

LEGISLATIVE DIGEST

[Planning Code - Waiving Inclusionary Housing Requirements, Exempting Certain Floor Area from the Calculation of Gross Floor Area and Transferable Development Rights Requirements, and authorizing land dedication, for project located at 1066 Market Street.]

Ordinance waiving the Inclusionary Affordable Housing requirements set forth in Planning Code Section 415 et seq., exempting 21,422 square feet from the calculation of gross floor area pursuant to Planning Code Section 124 to allow the additional floor area, and exempting 21,422 square feet from Planning Code Sections 123 and 128 to reduce any required transferable development rights by such amount, for a project located at 1066 Market Street in San Francisco, in exchange for the dedication of certain real property to the San Francisco Mayor's Office of Housing and Community Development at no cost; authorizing actions in furtherance of this ordinance; and adopting findings regarding the Final Mitigated Negative Declaration under the California Environmental Quality Act; making findings 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

1. Affordable Housing:

The Charter generally requires private developers of new market-rate housing to provide affordable housing ("Inclusionary Housing") in one of three ways:

- pay a fee equal to 17% to 20% of their project's units to support low-income housing;
- make at least 12% of the on-site housing units affordable; or
- create new affordable units off-site, equal to 17 to 20% of the project's units.

These requirements can be modified if a project meets an exception specified in the Charter (or if the Charter is amended). The Planning Code contains detailed requirements for implementation of these three Inclusionary Housing options, in the Inclusionary Affordable Housing Program set forth in Planning Code Sections 415 *et seq.*

There is a proposed Charter amendment pending and implementing legislation to increase these requirements.

2. Land Dedication: In some zoning districts, like the UMU and Mission NCT, Planning Code Section 419.5 allows land dedication as a way to comply with the inclusionary affordable housing requirements. Land dedication is not currently an option for the C-3-S zoning district.

3. Calculation of Square Footage and Floor Area Ratio Limits: Planning Code Section 124 sets forth the basic floor area ratio limits and methods of calculation and exemption. It provides that additional square footage above that permitted by the base floor area ratio limits set forth above may be approved for construction of affordable housing on the project site. In addition, Planning Code Sections 123, 127 and 128 allow buildings in the C-3 district to exceed the base floor area ratio limits by purchasing transferable development rights (“TDR”) for use of the site. Planning Code Section 124(f) also allows buildings in the C-3 district to exceed the base floor area ratio limits by procuring a conditional use permit for the additional square footage dedicated to affordable housing on a site.

Amendments to Current Law

1. Affordable Housing: The inclusionary affordable housing requirements set forth in Planning Code section 415 et seq. would be waived for the housing development project located at 1066 Market Street.
2. Land Dedication: In exchange for the waiver of the affordable housing requirements, the ordinance would require a dedication of land located at 101 Hyde Street and authorizes the City to accept this land dedication.
3. Floor Area Ratio: The ordinance would exempt 21,422 square feet of the proposed development at 1066 Market Street from the calculation of floor area ratio and the requirement to purchase TDR for this square footage. The 1066 Market Street site thus could develop the site above the basic floor area ratio limits by this amount without having to purchase TDR to allow the additional development.

Background Information

The Planning Commission approved the 1066 Market Street site as a housing development project of 304 dwelling units, with 36 units of affordable housing on-site. The 36 units of affordable housing occupied 21,422 square feet of the project. The project procured Planning Commission approval of a conditional use permit under Planning Code Section 124(f) to allow the development to exceed the basic floor area ratio limits without having to purchase TDR for the portion of the project dedicated to affordable housing. The project is proposed for revision as a 100% market rate housing project, with the separate land dedication of 101 Hyde Street to substitute for the affordable units on-site.