, 55 Ninth Avenue</b>	<i>55 Ninth Avenue (Built 2014, 17 Stories)</i>				
Studio	528	\$3,145		\$5.96	
Studio	528	\$2,940		\$5.57	
One Bedroom	750	\$4,015		\$5.35	
One Bedroom	750	\$3,945		\$5.26	
One Bedroom	704	\$3,745		\$5.32	
Two Bedroom	855	\$4,735		\$5.54	
Two Bedroom	946	\$4,870		\$5.15	
Two Bedroom	950	\$4,906		\$5.16	
Two Bedroom	986	\$4,730		\$4.80	
Two Bedroom	1,195	\$4,905		\$4.10	
<b>NEMA</b>	<i>8 10th Street (Built 2013, 25 and 40-story towers)</i>				
Studio	604	\$3,765		\$6.23	
Studio	786	\$3,460		\$4.40	
Studio	463	\$3,335		\$7.20	
Studio	583	\$3,645	\$3,665	\$6.25	\$6.29
Studio	471	\$3,400	\$3,410	\$7.22	\$7.24
Studio	463	\$3,315	\$3,385	\$7.16	\$7.31
Studio	470	\$3,505		\$7.46	
Studio	754	\$3,895		\$5.17	
Studio	722	\$3,910		\$5.42	
One Bedroom	852	\$4,825		\$5.66	
One Bedroom	969	\$4,935	\$5,045	\$5.09	\$5.21
One Bedroom	810	\$4,525		\$5.59	
One Bedroom	902	\$4,265		\$4.73	
One Bedroom	879	\$4,255	\$4,515	\$4.84	\$5.14
One Bedroom	752	\$4,525		\$6.02	
One Bedroom	788	\$4,205		\$5.34	
One Bedroom	771	\$4,400		\$5.71	
One Bedroom	704	\$4,400		\$6.25	
One Bedroom	691	\$4,620		\$6.69	
Two Bedroom	1,442	\$6,550	\$6,680	\$4.54	\$4.63
Two Bedroom	1,376	\$6,400		\$4.65	

**APPENDIX A, TABLE 8  
ASKING RENTS, NEW APARTMENT BUILDINGS  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA**

	<u>Net Sq. Ft.</u>	<u>Low Rent</u>	<u>High Rent</u>	<u>Low \$/SF</u>	<u>High \$/SF</u>
<b>Jasper</b>	<i>Rincon Hill (2015, 40-story tower)</i>				
Studio	539	\$3,875		\$7.19	
Studio	543	\$3,675		\$6.77	
Studio	546	\$3,520	\$3,780	\$6.45	\$6.92
Studio	568	\$3,195		\$5.63	
Studio	594	\$3,325		\$5.60	
Studio	598	\$3,740		\$6.25	
Studio	603	\$3,370		\$5.59	
Studio	611	\$3,805		\$6.23	
Studio	615	\$3,430		\$5.58	
Studio	620	\$3,455		\$5.57	
Studio	851	\$3,827		\$4.50	
Studio	1,114	\$5,474		\$4.91	
One Bedroom	711	\$3,610		\$5.08	
One Bedroom	625	\$4,065		\$6.50	
One Bedroom	619	\$4,185		\$6.76	
One Bedroom	860	\$4,358	\$4,718	\$5.07	\$5.49
One Bedroom	879	\$4,961	\$5,456	\$5.64	\$6.21
One Bedroom	1,128	\$5,369		\$4.76	
One Bedroom	1,218	\$5,445		\$4.47	
Two Bedroom	1,129	\$6,268		\$5.55	
Two Bedroom	1,131	\$6,282		\$5.55	
Two Bedroom	1,196	\$6,838	\$6,868	\$5.72	\$5.74
Two Bedroom	1,242	\$5,894	\$6,389	\$4.75	\$5.14
Two Bedroom	1,245	\$6,226	\$6,286	\$5.00	\$5.05
Two Bedroom	1,321	\$6,084		\$4.61	
Two Bedroom	1,328	\$6,159		\$4.64	
Two Bedroom	1,389	\$6,510	\$6,785	\$4.69	\$4.88
Two Bedroom	1,578	\$6,946		\$4.40	
Three Bedroom	1,452	\$6,961	\$7,231	\$4.79	\$4.98
Three Bedroom	1,491	\$7,424	\$7,484	\$4.98	\$5.02
Three Bedroom	1,506	\$6,729	\$6,999	\$4.47	\$4.65
<b>The Paramount<sup>1</sup></b>	<i>680 Mission St. (Built 2001, 43 stories)</i>				
Studio	550	\$3,225	\$3,405	\$5.86	\$6.19
One Bedroom	790	\$3,980	\$4,560	\$5.04	\$5.77
Two Bedroom	1,250	\$5,700	\$6,185	\$4.56	\$4.95

1. Unit sizes are the midpoint of the range of unit sizes for each apartment configuration.  
Sources: RealFacts, Apartment Guide, Developer websites, zillow.com, craigslist.org, curbed.com, apartments.com.

**APPENDIX B: SUPPLEMENTAL ANALYSIS FINDINGS  
FOR 0% THROUGH 150% OF MEDIAN INCOME**

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## Supplemental Information on Impacts Through 150% of Median

This Appendix provides information quantifying affordable housing impacts from 0% through 150% of median income to supplement the findings presented in the main body of this nexus report (which apply to 0% through 120% of median income).

The table below summarizes the analysis results regarding the total demand for affordable housing from 0% to 150% of median income associated with 100 market rate units for the two residential prototypes analyzed in the nexus analysis. The findings are based on the same analysis methodology as described in the body of this report, but expanded to include an additional income category of up to 150% of median.

New Worker Households per 100 Market Rate Units by Income		
	<i>Condominium</i>	<i>Apartment</i>
<b>Worker Households</b>		
0% to 120% AMI	37.6	31.8
120% to 150% AMI	<u>3.7</u>	<u>3.1</u>
Subtotal through 150% AMI	41.3	34.9
Total, greater than 150% AMI	<u>7.7</u>	<u>6.6</u>
Total	49.0	41.5

Based upon the compensation levels of many of the retail, restaurant and other service jobs, a significant portion of worker households are under 120% of median income. Expanding the analysis to cover all affordable housing impacts through 150% of median income results in only a 10% increase in the number of worker households included in the results.

Supplemental findings through 150% of median are also presented in terms of the supported affordable unit percentage consistent with the structure of San Francisco's Affordable Housing Fee. The findings represent the affordable unit percentage that, when applied to the number of market rate units in the principal project, would mitigate the affordable housing impacts through 150% of median income. The amounts are determined by converting the findings from the table above into percentages.

Maximum Percentage Basis for Affordable Housing Fees, with Inclusion of Affordable Housing Impacts to 150% of AMI		
	<i>Condominium</i>	<i>Apartment</i>
Affordable Unit Percentage Supported through 150% AMI	41.3%	34.9%

The findings of the nexus analysis can be used to calculate the percentage of units provided on-site within a project that would mitigate the affordable housing impacts. As discussed in Section III, the percentages are different than for an off-site affordable housing mitigation.

On-site Percentage Supported, with Inclusion of Affordable Housing Impacts to 150% of AMI		
	<i>Condominium</i>	<i>Apartment</i>
Affordable Unit On-Site Percentage Supported through 150% AMI	29.2%	25.9%

**APPENDIX C: SUPPORTING TABLES – LOCAL GOVERNMENT SERVICES EMPLOYMENT**

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**APPENDIX C, TABLE 1  
ESTIMATED LOCAL GOVERNMENT SERVICES EMPLOYMENT PER 100 RESIDENTIAL UNITS  
RESIDENTIAL NEXUS ANALYSIS  
CITY OF SAN FRANCISCO, CA**

1 Local Government Services Employment - City/County of San Francisco, FY 2014-15 <sup>1</sup>	33,837
2 Less: Estimated "fixed" portion of employment that does not vary with service demands	(20,822) From Appendix C, Table 2
3 Estimated "Variable" Portion that increases with increased service demands	<u>13,015</u> From Appendix C, Table 2
4 Less: Allocable Share of Variable Employment for Services to Non-Residential Uses	(3,188) See below
5 Estimated Local Government Employment that varies with increased service demands and is allocable to population / residential uses	<u>9,827</u> =29% of total employment
6 Total Number of Residential Units in City <sup>3</sup>	378,186

<b>7 Estimated Increase in City/County Employment for Each 100 residential units</b> (= Line 5 / Line 6 X 100)	<b>2.60</b>
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**Estimated Share of Employment Allocable to Non-Residential Uses**

1 Resident Equivalent Service Population <sup>5</sup>		
Number of Jobs in San Francisco, 2014 <sup>2</sup>	639,400	
Resident Equivalents @ 0.5 times Employment	319,700	27%
Residential Population <sup>4</sup>	<u>852,469</u>	<u>73%</u>
Total Resident Equivalent Service Population <sup>5</sup>	1,172,169	100%
2 Estimated City/County Employment that varies with resident equivalent service population	11,887	From Appendix C, Table 2
3 Estimate of City/County Employment serving non-residential / employment uses	3,188	

Notes

1. Represents Full Time Equivalents (FTEs) based on City and County of San Francisco Fiscal Year 2014/15 Annual Salary Ordinance.
2. State of California Employment Development Division.
3. US Census Bureau American Community Survey 2009 - 2013.
4. U.S. Census Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2014 , 2014 Population Estimates.
5. Resident equivalent service population is a metric used in fiscal impact and level of service analyses prepared for the City and used to allocate municipal service costs between residential and non-residential uses. Each resident is weighted as one resident equivalent and each employee is weighted as 0.5 resident equivalents.

APPENDIX C, TABLE 2  
 LOCAL GOVERNMENT EMPLOYMENT AND ESTIMATED SHARE THAT VARIES WITH SERVICE DEMANDS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

FY 2014-15 City and County of San Francisco Employment

	2014-15 FTE Employees	Service Population <sup>(1)</sup>	Estimated Variable Portion of Employment / Increases with Increased Service Demands	
			Percent	Number
<b>Culture and Recreation</b>				
Museums	259	resident	0%	-
Recreation and Parks	1,043	resident	50%	522
Public Library	708	resident	25%	177
Law Library	3	resident	0%	-
<b>Commissions &amp; Boards</b>				
SF Public Utilities Commission	2,430	service	10%	243
All other boards and commissions	1,830	service	0%	-
<b>General Administration and Finance</b>				
	3,255	service	30%	976
<b>Public Protection</b>				
Adult Probation	156	resident	90%	141
Emergency Management	279	service	90%	251
Fire	1,826	service	90%	1,644
District Attorney	284	service	90%	255
Juvenile Probation	278	resident	90%	250
Sheriff	1,101	service	90%	991
Public Defender	167	service	90%	151
Police	3,093	service	90%	2,784
<b>Human Welfare and Neighborhood Development</b>				
Children, Youth & Their Families	43	resident	10%	4
Child Support Services	104	resident	10%	10
Human Rights Commission	12	service	10%	1
Public Health (includes SF General)	7,082	service	10%	708
Human Services Agency	2,183	resident	10%	218
Health Service System	52	resident	10%	5
Status of Women	6	service	10%	1
<b>The Port</b>				
	276	service	0%	-
<b>Public Works, Transportation and Commerce</b>				
Economic & Workforce Development	112	service	50%	56
General Services Agency - Public Works	1,413	service	50%	706
Municipal Transportation Agency	5,840	service	50%	2,920
<b>Total</b>	<b>33,837</b>		<b>38%</b>	<b>13,015</b>
Portion Varying with Resident Equivalent Service Population <sup>(1)</sup>				11,687
Portion Varying with Population Alone				1,328

(1) Resident equivalent service population ("service") is a metric used in fiscal impact and level of service analyses prepared for the City and used to allocate municipal service costs between residents and non-residential uses. Each resident is weighted as one resident equivalent and each employee is weighted as 0.5 resident equivalents.

Sources: Fiscal Year 2014/15 Annual Salary Ordinance. Fiscal Impact Analyses prepared for the City by CBRE, KMA, and EPS.

**APPENDIX D: WORKER OCCUPATIONS AND COMPENSATION LEVELS**

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**APPENDIX D, TABLE 1  
 WORKER OCCUPATION DISTRIBUTION, 2014  
 SERVICES TO HOUSEHOLDS EARNING \$150,000 AND ABOVE  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY AND COUNTY OF SAN FRANCISCO**

Major Occupations (2% or more)	Worker Occupation Distribution <sup>1</sup> Services to Households Earning \$150,000 and above
Management Occupations	4.4%
Business and Financial Operations Occupations	4.5%
Community and Social Service Occupations	2.5%
Education, Training, and Library Occupations	5.2%
Healthcare Practitioners and Technical Occupations	6.2%
Healthcare Support Occupations	3.7%
Food Preparation and Serving Related Occupations	14.3%
Building and Grounds Cleaning and Maintenance Occupations	3.1%
Personal Care and Service Occupations	7.6%
Sales and Related Occupations	12.4%
Office and Administrative Support Occupations	16.1%
Installation, Maintenance, and Repair Occupations	3.1%
Transportation and Material Moving Occupations	4.8%
All Other Worker Occupations - Services to Households Earning \$150,000 and above	<u>11.8%</u>
<b>INDUSTRY TOTAL</b>	<b>100.0%</b>

<sup>1</sup> Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

APPENDIX D, TABLE 2  
 AVERAGE ANNUAL WORKER COMPENSATION, 2014  
 SERVICES TO HOUSEHOLDS EARNING \$150,000 AND ABOVE  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY AND COUNTY OF SAN FRANCISCO

Occupation <sup>3</sup>	2014 Avg. Compensation <sup>1</sup>	% of Total Occupation Group <sup>2</sup>	% of Total Households Earning \$150,000 and above Workers
<i>Page 1 of 4</i>			
<i>Management Occupations</i>			
Chief Executives	\$207,700	3.5%	0.2%
General and Operations Managers	\$150,600	32.6%	1.4%
Sales Managers	\$161,600	4.6%	0.2%
Administrative Services Managers	\$110,700	4.2%	0.2%
Computer and Information Systems Managers	\$165,700	3.3%	0.1%
Financial Managers	\$169,200	9.3%	0.4%
Education Administrators, Postsecondary	\$104,800	3.3%	0.1%
Food Service Managers	\$63,800	5.0%	0.2%
Medical and Health Services Managers	\$134,100	5.1%	0.2%
Property, Real Estate, and Community Association Managers	\$85,100	8.2%	0.4%
Social and Community Service Managers	\$78,500	5.1%	0.2%
Managers, All Other	\$141,700	3.6%	0.2%
All other Management Occupations (Avg. All Categories)	<u>\$135,800</u>	<u>12.2%</u>	<u>0.5%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$135,800</b>	<b>100.0%</b>	<b>4.4%</b>
<i>Business and Financial Operations Occupations</i>			
Claims Adjusters, Examiners, and Investigators	\$80,200	6.2%	0.3%
Human Resources Specialists	\$80,600	4.9%	0.2%
Management Analysts	\$119,700	5.6%	0.3%
Training and Development Specialists	\$82,800	4.0%	0.2%
Market Research Analysts and Marketing Specialists	\$87,400	6.8%	0.3%
Business Operations Specialists, All Other	\$94,700	11.6%	0.5%
Accountants and Auditors	\$87,000	18.6%	0.8%
Financial Analysts	\$124,700	7.1%	0.3%
Personal Financial Advisors	\$125,100	9.1%	0.4%
Insurance Underwriters	\$81,400	3.3%	0.1%
Loan Officers	\$99,600	5.1%	0.2%
All Other Business and Financial Operations Occupations (Avg. All Categories)	<u>\$97,200</u>	<u>17.6%</u>	<u>0.8%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$97,200</b>	<b>100.0%</b>	<b>4.5%</b>
<i>Community and Social Service Occupations</i>			
Substance Abuse and Behavioral Disorder Counselors	\$44,900	4.2%	0.1%
Educational, Guidance, School, and Vocational Counselors	\$63,500	7.6%	0.2%
Mental Health Counselors	\$43,100	7.2%	0.2%
Rehabilitation Counselors	\$36,400	6.4%	0.2%
Child, Family, and School Social Workers	\$53,400	14.4%	0.4%
Healthcare Social Workers	\$79,600	6.0%	0.2%
Mental Health and Substance Abuse Social Workers	\$55,000	5.5%	0.1%
Social and Human Service Assistants	\$39,200	24.9%	0.6%
Community Health Workers	\$45,900	3.1%	0.1%
Community and Social Service Specialists, All Other	\$53,300	5.1%	0.1%
Clergy	\$63,100	4.3%	0.1%
All Other Community and Social Service Occupations (Avg. All Categories)	<u>\$49,900</u>	<u>11.3%</u>	<u>0.3%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$49,900</b>	<b>100.0%</b>	<b>2.5%</b>

APPENDIX D, TABLE 2  
 AVERAGE ANNUAL WORKER COMPENSATION, 2014  
 SERVICES TO HOUSEHOLDS EARNING \$150,000 AND ABOVE  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY AND COUNTY OF SAN FRANCISCO

Occupation <sup>3</sup>	2014 Avg. Compensation <sup>1</sup>	% of Total Occupation Group <sup>2</sup>	% of Total Households Earning \$150,000 and above Workers
<i>Page 2 of 4</i>			
<i>Education, Training, and Library Occupations</i>			
Health Specialties Teachers, Postsecondary	\$92,700	3.5%	0.2%
Vocational Education Teachers, Postsecondary	\$67,000	4.0%	0.2%
Preschool Teachers, Except Special Education	\$37,000	10.1%	0.5%
Elementary School Teachers, Except Special Education	\$67,600	6.3%	0.3%
Secondary School Teachers, Except Special and Career/Technical Education	\$70,700	4.4%	0.2%
Self-Enrichment Education Teachers	\$47,000	9.2%	0.5%
Substitute Teachers	\$36,300	3.2%	0.2%
Teacher Assistants	\$35,000	12.2%	0.6%
All Other Education, Training, and Library Occupations (Avg. All Categories)	<u>\$50,700</u>	<u>47.1%</u>	<u>2.5%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$50,700</b>	<b>100.0%</b>	<b>5.2%</b>
<i>Healthcare Practitioners and Technical Occupations</i>			
Pharmacists	\$137,700	4.4%	0.3%
Physicians and Surgeons, All Other	\$192,700	4.2%	0.3%
Registered Nurses	\$129,200	29.0%	1.8%
Dental Hygienists	\$114,300	5.2%	0.3%
Pharmacy Technicians	\$46,300	5.8%	0.4%
Licensed Practical and Licensed Vocational Nurses	\$63,100	7.7%	0.5%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Categories)	<u>\$115,600</u>	<u>43.7%</u>	<u>2.7%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$115,600</b>	<b>100.0%</b>	<b>6.2%</b>
<i>Healthcare Support Occupations</i>			
Home Health Aides	\$28,600	24.5%	0.9%
Nursing Assistants	\$42,100	25.8%	1.0%
Massage Therapists	\$45,600	4.8%	0.2%
Dental Assistants	\$49,200	13.6%	0.5%
Medical Assistants	\$44,000	16.3%	0.6%
All Other Healthcare Support Occupations (Avg. All Categories)	<u>\$39,900</u>	<u>14.9%</u>	<u>0.6%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$39,900</b>	<b>100.0%</b>	<b>3.7%</b>
<i>Food Preparation and Serving Related Occupations</i>			
First-Line Supervisors of Food Preparation and Serving Workers	\$40,300	6.9%	1.0%
Cooks, Fast Food	\$25,500	4.0%	0.6%
Cooks, Restaurant	\$29,200	8.7%	1.2%
Food Preparation Workers	\$23,900	6.8%	1.0%
Bartenders	\$30,100	7.5%	1.1%
Combined Food Preparation and Serving Workers, Including Fast Food	\$23,500	24.5%	3.5%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	\$23,700	3.8%	0.5%
Waiters and Waitresses	\$25,400	19.8%	2.8%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$24,300	3.2%	0.5%
Dishwashers	\$23,000	4.0%	0.6%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	<u>\$26,500</u>	<u>10.8%</u>	<u>1.5%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$26,500</b>	<b>100.0%</b>	<b>14.3%</b>

APPENDIX D, TABLE 2  
 AVERAGE ANNUAL WORKER COMPENSATION, 2014  
 SERVICES TO HOUSEHOLDS EARNING \$150,000 AND ABOVE  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY AND COUNTY OF SAN FRANCISCO

Occupation <sup>3</sup>	2014 Avg. Compensation <sup>1</sup>	% of Total Occupation Group <sup>2</sup>	% of Total Households Earning \$150,000 and above Workers
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
First-Line Supervisors of Housekeeping and Janitorial Workers	\$50,400	3.6%	0.1%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$28,400	54.8%	1.7%
Maids and Housekeeping Cleaners	\$35,400	15.2%	0.5%
Landscaping and Groundskeeping Workers	\$42,100	20.2%	0.6%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Categories)	<u>\$33,300</u>	<u>6.2%</u>	<u>0.2%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$33,300</b>	<b>100.0%</b>	<b>3.1%</b>
<i>Personal Care and Service Occupations</i>			
First-Line Supervisors of Personal Service Workers	\$49,800	3.7%	0.3%
Nonfarm Animal Caretakers	\$35,300	5.1%	0.4%
Amusement and Recreation Attendants	\$24,900	3.2%	0.2%
Hairdressers, Hairstylists, and Cosmetologists	\$39,500	14.0%	1.1%
Manicurists and Pedicurists	\$23,000	3.4%	0.3%
Childcare Workers	\$31,500	11.3%	0.9%
Personal Care Aides	\$24,500	32.6%	2.5%
Fitness Trainers and Aerobics Instructors	\$67,800	6.7%	0.5%
Recreation Workers	\$29,100	4.8%	0.4%
All Other Personal Care and Service Occupations (Avg. All Categories)	<u>\$33,300</u>	<u>15.3%</u>	<u>1.2%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$33,300</b>	<b>100.0%</b>	<b>7.6%</b>
<i>Sales and Related Occupations</i>			
First-Line Supervisors of Retail Sales Workers	\$47,900	8.5%	1.1%
Cashiers	\$26,900	25.7%	3.2%
Counter and Rental Clerks	\$31,900	4.4%	0.5%
Retail Salespersons	\$30,500	32.2%	4.0%
Insurance Sales Agents	\$86,400	3.8%	0.5%
Securities, Commodities, and Financial Services Sales Agents	\$140,600	4.6%	0.6%
Sales Representatives, Services, All Other	\$85,000	4.2%	0.5%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific	\$65,600	5.6%	0.7%
All Other Sales and Related Occupations (Avg. All Categories)	<u>\$44,100</u>	<u>11.1%</u>	<u>1.4%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$44,100</b>	<b>100.0%</b>	<b>12.4%</b>
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$66,700	6.8%	1.1%
Bookkeeping, Accounting, and Auditing Clerks	\$50,100	7.3%	1.2%
Customer Service Representatives	\$45,700	11.3%	1.8%
Receptionists and Information Clerks	\$37,500	7.4%	1.2%
Stock Clerks and Order Fillers	\$32,100	9.3%	1.5%
Executive Secretaries and Executive Administrative Assistants	\$69,700	3.4%	0.5%
Medical Secretaries	\$44,700	3.4%	0.5%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$43,600	11.0%	1.8%
Office Clerks, General	\$40,000	13.6%	2.2%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$45,200</u>	<u>26.6%</u>	<u>4.3%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$45,200</b>	<b>100.0%</b>	<b>16.1%</b>

APPENDIX D, TABLE 2  
 AVERAGE ANNUAL WORKER COMPENSATION, 2014  
 SERVICES TO HOUSEHOLDS EARNING \$150,000 AND ABOVE  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY AND COUNTY OF SAN FRANCISCO

Occupation <sup>3</sup>	2014 Avg. Compensation <sup>1</sup>	% of Total Occupation Group <sup>2</sup>	% of Total Households Earning \$150,000 and above Workers
<i>Page 4 of 4</i>			
<i>Installation, Maintenance, and Repair Occupations</i>			
First-Line Supervisors of Mechanics, Installers, and Repairers	\$90,300	7.7%	0.2%
Telecommunications Equipment Installers and Repairers, Except Line Installers	\$59,600	3.8%	0.1%
Automotive Body and Related Repairers	\$52,600	5.5%	0.2%
Automotive Service Technicians and Mechanics	\$55,100	16.3%	0.5%
Bus and Truck Mechanics and Diesel Engine Specialists	\$55,400	3.7%	0.1%
Maintenance and Repair Workers, General	\$50,600	36.9%	1.2%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	<u>\$56,600</u>	<u>26.0%</u>	<u>0.8%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$56,600</b>	<b>100.0%</b>	<b>3.1%</b>
<i>Transportation and Material Moving Occupations</i>			
Bus Drivers, School or Special Client	\$40,100	8.4%	0.4%
Driver/Sales Workers	\$33,100	7.7%	0.4%
Heavy and Tractor-Trailer Truck Drivers	\$46,600	11.3%	0.5%
Light Truck or Delivery Services Drivers	\$41,900	9.4%	0.4%
Taxi Drivers and Chauffeurs	\$30,200	4.6%	0.2%
Parking Lot Attendants	\$28,400	7.4%	0.4%
Industrial Truck and Tractor Operators	\$43,100	3.1%	0.1%
Cleaners of Vehicles and Equipment	\$26,200	6.0%	0.3%
Laborers and Freight, Stock, and Material Movers, Hand	\$30,700	19.9%	1.0%
Packers and Packagers, Hand	\$26,900	7.3%	0.3%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	<u>\$34,800</u>	<u>15.0%</u>	<u>0.7%</u>
<b>Weighted Mean Annual Wage</b>	<b>\$34,800</b>	<b>100.0%</b>	<b>4.8%</b>
			88.2%

<sup>1</sup> The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

<sup>2</sup> Occupation percentages are based on the 2014 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2013 Occupational Employment Survey data applicable to San Francisco, updated by the California Employment Development Department to 2014 wage levels.

<sup>3</sup> Including occupations representing 3% or more of the major occupation group

APPENDIX D, TABLE 3  
 CITY AND COUNTY OF SAN FRANCISCO COMPENSATION LEVELS  
 RESIDENTIAL NEXUS ANALYSIS  
 CITY OF SAN FRANCISCO, CA

	<u>Percent of Employees<sup>(1)</sup></u>	<u>Average Salary<sup>(1)</sup></u>
<b>Job Titles Representing 0.5% or more of employees</b>		
Transit Operator	6.74%	\$76,200
Registered Nurse	4.03%	\$124,200
Police Officer 3	2.56%	\$142,800
Firefighter	2.54%	\$158,100
Custodian	2.29%	\$54,800
Special Nurse	2.11%	\$65,300
Deputy Sheriff	2.11%	\$116,900
Police Officer	1.51%	\$110,500
Patient Care Assistant	1.42%	\$66,600
Police Officer 2	1.28%	\$143,600
Sergeant 3	1.22%	\$171,300
Attorney (Civil/Criminal)	1.21%	\$147,700
General Laborer	0.99%	\$63,400
EMT/Paramedic/Firefighter	0.97%	\$144,500
Eligibility Worker	0.97%	\$56,600
Gardener	0.92%	\$63,300
Porter	0.89%	\$55,300
Parking Control Officer	0.87%	\$62,300
Senior Eligibility Worker	0.85%	\$73,900
Senior Clerk	0.79%	\$51,800
Senior Clerk Typist	0.72%	\$59,100
Electrical Transit System Mech	0.71%	\$104,600
Protective Services Worker	0.68%	\$90,900
Stationary Engineer	0.67%	\$89,300
Senior Administrative Analyst	0.65%	\$89,300
Transit Supervisor	0.64%	\$114,500
Lieutenant, Fire Suppression	0.63%	\$189,700
Nurse Practitioner	0.61%	\$120,100
Licensed Vocational Nurse	0.59%	\$74,900
Clerk	0.58%	\$48,400
Medical Evaluations Assistant	0.56%	\$56,600
Assoc Engineer	0.55%	\$113,300
Community Police Services Aide	0.55%	\$72,100
Pr Administrative Analyst	0.55%	\$104,900
Truck Driver	0.54%	\$77,600
Engineer	0.52%	\$134,100
Asst Engr	0.52%	\$92,300
Librarian 1	0.50%	\$64,700
Automotive Mechanic	0.50%	\$91,000
Public SafetyComm Disp	<u>0.50%</u>	<u>\$99,200</u>
Total / Average	48.03%	\$99,100
<b>All other positions</b>	51.97%	\$93,300
<b>Total / Average <sup>(1)</sup></b>	<b>100.00%</b>	<b>\$96,100</b>

(1) Adjusted to exclude employees with compensation below \$25,480 (full time at San Francisco minimum wage).

Source: 2013 Annual Wage Data for the City and County of San Francisco downloaded from Transparent California.

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

December 16, 2015

File No. 151258

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Jones:

On December 8, 2015, President Breed introduced the following proposed legislation:

**File No. 151258**

Ordinance amending the Planning Code to require payment of a higher affordable housing fee or provide additional affordable housing for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Alisa Somera".

By: Alisa Somera, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: John Rahaim, Director  
Scott Sanchez, Zoning Administrator  
AnMarie Rodgers, Senior Policy Advisory  
Aaron Starr, Acting Manager of Legislative Affairs  
Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Not a project under CEQA Guidelines  
Sections 15378 and 15060(c)(2) because it  
does not result in a physical change in the  
environment.

Joy  
Navarrete

Digitally signed by Joy Navarrete,  
DN: cn=Joy Navarrete, o=Planning,  
ou=Environmental Planning,  
email=joy.navarrete@sfgov.org,  
c=US  
Date: 2016.01.25 12:22:23 -08'00'

BOARD of SUPERVISORS



City Hall  
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San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

April 13, 2016

File No. 151258-2

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Jones:

On April 5, 2016, President Breed introduced the following proposed legislation:

**File No. 151258-2**

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "A. Ausberry".

By: Andrea Ausberry, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Not defined as a project under CEQA Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.

Joy  
Navarrete

Digitally signed by Joy Navarrete  
DN: cn=Joy Navarrete, o=Planning,  
ou=Environmental Planning,  
email=Joy.navarrete@sfgov.org,  
c=US  
Date: 2016.04.15 14:46:55 -07'00'





# SAN FRANCISCO PLANNING DEPARTMENT

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July 12, 2016

Ms. Angela Calvillo, Clerk of the Board  
Honorable Supervisor Yee  
Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

**Re: Transmittal of Planning Department Case Number 2015-016599PCA  
Change in Affordable Housing Fee or Units in Rezoned Divisadero and  
Fillmore NCTDs  
Planning Commission Recommendation: Approval with Modifications**

Dear Ms. Calvillo and Supervisor Breed:

On June 30, 2016 the Planning Commission conducted a duly noticed public hearing at regularly scheduled meetings to consider the proposed Ordinance that would amend Planning Code Sections 415 introduced by Supervisor Breed. At the hearing the Planning Commission recommended approval with modifications.

The Commission's proposed modifications were as follows:

Adopted a Recommendation for Approval with Modifications as amended, recommending:

1. Further financial analysis on development potential for soft-sites before and after the zoning change, adding the value to inclusionary requirement for future projects, at the baseline or current inclusionary rates;
2. Use the same methodology as Proposition C, passed by voters on June 7, 2016 to determine an increase in the inclusionary rates; and
3. Delete the reference to fee deferral.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) (2) and 15378 because they do not result in a physical change in the environment.

Supervisors Breed, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,



Aaron D. Starr  
Manager of Legislative Affairs

cc:

Conor Johnston, Aide to Supervisor Breed  
Kate Stacey, Deputy City Attorney  
Alisa Somera, Office of the Clerk of the Board

Attachments:

Planning Commission Resolution  
Planning Department Executive Summary



# SAN FRANCISCO PLANNING DEPARTMENT

## Planning Commission Resolution No. 19679

HEARING DATE: JUNE 30, 2016

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
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Planning  
Information:  
415.558.6377

*Project Name:* Change in Inclusionary Rates in Divisadero and Fillmore NCTDs  
*Case Number:* 2015-016599PCA [Board File No. 151258]  
*Initiated by:* Supervisor Breed / Introduced December 8, 2015 and April 5, 2016  
*Staff Contact:* Menaka Mohan, Legislative Affairs  
menaka.mohan@sfgov.org; 415-575-9141  
 Aaron Starr, Manager of Legislative Affairs  
aaron.starr@sfgov.org; 415-558-6362

*Recommendation:* **Recommend Approval with Modifications**

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT WITH MODIFICATIONS A PROPOSED ORDINANCE AMENDING THE PLANNING CODE TO REQUIRE ADDITIONAL AFFORDABLE HOUSING OR PAYMENT OF A FEE FOR CERTAIN SITES THAT OBTAINED HIGHER RESIDENTIAL DEVELOPMENT POTENTIAL AS A RESULT OF THE REZONING OF THE DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT AND THE FILLMORE STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, PLANNING CODE, SECTION 302, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1.

WHEREAS, on December 8, 2015 and April 5, 2016 Supervisor Breed introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 151258, which would amend the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero street Neighborhood Commercial Transit (NCT) District and the Fillmore Street Neighborhood Commercial Transit (NCT) District; and

WHEREAS, If the project sponsor chooses to provide the units off-site from the principal project, the project sponsor shall construct or cause to be constructed 25% of all units constructed on the principal project as affordable units subject to the requirements of Section 415.7; and

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors **approve with modifications** the proposed ordinance. Specifically, the Commission recommends the following modification\*:

---

\*Note the Commission is recommending the modifications to the Ordinance (BOS File No. 151258) introduced on June 28, 2016

1. Further financial analysis on development potential for soft-sites before and after the zoning change, adding the value to inclusionary requirement for future projects, at the baseline or current inclusionary rates;
2. Use the same methodology as Proposition C, passed by voters on June 7, 2016 to determine an increase in the inclusionary rates; and
3. Delete the reference to fee deferral.

## FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The City adopted legislation rezoning the area along Divisadero Street between Haight and O'Farrell Streets to become the Divisadero Neighborhood Commercial Transit District ("NCT") in Ordinance No. 127-15 in August 2015, and the area along Fillmore Street between Bush and McAllister Streets to become the Fillmore NCT in Ordinance No. 126-15 in August 2015. The rezoning for both NCTs removed any residential density limits based on lot area, and instead restricted residential uses by physical envelope controls like height, bulk, and setback requirements for each site. This removal of density limits based on lot areas should afford for greater development on certain sites within each NCT.
2. On November 6, 2012, the voters adopted Proposition C ("Prop C"), The Housing Trust Fund, which is set forth in San Francisco Charter Section 16.110. Prop C established a limitation on the Inclusionary Housing Cost Obligation that the City could impose on residential development projects. Prop C set forth certain exceptions to this limitation, including but not limited to circumstances in which a project receives a 20% or greater increase in developable residential uses, as measured by a change in height limits, Floor Area Ratio limits, or use, over prior zoning, or a 50% or greater increase in residential densities over prior zoning, through a special use district or other local legislation adopted after November 6, 2012. The Divisadero Street NCT and the Fillmore Street NCT rezonings were adopted after this date.
3. The City conducted a Nexus Study in 2007, performed by Keyser Marston and Associates, in support of the Inclusionary Affordable Housing Program, or an analysis of the impact of development of market rate housing on affordable housing supply and demand. The Board of Supervisors reviewed the Nexus Study and staff analysis and report of the Study and, on that basis, found that the Study supported the inclusionary affordable housing requirements combined with the additional affordable housing fee set forth in Planning Code Sections 415 et seq., prior to enactment of Prop C. The City is now in the process of updating this nexus analysis.
4. The 2015 rezoning of the Divisadero and Fillmore NCTs will allow a 20% or greater increase in residential densities over prior zoning, or a 50% increase in residential density, through a special use district, or other local legislation adopted after November 6, 2012, on certain sites contained within the two NCTs. Current Charter Section 16.110 contains exemptions that would allow imposition of a higher Inclusionary Housing Cost Obligation because the Divisadero and Fillmore NCT rezonings took place after November 6, 2012 and result in higher development potential for certain sites located within both NCTs.

5. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are, *on balance*, consistent with the Objectives and Policies of the General Plan (Staff discussion is added in *italic font* below):

## HOUSING ELEMENT

### OBJECTIVE 4

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

#### Policy 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

*The proposed ordinance will require more inclusionary units than is currently required in the Planning Code. Inclusionary units can be rental and are permanently affordable housing.*

### OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

#### Policy 7.1

Expand the financial resources available for permanently affordable housing, especially permanent sources.

*The proposed ordinance will increase the amount of money that individual developers would have to pay into the City's Housing Trust Fund. This money would then be used to pay for permanently affordable housing.*

### OBJECTIVE 8

BUILD PUBLIC AND PRIVATE SECTOR CAPACITY TO SUPPORT, FACILITATE, PROVIDE AND MAINTAIN AFFORDABLE HOUSING.

#### Policy 8.1

Support the production and management of permanently affordable housing.

*This ordinance supports the production of permanently affordable housing by increasing the inclusionary housing requirement for individual projects.*

6. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future

opportunities for resident employment in and ownership of such businesses enhanced;

*The proposed Ordinance will not have a negative effect on existing neighborhood serving retail uses as it only addresses the City's inclusionary housing program.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The proposed Ordinance will help maintain a diversity of housing types and income types in the City's various neighborhoods; helping to preserving the cultural and economic diversity of the City's neighborhoods.*

3. That the City's supply of affordable housing be preserved and enhanced;

*The proposed Ordinance will have a positive effect on the City's supply of affordable housing by increasing the inclusionary requirement for individual projects with 25 units or more.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

*The proposed Ordinance will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking as it only addresses the City's inclusionary housing program.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The proposed Ordinance will not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

*The proposed Ordinance will not have an adverse effect on City's preparedness against injury and loss of life in an earthquake because the Ordinance modifies the City's inclusionary housing requirements.*

7. That the landmarks and historic buildings be preserved;

*The proposed Ordinance will not have an adverse effect on the City's Landmarks and historic buildings because the Ordinance only addresses the City's inclusionary housing requirements.*

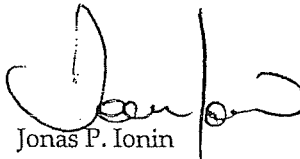
8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The proposed Ordinance will not have an adverse effect on the City's parks and open space and their access to sunlight and vistas because it only addresses the City's inclusionary housing requirements.*

7. **Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance with the modification as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on June 30, 2016.

  
Jonas P. Ionin  
Commission Secretary

AYES: Antonini, Hillis, Moore, Richards

NOES: Wu

ABSENT: Fong, Johnson

ADOPTED: June 30, 2016



# SAN FRANCISCO PLANNING DEPARTMENT

## Memo to the Planning Commission

HEARING DATE: JUNE 30, 2016  
Continued from the May 19, 2016 Hearing  
90 DAY DEADLINE: JULY 4, 2016

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Date:* June 30, 2016  
*Project Name:* Change in Affordable Housing Fee or Units in Rezoned Divisadero and Fillmore NCTDs  
*Case Number:* 2015-016599PCA [Board File No. 151258]  
*Initiated by:* Supervisor Breed / Introduced December 8, 2015 and April 5, 2016  
*Staff Contact:* Menaka Mohan, Legislative Affairs  
[menaka.mohan@sfgov.org](mailto:menaka.mohan@sfgov.org); 415-575-9141  
Aaron Starr, Manager of Legislative Affairs  
[aaron.starr@sfgov.org](mailto:aaron.starr@sfgov.org); 415-558-6362  
*Recommendation:* **Recommend Approval with Modifications**

### PLANNING CODE AMENDMENT

#### The Way It Is Now:

1. Properties along Divisadero Street and Fillmore Street Neighborhood Commercial Transit District are subject to the rules of Section 415, which require that any housing project of ten or more units is subject to the inclusionary housing ordinance.

For Projects with 10-24 units:

- a. **Fee.** Planning Code Section 415.7 typically requires the following of Project Sponsors who electing the In-Lieu Fee to pay a fee equivalent to 20% of the total number of units produced in the principal project. The fee is deposited into the Housing Trust Fund and is generally required to be used to increase the supply of housing affordable to qualifying households.
- b. **Onsite Housing.** If the project sponsor chooses to provide affordable units on-site of the principal project, the project sponsor should provide 12% of all units constructed as inclusionary units.
- c. **Off-Site Housing.** Code Section 415.7 typically requires Project Sponsors electing the Off-Site alternative to construct off-site units equivalent to 20% of the total number of units produced in the principal project. These units are dedicated to low and very low-income households.

For Projects with 25 units or more:

- a. **Fee.** Planning Code Section 415.7 typically requires the following of Project Sponsors who electing the In-Lieu Fee to pay a fee equivalent to 33% of the total number of units produced in the principal project. The fee is deposited into the Housing Trust Fund and



is generally required to be used to increase the supply of housing affordable to qualifying households.

Projects that are currently in the pipeline may be subject to a lower inclusionary rate, depending on when their EE application was submitted and where they are located. Application dates for the grandfathering of existing projects would be established by the dates of a completed EE application that was submitted as follows:

- prior to 1/1/2013, the inclusionary rates existing on January 12, 2016.
- prior to 1/1/2014, the inclusionary rate is 25%
- prior to 1/1/2015, the inclusionary rate is 27.5%
- on or prior to 1/12/2016, the inclusionary rate is 30%

- b. **Onsite Housing.** If the project sponsor chooses to provide affordable units on-site of the principal project, the project sponsor should provide 25% of all units constructed as inclusionary units with a minimum of 15% of the units affordable to low and very low-income households and another 10% of the units affordable to very low, low- or middle income households.

Projects that are currently in the pipeline may be subject to a lower inclusionary rate, depending on when their Environmental Evaluation (EE) application was submitted and where they are located (See Exhibit A). Application dates for the grandfathering of existing projects would be established by the dates of a completed EE application that was submitted as follows:

- prior to 1/1/2013, the inclusionary rates existing on January 12, 2016.
- prior to 1/1/2014, the inclusionary rate is 13%
- prior to 1/1/2015, the inclusionary rate is 13.5%
- on or prior to 1/12/2016, the inclusionary rate is 14.5%

- c. **Off-Site Housing.** Code Section 415.7 typically requires Project Sponsors electing the Off-Site alternative to construct off-site units equivalent to 33% of the total number of units produced in the principal project. These units are dedicated to low and very low-income households.

Projects that are currently in the pipeline may be subject to a lower inclusionary rate, depending on when their EE application was submitted and where they are located. Application dates for the grandfathering of existing projects would be established by the dates of a completed EE application that was submitted as follows:

- prior to 1/1/2013, the inclusionary rates existing on January 12, 2016.
- prior to 1/1/2014, the inclusionary rate is 25%
- prior to 1/1/2015, the inclusionary rate is 27.5%
- on or prior to 1/12/2016, the inclusionary rate is 30%

#### The Way It Would Be:

Please note that the proposed ordinance intends to incorporate all of the changes as outlined under the current proposal; however, the legislation was not introduced prior to the publication of this case report.

Staff anticipates the recommendations will be incorporated into legislation that will be introduced prior to the June 30<sup>th</sup> Planning Commission hearing.

1. Developments that are proposed along the Divisadero Street and or the Fillmore Neighborhood Commercial Transit District that have increased residential potential due to the rezoning would be subject to the following:

For Projects with more than 10 units-there are no separate provisions for projects with greater than 25 units.

- a. **Fee.** The project shall pay an affordable housing fee equivalent to a requirement to provide 25% of the units in the principal project as affordable units as calculated in Section 415.5
- b. **On-Site Housing.** If the project sponsor chooses to provide affordable units on-site of the principal project, the project sponsor should provide 23% of all units constructed on the project site as affordable housing.
- c. **Off-Site Housing.** If the project sponsor chooses to provide the units off-site from the principal project, the project sponsor shall construct or cause to be constructed 25% of all units constructed on the principal project as affordable units subject to the requirements of Section 415.7
- d. **Grandfathering.** There are no grandfathering provisions, however the ordinance states that if the voters approve the proposed Charter Amendment on June 7, 2016 and the Board adopts permanent inclusionary affordable housing requirements that are higher than those set forth in this ordinance, the higher requirement shall apply.

## BACKGROUND

The Planning Commission considered the establishment of the Divisadero Street and Fillmore NCT District on April 2, 2015 (Board File No. 150081, 150082, and Case No. 2015-001388PCA, 2015-001268PCA), and the new districts became effective on August 16, 2015. The rezoning of Divisadero and Fillmore Neighborhood Commercial Districts kept the underlying land use controls but changed the residential density to be governed by height/bulk limitations, open space, rear yard setbacks, and exposure requirements, as opposed to a lot area ratio.

The Planning Commission [Commission] held an adoption hearing for the proposed Ordinance on May 19, 2016. At the hearing, the Commission directed staff to look at the development potential along the corridors and consider the impact of the new inclusionary ordinance, or trailing legislation. In general, the proposed legislation increases the fee amounts for the recently rezoned Neighborhood Commercial Districts.

## ISSUES AND CONSIDERATIONS

### Inclusionary Affordable Housing Fees

At the last Planning Commission hearing it was unknown whether the trailing legislation for the new inclusionary rates would become effective as the ordinance was dependent on Proposition C passing on the June 7, 2016 election. Proposition C passed with over 67% of the vote, which instituted the new inclusionary rates. At the last hearing, the rates for the Divisadero and Fillmore NCT Districts and the

inclusionary rates differed. The rates for recently passed Citywide Inclusionary Program and those proposed by this Ordinance were based on 2007 Nexus Study completed by Keyser Marston Associates (KMA).<sup>1</sup> The Divisadero and Fillmore NCT rates were slightly lower as it is generally best practice to set an impact fee lower than the full nexus. The Project Sponsor, however, has agreed to make the on-site, off-site, and fees consistent with the inclusionary rates. This ensures that sites within that have similar zoning to the Divisadero and Fillmore corridors are treated the same. In addition, the proposed fees for the Divisadero and Fillmore Corridor were not a significantly higher percentage (25%) than the proposed on-site (23%) which could encourage project sponsors to “fee out” instead of provide units on-site. The Project Sponsor has also agreed that the fees generated through Divisadero and Fillmore Affordable Housing Fee should be deposited into the Citywide Affordable Housing Fund.

**Table 1: Inclusionary Affordable Housing Fee and Proposed Affordable Housing Fee for Divisadero and Fillmore NCT**

Program	Inclusionary Rates	Divisadero/Fillmore NCT-as proposed
Fee (10-24 units)	20%	25%
Fee (≥25 units)	33%	25%
On-Site (10-24 units)	12%	23%
On-Site (≥25 units)	25% (15% VL), and LI 10%(VLI, LI, MI)	23%
Off-site (10-24 units)	20%	25%
Off-site (≥25 units)	33% (20% to VLI and LI), 13% (MI)	25%

**Proposed Trailing Legislation Grandfathering Provisions**

The proposed trailing legislation for the Charter amendment being voted on this June provides a lower inclusionary rate for projects in the pipeline depending on when the project submitted an Environmental Evaluation (EE), namely if the EE application was submitted, the new inclusionary rate would be as follows for projects providing affordable housing on-site:

- prior to 1/1/2014, the inclusionary rate would be 13%
- prior to 1/1/2015, the inclusionary rate would be 13.5%
- on or prior to 1/12/2016, the inclusionary rate would be 14.5%
- After 1/12/2016, 25% of units would subject to the new inclusionary rates, 15% for low and very low income households and 10% affordable to middle income households.

<sup>1</sup> Study can be found online at: [http://sf-planning.org/sites/default/files/FileCenter/Documents/8380-FINAL%20Resid%20Nexus 04-4-07.pdf](http://sf-planning.org/sites/default/files/FileCenter/Documents/8380-FINAL%20Resid%20Nexus%2004-4-07.pdf)

Note that these rates are dependent on the amendments to the Charter being approved by voters at the June 7, 2016 election. The ordinance being considered under this report does not grandfather any projects; therefore, in the case of a project that has an EE filed that *triggers* a lower inclusionary rate, the Divisadero and Fillmore fee rate would apply.

As of Q1 2016, there are no new pipeline projects (including PPAs) in the Fillmore NCT, but there are a few projects in the Divisadero NCT.

- PL FILED: 400-444 Divisadero Street & 1048-1064 Oak Street 154 units residential building with commercial (PPA letter issued 9/17/15, ENV application submitted 11/24/15)
- PL FILED: 650 Divisadero Street 9 unit residential condominium (ENV submitted 1/21/14 – project is now 60 units over parking and commercial)
- BP ISSUED: 834 Divisadero Street change of use from auto body repair shop to retail
- ON HOLD: 1003 Page Street convert 1 residential unit to commercial tourist hotel

#### **Determination of Residential Potential**

##### *Soft Site Analysis*

Typically the Department analyzes development potential through a soft site analysis. The soft site analysis includes parcels which exceed 5% but not 30% of potential development by square footage as *potential* candidates for development.

Potential development is counted as residential units and in commercial gross square feet. A parcel may have residential, commercial, or residential and commercial development capacity depending on the specific combination of zoning and height district. The development potential may also be controlled by open space and set back requirements. Once the development potential for residential and commercial space is calculated, information on existing housing units and commercial square footage can be used to calculate the net potential for each parcel. For example, for a parking lot or a one-story building in an 80-foot height zoning district, most of the potential capacity remains unused or underdeveloped; for two-story homes in most residential neighborhoods, however, the potential capacity would be considered built out.

To calculate the development potential for the Divisadero and Fillmore NCT Corridor the soft site analysis assumed that sites that were 30% developed were potential candidates for redevelopment. The analysis was further refined by removing sites with residential units, historic resources, community resources, and irregular shaped lots. To account for open space requirements, lots less than 2,500 square feet were multiplied by a factor of 0.75 while sites with larger areas were multiplied by 0.5 assuming that larger sites need more circulation. Unit size was assumed to be 1,000 gross square feet and the ground floor was assumed to be commercial. Finally, this analysis includes both pipeline projects along the Divisadero Corridor on 400-444 Divisadero Street/1048-1064 Oak Street and 650 Divisadero Street. Generally, pipeline projects are not included in the analysis of development potential. The two projects were included in this analysis as they are projects that have submitted EEs and would be subject to a higher fee inclusionary rate.

Under the old zoning regulations (NCD), the maximum number of units that could potential be built would be around 113<sup>2</sup> units and under the new NCT zoning the most that could be built would be 293 units. This is an increase of 158%. Note that the older NCD zoning is restrictive and may not have made

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<sup>2</sup> Note that this is an estimate based on best available data

sites feasible to develop. For example, a site may be zoned to allow a maximum of 50 units, but the unit size would be too large to make development feasible, therefore leaving a site vacant or underdeveloped.

The ordinance states the Planning Department will determine the development potential of a site as it relates to a specific provision in the Charter, namely section in the 16.110(h)(1)(B)(iii)<sup>3</sup> which describes the Housing Trust Fund. Although the language in the Charter has changed, the specific language should be still be included to determine the residential potential in the ordinance that references the new charter language as well as the old zoning for the Divisadero and Fillmore Commercial Districts.

### *Feasibility Analysis*

The Board of Supervisors passed a resolution in March of 2016 establishing a City policy to maximizing a feasible inclusionary affordable housing requirement. The resolution directs the Controller's office with the assistance of independent analysts to complete an economic feasibility analysis of the City's Inclusionary Housing fees and off-site alternatives. To date, the study has yet to be completed but is anticipated to be available at the end of July.

Although the study is not available, the NCT zoning on the Divisadero and Fillmore corridors is not new to the City. Several corridors, including, Mission, Hayes-Gough, and Valencia are also zoned NCT with their residential density determined by height/bulk limitations, open space, rear yard setbacks, and exposure requirements, as opposed to a lot area ratio. A new development project on any of these corridors is subject to the new inclusionary rates without additional analysis to ensure that the inclusionary rates are sufficient.

### REQUIRED COMMISSION ACTION

The proposed Resolution is before the Commission so that it may recommend approval or disapproval to the Board of Supervisors.

### PROPOSED RECOMMENDATION

The Department recommends that the Commission recommend approval with modifications of the proposed Ordinance to the Board of Supervisors.

The project sponsor plans to incorporate the following recommendations which were discussed at the May 19<sup>th</sup>, 2016 Planning Commission Hearing. The sixth recommendation acknowledges that if the inclusionary rates were to change in similar NCT corridors, the rates in Divisadero and Fillmore NCT would also change and has been accepted by the project sponsor:

1. Create Consistency with Varying Inclusionary Affordable Housing Fees
2. Affordable housing fees generated through development on the Divisadero Street NCT and Fillmore Street NCT will be deposited into the Citywide Affordable Housing Fund

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<sup>3</sup>The exact language of the Charter amendment is as follows: A project that, through a Special Use District or other local legislation adopted after November 6, 2012, receives (1) a 20% or greater increase in developable residential gross floor area, as measured by a change in height limits, Floor Area Ratio limits, or use, over prior zoning, or (2) a 50% or greater increase in residential densities over prior zoning. Notwithstanding the foregoing, should a project sponsor seek to develop a project in accordance with zoning in place immediately before the establishment of the Special Use District, this subsection (h) shall apply.

3. Include a subsection in Section 415 that Describes the New Affordable Housing Fee for the Divisadero and Fillmore NCT Districts
4. If the Economic Feasibility Study that is required as part of the Inclusionary Ordinance indicates that Corridors with NCT Zoning should have rates that are higher than the rest of the City, the Divisadero and Fillmore NCT Inclusionary rates should also be higher

**BASIS FOR RECOMMENDATION**

The Department supports a higher fee rate and a higher percentage of onsite inclusionary for the Divisadero and Fillmore Neighborhood Transit Districts because of the recent rezoning of the Districts and the possibility of producing more affordable units, however modifications described below will ensure that the proposed inclusionary rates are not lower than the City wide rates and they will add greater clarity making the ordinance easier to implement.

**Recommendation 1: Create Consistency with Varying Inclusionary Affordable Housing Fees**

The Department recommends that the ordinance mirror the Inclusionary Affordable Housing Fee regarding on-site, off-site, and size of the project. That would mean that projects under a 24 units would be subject to the current rate of 12%, and project with 25 units or more would be subject to the new inclusionary rates. As currently written the proposed rates are lower and higher than the Citywide rates. The Department is concerned that setting a higher rate for projects with less than 25 units could make these projects less attractive in the Divisadero and Fillmore Districts than in other areas with similar zoning. For example, if the proposed inclusionary ordinance were to become effective, a project with less than 25 units in Mission NCT would be subject to the 12% inclusionary rate while a project in the Divisadero NCT would be subject to 23% on-site inclusionary requirement. The new fees would be described as below:

**Table 2: Inclusionary Affordable Housing Fee and Proposed Affordable Housing Fee for Divisadero and Fillmore NCT**

Program	Citywide Inclusionary Rates	Proposed Divisadero/Fillmore NCT Rates
Fee	33%	33%
Fee (10-24 units)	20%	20%
On-Site (10-24 units)	12%	12%
On-Site (≥25 units)	25% (15% VL and LI and 10% VLI, LI, MI)	25%(15% VL and LI and 10% VLI, LI, MI)
Off-site	33% (20% to VLI and LI, 13% VLI, LI, MI)	33% (20% to VLI and LI, 13% VLI, LI, MI)

Note that the adopted City rates are still lower than what is described in the Divisadero Community Plan, drafted by Affordable Divisadero, which states that “developments over 10 units should have 50% of the units affordable to households under the San Francisco median income and one half of those affordable units must be affordable to households earning below or up to 50% of the SF AMI, one fourth must be affordable to households earning between 50%-80% of the SF AMI and the remaining affordable units

must be affordable to households earning between 80-100% of the AMI.<sup>4</sup> The Department does not want institute requirements in Divisadero and Fillmore NCT that are above and beyond other parts of the City as it may have the consequence of making development along the corridors infeasible or unattractive as compared to other parts of the City.

**Recommendation 2: Affordable housing fees generated through development on the Divisadero Street NCT and Fillmore Street NCT should be deposited into the Citywide Affordable Housing Fund**

To date, all affordable housing fees generated through the Inclusionary Program are deposited in the Citywide Affordable Housing Fund. This allows the City to maximize funds generated throughout the City to increase the affordable housing supply; if the funds are restricted to one specific zoning district it limits the ability of the City to access those funds for affordable housing in other areas of the City. Furthermore, this would set a new precedent for the Citywide Inclusionary program and could lower the total amount of money available in the Citywide Fund by siphoning off one particular zoning district. Therefore, the Department recommends amending the language in the ordinance to have the same criteria for the use of funds as the Citywide Inclusionary Program.

**Recommendation 3: Clarify Determination of Residential Potential and Grandfathering for Divisadero and Fillmore NCT Pipeline Projects.**

The ordinance leaves the determination of residential potential to the Planning Department. To determine the residential potential the Department recommends adding the old Divisadero and Fillmore Neighborhood Commercial District density requirement directly into the ordinance. For reference, the density for Divisadero NCD was one unit per 800 square feet of lot area and Fillmore NCD was 1 unit to 600 square feet of lot area with one parcel of RH-3 (three units per lot), RM-4 (one unit per 200 square feet of lot area) and RM-3 (one unit per 400 square feet of lot area)<sup>5</sup>.

The City Charter now gives the Board of Supervisors the ability to change the inclusionary rate through legislation and no longer needs a calculation based on residential potential. At the same time, projects in the Divisadero and Fillmore NCT Districts are benefiting from the recent rezoning that increased the development potential for some projects. Given that, the Department recommends that projects receiving a 50% increase or more in residential density as compared to the old NCD zoning should be exempt from the grandfathering provisions in the trailing legislation. In other words, projects that have already filled an EE application and have a 50% increase in residential density compared to the old NCD zoning would be subject to the full on-site inclusionary rate, fee, and off-site requirement. If a project with an EE application already submitted has a proposed residential density that is not a 50% increase from old NCD zoning, the grandfathering rates outlined in the inclusionary program would apply. Without this ordinance, projects in the Divisadero and Fillmore pipeline are subject to the Grandfathering rates in the inclusionary ordinance which are lower than what is proposed in this Ordinance:

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<sup>4</sup> The full plan can be found in Exhibit C.

<sup>5</sup> The specific Block and Lots are as follows: 0798/001, 0779/031, 0702/038

Table 3: Pipeline Projects in Divisadero NCT as of Q1 2016

Program	400-444 Divisadero Street & 1048-1064 Oak Street-EE-11/24/15	650 Divisadero Street-EE1/21/14s
Fee	30%	27.5%
On-Site (≥25 units)	14.5%	13.5%
Off-site	30%	27.5%

**Recommendation 4: Include a Subsection in Section 415 that Describes the New Affordable Housing Fee for the Divisadero and Fillmore NCT Districts**

Currently, the ordinance creates a new code section (section 428) to implement the new affordable housing fee in the Divisadero and Fillmore NCT Districts. Given that this fee follows the same procedures for the Inclusionary Affordable Housing Program-described in detail in section 415-a new subsection rather than a new code section could describe the different fee rates and direct the public to one consistent code section.

**Recommendation 5: If the Economic Feasibility Study that is required as part of the Inclusionary Ordinance indicates that Corridors with NCT Zoning should have rates that are higher than the rest of the City, the Divisadero and Fillmore NCT Inclusionary rates should also be higher.**

The City is currently waiting on the Economic Feasibility study [Study]. The purpose of this Study is to determine how to set the inclusionary housing obligations in San Francisco at the maximum economically feasible amount in market rate housing development to create housing for lower-, moderate- and middle-income households, with guidance from the City’s Nexus Study. The Controller, in consultation with relevant City Departments and the Inclusionary Housing Technical Advisory Committee, is responsible for conducting the Study every three years. If the Study, ever indicates that a higher rate can be accommodated in other NCT Districts, such as but not limited to Mission, Valencia, or Hayes Gough, the inclusionary rates in Divisadero and Fillmore would also apply.

**ENVIRONMENTAL REVIEW**

The proposed Ordinance is not defined as a project under CEQA Guidelines Section 15378 and 15060(c) (2) because it does not result in a physical change in the environment.

**PUBLIC COMMENT**

To date the Planning Department has received public comment from Gus Hernandez, who represents Affordable Divisadero.

**RECOMMENDATION:** Approve with Recommendations

**Attachments:**

- Exhibit A: Draft Resolution
- Exhibit B: BOS File No. 150622
- Exhibit C: Public Comment





# SAN FRANCISCO PLANNING DEPARTMENT

## Executive Summary Planning Code Text Amendment

HEARING DATE: MAY 19, 2016  
90 DAY DEADLINE: JULY 4, 2016

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Date:* May 12, 2016  
*Project Name:* Change in Affordable Housing Fee or Units in Rezoned Divisadero and Fillmore NCTDs  
*Case Number:* 2015-016599PCA [Board File No. 151258]  
*Initiated by:* Supervisor Breed / Introduced December 8, 2015 and April 5, 2016  
*Staff Contact:* Menaka Mohan, Legislative Affairs  
[menaka.mohan@sfgov.org](mailto:menaka.mohan@sfgov.org); 415-575-9141  
Aaron Starr, Manager of Legislative Affairs  
[aaron.starr@sfgov.org](mailto:aaron.starr@sfgov.org); 415-558-6362  
*Recommendation:* **Recommend Approval with Modifications**

### PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code to establish a higher payment of the affordable housing fee or provide additional affordable housing for certain sites that obtained higher residential potential as a result of the rezoning of Divisadero and Fillmore Neighborhood Commercial Transit Districts. The ordinance also states that if the voters approve the proposed Charter Amendment on June 7, 2016 and the Board adopts permanent inclusionary affordable housing requirements that are higher than those set forth in this ordinance, the higher requirement shall apply.

#### The Way It Is Now:

1. Properties along Divisadero Street and Fillmore Street Neighborhood Commercial Transit District are subject to the rules of Section 415, which require that any housing project of ten or more units is subject to the inclusionary housing ordinance.
  - a. **Fee.** Planning Code Section 415.7 typically requires Project Sponsors electing the In-Lieu Fee to pay a fee equivalent to 17-20% of the total number of units produced in the principal project. The fee is deposited into the Housing Trust Fund and is generally required to be used to increase the supply of housing affordable to qualifying households.
  - b. **Onsite Housing.** If the project sponsor chooses to provide affordable units on-site of the principal project, the project sponsor should provide 12% of all units constructed as inclusionary units.
  - c. **Off-Site Housing.** Code Section 415.7 typically requires Project Sponsors electing the Off-Site alternative to construct off-site units equivalent to 17-20% of the total number of units produced in the principal project. These units are dedicated to low and very low-income households.

### The Way It Would Be:

1. Developments that are proposed along the Divisadero Street and or the Fillmore Neighborhood Commercial Transit District that have increased residential potential due to the rezoning would be subject to the following:
  - a. **Fee.** The project shall pay an affordable housing fee equivalent to a requirement to provide 25% of the units in the principal project as affordable units as calculated in Section 415.5
  - b. **On-Site Housing.** If the project sponsor chooses to provide affordable units on-site of the principal project, the project sponsor should provide 23% of all units constructed on the project site as affordable housing.
  - c. **Off-Site Housing.** If the project sponsor chooses to provide the units off-site from the principal project, the project sponsor shall construct or cause to be constructed 25% of all units constructed on the principal project as affordable units subject to the requirements of Section 415.7

### BACKGROUND

The Planning Commission considered the establishment of the Divisadero Street and Fillmore NCT District on April 2, 2015 (Board File No. 150081, 150082, and Case No. 2015-001388PCA, 2015-001268PCA), and the new districts became effective on August 16, 2015. The rezoning of Divisadero and Fillmore Neighborhood Commercial Districts kept the underlying land use controls but changed the residential density to be governed by height/bulk limitations, open space, rear yard setbacks, and exposure requirements, as opposed to a lot area ratio.

Proposition C passed by voter in November of 2012 established the Housing Trust Fund. Proposition C established a limitation on the Inclusionary Housing Cost Obligation that the City could impose on residential development projects. The establishment of Prop C set forth specific limitations on the Inclusionary Housing Cost Obligation that the City could impose on residential projects; however, Prop C set forth some exceptions. One exception states that in circumstance in which a project receives a 20% or greater increase in developable residential area as a result of a rezoning, height limit, Floor Area Ratio, limits, or use over prior zoning, or a 50% or greater increase in residential densities over prior zoning, the City can impose a higher Inclusionary Housing Cost Obligation. Given that the Divisadero and Fillmore NCT rezoning could constitute a 50% or greater increase in residential density over the previous zoning, for some projects a higher Inclusionary Rate can be imposed.

This June, San Francisco voters will be asked to vote on another charter amendment, also named Proposition C, that will increase the inclusionary rates for project to 25 percent for the on-site unit option, and 33 percent for the off-site and in-lieu fee options. The proposed charter amendment will also allow the Board of Supervisors to remove the Inclusionary Rates from the Charter and place them in the Planning Code so that they can be adjusted periodically based on market conditions. The proposed charter amendment does not have provision that grandfather's existing projects.

**ISSUES AND CONSIDERATIONS**

**Varying Inclusionary Affordable Housing Fee**

On March 31, 2016, the Planning Commission reviewed trailing legislation (BOS File No. 160255) to the proposed Charter amendment (Prop C, 2016) that would increase the Inclusionary Affordable Housing Fee for the projects with 25 units or more to 25 percent, 15 percent for low and very low income households and 10 percent affordable to middle income households. The new rates for the rezoned Divisadero and Fillmore Neighborhood Commercial Corridor are different than the proposed inclusionary rates, see the Table 1 below.

**Table 1: Proposed Inclusionary Affordable Housing Fee and Proposed Affordable Housing Fee for Divisadero and Fillmore NCT**

Program	Current Rate	Proposed Inclusionary	Divisadero/Fillmore NCT
Fee	17-20%	30%	25%
On-Site (10-24 units)	12%	12%	23%
On-Site (≥25 units)	12%	25% (15% VL), and LI) 10%(VLI, LI, MI)	23%
Off-site	17-20%	33% (20% to VLI and LI), 13% (MI)	25%

**Proposed Trailing Legislation Grandfathering Provisions**

The proposed trailing legislation for the Charter amendment being voted on this June provides a lower inclusionary rate for projects in the pipeline depending on when the project submitted an Environmental Evaluation (EE), namely if the EE application was submitted, the new inclusionary rate would be as follows for projects providing affordable housing on-site:

- prior to 1/1/2014, the inclusionary rate would be 13%
- prior to 1/1/2015, the inclusionary rate would be 13.5%
- on or prior to 1/12/2016, the inclusionary rate would be 14.5%
- After 1/12/2016, 25% of units would subject to the new inclusionary rates, 15% for low and very low income households and 10% affordable to middle income households.

Note that these rates are dependent on the amendments to the Charter being approved by voters at the June 7, 2016 election. The ordinance being considered under this report does not grandfather any projects; therefore, in the case of a project that has an EE filed that would *trigger* a lower inclusionary rate if the new inclusionary rates become effective this June, the Divisadero and Fillmore fee rate would apply. See Table 2 below for the fee rate in this scenario for a project that has submitted an EE before January 12, 2016 for a project that chooses to provide affordable units on-site.

Table 2: Proposed Inclusionary Affordable Housing Fee Grandfathering for an EE Filed Before January 12, 2016 and the Proposed Affordable Housing Fee for Divisadero and Fillmore NCT

Program	Current Rate	Proposed Inclusionary	Proposed Inclusionary Grandfathered EE Rate	Proposed Divisadero/Fillmore Rate
Fee	17-20%	30%	30%	25%
On-Site	12%	25% (15% VL), and LI) 10%(VLI, LI, MI)	14.50%	23%
Off-site	17-20%	33% (20% to VLI and LI), 13% (MI)	30%	25%

As of Q1 2016, there are no new pipeline projects (including PPAs) in the Fillmore NCT, but there are a few projects in the Divisadero NCT.

- PL FILED: 400-444 Divisadero Street & 1048-1064 Oak Street 154 units residential building with commercial (PPA letter issued 9/17/15, ENV application submitted 11/24/15)
- PL FILED: 650 Divisadero Street 9 unit residential condominium (ENV submitted 1/21/14 – project is now 60 units over parking and commercial)
- BP ISSUED: 834 Divisadero Street change of use from auto body repair shop to retail
- ON HOLD: 1003 Page Street convert 1 residential unit to commercial tourist hotel

**Determination of Residential Potential**

The ordinance states the Planning Department will determine the development potential of a site as it relates to a specific provision in the Charter, namely section in the 16.110(h)(1)(B)(iii)<sup>1</sup> which describes the Housing Trust Fund. Given that the language in the Charter may change, the specific language should be in the ordinance that references the new charter language as well as the old zoning for the Divisadero and Fillmore Commercial Districts.

**IMPLEMENTATION**

The current legislation has a clause stating that for projects on the Divisadero and Fillmore NCT Districts the Planning Department shall determine that the residential development potential on a site has been increased through the rezoning. Without a direct reference in the ordinance to the previous zoning it is not clear to the public or the Department how to determine the increased residential density as it relates

<sup>1</sup>The exact language of the Charter amendment is as follows: A project that, through a Special Use District or other local legislation adopted after November 6, 2012, receives (1) a 20% or greater increase in developable residential gross floor area, as measured by a change in height limits, Floor Area Ratio limits, or use, over prior zoning, or (2) a 50% or greater increase in residential densities over prior zoning. Notwithstanding the foregoing, should a project sponsor seek to develop a project in accordance with zoning in place immediately before the establishment of the Special Use District, this subsection (h) shall apply.

to the Charter. It also creates a new section of code for the new fee, which is confusing given that section 415 already governs housing requirements for residential projects.

**REQUIRED COMMISSION ACTION**

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

**RECOMMENDATION**

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department’s proposed recommendations are as follows:

1. Create Consistency with Varying Inclusionary Affordable Housing Fees
2. Modify Grandfathering for Divisadero and Fillmore NCT Pipeline Projects
3. Clarify Determination of Residential Potential
4. Include a Subsection in Section 415 that Describes the New Affordable Housing Fee for the Divisadero and Fillmore NCT Districts

**BASIS FOR RECOMMENDATION**

The Department supports a higher fee rate and a higher percentage of onsite inclusionary for the Divisadero and Fillmore Neighborhood Transit Districts because of the recent rezoning of the Districts and the possibility of producing more affordable units, however modifications described below will ensure that the proposed inclusionary rates are not lower than the City wide rates should Prop C pass this June, and they will add greater clarity making the ordinance easier to implement.

**Recommendation 1: Create Consistency with Varying Inclusionary Affordable Housing Fees**

The Department recommends that the ordinance mirror the proposed trailing legislation for the Inclusionary Affordable Housing Fee regarding on-site, off-site, and size of the project. That would mean that projects under a 24 units would be subject to the current rate of 12%, and project with 25 units or more would be subject to the proposed inclusionary rates in the proposed trailing legislation. The Department is recommending this change because as currently written the proposed rates would be lower than the citywide inclusionary rates should Proposition C pass this June. Further, the Department is concerned that setting a higher rate for projects with less than 25 units could make these projects less attractive in the Divisadero and Fillmore Districts than in other areas with similar zoning. For example, if the proposed inclusionary ordinance were to become effective, a project with less than 25 units in Mission NCT would be subject to the 12% inclusionary rate while a project in the Divisadero NCT would be subject to 23% on-site inclusionary requirement.

**Table 3: Proposed Inclusionary Affordable Housing Fee and Proposed Changes to the Affordable Housing Fee for Divisadero and Fillmore NCT**

Program	Current Rate	Proposed Inclusionary	Proposed Changes to Divisadero/Fillmore
Fee	17-20%	30%	30%

Fee (10-24 units)	17-20%	20%	20%
On-Site (10-24 units)	12%	12%	12%
On-Site (≥25 units)	12%	25% (15% VL), and LI 10%(VLI, LI, MI)	25%
Off-site	17-20%	33% (20% to VLI and LI), 13% (MI)	33%

**Recommendation 2: Modify Grandfathering for Divisadero and Fillmore NCT Pipeline Projects**

In the past, the Department has recommended that fair and uniform grandfathering practices be applied to projects in the pipeline. Projects in the Divisadero and Fillmore NCT Districts, however, are benefiting from the recent rezoning that significantly increased the development potential for some projects. Given that, the Department recommends that projects receiving a 50% increase or more in residential density as compared to the old NCD zoning should be exempt from the grandfathering provisions in the trailing legislation. In other words, projects that have already filled an EE application and have a 50% increase in residential density compared to the old NCD zoning would be subject to the full on-site inclusionary rate, fee, and off-site requirement. If a project with an EE application already submitted has a proposed residential density that is not a 50% increase from old NCD zoning, the grandfathering rates in the trailing inclusionary fee legislation would apply.

**Recommendation 3: Clarify Determination of Residential Potential**

The ordinance leaves the determination of residential potential to the Planning Department. To determine the residential potential the Department recommends adding the old Divisadero and Fillmore Neighborhood Commercial District density requirement directly into the ordinance. For reference, the density for Divisadero NCD was one unit per 800 square feet of lot area and Fillmore NCD was 1 unit to 600 square feet of lot area with one parcel of RH-3 (three units per lot), RM-4 (one unit per 200 square feet of lot area) and RM-3 (one unit per 400 square feet of lot area)<sup>2</sup>. Additionally, the ordinance should reference the Charter section that states an increase in the inclusionary rate can be applied if a 50% or greater increase in residential densities exists over prior zoning.

Given that the charter language may change come June 7, 2016, a clause should be added to the proposed ordinance that states that if Section 116 were to change, the new charter language applies. The new charter language eliminates the calculation and gives the Board of Supervisors the ability to change the inclusionary rate through legislation. If the proposed inclusionary rate were to ever increase or decrease due to feasibility the rates should be consistent across the City.

**Recommendation 4: Include a Subsection in Section 415 that Describes the New Affordable Housing Fee for the Divisadero and Fillmore NCT Districts**

Currently, the ordinance creates a new code section (section 428) to implement the new affordable housing fee in the Divisadero and Fillmore NCT Districts. Given that this fee follows the same procedures for the Inclusionary Affordable Housing Program-described in detail in section 415-a new subsection rather than a new code section could describe the different fee rates and direct the public to one consistent code section.

<sup>2</sup> The specific Block and Lots are as follows: 0798/001, 0779/031, 0702/038

## ENVIRONMENTAL REVIEW

The proposed Ordinance is not defined as a project under CEQA Guidelines Section 15378 and 15060(c) (2) because it does not result in a physical change in the environment.

## PUBLIC COMMENT

To date the Planning Department has received no public comment on this legislation.

<b>RECOMMENDATION:</b> Recommendation of Approval with Modifications
--

### Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 151258

The ordinance proposes that the use of affordable housing fee funds generated from the Divisadero Street NCT and Fillmore NCT be spent according to the following priorities:

1. To increase the supply of housing affordable to qualifying households in the Divisadero Street NCT and the Fillmore Street NCT;
2. To increase the supply of affordable housing within one mile of the boundaries of the Divisadero Street NCT and Fillmore Street NCT, and
3. To increase the supply of housing affordable to qualifying households in the City.

The current Citywide Inclusionary Program and the trailing legislation fees are deposited into the Citywide Affordable Housing Fund, which are distributed by the Mayor's Office of Housing and Community Development (MOHCD) according to the following criteria:

1. To increase the supply of housing affordable to qualifying households;
2. To provide Assistance to low and moderate/middle income homebuyers;
3. To pay administrative fees to MOHCD associated with monitoring and administering compliance of the Inclusionary Program; and
4. To administer the Small Sites Program

### **Recommendation**

1. Affordable housing fees generated through development on the Divisadero Street NCT and Fillmore Street NCT should be deposited into the Citywide Affordable Housing Fund.

### **Basis for Recommendation**

To date, all affordable housing fees generated through the Inclusionary Program are deposited in the Citywide Affordable Housing Fund. This allows the City to maximize funds generated throughout the City to increase the affordable housing supply; if the funds are restricted to one specific zoning district it limits the ability of the City to access those funds for affordable housing in other areas of the City. Furthermore, this would set a new precedent for the Citywide Inclusionary program and could lower the total amount of money available in the Citywide Fund by siphoning off one particular zoning district. Therefore, the Department recommends amending the language in the ordinance to have the same criteria for the use of funds as the Citywide Inclusionary Program.



BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

October 26, 2018

File No. 151258-5

Lisa Gibson  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On October 22, 2018, the Land Use and Transportation Committee heard and amended the following legislation:

**File No. 151258-5**

**Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

This amended legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

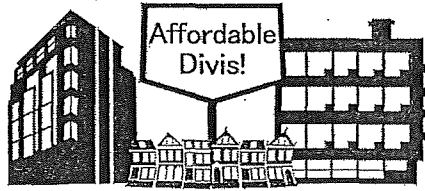
Not defined as a project under CEQA Guidelines, Sections 15378 and 15060(c)(2) because it does not result in a direct or indirect physical change in the environment.

Joy  
Navarrete

Digitally signed by Joy Navarrete  
DN: cn=Joy Navarrete, o=Planning,  
ou=Environmental Planning,  
email=joy.navarrete@sfgov.org, c=US  
Date: 2018.11.01 16:12:19 -0700

4603

151758



November 5, 2018

Dear Chair Tang and Members of the Land Use Committee:

Affordable Divis previously expressed concerns regarding Supervisor Brown's legislation, Planning Code - Affordable Housing Requirement and Fee in Divisadero and Fillmore Neighborhood Commercial Transit Districts. We had the opportunity to meet with Sup. Brown last week. While we appreciate her time in meeting with us, we are disappointed by her refusal to agree to make our requested amendments.

Affordable Divis requests the following amendments to the legislation:

1. Restore Fillmore NCT back into the legislation at the same rate of affordable housing as Divisadero NCT. Striking Fillmore from this corrective, affordable housing legislation is fundamentally unfair. It gives developers increased density on Fillmore without requiring anything back for the community.
2. Include in this legislation HOME-SF Provisions regarding unit mix, unit size, and unit price
3. Index the percentage required to increase every year, along with the citywide baseline, up to 33%
4. Remove the special treatment of pipeline projects. They should be subject to the same requirements as future projects (currently proposed 20% for pipeline rental projects, 23% for future rental projects)
5. For current or future projects, require a minimum of 12% for the lowest income bracket of affordable housing, 55% AMI (currently proposed at 12% for current projects, 10% for future projects)

We believe that these changes would greatly improve the legislation. Thank you for your consideration of these amendments.

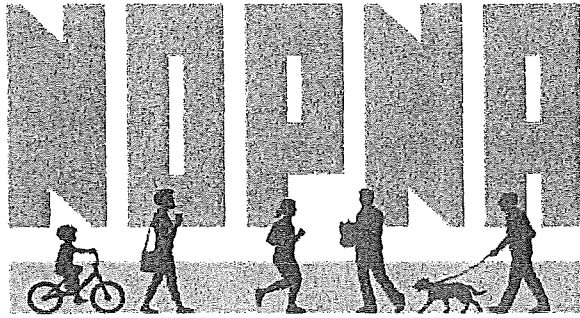
Thank you,

A handwritten signature in black ink, appearing to read "Gus Hernandez". The signature is fluid and cursive.

Gus Hernandez  
Co-Chair  
Affordable Divis

File No. 151258

4/10/2017 Received  
in Committee



# North of Panhandle Neighborhood Association

Monday, April 10, 2017

Hello Land Use Committee,

The North of Panhandle Neighborhood Assoc. (NOPNA) would like to express thanks and support to the committee, we understand that working for the city is not so easily agreeable or easy.

As you may have noticed, the middle class has been incrementally squeezed out of San Francisco. In a broader request, we ask the San Francisco Board of Supervisors to keep finding fair strategies, and keep retaining feedbacks from the San Francisco communities in improving housing and Land Use.

As for the 650 Divisadero project, it highlights our pursue in retaining San Franciscans, especially middle and low income. NOPNA has kept its stance on making sure the 650 Divisadero Project and future project on Divisadero, has at least 20% affordable on-site units, which seems or may have been heard by Supervisor London Breed.

In regards to the 650 Divisadero project, and consistent of Divisadero neighborhood character, we request the committee to make amendments or review:

- The effects or cost of transit from the 650 Divisadero development/residents in our neighborhood.
- No displacement of existing neighborhood serving retail uses, and requirement that in the new building, most of the retail space be neighborhood serving.

In these humbly requests, we hope for a vibrant, and a maintained neighborhoods character and its people.

Sincerely & Thank You,

Charles Dupigny  
NOPNA President

## Somera, Alisa (BOS)

---

**From:** Board of Supervisors, (BOS)  
**Sent:** Monday, April 03, 2017 12:58 PM  
**To:** BOS-Supervisors; Somera, Alisa (BOS)  
**Subject:** FW: just not this version of 650 divisadero File No. 151258

**From:** aida jones [mailto:joneswest@mac.com]  
**Sent:** Saturday, April 01, 2017 11:20 AM  
**To:** May, Christopher (CPC) <christopher.may@sfgov.org>; Secretary, Commissions (CPC) <commissions.secretary@sfgov.org>; planning@rodneyfong.com; Richards, Dennis (CPC) <dennis.richards@sfgov.org>; richhillssf@yahoo.com; Johnson, Christine (CPC) <christine.d.johnson@sfgov.org>; Koppel, Joel (CPC) <joel.koppel@sfgov.org>; Melgar, Myrna (CPC) <myrna.melgar@sfgov.org>; Moore, Kathrin (CPC) <kathrin.moore@sfgov.org>; Dean Preston <affordabledivis@gmail.com>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Farrell, Mark (BOS) <mark.farrell@sfgov.org>; Breed, London (BOS) <london.breed@sfgov.org>  
**Subject:** just not this version of 650 divisadero

hello board of supervisors & planning commission.

there's simply not enough on-site affordable housing in the 650 divisadero plan.

we can do better. clearly the change in zoning has been a generous gift to these developers and they in turn can be more generous in their ration of on-site affordable units.

we must balance business profits with the needs of our citizenry and that's why i oppose 650 divisadero for not including enough on-site affordable housing.

without more affordable units the change in our neighborhood is irreparable. study after study shows that a mix of diversity in income levels benefit the most vulnerable in our society. we must stop building silos of wealth and silos of public housing. they must be integrated together.

& i strongly oppose Supervisor Breed's latest divisadero-fillmore legislation, which is a retraction of her campaign promises (in a reëlection so close it should cause a reëvaluation of policy), requiring a paltry 6% on-site units to be affordable to low income households.

again, we can do better. we want more affordable housing for people who need it and help all citizens.

thank you for your time and attention. see you thursday.

regards,

aīda jones

'5 resident

ps: why was fillmore upzoned and what plans are in the works there?

## Somera, Alisa (BOS)

---

**From:** Jackie Hasa <jackiehasa@gmail.com>  
**Sent:** Monday, April 03, 2017 8:32 AM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneymong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

Dear Supervisors and Commissioners,

As a District 5 neighbor who has lived at Hayes and Divisadero since 2008, I am writing to express my opposition to 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood. I worry for both the character of the area -- which is increasingly catering to high-income residents in the gentrification spiral we've all become so familiar with -- and also the needs of low-income San Francisco residents.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households. This is ridiculously low, and while middle-class people also need support in the city, it should not come at the expense of lower-income people. I myself am middle-income, clocking in at about the AMI, and while I do not know how I could find housing in the city if I had to leave my rent-controlled apartment, I would cringe at the thought of taking away benefits from someone who has to struggle more than I.

We want more affordable housing for people who need it, not less!

Thanks for considering this note.

Jackie Hasa

1245 Hayes Street #4  
San Francisco, CA 94117

**Somera, Alisa (BOS)**

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**From:** gary gregerson <dmfeelings@yahoo.com>  
**Sent:** Sunday, April 02, 2017 8:14 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneymfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood. I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households. We want more affordable housing for people who need it, not less!

Sincerely,

Gary Gregerson  
SF, CA

## Somera, Alisa (BOS)

---

**From:** FDC Dr. Tiltmann <drtiltmann@fdchiro.com>  
**Sent:** Sunday, April 02, 2017 11:39 AM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodnevfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

To the Planning Commission and the Board of Supervisors:

I am a resident and owner on Divisadero and Fulton. Affordable housing is an issue in SF. To create only 4 affordable housing units in a 66 unit building is too low. The affordable units should not be shoe boxes either.

There are many factors to consider and the cost of construction and labor is high as is the risk of building and financing a large project. I understand the need to maximize profits for the builder/investors. For each affordable unit made available, the other market price units will have to some degree cover the costs of the lost revenue of those units.

Please make sure there is enough parking in the structure. People who spend over 1 million dollars on an apartment/condo will most likely have or need a car. Not everyone can use or rely on the public transit system. Simply not providing parking spaces will not deter them from owning a car and there is already very limited parking for the current residences and their guests.

I oppose 650 Divisadero for not including enough on-site affordable housing.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it and we just need more quality housing.

The board may want to consider phasing out rent control and other artificial restrictions on a free housing market as there are thousands of unused and empty rental properties where the landlord/owners deem the risk of renting too great with the current pro tenant legislation and therefore keep the units empty.

Best regards,

Kai Tiltmann



## Somera, Alisa (BOS)

---

**From:** Antonio Chavez <chavezantonio24k@gmail.com>  
**Sent:** Sunday, April 02, 2017 1:22 AM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneyfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

The neighborhood is rapidly changing and people who don't have a large cash surplus are left behind. I work hard everyday to pay my rent and bills but i am blessed to have affordable housing. Most of my long time neighbors were not so lucky. Most have moved away.

In the most true San Francisco fashion, i try to be open minded and welcoming to all people from all walks of life. But As hard as i try, i can't help but feel alienated in this "New SF", because it feels like the city has big plans that don't include people like me.

I strongly feel like This new plan will only deepen the divide that is already impossible to ignore in the city. The working class pays taxes, and we deserve the help we need.

**Somera, Alisa (BOS)**

---

**From:** Sara Judge <sarajudge@gmail.com>  
**Sent:** Saturday, April 01, 2017 8:33 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneymfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

Respectfully,  
Sara Judge

**Somera, Alisa (BOS)**

---

**From:** Sue Eich <seich25@yahoo.com>  
**Sent:** Saturday, April 01, 2017 6:57 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneyfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood. The City continues to out-price residents/would-be residents when it comes to housing.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households. We have all asked for more affordable housing, not less. 6% is not sufficient by any standards.

We want more affordable housing for people who need it, not less!

Thank you for listening.

Regards,

Sue Eich  
1240 Hayes St.

Sent from my iPhone

## Somera, Alisa (BOS)

---

**From:** Kathleen Gee <kathygee606@att.net>  
**Sent:** Saturday, April 01, 2017 5:22 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneymfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

**Somera, Alisa (BOS)**

---

**From:** MaryEllen Churchill <mchurch66@hotmail.com>  
**Sent:** Saturday, April 01, 2017 4:19 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneymong.com;  
Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel  
(CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of  
Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Cc:** MaryEllen Churchill  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

This is outrageous! We must have more affordable housing for people who need it, not less!

Mary Ellen Churchill  
121 Clayton Street  
District 5  
San Francisco

sent from my iPhone

**Somera, Alisa (BOS)**

---

**From:** Stuart Nacht <stunacht@pacbell.net>  
**Sent:** Saturday, April 01, 2017 3:57 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneyfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

**Somera, Alisa (BOS)**

---

**From:** David Ruiz <xtcpoppi@gmail.com>  
**Sent:** Saturday, April 01, 2017 3:42 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneymfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!  
Sent from the Google Pixel phone!

**Somera, Alisa (BOS)**

---

**From:** Timothy Pursell <tim.pursell@mac.com>  
**Sent:** Saturday, April 01, 2017 2:39 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneyfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

Tim

~~ Follow the Yellow Brick Road



**Somera, Alisa (BOS)**

---

**From:** katherine riley <riley\_katherine@yahoo.com>  
**Sent:** Saturday, April 01, 2017 1:27 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodnevfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

Katherine

**Somera, Alisa (BOS)**

---

**From:** Carolyn Hanrahan <carolynhanrahansf@gmail.com>  
**Sent:** Saturday, April 01, 2017 12:27 PM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneymfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

**Somera, Alisa (BOS)**

---

**From:** Arla Ertz <arlasusan@gmail.com>  
**Sent:** Saturday, April 01, 2017 11:13 AM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneyfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); Dean Preston; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

Hello,

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households. This is outrageously low and a giveaway to developers and a takeaway from those who can least afford it.

We want more affordable housing for people who need it, not less! Please do the right thing, and do NOT allow this to happen!

Thank you,

Arla S. Ertz  
District 5 San Francisco

**Somera, Alisa (BOS)**

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**From:** Fiona Friedland <twistee2u@comcast.net>  
**Sent:** Saturday, April 01, 2017 11:31 AM  
**To:** Secretary, Commissions (CPC); planning@rodneymfong.com; Richards, Dennis (CPC); richillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Cc:** May, Christopher (CPC)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood.

I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households.

We want more affordable housing for people who need it, not less!

Are you getting the message!?!

Fiona Friedland

736 Haight St 94117

## Somera, Alisa (BOS)

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**From:** sfcookin@aol.com  
**Sent:** Saturday, April 01, 2017 11:10 AM  
**To:** May, Christopher (CPC); Secretary, Commissions (CPC); planning@rodneyfong.com; Richards, Dennis (CPC); richhillissf@yahoo.com; Johnson, Christine (CPC); Koppel, Joel (CPC); Melgar, Myrna (CPC); Moore, Kathrin (CPC); affordabledivis@gmail.com; Board of Supervisors, (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Farrell, Mark (BOS)  
**Subject:** I oppose 650 Divisadero

I oppose 650 Divisadero for not including enough on-site affordable housing. Without sufficient affordable units, this project is neither necessary nor desirable for our neighborhood. I also oppose Supervisor Breed's latest Divisadero-Fillmore legislation, which requires only 6% on-site units to be affordable to low income households. We want more affordable housing for people who need it, not less! The parking requirements for this site are ridiculous, considering the new density allowed under recent legislation. I am already towing 1-5 vehicles out of my driveway every week now.

J.Kaminsky  
339. & 350 Divisadero St.

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

March 29, 2017

**File No. 151258-4**

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On March 21, 2017, President Breed introduced the following proposed substitute legislation (Version 4):

**File No. 151258-4**

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Alisa Somera".

By: Alisa Somera, Legislative Deputy Director  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

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San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

March 29, 2017

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On March 29, 2017, President Breed introduced the following substitute legislation (Version 4):

**File No. 151258-4**

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Alisa Somera".

By: Alisa Somera, Legislative Deputy Director  
Land Use and Transportation Committee

- c: John Rahaim, Director of Planning
- Scott Sanchez, Zoning Administrator
- Lisa Gibson, Acting Chief, Major Environmental Analysis
- AnMarie Rodgers, Legislative Affairs
- Aaron Starr, Acting Manager of Legislative Affairs
- Jeanie Poling, Environmental Planning
- Joy Navarrete, Environmental Planning


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## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
Olson Lee, Director, Mayor's Office of Housing and Community  
Development

FROM:  Alisa Somera, Legislative Deputy Director

DATE: March 29, 2017

SUBJECT: SUBSTITUTE LEGISLATION INTRODUCED

---

The Board of Supervisors' Land Use and Transportation Committee has received the following substitute legislation (Version 4), introduced by President Breed on March 21, 2017:

**File No. 151258-4**

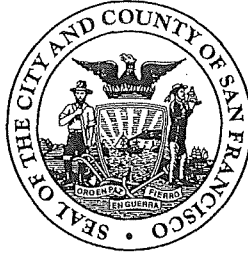
Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection  
Kate Hartley, Mayor's Office of Housing and Community Development  
Eugen Flannery, Mayor's Office of Housing and Community Development



BOARD of SUPERVISORS



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TDD/TTY No. 554-5227

April 13, 2016

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On April 5, 2016, President Breed introduced the following substitute legislation:

**File No. 151258-2**

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "A. Ausberry".

By: Andrea Ausberry, Assistant Clerk  
Land Use and Transportation Committee

- c: John Rahaim, Director of Planning
- Aaron Starr, Acting Manager of Legislative Affairs
- Scott Sanchez, Zoning Administrator
- Sarah Jones, Chief, Major Environmental Analysis
- AnMarie Rodgers, Legislative Affairs
- Jeanie Poling, Environmental Planning
- Joy Navarrete, Environmental Planning

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July 6, 2016

File No. 151258-3

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Jones:

On June 28, 2016, President Breed introduced the following proposed substitute legislation:

**File No. 151258-3**

**Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "A. Ausberry".

By: Andrea Ausberry, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

BOARD of SUPERVISORS



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1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
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TDD/TTY No. 554-5227

July 6, 2016

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On June 28, 2016, President Breed introduced the following substitute legislation:

**File No. 151258-3**

**Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.**

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

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By: Andrea Ausberry, Assistant Clerk  
Land Use and Transportation Committee

c: John Rahaim, Director of Planning  
Aaron Starr, Acting Manager of Legislative Affairs  
Scott Sanchez, Zoning Administrator  
Sarah Jones, Chief, Major Environmental Analysis  
AnMarie Rodgers, Legislative Affairs  
Jeanie Poling, Environmental Planning  
Joy Navarrete, Environmental Planning

4629

BOARD of SUPERVISORS



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San Francisco 94102-4689  
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TDD/TTY No. 554-5227

## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
Olson Lee, Director, Mayor's Office of Housing and Community  
Development

FROM: Andrea Ausberry, Assistant Clerk, Board of Supervisors

DATE: July 6, 2016

SUBJECT: SUBSTITUTE LEGISLATION INTRODUCED

---

The Board of Supervisors' Land Use and Transportation Committee has received the following substitute legislation, introduced by President Breed on June 28, 2016:

**File No. 151258**

**Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection  
Sophie Hayward, Mayor's Office of Housing and Community Development

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April 13, 2016

File No. 151258-2

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Jones:

On April 5, 2016, President Breed introduced the following proposed legislation:

**File No. 151258-2**

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

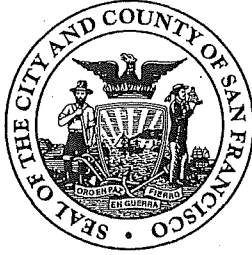
A handwritten signature in cursive script, appearing to read "A. Ausberry".

By: Andrea Ausberry, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

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## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
Olson Lee, Director, Mayor's Office of Housing and Community  
Development  
Tiffany Bohee, Executive Director, Office of Community Investment and  
Infrastructure

FROM: Andrea Ausberry, Assistant Clerk, Board of Supervisors

DATE: April 13, 2016

SUBJECT: LEGISLATION INTRODUCED - SUBSTITUTE

---

The Board of Supervisors' Land Use and Transportation Committee has received the following legislation, introduced by President Breed on April 5, 2016:

**File No. 151258-2**

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [andrea.ausberry@sfgov.org](mailto:andrea.ausberry@sfgov.org)

c: William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection  
Sophie Hayward, Mayor's Office of Housing and Community Development  
Claudia Guerra, Office of Community Investment and Infrastructure  
Natasha Jones, Office of Community Investment and Infrastructure

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TDD/TTY No. 554-5227

December 16, 2015

File No. 151258

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Jones:

On December 8, 2015, President Breed introduced the following proposed legislation:

**File No. 151258**

Ordinance amending the Planning Code to require payment of a higher affordable housing fee or provide additional affordable housing for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Alisa Somera".

By: Alisa Somera, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: John Rahaim, Director  
Scott Sanchez, Zoning Administrator  
AnMarie Rodgers, Senior Policy Advisory  
Aaron Starr, Acting Manager of Legislative Affairs  
Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

4633

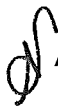
BOARD of SUPERVISORS



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San Francisco 94102-4689  
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Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection  
Olson Lee, Director, Mayor's Office of Housing and Community  
Development

FROM:  Alisa Somera, Assistant Clerk, Board of Supervisors

DATE: December 16, 2015

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Land Use and Transportation Committee has received the following legislation, introduced by President Breed on December 8, 2015:

**File No. 151258**

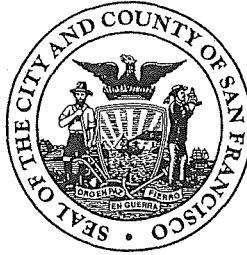
Ordinance amending the Planning Code to require payment of a higher affordable housing fee or provide additional affordable housing for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection  
Sophie Hayward, Mayor's Office of Housing and Community Development



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December 16, 2015

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On December 8, 2015, President Breed introduced the following legislation:

**File No. 151258**

Ordinance amending the Planning Code to require payment of a higher affordable housing fee or provide additional affordable housing for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Alisa Somera".

By: Alisa Somera, Assistant Clerk  
Land Use and Transportation Committee

- c: John Rahaim, Director of Planning
- Aaron Starr, Acting Manager of Legislative Affairs
- Scott Sanchez, Zoning Administrator
- Sarah Jones, Chief, Major Environmental Analysis
- AnMarie Rodgers, Legislative Affairs
- Jeanie Poling, Environmental Planning
- Joy Navarrete, Environmental Planning

1 [Approval of a 30-Day Extension for Planning Commission Review of Affordable Housing in  
2 Divisadero and Fillmore Neighborhood Commercial Transit Districts (File No. 151258)]

3 **Resolution extending by 30 days the prescribed time within which the Planning**  
4 **Commission may render its decision on an Ordinance (File No. 151258) amending the**  
5 **San Francisco Planning Code to require payment of a higher affordable housing fee or**  
6 **provide additional affordable housing for certain sites that obtained higher residential**  
7 **development potential as a result of the rezoning of the Divisadero Street**  
8 **Neighborhood Commercial Transit District and the Fillmore Street Neighborhood**  
9 **Commercial Transit District; affirming the Planning Department's determination under**  
10 **the California Environmental Quality Act; and making findings of consistency with the**  
11 **General Plan, Planning Code, Section 302, and the eight priority policies of Planning**  
12 **Code, Section 101.1.**

13  
14 WHEREAS, On December 8, 2015, Supervisor Breed introduced legislation amending  
15 the Planning Code to require payment of a higher affordable housing fee or provide additional  
16 affordable housing for certain sites that obtained higher residential development potential as a  
17 result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and  
18 the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning  
19 Department's determination under the California Environmental Quality Act; and making  
20 findings of consistency with the General Plan, Planning Code, Section 302; and

21 WHEREAS, On or about December 16, 2015, the Clerk of the Board of Supervisors  
22 referred the proposed ordinance to the Planning Commission; and

23 WHEREAS, The Planning Commission shall, in accordance with Planning Code,  
24 Section 306.4(d), render a decision on the proposed Ordinance within 90 days from the date  
25 of referral of the proposed amendment or modification by the Board to the Commission; and

1           WHEREAS, Failure of the Commission to act within 90 days shall be deemed to  
2 constitute disapproval; and

3           WHEREAS, The Board, in accordance with Planning Code, Section 306.4(d), may, by  
4 Resolution, extend the prescribed time within which the Planning Commission is to render its  
5 decision on proposed amendments to the Planning Code that the Board of Supervisors  
6 initiates; and

7           WHEREAS, Supervisor Breed has requested additional time for the Planning  
8 Commission to review the proposed Ordinance; and

9           WHEREAS, The Board deems it appropriate in this instance to grant to the Planning  
10 Commission additional time to review the proposed Ordinance and render its decision; now,  
11 therefore, be it

12           RESOLVED, That by this Resolution, the Board hereby extends the prescribed time  
13 within which the Planning Commission may render its decision on the proposed Ordinance for  
14 approximately 30 additional days, until April 15, 2016.



City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Tails  
Resolution

File Number: 160029

Date Passed: January 26, 2016

Resolution extending by 30 days the prescribed time within which the Planning Commission may render its decision on an Ordinance (File No. 151258) amending the San Francisco Planning Code to require payment of a higher affordable housing fee or provide additional affordable housing for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

January 26, 2016 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 160029

I hereby certify that the foregoing Resolution was ADOPTED on 1/26/2016 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

  
Mayor

2/4/2016  
Date Approved

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
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Tel. No. 554-5184  
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TDD/TTY No. 554-5227

## NOTICE OF PUBLIC HEARING

### BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

**Date:** Monday, November 5, 2018

**Time:** 1:30 p.m.

**Location:** Legislative Chamber, Room 250, located at City Hall  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

**Subject:** **File No. 151258.** Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

If the legislation passes, housing developments in the Divisadero Neighborhood Commercial Transit District that the Planning Department has determined to have 50 percent or more housing development potential through Ordinance No. 127-15, shall be subject to the payment of the Residential Inclusionary Housing fee requirement in Planning Code, Section 415 et seq. Residential projects of ten or more units that have submitted a complete development application before October 1, 2018, would comply with Section 415, except that the temporary inclusionary requirements in Section 415 would not apply, and projects would be required to provide affordable housing in the following amounts:

**Fee/Off-site:** 33% for Ownership Projects  
30% for Rental Projects

**On-site:** Ownership: 23% at the following area median incomes (AMI)

- 12% low income (80% AMI)
- 5.5% moderate income (105% AMI)
- 5.5% middle income (130% AMI)

Rental: 20% at the following AMI's

- 12% low income (55% AMI)
- 4% moderate income (80% AMI)
- 4% middle income (110% AMI)

For projects of ten or more units that have submitted a complete development application on or after October 1, 2018, projects would comply with Section 415, except that projects would be required to provide affordable housing in the following amounts:

- Fee/Off-site: 33% for Ownership Projects  
30% for Rental projects
- On-site: Ownership: 23% at the following AMI's
- 10% low income (80% AMI)
  - 8% moderate income (105% AMI)
  - 5% middle income (130% AMI)
- Rental: 23% at the following AMI's
- 10% low income (55% AMI)
  - 8% moderate income (80% AMI)
  - 5% middle income (110% AMI)

The percentage of affordable units and level of affordability for projects of ten or more units that have submitted a complete development application on or after October 1, 2018, shall be the same as the levels set forth in Section 206.3(f)(2)(A), the HOME-SF Program, as that program may be amended from time to time. However, the percentage of affordable units constructed on-site must always be higher than or equal to the percentage required by Section 415.6 for projects consisting of 25 or more units.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on these matters may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in these matters, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to these matters are available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, November 2, 2018.

  
f Angela Calvillo  
Clerk of the Board

DATED/POSTED: October 25, 2018  
PUBLISHED: October 26 and November 1, 2018



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Order Information

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READY [1]

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ADVANCE COST [0]

Attention Name ERICA MAJOR  
 Ad Payment Reference [Redacted]  
 Ad Description EDM 11.5.2018 Land Use - 151258-5 Fee Ad  
 Ad Type Legal-GOVERNMENT - GOVT PUBLIC NOTICE

MEDIA LOOKUP

Special Instructions

ACCOUNTING

Orders Created

USAGE REPORTS

Order No.	Newspaper Name	Publishing Dates	Length	Cost Itemization	Cost	Ad Status
3188768	SAN FRANCISCO EXAMINER 10%, CA Billed To: CCSF BD OF SUPERVISORS (OFFICIAL NOTICES) Created For: CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)	10/26/2018, 11/01/2018	Depth : 13.16" Lines : 159	\$3.75 * 159 lines * 2 Inserts * 1 Cols[\$1192.50] 10% set aside[\$-119.25]	\$1073.25	Sent

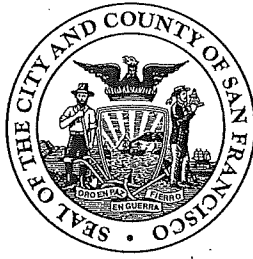
Ad Text

Order No.	Newspaper	View
3188768	SAN FRANCISCO EXAMINER 10%	View Ad In PDF

NOTICE OF PUBLIC HEARING BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE MONDAY, NOVEMBER 5, 2018 - 1:30 PM CITY HALL, LEGISLATIVE CHAMBER, ROOM 250 1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 151258. Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1. If the legislation passes, housing developments in the Divisadero Neighborhood Commercial Transit District that the Planning Department has determined to have 50 percent or more housing development potential through Ordinance No. 127-15, shall be subject to the payment of the Residential Inclusionary Housing fee requirement in Planning Code, Section 415 et seq. Residential projects of ten or more units that have submitted a complete development application before October 1, 2018, would comply with Section 415, except that the temporary inclusionary requirements in Section 415 would not apply, and projects would be required to provide affordable housing in the following amounts: Fee/Off-site: 33% for Ownership Projects; 30% for Rental Projects; On-site: Ownership: 23% at the following area median incomes (AMI): 12% low income (80% AMI), 5.5% moderate income (105% AMI), 5.5% middle income (130% AMI); Rental: 20% at the following AMI's: 12% low income (55% AMI), 4% moderate income (80% AMI), 4% middle income (110% AMI). For projects of ten or more units that have submitted a complete development application on or after October 1, 2018, projects would comply with Section 415, except that projects would be required to provide affordable housing in the following amounts: Fee/Off-site: 33% for Ownership Projects; 30% for Rental projects; On-site: Ownership: 23% at the following AMI's: 10% low income (80% AMI), 8% moderate income (105% AMI), 5% middle income (130% AMI); Rental: 23% at the following AMI's: 10% low income (55% AMI), 8% moderate income (80% AMI), 5% middle income (110% AMI). The percentage of affordable units and level of affordability for projects of ten or more units that have submitted a complete development application on or after October 1, 2018, shall be the same as the levels set forth in Section 206.3(f) (2)(A), the HOME-SF Program, as that program may be amended from time to time. However, the percentage of affordable units constructed on-site must always be higher than or equal to the percentage required by Section 415.6 for projects consisting of 25 or more units. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made as part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, November 2, 2018. - Angela Calvillo, Clerk of the Board

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

October 26, 2018

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On October 22, 2018, the Land Use and Transportation Committee heard and amended the following legislation:

**File No. 151258-5**

**Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

The proposed amended ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: John Rahaim, Director  
Scott Sanchez, Zoning Administrator  
Lisa Gibson, Environmental Review Officer  
Devyani Jain, Deputy Environmental Review Officer  
AnMarie Rodgers, Director of Citywide Planning  
Dan Sider, Director of Executive Programs  
Aaron Starr, Manager of Legislative Affairs  
Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning



BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

October 26, 2018

File No. 151258-5

Lisa Gibson  
Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On October 22, 2018, the Land Use and Transportation Committee heard and amended the following legislation:

**File No. 151258-5**

**Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

This amended legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

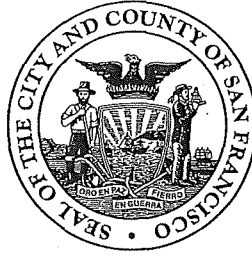
A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## NOTICE OF PUBLIC HEARING

### BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

- Date:** Monday, October 22, 2018
- Time:** 1:30 p.m.
- Location:** Legislative Chamber, Room 250, located at City Hall  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA
- Subject:** File No. 151258. Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

If the legislation passes, residential development projects within the Divisadero Street Neighborhood Commercial Transit District or the Fillmore Street Neighborhood Commercial Transit District, that the Planning Department has determined to have 50% or more housing development potential due to rezoning, shall be subject to payment of the Residential Inclusionary Housing Fee requirement in Planning Code, Sections 415 et seq.

The fee amount would be equivalent to the requirement to provide 30% affordable housing units in the principal project. A project sponsor may elect to construct 25% affordable housing units on-site of the principal project, or cause off-site affordable housing equivalent to 30% of all units constructed on the principal project site, using the method of fee calculation set forth in Planning Code, Section 415.5(b). This fee shall be paid at issuance of the first construction document, with an option to defer payment prior to the issuance of the first certificate of occupancy. All monies shall be paid into the Citywide Affordable Housing Fund that is expended by the Mayor's Office of Housing and Community Development to increase the supply of affordable housing in the City.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on these matters may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in these matters, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to these matters are available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, October 19, 2018.

  
for Angela Calvillo  
Clerk of the Board

DATED/POSTED: October 12, 2018  
PUBLISHED: October 12 and October 18, 2018

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## NOTICE OF PUBLIC HEARING


### BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

- Date:** Monday, April 3, 2017
- Time:** 1:30 p.m.
- Location:** Legislative Chamber, Room 250, located at City Hall  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA
- Subject:** File No. 151258. Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

If the legislation passes, residential development projects within the Divisadero Street Neighborhood Commercial Transit District or the Fillmore Street Neighborhood Commercial Transit District, that the Planning Department has determined to have 50% or more housing development potential due to rezoning, shall be subject to payment of the Residential Inclusionary Housing Fee requirement in Planning Code, Sections 415 et seq. The fee amount would be equivalent to the requirement to provide 33% affordable housing units in the principal project. A project sponsor may elect to construct 25% affordable housing units on-site of the principal project, or cause off-site affordable housing equivalent to 33% of all units constructed on the principal project site. This fee shall be paid at issuance of the first construction document, with an option to defer payment prior to the issuance of the first certificate of occupancy. All monies shall be paid into the Citywide Affordable Housing Fund that is expended by the Mayor's Office of Housing and Community Development to increase the supply of affordable housing in the City.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made as part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, March 31, 2017.

  
Angela Calvillo  
Clerk of the Board

DATED: March 23, 2017  
POSTED/PUBLISHED: March 24 & 30, 2017

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Alisa Somera
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description AS - 04.03.17 Land Use - 151258 Fee Ad

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

03/24/2017 , 03/30/2017

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

EXM# 2991167

NOTICE OF PUBLIC HEARING
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
LAND USE AND TRANSPORTATION COMMITTEE
MONDAY, APRIL 3, 2017 - 1:30 PM
CITY HALL, LEGISLATIVE CHAMBER, ROOM 250
1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 151258. Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1. If the legislation passes, residential development projects within the Divisadero Street Neighborhood Commercial Transit District or the Fillmore Street Neighborhood Commercial Transit District, that the Planning Department has determined to have 50% or more housing development potential due to rezoning, shall be subject to payment of the Residential Inclusionary Housing Fee requirement in Planning Code, Sections 415 et seq. The fee amount would be equivalent to the requirement to provide 33% affordable housing units in the principal project. A project sponsor may elect to construct 25% affordable housing units on-site of the principal project, or cause off-site affordable housing equivalent to 33% of all units constructed on the principal project site. This fee shall be paid at issuance of the first construction document, with an option to defer payment prior to the issuance of the

first certificate of occupancy. All monies shall be paid into the Citywide Affordable Housing Fund that is expended by the Mayor's Office of Housing and Community Development to increase the supply of affordable housing in the City. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made as part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, March 31, 2017. - Angela Calvillo, Clerk of the Board



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SAN FRANCISCO EXAMINER

This space for filing stamp only

835 MARKET ST, SAN FRANCISCO, CA 94103  
Telephone (415) 314-1835 / Fax (510) 743-4178

Alisa Somera  
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)  
1 DR CARLTON B GOODLETT PL #244  
SAN FRANCISCO, CA - 94102

EXM #: 2991167

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California )  
County of SAN FRANCISCO ) ss

Notice Type: GPN - GOVT PUBLIC NOTICE

Ad Description:

AS - 04.03.17 Land Use - 151258 Fee Ad

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN FRANCISCO EXAMINER, a newspaper published in the English language in the city of SAN FRANCISCO, county of SAN FRANCISCO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN FRANCISCO, State of California, under date 10/18/1951, Case No. 410667. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

03/24/2017, 03/30/2017

Executed on: 03/30/2017  
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Signature

NOTICE OF PUBLIC HEARING  
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO  
LAND USE AND TRANSPORTATION COMMITTEE  
MONDAY, APRIL 3, 2017 - 1:30 PM  
CITY HALL, LEGISLATIVE CHAMBER, ROOM 250  
1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 151258. Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District in 2015; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1. If the legislation passes, residential development projects within the Divisadero Street Neighborhood Commercial Transit District or the Fillmore Street Neighborhood Commercial Transit District, that the Planning Department has determined to have 50% or more housing development potential due to rezoning, shall be subject to payment of the Residential Inclusionary Housing Fee requirement in Planning Code, Sections 415 et seq. The fee amount would be equivalent to the requirement to provide 33% affordable housing units in the principal project. A project sponsor may elect to construct 25% affordable housing units on-site of the principal project, or cause off-site affordable housing equivalent to 33% of all units constructed on the principal project site. This fee shall be paid at issuance of the first construction document, with an option to defer payment prior to the issuance of the

first certificate of occupancy. All monies shall be paid into the Citywide Affordable Housing Fund that is expended by the Mayor's Office of Housing and Community Development to increase the supply of affordable housing in the City. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made as part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, March 31, 2017. - Angela Calvillo, Clerk of the Board



Email

\* A 0 0 0 0 0 4 4 0 4 0 4 3 \*

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2017 MAR 21 PM 4:50  
Type stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

BY \_\_\_\_\_

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor"  inquires"
- 5. City Attorney request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Question(s) submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission

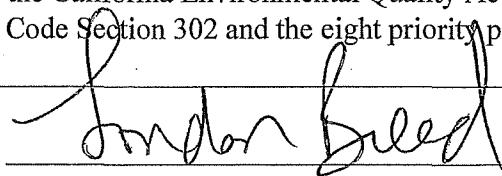
**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

**Subject:**

**The text is listed below or attached:**

Signature of Sponsoring Supervisor: \_\_\_\_\_



For Clerk's Use Only:



Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
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- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ 151258 ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

Sponsor(s):

Breed

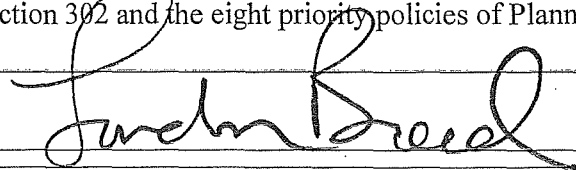
Subject:

Planning Code - Affordable Housing Requirement and Fee in Divisadero and Fillmore Neighborhood Commercial Transit Districts

The text is listed below or attached:

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code Section 302 and the eight priority policies of Planning Code Section 101.1.

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

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Time stamp  
or meeting date

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- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ 151258 ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

Sponsor(s):

Breed

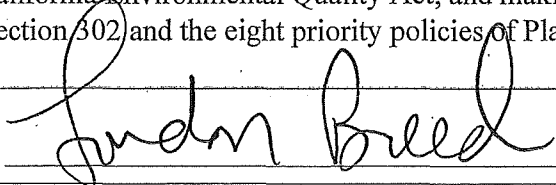
Subject:

Planning Code –Affordable Housing in Divisadero and Fillmore Neighborhood Commercial Transit Districts

The text is listed below or attached:

Ordinance amending the Planning Code to require additional affordable housing or payment of a fee for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code Section 302 and the eight priority policies of Planning Code Section 101.1.

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

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Time stamp  
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- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

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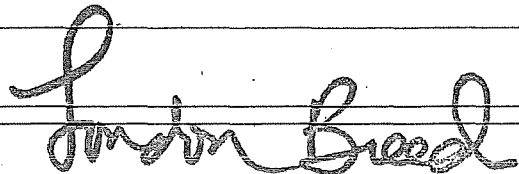
**Subject:**

Planning Code – Affordable Housing in Divisadero and Fillmore Neighborhood Commercial Transit Districts

**The text is listed below or attached:**

Ordinance amending the Planning Code to require payment of a higher affordable housing fee or provide additional affordable housing for certain sites that obtained higher residential development potential as a result of the rezoning of the Divisadero Street Neighborhood Commercial Transit District and the Fillmore Street Neighborhood Commercial Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code Section 302 and the eight priority policies of Planning Code Section 101.1.

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

