



SAN FRANCISCO PLANNING DEPARTMENT

June 29, 2018

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

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**Re: Transmittal of Planning Department Case Number 2018-006910PCA
HOME-SF and 100% Affordable Housing Bonus Programs
Board File No. 180456
Planning Commission Recommendation: Approval with Modification**

Dear Ms. Calvillo, Supervisor Tang, and Supervisor Safai,

On June 28, 2018, the Planning Commission conducted duly noticed public hearing at regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Katy Tang, that would amend the Planning Code to create a tiered program for HOME-SF and amend the approval processes for HOME-SF and 100% Affordable Housing Bonus Program projects. At the hearing the Planning Commission recommended approval with modification.

The Commission's proposed modifications were as follows:

1. **Amend Section 206.3(d)(4) to allow HOME-SF projects to receive all listed zoning modifications.**
2. **Amend affordability levels required in proposed Tier 1 in Section 206.3(f)(2)(A) as follows.**
 - a. **For projects of 24 units or fewer, require 20% on-site affordable HOME-SF units at the proposed affordability levels**
 - b. **For projects of 25 units or more, require 23% on-site affordable HOME-SF units at the following affordability levels:**
 - i. **10% at 55% AMI (rental) or 80% AMI (owner)**
 - ii. **8% at 80% AMI (rental) or 105% AMI (owner)**
 - iii. **5% at 110% AMI (rental) or 130% AMI (owner)**
3. **Amend language to set all affordability levels in Section 206.3 (f) as maximums.**
4. **Amend language to require HOME-SF projects receive a Commission Hearing within 180 days of completion of environmental review.**

5. 5: Amend language to include a “use it or lose it” provision, requiring HOME-SF project sponsors to file a Building Permit Application within 2 years of entitlement.

Additionally, the Commission recommended the Board request the upcoming Inclusionary Housing TAC consider the affordability requirements of HOME-SF when they next convene in 2019. The Commission also recommended asking the TAC to consider indexing HOME-SF affordability requirements to the Inclusionary rate.

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 or Paolo Ikezoe at paolo.ikezoe@sfgov.org/415-575-9137.

Sincerely,



Aaron Starr
Manager of Legislative Affairs, Planning Department

cc:

Erica Major, Office of the Clerk of the Board
Alisa Somera, Office of the Clerk of the Board
Menaka Mohan, Aide to Supervisor Tang
Suhagey Sandoval, Aide to Supervisor Safai
Audrey Pearson, Deputy City Attorney

Attachments :

Planning Commission Resolution No. 20225
Planning Department Case Report for Case No. 2018-006910PCA



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 20225 HEARING DATE JUNE 28, 2018

Project Name: HOME-SF and 100% Affordable Housing Bonus Programs
Case Number: 2018-006910PCA [Board File No. 180456]
Initiated by: Supervisor Tang / Introduced May 1, 2018
Staff Contact: Paolo Ikezoe, Citywide Division
paolo.ikezoe@sfgov.org, 415-575-9137
Reviewed by: Aaron D Starr, Manager of Legislative Affairs
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RESOLUTION APPROVING A PROPOSED ORDINANCE THAT WOULD AMEND THE HOUSING OPPORTUNITIES MEAN EQUITY-SAN FRANCISCO (HOME-SF) PROGRAM TO REVISE THE AMOUNT OF INCLUSIONARY HOUSING REQUIRED AND THE TYPES OF DEVELOPMENT BONUSES RECEIVED THROUGH DECEMBER 31, 2019, WITH EXISTING REQUIREMENTS AND BONUSES REVIVED STARTING JANUARY 1, 2020, AND TO REQUIRE PROJECT AUTHORIZATION UNDER PLANNING CODE, SECTION 328; REVISING THE 100% AFFORDABLE HOUSING BONUS PROGRAM TO ELIMINATE A PLANNING COMMISSION REVIEW HEARING FOR 100% AFFORDABLE HOUSING PROJECTS UPON DELEGATION BY THE PLANNING COMMISSION; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on May 1, 2018 Supervisors Tang introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 180456, which would amend Sections 206.3, 303, 315 and 328 of the Planning Code to amend the HOME-SF program, creating tiered options through December 31, 2019, requiring HOME-SF project authorization under Planning Code Section 328, and requiring 100% Affordable Housing Bonus Program project authorization under Planning Code Section 315.1; and

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on June 28, 2018; and

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act CEQA Guidelines Section 15378 and 15060(c)(2); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; now and

MOVED, that the Planning Commission hereby **approves with modifications** the proposed ordinance. The Commission's proposed modifications are as follows:

1. Amend Section 206.3(d)(4) to allow HOME-SF projects to receive all listed zoning modifications.
2. Amend affordability levels required in proposed Tier 1 in Section 206.3(f)(2)(A) as follows:
 - a) For projects of 24 units or fewer, require 20% on-site affordable HOME-SF units at the proposed affordability levels
 - b) For projects of 25 units or more, require 23% on-site affordable HOME-SF units at the following affordability levels:
 - 10% at 55% AMI (rental) or 80% AMI (owner)
 - 8% at 80% AMI (rental) or 105% AMI (owner)
 - 5% at 110% AMI (rental) or 130% AMI (owner)
3. Amend language to set all affordability levels in Section 206.3 (f) as maximums.
4. Amend language to require HOME-SF projects receive a Commission Hearing within 180 days of completion of environmental review.
5. Amend language to include a "use it or lose it" provision, requiring HOME-SF project sponsors to file a Building Permit Application within two years of entitlement.

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 Commission finds that the proposed ordinance will provide additional options for project sponsors to participate in the City's local development bonus program, and will lead to increased production of needed housing, including on-site affordable housing.
2. The Commission finds that the proposed modifications will further the goal of making HOME-SF more flexible and broadly applicable while aligning the tiered affordability requirements with the current Inclusionary requirement and various related feasibility studies undertaken by the City.

3. The Commission finds that offering HOME-SF projects any and all listed modifications listed in 206.3(d)(4) would further HOME-SF's original goal of creating a local density bonus program that is more attractive to developers than the State Density Bonus Law.
4. The Commission finds that requiring 23% on-site affordable units for Tier 1 projects of 25 units or larger better aligns with existing inclusionary requirements, and ensures no HOME-SF project provides fewer affordable units than would otherwise be required under Section 415.
5. The Commission finds that amending Section 206.3(f) to set the affordability levels required within each tranche of HOME-SF units as a maximum could help with project feasibility in certain cases (such as when projects may qualify for financing via the 80/20 California Debt Limit Allocation Committee "CDLAC" program).
6. The Commission finds that amending the proposed 120-day timeline to 180 days from completion of environmental review better aligns the review timeline for HOME-SF projects with those outlined in the Mayor's Executive Directive 17-02.
7. The Commission finds that including a use it or lose it provision, requiring HOME-SF project sponsors to file a Building Permit Application within two years of entitlement will ensure HOME-SF projects proceed towards construction in a timely manner.
8. The Commission finds that the proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

HOME-SF and the proposed changes to the program aim to increase the number of affordable housing units that could be built in San Francisco. The program is one tool to plan for affordable housing needs of very low, low and moderate income households.

POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

The majority of HOME-SF eligible parcels are located within a quarter-mile (or 5 minute-walk) of the Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

POLICY 3.3

Maintain balance in affordability of existing housing stock by supporting affordable moderate ownership opportunities.

HOME-SF and the proposed changes to the program will facilitate affordable housing supply, including homeownership opportunities for moderate income households.

OBJECTIVE 4

Foster a housing stock that meets the needs of all residents across lifecycles.

POLICY 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

POLICY 4.4

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

POLICY 4.5

Ensure that new permanently affordable housing is located in all of the city's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

POLICY 4.6

Encourage an equitable distribution of growth according to infrastructure and site capacity.

HOME-SF and the proposed changes to the program aim to increase the stock of affordable, family-friendly housing throughout the city. The HOME-SF program area includes parcels in most of the city's neighborhood commercial district, enabling the City to increase the number of very low, low and moderate income households and encourage integration of neighborhoods. The program aims to spur production of housing, including permanently affordable housing, in neighborhoods with existing transit, schools, and parks.

OBJECTIVE 7

Secure funding and resources for permanently affordable housing, including innovative programs that are not solely reliant on traditional mechanisms or capital.

Policy 7.5

Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval processes.

HOME-SF and the proposed changes to the program provide zoning and process accommodations including priority processing for projects that participate by providing on-site affordable housing. These programs implement this General Plan policy.

OBJECTIVE 8

Build public and private sector capacity to support, facilitate, provide and maintain affordable housing.

POLICY 8.3

Support the production and management of permanently affordable housing.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply.

OBJECTIVE 10

Ensure a streamlined, yet thorough, and transparent decision-making process.

POLICY 10.1

Create certainty in the development entitlement process, by providing clear community parameters for development and consistent application of these regulations.

HOME-SF and the proposed changes to the program propose a clear and detailed review and entitlement process for qualifying projects. The process includes detailed design review and offers limited zoning concessions and modifications. The proposed changes to the program require Planning Commission review, with appeal to the Board of Appeal, similar to the existing Large Project Authorization process.

OBJECTIVE 11

Support and respect the diverse and distinct character of San Francisco's neighborhoods.

POLICY 11.2

Ensure implementation of accepted design standards in project approvals.

POLICY 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

In recognition that the projects utilizing HOME-SF will sometimes be taller or of differing mass than the surrounding context, the AHBP Design Guidelines clarify how projects shall both maintain their size and adapt to their neighborhood context. These design guidelines enable

HOME-SF projects to support and respect the diverse and distinct character of San Francisco's neighborhoods while also providing much needed affordable housing. Establishing permanently affordable housing in the city's various neighborhoods would enable the City to stabilize very low, low and moderate income households. These households meaningfully contribute to the existing character of San Francisco's diverse neighborhoods.

POLICY 11.5

Ensure densities in established residential areas promote compatibility with prevailing neighborhood character.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970's or 1980's, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

OBJECTIVE 12

Balance housing growth with adequate infrastructure that serves the City's growing population.

POLICY 12.1

Encourage new housing that relies on transit use and environmentally sustainable patterns of movement.

The HOME-SF program area is largely located within a quarter-mile (or 5 minute-walk) of the Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

OBJECTIVE 13

Prioritize sustainable development in planning for and constructing new housing.

POLICY 13.1

Support "smart" regional growth that locates new housing close to jobs and transit.

The HOME-SF program area is largely located within a quarter-mile (or 5 minute-walk) of the Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

URBAN DESIGN ELEMENT

POLICY 4.15

Protect the livability and character of residential properties from the intrusion of incompatible new buildings.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970's or 1980's, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

TRANSPORTATION ELEMENT

POLICY 11.3

Encourage development that efficiently coordinates land use with transit service, requiring that developers address transit concerns as well as mitigate traffic problems.

The HOME-SF program area is largely located within a quarter-mile (or 5 minute-walk) of the Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

VAN NESS AVENUE AREA PLAN

Policy 5.1

Establish height controls to emphasize topography and adequately frame the great width of the Avenue.

POLICY 5.3

Continue the street wall heights as defined by existing significant buildings and promote an adequate enclosure of the Avenue.

HOME-SF and proposed changes to the program would continue the street wall heights, though may offer some degree of variation due to height exceptions available through the program. Established height controls would continue to be applicable for most projects, and therefore the topography and width of the Avenue would continue to be emphasized and adequately framed. The AHBP Design Guidelines and Planning Commission review process will ensure that on balance projects promote continue the street wall heights an adequate enclosure of the Avenue.

BAYVIEW AREA PLAN

OBJECTIVE 6

Encourage the construction of new affordable and market rate housing at locations and density levels that enhance the overall residential quality of Bayview Hunters Point.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply in Bayview Hunters Point, particularly along Third Street.

CHINATOWN AREA PLAN

OBJECTIVE 3

Stabilize and where possible increase the supply of housing.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply in Chinatown.

DOWNTOWN PLAN

OBJECTIVE 7

Expand the supply of housing in and adjacent to downtown.

HOME-SF and the proposed changes to the program support the production of housing, including permanently affordable housing, in and adjacent to downtown.

WESTERN SHORELINE AREA PLAN

POLICY 11.1

Preserve the scale and character of existing residential neighborhoods by setting allowable densities at the density generally prevailing in the area and regulating new development so its appearance is compatible with adjacent buildings.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970's or 1980's, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

POLICY 11.3

Continue the enforcement of citywide housing policies, ordinances and standards regarding the provision of safe and convenient housing to residents of all income levels, especially low- and moderate-income people.

POLICY 11.4

Strive to increase the amount of housing units citywide, especially units for low- and moderate-income people.

HOME-SF and the proposed changes to the program aim to increase the number of affordable housing units that could be built in San Francisco. The program is one tool to plan for affordable housing needs of very low, low and moderate income households.

9. **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 would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

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 would not have a negative effect on housing or neighborhood character.

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

The proposed Ordinance would increase the City's supply of affordable housing.

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

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

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 would 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 would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

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

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

10. **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 Planning Commission hereby approves with modifications the proposed ordinance as described in this Resolution;

AND BE IT FURTHER RESOLVED, that the Planning Commission recommends the Board request the upcoming Inclusionary Housing TAC consider the affordability requirements of HOME-SF when it next convenes in 2019. The Commission also recommends asking the TAC to consider indexing HOME-SF affordability requirements to the Inclusionary rate.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on June 28, 2018.



Jonas P. Ionin
Commission Secretary

AYES: Fong, Hillis, Johnson, Melgar, Moore, Richards

NOES: None

ABSENT: Koppel

ADOPTED: June 28, 2018



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Amendment

HEARING DATE: JUNE 28, 2018
90-DAY DEADLINE: JULY 30, 2018

Project Name: **Amendments to HOME-SF and 100% Affordable Housing Bonus Programs**

Case Number: **2018-006910PCA** [Board File No. 180456]

Initiated by: Supervisor Tang / Introduced May 1, 2018

Staff Contact: Paolo Ikezoe, Citywide Division
Paolo.ikezoe@sfgov.org, 415-575-9137

Reviewed by: Aaron Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, 415-558-6362

Recommendation: **Approval with Modifications**

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PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Housing Opportunities Mean Equity-San Francisco (HOME-SF) program to temporarily revise the amount of inclusionary housing required and the types of development bonuses received through December 31, 2019, and to require project authorization under Planning Code Section 328. It would also revise the 100% Affordable Housing Bonus Program to eliminate a Planning Commission review hearing for 100% affordable housing projects by delegating such review and approval to the Planning Department.

The Way It Is Now:

1. Projects seeking to use HOME-SF must provide a minimum of 30% on-site affordable units at the following AMI levels to qualify for the program:
 - 12% of units at 55% of AMI (rental) or 80% of AMI (owner)
 - 9% of units at 80% of AMI (rental) or 105% of AMI (owner)
 - 9% of units at 110% of AMI (rental) or 130% of AMI (owner)

Projects meeting this threshold (and complying with all other HOME-SF requirements) are allowed relief from density controls based on lot area and up to two stories of height above existing height limits.

2. HOME-SF projects must seek a Conditional Use pursuant to Section 303.
3. 100% Affordable Housing Bonus Program (Sec 206.4) projects are required to seek approval from the Planning Commission via Section 328, the 100% Affordable Housing Bonus Program Authorization. Decisions under Section 328 are appealable to the Board of Supervisors.

The Way It Would Be:

1. Projects seeking to use HOME-SF would be able to choose from the following three options:

Tier 1 – Relief from density controls but no extra height – 20% affordable
10% of units at 55% of AMI (rental) or 80% of AMI (owner)
5% of units at 80% of AMI (rental) or 105% of AMI (owner)
5% of units at 110% of AMI (rental) or 130% of AMI (owner)

Tier 2 – Relief from density controls and one extra story of height – 25% affordable
10% of units at 55% of AMI (rental) or 80% of AMI (owner)
8% of units at 80% of AMI (rental) or 105% of AMI (owner)
7% of units at 110% of AMI (rental) or 130% of AMI (owner)

Tier 3 – Relief from density controls and two extra stories of height – 30% affordable
10% of units at 55% of AMI (rental) or 80% of AMI (owner)
10% of units at 80% of AMI (rental) or 105% of AMI (owner)
10% of units at 110% of AMI (rental) or 130% of AMI (owner)

Projects submitting Environmental Evaluation applications before December 31, 2019 would be eligible to be considered for approval based on the above tiers. After that date, the tiers would sunset and the affordability requirements for HOME-SF would return to the current structure.

2. HOME-SF projects would seek entitlement through the process provided for in Section 328 instead of Conditional Use (Section 303). Section 328, which currently establishes the process for the 100% Affordable Housing Bonus Program Project Authorization, is similar to a Large Project Authorization (Sec. 329). Section 328 requires approval by the Planning Commission at a public hearing and allows the Commission to grant certain modifications. The Planning Commission's decision would be appealable to the Board of Appeals rather than the Board of Supervisors. Section 328 would require HOME-SF projects be approved, approved with conditions, or disapproved by the Planning Commission within 120 days of receipt of a complete HOME-SF application.
3. 100% Affordable Housing Bonus Program projects would receive administrative approval under Section 315.1. This entitlement would not require a Planning Commission hearing and would not be subject to Discretionary Review.¹

¹ Note that the specific amendments to Sections 315.1 and 328 proposed in this legislation are exactly the same as those proposed in the Mayor's Process Improvements Ordinance (Board File 180423) reviewed by the Planning Commission on June 7, 2018.

BACKGROUND

The HOME-SF program was approved unanimously by the Board of Supervisors and subsequently signed by Mayor Ed Lee on June 13, 2017. As of the writing of this case report, the Department has received two applications for HOME-SF projects:

- 1) 921 O'Farrell Street – PPA filed 9/28/17 – PPA letter issued 12/21/17
 - a. RC-4 Zoning – 130-V Height/Bulk
 - b. Base zoning: 24 units (12% affordable units required if project chose on-site option)
 - c. As proposed with HOME-SF: 51 units (16 affordable units - 30% affordable)
- 2) 3330 Geary Street – PPA filed 12/18/17 - PPA letter issued 3/7/18
 - a. NC-3 Zoning – 40-X Height/Bulk
 - b. Base zoning: 21 units (12% affordable units required if project chose on-site option)
 - c. As proposed with HOME-SF: 41 units (12 affordable units - 30% affordable)

Additionally, two projects already previously filed and under review with the Department have submitted revised plans and applied to seek approval under HOME-SF.

- 1) 3945 Judah Street – Project filed 07/15 – Revision filed 01/18 - Under review
 - a. NC-1 Zoning – 40-X Height/Bulk
 - b. Original project: 6 units (0% affordable – under 10-unit threshold for Section 415)
 - c. As proposed with HOME-SF: 20 units (6 affordable units - 30% affordable)
- 2) 2601 Van Ness Avenue – Project filed 08/13 – Revision filed 01/18 - Under review
 - a. RC-3 Zoning – 65-A Height/Bulk
 - b. Original project: 27 units (0% affordable – project proposed to pay in lieu fee)
 - c. As proposed with HOME-SF: 60 units (18 affordable units - 30% affordable)

ISSUES AND CONSIDERATIONS

The goal of this legislation is to amend the HOME-SF program and allow a broader range of projects to provide increased on-site affordability in exchange for density and height allowances. It introduces tiers to the program to allow greater flexibility depending on a project's specific context (site configuration, height limit, etc.) and financial feasibility. The legislation also aims to make the program more attractive to project sponsors by offering a higher degree of certainty in the approval process.

Allowing flexibility for a wider variety of projects to participate

The ability of a project to “pencil” depends on many factors, including the costs of land and construction, and the potential sales price or rent new units can command in a particular neighborhood. In recent years the cost of construction, in particular, has skyrocketed in San Francisco. Both construction and provision of on-site inclusionary units are costs to a housing developer, and when both are high, it can lead projects to become financially infeasible.

This legislation seeks to offer project sponsors on sites where HOME-SF's 30% on-site requirement appears infeasible additional options to participate in the program. Rather than an all-or-nothing program requiring the full 30% on-site affordability whether a project sponsor requests additional height or not, the proposed legislation would allow sponsors to choose from three tiers, with scaled affordability requirements based on the amount of additional height and density sought by the project.

The tiered options would be available through December 31, 2019, providing a trial period during which the Department could closely monitor developers' choices and gather information in support of the next scheduled review of the inclusionary rates by the Technical Advisory Committee (TAC) in 2019. The 2019 TAC would then presumably use this information along with other feasibility analysis to consider adjusting the affordability requirements of HOME-SF alongside those of the standard inclusionary program.

In the one year since adoption of HOME-SF, the Department has received many PPAs and project proposals in HOME-SF eligible locations in which the sponsor has chosen not to utilize HOME-SF. In at least ten of those cases, project sponsors have elected to invoke the State Density Bonus Law instead. One likely reason is that the state law does not require 30% affordability, instead offering density bonuses on a sliding scale based on tiered levels of on-site affordability provided in a project. This offers greater flexibility, particularly to projects that may not necessarily want or need additional height.

The Department is supportive of changes to HOME-SF that could spur the production of housing, including higher rates of on-site affordable housing, by providing a scaled bonus program. As discussed further below, the Department recommends an amendment to the proposed Tier 1 to ensure that no HOME-SF project provides a lower inclusionary percentage than the standard Section 415 inclusionary rate would otherwise require.

Incentivizing Small Projects

In at least two of the cases where the Department has received proposals in HOME-SF eligible locations that chose not to use the program, projects have instead opted to develop 'as of right' projects consisting of fewer than 10 units (and therefore providing no inclusionary units). Reasons cited include the perceived bureaucratic difficulty and expense of providing on-site units regulated by the Mayor's Office of Housing and the risk and uncertainty in seeking a Conditional Use Authorization.

The proposed legislation aims to respond to this early feedback by guaranteeing a Commission hearing within 120 days of receipt of a complete HOME-SF application. This will provide greater certainty about the length of time a HOME-SF project can expect to be under review with the Department. The legislation also proposes to change the appeal process for HOME-SF projects. Currently HOME-SF projects are required to seek a Conditional Use Authorization, which is appealable to the Board of Supervisors. The legislation proposes a new approval process for HOME-SF projects – Section 328 HOME-SF Project Authorization - with decisions appealable to the Board of Appeals.

General Plan Compliance

The General Plan specifically identifies offering increased development capacity, zoning modifications, and streamlined approvals as a strategy for incentivizing increased provision of on-site affordable housing in new development. Detailed analysis of this legislation's compliance with the General Plan is included as attachment A.

Implementation

The Department has determined that the 120-day approval timeline specified in the ordinance is likely infeasible given current staffing levels and environmental review requirements. The Department's

Recommendation 5 below suggests removing the 120-day requirement and instead relying on a combination of Priority Processing (offered to all HOME-SF projects) and the newly adopted Executive Directive project approval timelines to ensure timely approvals.

RECOMMENDATION

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

1. Amend Section 206.3(d)(4) to allow HOME-SF projects to receive any of the zoning modifications listed, rather than only allowing three.
2. Amend Section 206.3(f)(2)(A) to modify the proposed Tier 1 as follows:
 - a. If a Tier 1 HOME-SF project consists of 24 units or fewer, require 20% on-site affordable HOME-SF units at the proposed affordability levels
 - b. If a Tier 1 HOME-SF project consists of 25 units or more, require 23% on-site affordable HOME-SF units at the following affordability levels:
 - i. 10% at 55% AMI (rental) or 80% AMI (owner)
 - ii. 8% at 80% AMI (rental) or 105% AMI (owner)
 - iii. 5% at 110% AMI (rental) or 130% AMI (owner)
3. Amend Section 206.3(f)(2) language to set the prescribed AMI levels as maximums, allowing HOME-SF project sponsors to provide HOME-SF units at deeper affordability levels.
4. Remove the proposed requirement in Section 328 that the Planning Commission make a decision on a HOME-SF project within 120 days of receipt of a complete application.
5. Add Section 328.1 to allow administrative approval of Tier 1 HOME-SF projects, which would not exceed the existing height limit.

BASIS FOR RECOMMENDATION

The Department supports the proposed ordinance because it provides additional options for project sponsors to participate in the City's local bonus program, and will lead to increased production of badly needed housing, including higher rates of on-site affordable housing.

The Department is recommending the following amendments to further the goal of making HOME-SF more flexible while aligning the tiered affordability requirements with the current Inclusionary requirement and various related feasibility studies undertaken by the City.

Following is discussion of the rationale for each recommended modification to the proposed legislation:

Recommendation 1: Amend Section 206.3(d)(4) to allow HOME-SF projects to receive all listed zoning modifications. Currently, HOME-SF projects are only offered up to three of the listed modifications of certain requirements (rear yard, exposure, etc.). All modifications offered in this section were thoroughly vetted by Department Staff in crafting the original program, and are exceptions routinely granted by the Commission to many market rate projects through Large Project Authorizations (LPA) or Planned Unit

Developments (PUDs). Originally, the program limited HOME-SF projects to three modifications in an effort to mirror the State Density Bonus Law's allowance for up to three incentives or concessions for qualifying projects. However, the State Density Bonus Law also offers projects providing far less on-site affordability an *unlimited* number of more generous waivers from the Planning Code. As one of the original goals of HOME-SF was to create a local density bonus program that would be more attractive to developers than the state law, the Department recommends offering HOME-SF projects any and all listed modifications listed in 206.3(d)(4),

Recommendation 2: Amend affordability levels required in proposed Tier 1 in Section 206.3(f)(2)(A).

The original HOME-SF program - as well as the State Density Bonus Law - has established a precedent of pairing increased development capacity with requirements for higher on-site affordability. The proposed tiers in this legislation generally align with this policy direction, with the exception of larger projects (25+ units) in Tier 1.

As proposed, Tier 1 would require 20% on-site affordable units. In cases where the proposed Tier 1 HOME-SF project is 24 units or fewer, 20% represents a significant increase in affordability compared to the current inclusionary requirement of 12.5% for small projects. However, for larger projects (25+ units), the proposed 20% requirement is actually lower than the current Inclusionary requirement for condominiums (21%) and only 1% higher than what is currently required for rental projects (19%).

The legislation seeks to set tiered affordability requirements based on information from the inclusionary housing study prepared for the Divisadero and Fillmore Neighborhood Commercial Transit Districts (presented to the Planning Commission at the [March 22, 2018 hearing](#)). That study found a prototypical site on Divisadero Street, receiving an upzoning roughly equivalent to the proposed Tier 1, could support an inclusionary rate of 20-23%. Additionally, the Geary-Masonic SUD, approved by the Planning Commission on [November 30, 2017](#), found 23% to be an appropriate inclusionary rate for a project (the Lucky Penny site at 2670 Geary Street) which received relief from density limits but no additional height.

In order to better align with existing inclusionary requirements, and ensure no HOME-SF project provides fewer affordable units than would otherwise be required under Section 415, the Department recommends larger Tier 1 projects provide 23% on-site affordable units.

Recommendation 3: Amend language to set all affordability levels in Section 206.3 (f) as maximums.

The current inclusionary program, similar to HOME-SF, requires projects choosing the on-site option to provide units in three tranches of affordability, defined in terms of Area Median Income (AMI). However, Planning Code Section 415 explicitly sets the affordability required within each tranche as a maximum (e.g. 12% of units at 55% AMI *or less*), allowing project sponsors to lower the prices of inclusionary units and still meet the requirement. Some sponsors seek to lower the target AMIs (thus providing greater affordability) in order to qualify for financing via the 80/20 CDLAC program, which helps with project feasibility. The Department recommends amending Section 206.3(f) to mirror this language.

Recommendation 4: Remove the proposed requirement in Section 328 that HOME-SF projects receive a Commission decision within 120 days of receipt of a complete application.

Recent state legislation has required similar timelines for review and approval or disapproval of certain projects. An example of this is AB73, which enabled Housing Sustainability Districts (HSD) like the proposed Central SOMA HSD, recommended for approval by this Commission on May 10. AB73 also mandates a 120-day timeline for approval or disapproval of HSD projects. However, a key difference is that HSD projects, which must be completely code complying, can be approved ministerially. HOME-SF projects will still be subject to CEQA, and while many will qualify for CEQA exemptions, 120 days is not a realistic timeline for

completing CEQA review in addition to design review and other work associated with the review and entitlement of a project. The Department recommends removing the proposed 120-day timeline. Instead, HOME-SF projects will receive priority processing and be subject to the following project approval timeframes outlined in the Mayor's Executive Directive 17-02, which the Department will be implementing as part of the new consolidated development application:

6 MONTHS – Projects with no CEQA review

9 MONTHS – Projects receiving categorical exemptions

12 MONTHS – Projects receiving negative declaration, mitigated negative declaration, or community plan evaluation: no more than 12 months;

18 MONTHS – Projects requiring an Environmental impact report (EIR)

22 MONTHS – Projects requiring a Complex EIR

Recommendation 5: Add a new Section 328.1 to allow Tier 1 HOME-SF projects, which will not exceed existing height limits, to receive expedited administrative approval. In order to provide an additional incentive for smaller projects to participate in the program, the Department suggests offering Tier 1 projects administrative approval via a new Section 328.1. This subsection would ensure the same level of design review as Section 328 while allowing a more attractive streamlined approval process for projects choosing to go above and beyond basic inclusionary requirements or choosing to participate in HOME-SF by providing inclusionary units where the base zoning would not accommodate a project large enough to trigger the 10-unit threshold for Section 415.

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.

ENVIRONMENTAL REVIEW

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

PUBLIC COMMENT

As of the date of this report, the Planning Department has not received any public comment regarding the proposed Ordinance.

RECOMMENDATION:

Attachments:

- Exhibit A: General Plan Compliance
- Exhibit B: Draft Planning Commission Resolution
- Exhibit C: Board of Supervisors File No. 180456



SAN FRANCISCO PLANNING DEPARTMENT

Appendix A General Plan Compliance

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San Francisco,
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General Plan Compliance

The General Plan specifically identifies offering increased development capacity, zoning modifications, and streamlined approvals as a strategy for incentivizing increased provision of on-site affordable housing in new development. Detailed analysis of this legislation's compliance with the General Plan is included below.

HOUSING ELEMENT

POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

HOME-SF and the proposed changes to the program aim to increase the number of affordable housing units that could be built in San Francisco. The program is one tool to plan for affordable housing needs of very low, low and moderate income households.

POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

The majority of HOME-SF eligible parcels are located within a quarter-mile (or 5 minute-walk) of the Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

POLICY 3.3

Maintain balance in affordability of existing housing stock by supporting affordable moderate ownership opportunities.

HOME-SF and the proposed changes to the program will facilitate affordable housing supply, including homeownership opportunities for moderate income households.

OBJECTIVE 4

Foster a housing stock that meets the needs of all residents across lifecycles.

POLICY 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

POLICY 4.4

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

POLICY 4.5

Ensure that new permanently affordable housing is located in all of the city's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

POLICY 4.6

Encourage an equitable distribution of growth according to infrastructure and site capacity.

HOME-SF and the proposed changes to the program aim to increase the stock of affordable, family-friendly housing throughout the city. The HOME-SF program area includes parcels in most of the city's neighborhood commercial district, enabling the City to increase the number of very low, low and moderate income households and encourage integration of neighborhoods. The program aims to spur production of housing, including permanently affordable housing, in neighborhoods with existing transit, schools, and parks.

OBJECTIVE 7

Secure funding and resources for permanently affordable housing, including innovative programs that are not solely reliant on traditional mechanisms or capital.

Policy 7.5

Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval processes.

HOME-SF and the proposed changes to the program provide zoning and process accommodations including priority processing for projects that participate by providing on-site affordable housing. These programs implement this General Plan policy.

OBJECTIVE 8

Build public and private sector capacity to support, facilitate, provide and maintain affordable housing.

POLICY 8.3

Support the production and management of permanently affordable housing.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply.

OBJECTIVE 10

Ensure a streamlined, yet thorough, and transparent decision-making process.

POLICY 10.1

Create certainty in the development entitlement process, by providing clear community parameters for development and consistent application of these regulations.

HOME-SF and the proposed changes to the program propose a clear and detailed review and entitlement process for qualifying projects. The process includes detailed design review and offers limited zoning concessions and modifications. The proposed changes to the program require Planning Commission review, with appeal to the Board of Appeal, similar to the existing Large Project Authorization process.

OBJECTIVE 11

Support and respect the diverse and distinct character of San Francisco’s neighborhoods.

POLICY 11.2

Ensure implementation of accepted design standards in project approvals.

POLICY 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

In recognition that the projects utilizing HOME-SF will sometimes be taller or of differing mass than the surrounding context, the AHBP Design Guidelines clarify how projects shall both maintain their size and adapt to their neighborhood context. These design guidelines enable HOME-SF projects to support and respect the diverse and distinct character of San Francisco’s neighborhoods while also providing much needed affordable housing. Establishing permanently affordable housing in the city’s various neighborhoods would enable the City to stabilize very low, low and moderate income households. These households meaningfully contribute to the existing character of San Francisco’s diverse neighborhoods.

POLICY 11.5

Ensure densities in established residential areas promote compatibility with prevailing neighborhood character.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970’s or 1980’s, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

OBJECTIVE 12

Balance housing growth with adequate infrastructure that serves the City’s growing population.

POLICY 12.1

Encourage new housing that relies on transit use and environmentally sustainable patterns of movement.

The HOME-SF program area is largely located within a quarter-mile (or 5 minute-walk) of the Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

OBJECTIVE 13

Prioritize sustainable development in planning for and constructing new housing.

POLICY 13.1

Support “smart” regional growth that locates new housing close to jobs and transit.

The HOME-SF program area is largely located within a quarter-mile (or 5 minute-walk) of the Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

URBAN DESIGN ELEMENT

POLICY 4.15

Protect the livability and character of residential properties from the intrusion of incompatible new buildings.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970’s or 1980’s, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

TRANSPORTATION ELEMENT

POLICY 11.3

Encourage development that efficiently coordinates land use with transit service, requiring that developers address transit concerns as well as mitigate traffic problems.

The HOME-SF program area is largely located within a quarter-mile (or 5 minute-walk) of the Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to

prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

VAN NESS AVENUE AREA PLAN

Policy 5.1

Establish height controls to emphasize topography and adequately frame the great width of the Avenue.

POLICY 5.3

Continue the street wall heights as defined by existing significant buildings and promote an adequate enclosure of the Avenue.

HOME-SF and proposed changes to the program would continue the street wall heights, though may offer some degree of variation due to height exceptions available through the program. Established height controls would continue to be applicable for most projects, and therefore the topography and width of the Avenue would continue to be emphasized and adequately framed. The AHBP Design Guidelines and Planning Commission review process will ensure that on balance projects promote continue the street wall heights an adequate enclosure of the Avenue.

BAYVIEW AREA PLAN

OBJECTIVE 6

Encourage the construction of new affordable and market rate housing at locations and density levels that enhance the overall residential quality of Bayview Hunters Point.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply in Bayview Hunters Point, particularly along Third Street.

CHINATOWN AREA PLAN

OBJECTIVE 3

Stabilize and where possible increase the supply of housing.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply in Chinatown.

DOWNTOWN PLAN

OBJECTIVE 7

Expand the supply of housing in and adjacent to downtown.

HOME-SF and the proposed changes to the program support the production of housing, including permanently affordable housing, in and adjacent to downtown.

WESTERN SHORELINE AREA PLAN

POLICY 11.1

Preserve the scale and character of existing residential neighborhoods by setting allowable densities at the density generally prevailing in the area and regulating new development so its appearance is compatible with adjacent buildings.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970's or 1980's, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

POLICY 11.3

Continue the enforcement of citywide housing policies, ordinances and standards regarding the provision of safe and convenient housing to residents of all income levels, especially low- and moderate-income people.

POLICY 11.4

Strive to increase the amount of housing units citywide, especially units for low- and moderate-income people.

HOME-SF and the proposed changes to the program aim to increase the number of affordable housing units that could be built in San Francisco. The program is one tool to plan for affordable housing needs of very low, low and moderate income households.



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Resolution HEARING DATE JUNE 28, 2018

Project Name: HOME-SF and 100% Affordable Housing Bonus Programs
Case Number: 2018-006910PCA [Board File No. 180456]
Initiated by: Supervisor Tang / Introduced May 1, 2018
Staff Contact: Paolo Ikezoe, Citywide Division
paolo.ikezoe@sfgov.org, 415-575-9137
Reviewed by: Aaron D Starr, Manager of Legislative Affairs
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RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT WITH MODIFICATIONS A PROPOSED ORDINANCE THAT WOULD AMEND THE HOUSING OPPORTUNITIES MEAN EQUITY-SAN FRANCISCO (HOME-SF) PROGRAM TO REVISE THE AMOUNT OF INCLUSIONARY HOUSING REQUIRED AND THE TYPES OF DEVELOPMENT BONUSES RECEIVED THROUGH DECEMBER 31, 2019, WITH EXISTING REQUIREMENTS AND BONUSES REVIVED STARTING JANUARY 1, 2020, AND TO REQUIRE PROJECT AUTHORIZATION UNDER PLANNING CODE, SECTION 328; REVISING THE 100% AFFORDABLE HOUSING BONUS PROGRAM TO ELIMINATE A PLANNING COMMISSION REVIEW HEARING FOR 100% AFFORDABLE HOUSING PROJECTS UPON DELEGATION BY THE PLANNING COMMISSION; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on May 1, 2018 Supervisors Tang introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 180456, which would amend Sections 206.3, 303, 315 and 328 of the Planning Code to amend the HOME-SF program, creating tiered options through December 31, 2019, requiring HOME-SF project authorization under Planning Code Section 328, and requiring 100% Affordable Housing Bonus Program project authorization under Planning Code Section 315.1.

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on June 28, 2018; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act CEQA Guidelines Section 15378 and 15060(c)(2); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; now therefore be it

RESOLVED, that the Planning Commission hereby adopts the following findings and recommends the Board of Supervisors **approve with modifications** the proposed ordinance. The Commission's proposed modifications are as follows:

- 1: Amend Section 206.3(d)(4) to allow HOME-SF projects to receive all listed zoning modifications.**
- 2: Amend affordability levels required in proposed Tier 1 in Section 206.3(f)(2)(A).**
- 3: Amend language to set all affordability levels in Section 206.3 (f) as maximums.**
- 4: Remove the proposed requirement in Section 328 that HOME-SF projects receive a Commission decision within 120 days of receipt of a complete application.**
- 5: Add a new Section 328.1 to allow Tier 1 HOME-SF projects, which will not exceed existing height limits, to receive expedited administrative approval.**

The Planning Commission hereby adopts the following findings:

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 Commission finds that the proposed ordinance will provide additional options for project sponsors to participate in the City's local development bonus program, and will lead to increased production of needed housing, including on-site affordable housing.
2. The Commission finds that the proposed modifications will further the goal of making HOME-SF more flexible and broadly applicable while aligning the tiered affordability requirements with the current Inclusionary requirement and various related feasibility studies undertaken by the City.
 - a. The Commission finds that offering HOME-SF projects any and all listed modifications listed in 206.3(d)(4) would further HOME-SF's original goal of

creating a local density bonus program that is more attractive to developers than the State Density Bonus Law.

- b. The Commission finds that requiring 23% on-site affordable units for Tier 1 projects of 25 units or larger better aligns with existing inclusionary requirements, and ensures no HOME-SF project provides fewer affordable units than would otherwise be required under Section 415.
 - c. The Commission finds that amending Section 206.3(f) to set the affordability levels required within each tranche of HOME-SF units as a maximum could help with project feasibility in certain cases (such as when projects may qualify for financing via the 80/20 California Debt Limit Allocation Committee “CDLAC” program).
 - d. The Commission finds that removing the proposed 120-day timeline and instead ensuring HOME-SF projects will receive priority processing and be subject to the following project approval timeframes outlined in the Mayor’s Executive Directive 17-02, will make the
 - e. The Commission finds that offering Tier 1 projects administrative approval via a new Section 328.1 will provide an additional incentive for smaller projects choosing to go above and beyond basic inclusionary requirements or choosing to participate in HOME-SF by providing inclusionary units where the base zoning would not accommodate a project large enough to trigger the 10-unit threshold for Section 415, to participate in the program.
3. The Commission finds that the proposed Ordinance and the Commission’s recommended modifications are consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

HOME-SF and the proposed changes to the program aim to increase the number of affordable housing units that could be built in San Francisco. The program is one tool to plan for affordable housing needs of very low, low and moderate income households.

POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

The majority of HOME-SF eligible parcels are located within a quarter-mile (or 5 minute-walk) of the Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

POLICY 3.3

Maintain balance in affordability of existing housing stock by supporting affordable moderate ownership opportunities.

HOME-SF and the proposed changes to the program will facilitate affordable housing supply, including homeownership opportunities for moderate income households.

OBJECTIVE 4

Foster a housing stock that meets the needs of all residents across lifecycles.

POLICY 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

POLICY 4.4

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

POLICY 4.5

Ensure that new permanently affordable housing is located in all of the city's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

POLICY 4.6

Encourage an equitable distribution of growth according to infrastructure and site capacity.

HOME-SF and the proposed changes to the program aim to increase the stock of affordable, family-friendly housing throughout the city. The HOME-SF program area includes parcels in most of the city's neighborhood commercial district, enabling the City to increase the number of very low, low and moderate income households and encourage integration of neighborhoods. The program aims to spur production of housing, including permanently affordable housing, in neighborhoods with existing transit, schools, and parks.

OBJECTIVE 7

Secure funding and resources for permanently affordable housing, including innovative programs that are not solely reliant on traditional mechanisms or capital.

Policy 7.5

Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval processes.

HOME-SF and the proposed changes to the program provide zoning and process accommodations including priority processing for projects that participate by providing on-site affordable housing. These programs implement this General Plan policy.

OBJECTIVE 8

Build public and private sector capacity to support, facilitate, provide and maintain affordable housing.

POLICY 8.3

Support the production and management of permanently affordable housing.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply.

OBJECTIVE 10

Ensure a streamlined, yet thorough, and transparent decision-making process.

POLICY 10.1

Create certainty in the development entitlement process, by providing clear community parameters for development and consistent application of these regulations.

HOME-SF and the proposed changes to the program propose a clear and detailed review and entitlement process for qualifying projects. The process includes detailed design review and offers limited zoning concessions and modifications. The proposed changes to the program require Planning Commission review, with appeal to the Board of Appeal, similar to the existing Large Project Authorization process.

OBJECTIVE 11

Support and respect the diverse and distinct character of San Francisco's neighborhoods.

POLICY 11.2

Ensure implementation of accepted design standards in project approvals.

POLICY 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

In recognition that the projects utilizing HOME-SF will sometimes be taller or of differing mass than the surrounding context, the AHBP Design Guidelines clarify how projects shall both maintain their size and adapt to their neighborhood context. These design guidelines enable HOME-SF projects to support and respect the diverse and distinct character of San Francisco's neighborhoods while also providing much needed affordable housing. Establishing permanently affordable housing in the city's various neighborhoods would enable the City to stabilize very low, low and moderate income households. These households meaningfully contribute to the existing character of San Francisco's diverse neighborhoods.

POLICY 11.5

Ensure densities in established residential areas promote compatibility with prevailing neighborhood character.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970's or 1980's, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

OBJECTIVE 12

Balance housing growth with adequate infrastructure that serves the City's growing population.

POLICY 12.1

Encourage new housing that relies on transit use and environmentally sustainable patterns of movement.

The HOME-SF program area is largely located within a quarter-mile (or 5 minute-walk) of the Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. This program would support mixed-income housing projects where households could easily rely on transit.

OBJECTIVE 13

Prioritize sustainable development in planning for and constructing new housing.

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Support "smart" regional growth that locates new housing close to jobs and transit.

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URBAN DESIGN ELEMENT

POLICY 4.15

Protect the livability and character of residential properties from the intrusion of incompatible new buildings.

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Encourage development that efficiently coordinates land use with transit service, requiring that developers address transit concerns as well as mitigate traffic problems.

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VAN NESS AVENUE AREA PLAN

Policy 5.1

Establish height controls to emphasize topography and adequately frame the great width of the Avenue.

POLICY 5.3

Continue the street wall heights as defined by existing significant buildings and promote an adequate enclosure of the Avenue.

HOME-SF and proposed changes to the program would continue the street wall heights, though may offer some degree of variation due to height exceptions available through the program. Established height controls would continue to be applicable for most projects, and therefore the topography and width of the

Avenue would continue to be emphasized and adequately framed. The AHBP Design Guidelines and Planning Commission review process will ensure that on balance projects promote continue the street wall heights an adequate enclosure of the Avenue.

BAYVIEW AREA PLAN

OBJECTIVE 6

Encourage the construction of new affordable and market rate housing at locations and density levels that enhance the overall residential quality of Bayview Hunters Point.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply in Bayview Hunters Point, particularly along Third Street.

CHINATOWN AREA PLAN

OBJECTIVE 3

Stabilize and where possible increase the supply of housing.

HOME-SF and the proposed changes to the program support the production of permanently affordable housing supply in Chinatown.

DOWNTOWN PLAN

OBJECTIVE 7

Expand the supply of housing in and adjacent to downtown.

HOME-SF and the proposed changes to the program support the production of housing, including permanently affordable housing, in and adjacent to downtown.

WESTERN SHORELINE AREA PLAN

POLICY 11.1

Preserve the scale and character of existing residential neighborhoods by setting allowable densities at the density generally prevailing in the area and regulating new development so its appearance is compatible with adjacent buildings.

HOME-SF and the proposed changes to the program only provide development bonuses which may permit a larger overall building mass for projects that include higher levels of affordable housing than would otherwise be permitted by the Planning Code. Analysis conducted by staff and consultants on the eligible districts identified many existing buildings, especially building built before the 1970's or 1980's, that exceed existing zoned density limits. Therefore, even housing with densities higher than the existing zoned density limit are generally consistent with neighborhood character in most parts of San Francisco.

POLICY 11.3

Continue the enforcement of citywide housing policies, ordinances and standards regarding the provision of safe and convenient housing to residents of all income levels, especially low- and moderate-income people.

POLICY 11.4

Strive to increase the amount of housing units citywide, especially units for low- and moderate-income people.

HOME-SF and the proposed changes to the program aim to increase the number of affordable housing units that could be built in San Francisco. The program is one tool to plan for affordable housing needs of very low, low and moderate income households.

4. **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 would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

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 would not have a negative effect on housing or neighborhood character.

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

The proposed Ordinance would increase the City's supply of affordable housing.

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

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

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 would 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 would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

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

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

5. **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.

AND THEREFORE BE IT FURTHER RESOLVED that the Commission hereby recommends the Board of Supervisors APPROVE WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on June 28, 2018.

Jonas P. Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: June 28, 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

May 30, 2018

Planning Commission
Attn: Jonas Ionin
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Commissioners:

On May 22, 2018, Supervisor Tang introduced the following substitute legislation:

File No. 180456-2

Ordinance amending the Planning Code to amend the Housing Opportunities Mean Equity-San Francisco (HOME-SF) program to revise the amount of inclusionary housing required and the types of development bonuses received for projects with complete environmental evaluation applications submitted on or before December 31, 2019, with existing requirements and bonuses revised for projects with complete environmental evaluation applications submitted on or after January 1, 2020, and to require project authorization under Planning Code, Section 328; revising the 100% Affordable Housing Bonus Program to eliminate a Planning Commission review hearing for 100% affordable housing projects upon delegation by the Planning Commission; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

The substitute 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 of Planning
Aaron Starr, Acting Manager of Legislative Affairs
Scott Sanchez, Zoning Administrator
Lisa Gibson, Environmental Review Officer
AnMarie Rodgers, Director of Citywide Planning
Laura Lynch, Environmental Planning
Joy Navarrete, Environmental Planning

1 [Planning Code - Housing Opportunities Mean Equity-San Francisco (HOME-SF) and 100%
2 Affordable Housing Bonus Program]

3 **Ordinance amending the Planning Code to amend the Housing Opportunities Mean**
4 **Equity-San Francisco (HOME-SF) program to revise the amount of inclusionary**
5 **housing required and the types of development bonuses received for projects with**
6 **complete environmental evaluation applications submitted on or before December 31,**
7 **2019, with existing requirements and bonuses revived for projects with complete**
8 **environmental evaluation applications submitted on or after January 1, 2020, and to**
9 **require project authorization under Planning Code, Section 328; revising the 100%**
10 **Affordable Housing Bonus Program to eliminate a Planning Commission review**
11 **hearing for 100% affordable housing projects upon delegation by the Planning**
12 **Commission; affirming the Planning Department’s determination under the California**
13 **Environmental Quality Act; and making findings of public necessity, convenience, and**
14 **welfare under Planning Code, Section 302, and findings of consistency with the**
15 **General Plan, and the eight priority policies of Planning Code, Section 101.1.**

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

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

24 Section 1. Findings.

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

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

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

9 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
10 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth
11 in Planning Commission Resolution No. _____, and the Board incorporates such reasons
12 herein by reference. A copy of Planning Commission Resolution No. _____ is on file with
13 the Board of Supervisors in File No. _____.

14
15 Section 2. The Planning Code is hereby amended by revising Section 206.3 and 206.4
16 to read as follows:

17 **SEC. 206.3. HOUSING OPPORTUNITIES MEAN EQUITY - SAN FRANCISCO PROGRAM.**

18 (a) **Purpose.** This Section 206.3 sets forth the HOME-SF Program. The HOME-SF
19 Program or "HOME-SF" provides benefits to project sponsors of housing projects that set
20 aside a total of 30% of residential units onsite at below market rate rent or sales price. The
21 purpose of HOME-SF is to expand the number of below market rate units produced in San
22 Francisco and provide housing opportunities to a wider range of incomes than traditional
23 affordable housing programs, such as the City's Inclusionary Affordable Housing Program,
24 Planning Code Section 415 et seq., which typically provide housing only for very low, low or
25 moderate income households. The purpose of HOME-SF also is to provide an alternative

1 method of complying with the on-site inclusionary option set forth in Section 415.6. HOME-SF
2 allows market-rate projects to match the City's shared Proposition K (*November 2014*) housing
3 goals that 50% of new housing constructed or rehabilitated in the City by 2020 be within the
4 reach of working middle class San Franciscans, and at least 33% affordable for low and
5 moderate income households.

6 (b) **Applicability.** A HOME-SF Project under this Section 206.3 shall be a project that:

7 (1) contains three or more residential units, as defined in Section 102, not
8 including any Group Housing as defined in Section 102, efficiency dwelling units with reduced
9 square footage defined in Section 318, and Density Bonus Units permitted through this
10 Section 206.3, or any other density bonus;

11 (2) is located in any zoning district that: (A) is not designated as an RH-1 or RH-
12 2 Zoning District; and (B) establishes a maximum dwelling unit density through a ratio of
13 number of units to lot area, including RH-3, RM, RC, C-2, Neighborhood Commercial, Named
14 Neighborhood Commercial, and SoMa Mixed Use Districts; but only if the SoMa Mixed Use
15 District has a density measured by a maximum number of dwelling units per square foot of lot
16 area; (C) is not in the North of Market Residential Special Use District, Planning Code Section
17 249.5, until the Affordable Housing Incentive Study is completed at which time the Board will
18 review whether the North of Market Residential Special Use District should continue to be
19 excluded from this Program. The Study will explore opportunities to support and encourage
20 the provision of housing at the low, moderate, and middle income range in neighborhoods
21 where density controls have been eliminated. The goal of this analysis is to incentivize
22 increased affordable housing production levels at deeper and wider ranges of AMI and larger
23 unit sizes in these areas through 100% affordable housing development as well as below
24 market rate units within market rate developments; (D) is not located within the boundaries of
25

1 the Northeastern Waterfront Area Plan south of the centerline of Broadway; and (E) is not
2 located on property under the jurisdiction of the Port of San Francisco;

3 (3) is not seeking and receiving a density or development bonus under the
4 provisions of California Government Code Sections 65915 et seq., Planning Code Section
5 207, Section 124(f), Section 202.2(f), 304, or any other State or local program that provides
6 development bonuses;

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

9 ~~(5) in Neighborhood Commercial Districts is not a project that involves merging lots~~
10 ~~that result in more than 125 feet in lot frontage for projects located;~~

11 ~~(6)(5)~~ consists of new construction, and excluding any project that includes an
12 addition to an existing structure;

13 ~~(7)(6)~~ complies with the on-site Inclusionary Affordable Housing option set forth
14 in Planning Code Section 415.6; provided however, that the percentage of affordable units
15 and the required affordable sales price or affordable rents set forth in Section 415.6(a) shall
16 be as provided in this Section 206.3;

17 ~~(8)(7)~~ if any retail use is demolished or removed, does not include a Formula
18 Retail use, as defined in Section 303.1, unless the retail use demolished or removed was also
19 a Formula Retail Use, or was one of the following uses: Gas Stations, Private or Public
20 Parking Lots, Financial Services, Fringe Financial Services, Self Storage, Motel, Automobile
21 Sales or Rental, Automotive Wash, Mortuaries, Adult Business, Massage Establishment,
22 Medical Cannabis Dispensary, and Tobacco Paraphernalia Establishment, as those uses are
23 defined in Planning Code Section 102;

24 ~~(9)(8)~~ if located north of the centerline of Post Street and east of the centerline
25 of Van Ness Avenue, all otherwise eligible HOME-SF Projects shall only be permitted on:

1 (A) lots containing no existing buildings; or

2 (B) lots equal to or greater than 12,500 square feet where existing
3 buildings are developed to less than 20% of the lot's principally permitted buildable gross floor
4 area as determined by height limits, rear yard requirements, and required setbacks; and

5 ~~(10)(9)~~ if the City enacts an ordinance directing the Planning Department to
6 study the creation of a possible area plan wholly or partially located in Supervisorial District 9,
7 HOME-SF Projects shall not be permitted in any area in Supervisorial District 9 listed in the
8 ordinance until such time as the City enacts the area plan.

9 (c) **HOME-SF Project Eligibility Requirements.** To receive the development bonuses
10 granted under this Section 206.3, a HOME-SF Project must meet all of the following
11 requirements:

12 (1) Except as limited in application by subsection (f): Provide 30% of units in the
13 HOME-SF Project as HOME-SF Units, as defined herein. The HOME-SF Units shall be
14 restricted for the Life of the Project and shall comply with all of the requirements of the
15 Procedures Manual authorized in Section 415 except as otherwise provided herein. Twelve
16 percent of HOME-SF Units that are Owned Units shall have an average affordable purchase
17 price set at 80% of Area Median Income; 9% shall have an average affordable purchase price
18 set at 105% of Area Median Income; and 9% shall have an average affordable purchase price
19 set at 130% of Area Median Income. Twelve percent of HOME-SF Units that are rental units
20 shall have an average affordable rent set at 55% of Area Median Income; 9% shall have an
21 average affordable rent set at 80% of Area Median Income; and 9% shall have an average
22 affordable rent set at 110% of Area Median Income. All HOME-SF Units must be marketed at
23 a price that is at least 20% less than the current market rate for that unit size and
24 neighborhood, and MOHCD shall reduce the Area Median Income levels set forth herein in
25 order to maintain such pricing. As provided for in subsection (e), the Planning Department and

1 MOHCD shall amend the Procedures Manual to provide policies and procedures for the
2 implementation, including monitoring and enforcement, of the HOME-SF Units;

3 (2) Demonstrate to the satisfaction of the Environmental Review Officer that the
4 HOME-SF Project does not:

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

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

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

10 (3) All HOME-SF units shall be no smaller than the minimum unit sizes set forth
11 by the California Tax Credit Allocation Committee as of May 16, 2017. In addition,
12 notwithstanding any other provision of this Code, HOME-SF projects shall provide a minimum
13 dwelling unit mix of (A) at least 40% two and three bedroom units, including at least 10% three
14 bedroom units, or (B) any unit mix which includes some three bedroom or larger units such
15 that 50% of all bedrooms within the HOME-SF Project are provided in units with more than
16 one bedroom. Larger units should be distributed on all floors, and prioritized in spaces
17 adjacent to open spaces or play yards. Units with two or three bedrooms are encouraged to
18 incorporate family friendly amenities. Family friendly amenities shall include, but are not
19 limited to, bathtubs, dedicated cargo bicycle parking, dedicated stroller storage, open space
20 and yards designed for use by children. HOME-SF Projects are not eligible to modify this
21 requirement under Planning Code Section ~~303(f)~~ 328 or any other provision of this Code;

22 (4) Does not demolish, remove, or convert any residential units; and

23 (5) Includes at the ground floor level active uses, as defined in Section 145.1, at
24 the same square footages as any neighborhood commercial uses demolished or removed,
25 unless the Planning Commission has granted an exception under Section ~~328~~ ~~303(f)~~ ~~(2)~~ ~~(G)~~.

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

3 (1) **Form based density.** *Except as limited in application by subsection (f):*

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

12 (2) **Height.** *Except as limited in application by subsection (f):* Up to 20 additional

13 feet above the height authorized for the HOME-SF Project under the Height Map of the
14 Zoning Map. This additional height may only be used to provide up to two additional 10-foot
15 stories to the project, or one additional story of no more than 10 feet in height. Building
16 features exempted from height controls under Planning Code Section 260(b) shall be
17 measured from the roof level of the highest story provided under this *subsection (d)(2)*.

18 (3) **Ground Floor Ceiling Height.** *Except as limited in application by subsection (f):*

19 In addition to the permitted height allowed under *subsection (d)(2)*, HOME-SF Projects with
20 active uses on the ground floor as defined in Section 145.1(b)(2) shall receive up to a
21 maximum of five additional feet in height above the height limit, in addition to the additional 20
22 feet granted in subsection *(d)(2)-above*. However, the additional five feet may only be applied
23 at the ground floor to provide a 14-foot (floor to ceiling) ceiling height for nonresidential uses,
24 and to allow walk-up dwelling units to be consistent with the Ground Floor Residential Design
25 Guidelines. This additional five feet shall not be granted to projects that already receive such

1 a height increase under Planning Code Section 263.20.

2 (4) **Zoning Modifications.** HOME-SF Projects may select up to three of the
3 following zoning modifications:

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

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

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

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

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

21 (F) **Additional Open Space:** Up to an additional 5% reduction in
22 common open space if provided under Section 135 or any applicable special use district,
23 beyond the 5% provided in subsection *(d)(4)(E)-above*.

24 (G) **Inner Courts as Open Space:** *In order for For* an inner court to
25 qualify as useable common open space, Section 135(g)(2) requires it to be at least 20 feet in

1 every horizontal dimension, and for the height of the walls and projections above the court on
2 at least three sides (or 75% of the perimeter, whichever is greater) to be no higher than one
3 foot for each foot that such point is horizontally distant from the opposite side of the clear
4 space in the court. HOME-SF Projects may instead provide an inner court that is at least 25
5 feet in every horizontal dimension, with no restriction on the heights of adjacent walls. All area
6 within such an inner court shall qualify as common open space under Section 135.

7 (5) **Priority Processing and Planning Commission approval.** HOME-SF Projects shall
8 be reviewed in coordination with relevant priority processing and shall be approved, denied, or
9 approved subject to conditions by the Planning Commission under Section 328, within 120 days of the
10 date that the HOME-SF application is deemed complete.

11 **(e) Implementation.**

12 **(1) Application.** An application to participate in the HOME-SF Program shall be
13 submitted with the first application for approval of a Housing Project and processed
14 concurrently with all other applications required for the Housing Project. The application shall
15 be submitted on a form prescribed by the City and shall include at least the following
16 information:

17 (A) A full plan set, including a site plan, elevations, sections, and floor
18 plans, showing total number of units, number of and location of HOME-SF Units; and a draft
19 Regulatory Agreement;

20 (B) The requested development bonuses and/or zoning modifications
21 from those listed in subsection (d).

22 (C) A list of all on-site family friendly amenities. Family friendly amenities
23 shall include, but are not limited to, dedicated cargo bicycle parking, dedicated stroller
24 storage, open space and yards designed for use by children.

1 (D) Documentation that the applicant has provided written notification to
2 all existing commercial or residential tenants that the applicant intends to develop the property
3 pursuant to this section 206.3 and has provided any existing commercial tenants with a copy
4 of the ~~Mayor's~~ Office of Economic and Workforce Development's Guide to Small Business
5 Retention and Relocation Support. Any affected commercial tenants shall be given priority
6 processing similar to the Department's Community Business Priority Processing Program, as
7 adopted by the Planning Commission on February 12, 2015, under Resolution Number
8 19323, to support relocation of such business in concert with access to relevant local
9 business support programs.

10 (2) **Procedures Manual.** The Planning Department and MOHCD shall amend
11 the Procedures Manual, authorized in Section 415, to include policies and procedures for the
12 implementation, including monitoring and enforcement, of HOME-SF Units. As an amendment
13 to the Procedures Manual, such policies and procedures are subject to review and approval
14 by the Planning Commission under Section 415. Amendments to the Procedures Manual shall
15 include a requirement that project sponsors in specified areas complete a market survey of
16 the area before marketing HOME-SF Units.

17 (3) **Notice and Hearing.** HOME-SF Projects shall comply with Section 306 for
18 review and approval.

19 (4) **Controls.** HOME-SF Projects shall be governed by the *conditional-use*
20 procedures of Section ~~303~~ 328.

21 (5) **Regulatory Agreements.** Recipients of development bonuses under this
22 Section 206.3 shall enter into a Regulatory Agreement with the City, as follows.

23 (A) The terms of the agreement shall be acceptable in form and content
24 to the Planning Director, the Director of MOHCD, and the City Attorney. The Planning Director
25 shall have the authority to execute such agreements.

1 (B) Following execution of the agreement by all parties, the completed
2 Regulatory Agreement, or memorandum thereof, shall be recorded and the conditions filed
3 and recorded on the Housing Project.

4 (C) The approval and recordation of the Regulatory Agreement shall take
5 place prior to the issuance of the First Construction Document. The Regulatory Agreement
6 shall be binding to all future owners and successors in interest.

7 (D) The Regulatory Agreement shall be consistent with the guidelines of
8 the City's Inclusionary Housing Program and shall include at a minimum the following:

9 (i) The total number of dwelling units approved for the
10 Housing Project, including the number of HOME-SF Units or other restricted units;

11 (ii) A description of the household income group to be
12 accommodated by the HOME-SF Units, and the standards for determining the corresponding
13 Affordable Rent or Affordable Sales Price. If required by the Procedures Manual, the project
14 sponsor must commit to completing a market survey of the area before marketing HOME-SF
15 Units;

16 (iii) The location, dwelling unit sizes (in square feet), and
17 number of bedrooms of the HOME-SF Units;

18 (iv) Term of use restrictions for the life of the project;

19 (v) A schedule for completion and occupancy of HOME-SF
20 Units;

21 (vi) A description of any Concession, Incentive, waiver, or
22 modification, if any, being provided by the City;

23 (vii) A description of remedies for breach of the agreement
24 (the City may identify tenants or qualified purchasers as third party beneficiaries under the
25 agreement); and

1 (viii) Other provisions to ensure implementation and
2 compliance with this Section.

3 *(f) Temporary provisions for projects with complete Environmental Evaluation Applications*
4 *submitted prior to January 1, 2020. To facilitate the construction of HOME-SF projects, and based*
5 *on information from the inclusionary housing study prepared for the Divisadero and Fillmore*
6 *Neighborhood Commercial Transit District, in Board of Supervisors File No. 151258, and the Office of*
7 *the Controller's Inclusionary Housing Working Group final report (February 2016), the HOME-SF*
8 *program shall include development incentives as specified in this subsection (f) based on the amount*
9 *and level of affordability provided in projects with complete Environmental Evaluation Applications*
10 *submitted through December 31, 2019. For any development project that has submitted a complete*
11 *Environmental Evaluation Application prior to January 1, 2020, subsections (c)(1) and (d)(1), (d)(2),*
12 *and (d)(3) shall not apply, and the provisions in this subsection (f) shall apply. For any development*
13 *project that submits a complete Environmental Evaluation Application on or after January 1, 2020, this*
14 *subsection (f) shall not apply, and such projects shall comply with subsections (c)(1), (d)(1), (d)(2), and*
15 *(d)(3).*

16 *(1) HOME-SF Project Eligibility Requirements. To receive the development bonuses*
17 *granted under this Section 206.3, a HOME-SF Project must provide a percentage of units, in the*
18 *amounts set forth in section 206.3(f)(2)(A), (B), or (C), as HOME-SF Units, as defined in Section 206.2.*
19 *The HOME-SF Units shall be restricted for the Life of the Project and shall comply with all of the*
20 *requirements of the Procedures Manual authorized in Section 415 except as otherwise provided in this*
21 *Section 206.3. All HOME-SF Units must be marketed at a price that is at least 20% less than the*
22 *current market rate for that unit size and neighborhood, and MOHCD shall reduce the Area Median*
23 *Income levels set forth in this Section 206.3 in order to maintain such pricing. As provided for in*
24 *subsection (e), the Planning Department and MOHCD shall amend the Procedures Manual to provide*
25

1 policies and procedures for the implementation, including monitoring and enforcement, of the HOME-
2 SF Units;

3 (2) Development Bonuses. Any HOME-SF Project shall at the project sponsor's
4 request receive the following:

5 (A) **Tier One:** A Tier One HOME-SF Project shall provide 20% of units in
6 the HOME-SF Project as HOME-SF Units. Ten percent of Tier One HOME-SF Units that are Owned
7 Units shall have an average affordable purchase price set at 80% of Area Median Income; 5% shall
8 have an average affordable purchase price set at 105% of Area Median Income; and 5% shall have an
9 average affordable purchase price set at 130% of Area Median Income. Ten percent of Tier One
10 HOME-SF Units that are rental units shall have an average affordable rent set at 55% of Area Median
11 Income; 5% shall have an average affordable rent set at 80% of Area Median Income; and 5% shall
12 have an average affordable rent set at 110% of Area Median Income.

13 (i) Form based density. Notwithstanding any zoning designation to the
14 contrary, density of a Tier One HOME-SF Project shall not be limited by lot area but rather by the
15 applicable requirements and limitations set forth elsewhere in this Code. Such requirements and
16 limitations include, but are not limited to, height, Bulk, Setbacks, Required Open Space, Exposure, and
17 unit mix as well as applicable design guidelines, elements and area plans of the General Plan and
18 design review, including consistency with the Affordable Housing Bonus Program Design Guidelines,
19 referenced in Section 328, as determined by the Planning Department.

20 (ii) Ground Floor Ceiling Height. Tier One HOME-SF Projects with
21 active uses on the ground floor as defined in Section 145.1(b)(2) shall receive up to a maximum of five
22 additional feet in height above the height limit. However, the additional five feet may only be applied
23 at the ground floor to provide a 14-foot (floor to ceiling) ceiling height for nonresidential uses, and to
24 allow walk-up dwelling units to be consistent with the Ground Floor Residential Design Guidelines.

1 This additional five feet shall not be granted to projects that already receive such a height increase
2 under Planning Code Section 263.20.

3 (B) Tier Two: A Tier Two HOME-SF Project shall provide 25% of units in the HOME-
4 SF Project as HOME-SF Units. Ten percent of Tier Two HOME-SF Units that are Owned Units shall
5 have an average affordable purchase price set at 80% of Area Median Income; 8% shall have an
6 average affordable purchase price set at 105% of Area Median Income; and 7% shall have an average
7 affordable purchase price set at 130% of Area Median Income. Ten percent of HOME-SF Units that
8 are rental units shall have an average affordable rent set at 55% of Area Median Income; 8% shall
9 have an average affordable rent set at 80% of Area Median Income; and 7% shall have an average
10 affordable rent set at 110% of Area Median Income.

11 (i) Form based density. Notwithstanding any zoning designation to the contrary,
12 density of a Tier Two HOME-SF Project shall not be limited by lot area but rather by the applicable
13 requirements and limitations set forth elsewhere in this Code. Such requirements and limitations
14 include, but are not limited to, height, including any additional height allowed by subsections
15 (f)(2)(B)(ii) and (iii), Bulk, Setbacks, Required Open Space, Exposure, and unit mix as well as
16 applicable design guidelines, elements, and area plans of the General Plan and design review,
17 including consistency with the Affordable Housing Bonus Program Design Guidelines, referenced in
18 Section 328, as determined by the Planning Department.

19 (ii) Height. Up to 10 additional feet above the height authorized for the Tier
20 Two HOME-SF Project under the Height Map of the Zoning Map. This additional height may only be
21 used to provide up to one additional story of no more than 10 feet in height. Building features
22 exempted from height controls under Planning Code Section 260(b) shall be measured from the roof
23 level of the highest story provided under this subsection (f)(2)(B)(ii).

24 (iii) Ground Floor Ceiling Height. In addition to the permitted height allowed
25 under subsection (f)(2)(B)(ii), Tier Two HOME-SF Projects with active uses on the ground floor as

1 defined in Section 145.1(b)(2) shall receive up to a maximum of five additional feet in height above the
2 height limit. However, the additional five feet may only be applied at the ground floor to provide a 14-
3 foot (floor to ceiling) ceiling height for nonresidential uses, and to allow walk-up dwelling units to be
4 consistent with the Ground Floor Residential Design Guidelines. This additional five feet shall not be
5 granted to projects that already receive such a height increase under Planning Code Section 263.20.

6 (C) Tier Three: A Tier Three HOME-SF Project shall provide 30% of units in the
7 HOME-SF Project as HOME-SF Units. Ten percent of Tier Three HOME-SF Units that are Owned
8 Units shall have an average affordable purchase price set at 80% of Area Median Income; 10% shall
9 have an average affordable purchase price set at 105% of Area Median Income; and 10% shall have
10 an average affordable purchase price set at 130% of Area Median Income. Ten percent of Tier Three
11 HOME-SF Units that are rental units shall have an average affordable rent set at 55% of Area Median
12 Income; 10% shall have an average affordable rent set at 80% of Area Median Income; and 10% shall
13 have an average affordable rent set at 110% of Area Median Income.

14 (i) Form based density. Notwithstanding any zoning designation to the contrary,
15 density of a Tier Three HOME-SF Project shall not be limited by lot area but rather by the applicable
16 requirements and limitations set forth elsewhere in this Code. Such requirements and limitations
17 include, but are not limited to, height, including any additional height allowed by subsections
18 (f)(2)(C)(ii) and (iii), Bulk, Setbacks, Required Open Space, Exposure, and unit mix as well as
19 applicable design guidelines, elements, and area plans of the General Plan and design review,
20 including consistency with the Affordable Housing Bonus Program Design Guidelines, referenced in
21 Section 328, as determined by the Planning Department.

22 (ii) Height. Up to 20 additional feet above the height authorized for the Tier
23 Three HOME-SF Project under the Height Map of the Zoning Map. This additional height may only be
24 used to provide up to two additional 10-foot stories to the project, or one additional story of no more
25

1 than 10 feet in height. Building features exempted from height controls under Planning Code Section
2 260(b) shall be measured from the roof level of the highest story provided under this section.

3 (iii) Ground Floor Ceiling Height. In addition to the permitted height allowed
4 under subsection (f)(2)(C)(ii), Tier Three HOME-SF Projects with active uses on the ground floor as
5 defined in Section 145.1(b)(2) shall receive up to a maximum of five additional feet in height above the
6 height limit. However, the additional five feet may only be applied at the ground floor to provide a 14-
7 foot (floor to ceiling) ceiling height for nonresidential uses, and to allow walk-up dwelling units to be
8 consistent with the Ground Floor Residential Design Guidelines. This additional five feet shall not be
9 granted to projects that already receive such a height increase under Planning Code Section 263.20.

10
11 **SEC. 206.4. THE 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAM.**

12 * * * *

13 (c) **Development Bonuses.** A 100 Percent Affordable Housing Bonus Project shall, at
14 the project sponsor's request, receive any or all of the following:

15 (1) **Priority Processing.** 100 Percent Affordable Housing Bonus Projects shall
16 receive Priority Processing.

17 (2) **Form Based Density.** Notwithstanding any zoning designation to the
18 contrary, density of the 100 Percent Affordable Housing Bonus Project shall not be limited by
19 lot area but rather by the applicable requirements and limitations set forth elsewhere in this
20 Code. Such requirements and limitations include, but are not limited to, height, including any
21 additional height allowed by subsection (c) herein, Bulk, Setbacks, Open Space, Exposure
22 and unit mix as well as applicable design guidelines, elements and area plans of the General
23 Plan and design review, including consistency with the Affordable Housing Bonus Program
24 Design Guidelines, referenced in Section ~~328~~ 315.1, as determined by the Planning
25 Department.

1 (3) **Height.** 100 Percent Affordable Housing Bonus Projects shall be allowed up
2 to 30 additional feet, not including allowed exceptions per Section 260(b), above the
3 property's height district limit in order to provide three additional stories of residential use. This
4 additional height may only be used to provide up to three additional 10-foot stories to the
5 project, or one additional story of not more than 10 feet in height.

6 (4) **Ground Floor Ceiling Height.** In addition to the permitted height allowed
7 under subsection (c)(3), 100 Percent Affordable Housing Bonus Projects with active ground
8 floors as defined in Section 145.1(b)(2) shall receive one additional foot of height, up to a
9 maximum of an additional five feet at the ground floor, exclusively to provide a minimum 14-
10 foot (floor to ceiling) ground floor ceiling height.

11 (5) **Zoning Modifications.** 100 Percent Affordable Housing Bonus Projects
12 may select any or all of the following zoning modifications:

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

20 (B) **Dwelling Unit Exposure:** The dwelling unit exposure requirements
21 of Section 140(a)(2) may be satisfied through qualifying windows facing an unobstructed open
22 area that is no less than 15 feet in every horizontal dimension, and such open area is not
23 required to expand in every horizontal dimension at each subsequent floor.

24 (C) **Off Street Loading:** No off-street loading spaces under Section 152.
25

1 (D) **Automobile Parking:** Up to a 100% reduction in the minimum off-
2 street residential and commercial automobile parking requirement under Article 1.5 of this
3 Code.

4 (E) **Open Space:** Up to a 10% reduction in common open space
5 requirements if required by Section 135, but no less than 36 square feet of open space per
6 unit.

7 (F) **Inner Courts as Open Space:** In order for an inner court to qualify
8 as useable common open space, Section 135(g)(2) requires it to be at least 20 feet in every
9 horizontal dimension, and for the height of the walls and projections above the court on at
10 least three sides (or 75% of the perimeter, whichever is greater) to be no higher than one foot
11 for each foot that such point is horizontally distant from the opposite side of the clear space in
12 the court. 100 Percent Affordable Housing Bonus Projects may instead provide an inner court
13 that is at least 25 feet in every horizontal dimension, with no restriction on the heights of
14 adjacent walls. All area within such an inner court shall qualify as common open space under
15 Section 135.

16 (d) **Implementation.**

17 (1) **Application.** The following procedures shall govern the processing of a
18 request for a project to qualify under the 100 Percent Affordable Housing Bonus Program.

19 (A) An application to participate in the 100 Percent Affordable Housing
20 Bonus Program shall be submitted with the first application for approval of a Housing Project
21 and processed concurrently with all other applications required for the Housing Project. The
22 application shall be submitted on a form prescribed by the City and shall include at least the
23 following information:
24
25

1 (i) A full plan set including a site plan, elevations, sections and
2 floor plans, showing the total number of units, unit sizes and planned affordability levels and
3 any applicable funding sources;

4 (ii) The requested development bonuses from those listed in
5 subsection (c);

6 (iii) Unit size and distribution of multi-bedroom units:

7 (iv) Documentation that the applicant has provided written
8 notification to all existing commercial tenants that the applicant intends to develop the
9 property pursuant to this section 206.4. Any affected commercial tenants shall be given
10 priority processing similar to the Department's Community Business Priority Processing
11 Program, as adopted by the Planning Commission on February 12, 2015 under Resolution
12 Number 19323 to support relocation of such business in concert with access to relevant local
13 business support programs. In no case may an applicant receive a site permit or any
14 demolition permit prior to 18 months from the date of written notification required by this
15 subsection 206.4(d)(1)(B); and

16 (v) Documentation that the applicant shall comply with any
17 applicable provisions of the State Relocation Law or Federal Uniform Relocation Act when a
18 parcel includes existing commercial tenants.

19 (2) **Conditions.** Entitlements of 100 Percent Affordable Housing Bonus Projects
20 approved under this Section shall be valid for 10 years from the date of *Planning Commission or*
21 *Planning Department* approval.

22 ~~(3) **Notice and Hearing.** 100 Percent Affordable Housing Bonus Projects shall comply~~
23 ~~with Section 328 for review and approval.~~

1 (34) **Controls.** Notwithstanding any other provision of this Code, no conditional
2 use authorization shall be required for a 100 Percent Affordable Housing Bonus Project,
3 unless such conditional use requirement was adopted by the voters.
4

5 Section 3. The Planning Code is hereby amended by revising Section 315 to read as
6 follows:

7 **SEC. 315 AFFORDABLE HOUSING PROJECT AUTHORIZATION**

8 * * * *

9 **SEC. 315.1 100 PERCENT AFFORDABLE HOUSING BONUS PROJECT AUTHORIZATION.**

10 (a) **Purpose.** The purpose of this Section 315.1 is to ensure that all 100 Percent Affordable
11 Housing Bonus projects pursuant to Planning Code Section 206.4 are reviewed in coordination with
12 Priority Processing available for certain projects with 100% affordable housing. While most projects
13 in the 100 Percent Affordable Housing Bonus Program will likely be somewhat larger than their
14 surroundings in order to facilitate higher levels of affordable housing, the Planning Director and
15 Department shall review each project for consistency with the Affordable Housing Bonus Design
16 Guidelines and any other applicable design guidelines, as adopted and periodically amended by the
17 Planning Commission, so that projects respond to their surrounding context, while still meeting the
18 City's affordable housing goals.

19 (b) **Applicability.** This Section 315.1 applies to all 100 Percent Affordable Housing Bonus
20 Projects that meet the requirements described in Section 206.4.

21 (c) **Design Review.** The Planning Department shall review and evaluate all physical aspects of
22 a 100 Percent Affordable Housing Bonus Project as follows.

23 (1) The Planning Director may, consistent with the Affordable Housing Bonus Program
24 Design Guidelines and any other applicable design guidelines, make minor modifications to a project
25 to reduce the impacts of a 100 Percent Affordable Housing Bonus Project on surrounding buildings.

1 The Planning Director may also apply the standards of Section 261.1 to bonus floors for all projects on
2 narrow streets and alleys in order to ensure that these streets do not become overshadowed, including
3 potential upper story setbacks, and special consideration for the southern side of East-West streets, and
4 Mid-block passages, as long as such setbacks do not result in a smaller number of residential units.

5 (2) As set forth in subsection (d) below, the Planning Director may also grant minor
6 exceptions to the provisions of this Code. However, such exceptions should only be granted to allow
7 building mass to appropriately shift to respond to surrounding context, and only when such
8 modifications do not substantially reduce or increase the overall building envelope permitted by the
9 Program under Section 206.4. All modifications and exceptions should be consistent with the
10 Affordable Housing Bonus Program Design Guidelines and any other applicable design guidelines. In
11 case of a conflict with other applicable design guidelines, the Affordable Housing Bonus Program
12 Design Guidelines shall prevail.

13 (3) The Planning Director may require these or other modifications or conditions in
14 order to achieve the objectives and policies of the Affordable Housing Bonus Program or the purposes
15 of this Code. This review shall be limited to design issues including the following:

16 (A) whether the bulk and massing of the building is consistent with the
17 Affordable Housing Bonus Design Guidelines.

18 (B) whether building design elements including, but not limited to, architectural
19 treatments, facade design, and building materials, are consistent with the Affordable Housing Bonus
20 Program Design Guidelines and any other applicable design guidelines.

21 (C) whether the design of lower floors, including building setback areas,
22 commercial space, townhouses, entries, utilities, and parking and loading access is consistent with the
23 Affordable Housing Bonus Program Design Guidelines, and any other applicable design guidelines.

1 (D) whether the required streetscape and other public improvements such as
2 tree planting, street furniture, and lighting are consistent with the Better Streets Plan, and any other
3 applicable design guidelines.

4 (d) **Exceptions.** As a component of the review process under this Section 315.1, the Planning
5 Director may grant minor exceptions to the provisions of this Code as provided below, in addition to
6 the development bonuses granted to the project in Section 206.4(c). Such exceptions, however, should
7 only be granted to allow building mass to appropriately shift to respond to surrounding context, and
8 only when the Planning Director finds that such modifications do not substantially reduce or increase
9 the overall building envelope permitted by the Program under Section 206.4, and the project, with the
10 modifications and exceptions, is consistent with the Affordable Housing Bonus Design Guidelines.

11 These exceptions may include:

12 (1) Exception from residential usable open space requirements per Section 135, or any
13 applicable special use district.

14 (2) Exception from satisfaction of loading requirements per Section 152.1, or any
15 applicable special use district.

16 (3) Exception for rear yards, pursuant to the requirements of Section 134, or any
17 applicable special use district.

18 (4) Exception from dwelling unit exposure requirements of Section 140, or any
19 applicable special use district.

20 (5) Exception from satisfaction of accessory parking requirements per Section 152.1, or
21 any applicable special use district.

22 (6) Where not specified elsewhere in this subsection (d), modification of other Code
23 requirements that could otherwise be modified as a Planned Unit Development (as set forth in Section
24 304), irrespective of the zoning district in which the property is located, and without requiring
25 conditional use authorization.

1 (e) Required Findings. In reviewing any project pursuant to this Section 315.1, the Planning
2 Director shall make the following findings:

3 (1) the use complies with the applicable provisions of this Code and is consistent with
4 the General Plan;

5 (2) the use provides development that is in conformity with the stated purpose of the
6 applicable Use District; and,

7 (3) the use contributes to the City's affordable housing goals as stated in the General
8 Plan.

9 (4) If a 100 Percent Affordable Housing Bonus Project otherwise would require a
10 conditional use authorization due only to (1) a specific land use or (2) a use size limit, the Planning
11 Director shall make all findings and consider all criteria required by this Code for such use or use size
12 as part of this 100 Percent Affordable Housing Bonus Project Authorization and no conditional use
13 authorization shall be required.

14 (f) Decision and Imposition of Conditions. The Planning Director may authorize, disapprove
15 or approve subject to conditions, the project and any associated requests for exceptions and shall make
16 appropriate findings. The Director may impose additional conditions, requirements, modifications, and
17 limitations on a proposed project in order to achieve the objectives, policies, and intent of the General
18 Plan or of this Code. This administrative review shall be identical in purpose and intent to any
19 Planning Commission review that would otherwise be required by Section 206.4 of the Planning Code.

20 (g) Discretionary Review. As long as the Planning Commission has delegated its authority to
21 the Planning Department to review applications for an Affordable Housing Project, the Planning
22 Commission shall not hold a public hearing for discretionary review of a 100 Percent Affordable
23 Housing Bonus project that is subject to this Section.

24 (h) Appeals. The Planning Director's administrative determination regarding a 100 Percent
25 Affordable Housing Bonus Project pursuant to this Section 315.1 shall be considered part of a related

1 building permit. Any appeal of such determination shall be made through the associated building
2 permit.

3
4 Section 4. The Planning Code is hereby amended by revising Sections 303 and 328 to
5 read as follows:

6 **SECTION 303. CONDITIONAL USES**

7 * * * *

8 (v) **Affordable Housing Bonus Projects.** The purpose of this Section 303(v) is to
9 ensure that ~~all HOME-SF Projects under Section 206.3 and~~ all Analyzed State Density Bonus
10 Program Projects under Section 206.5 are reviewed in coordination with priority processing
11 available for certain projects with greater levels of affordable housing. While most projects in
12 the Program will likely be somewhat larger than their surroundings in order to facilitate higher
13 levels of affordable housing, the Planning Commission and Department shall ensure that each
14 project is consistent with the Affordable Housing Bonus Design Guidelines and any other
15 applicable design guidelines, as adopted and periodically amended by the Planning
16 Commission, so that projects respond to their surrounding context, while still meeting the
17 City's affordable housing goals.

18 (1) **Planning Commission Design Review:** The Planning Commission shall
19 review and evaluate all physical aspects of a ~~HOME-SF or~~ State Analyzed Project at a public
20 hearing. The Planning Commission recognizes that most qualifying projects will need to be
21 larger in height and mass than surrounding buildings ~~in order~~ to achieve the Affordable
22 Housing Bonus Program's affordable housing goals. However, the Planning Commission may,
23 consistent with the Affordable Housing Bonus Program Design Guidelines, and any other
24 applicable design guidelines, and upon recommendation from the Planning Director, make
25 minor modifications to a project to reduce the impacts of such differences in scale.

1 ~~Additionally, as set forth in subsection (2) below, for HOME-SF Projects the Planning Commission~~
2 ~~may grant minor exceptions to the provisions of this Code. However, such exceptions should only be~~
3 ~~granted to allow building mass to appropriately shift to respond to surrounding context, and only when~~
4 ~~such modifications do not substantially reduce or increase the overall building envelope permitted by~~
5 ~~the Program under Section 206.3. All modifications and exceptions should be consistent with the~~
6 ~~Affordable Housing Bonus Program Design Guidelines and any other applicable design guidelines. In~~
7 ~~case of a conflict with other applicable design guidelines, the Affordable Housing Bonus Program~~
8 ~~Design Guidelines shall prevail. The Planning Commission may require these or other modifications or~~
9 ~~conditions, or disapprove a project, in order to achieve the objectives and policies of the Affordable~~
10 ~~Housing Bonus Program or the purposes of this Code. This review shall be limited to design issues~~
11 ~~including the following:~~

12 ~~(A) whether the bulk and massing of the building is consistent with the~~
13 ~~Affordable Housing Program Bonus Design Guidelines.~~

14 ~~(B) whether building design elements including, but not limited to architectural~~
15 ~~treatments, façade design, and building materials, are consistent with the Affordable Housing Bonus~~
16 ~~Program Design Guidelines and any other applicable design guidelines.~~

17 ~~(C) whether the design of lower floors, including building setback areas,~~
18 ~~commercial space, townhouses, entries, utilities, and parking and loading access is consistent with the~~
19 ~~Affordable Housing Bonus Program Design Guidelines, and any other applicable design guidelines.~~

20 ~~(D) whether the required streetscape and other public improvements such as~~
21 ~~tree planting, street furniture, and lighting are consistent with the Better Streets Plan, and any other~~
22 ~~applicable design guidelines.~~

23 ~~(2) **Exceptions.** This subsection (v)(2) shall not apply to State Analyzed projects. As a~~
24 ~~component of the review process under this Section 303(v), the Planning Commission may grant minor~~
25 ~~exceptions to the provisions of this Code as provided for below, in addition to the development bonuses~~

1 granted to the project in Section 206.3(d). Such exceptions, however, should only be granted to allow
2 building mass to appropriately shift to respond to surrounding context, and only when the Planning
3 Commission finds that such modifications: (1) do not substantially reduce or increase the overall
4 building envelope permitted by the Program under Section 206.3; and (2) are consistent with the
5 Affordable Housing Bonus Design Guidelines. These exceptions may include:

6 (A) Exception from residential usable open space requirements per Section 135,
7 or any applicable special use district.

8 (B) Exception from satisfaction of loading requirements per Section 152.1, or
9 any applicable special use district.

10 (C) Exception for rear yards, pursuant to the requirements of Section 134, or
11 any applicable special use district.

12 (D) Exception from dwelling unit exposure requirements of Section 140, or any
13 applicable special use district.

14 (E) Exception from satisfaction of accessory parking requirements per Section
15 152.1, or any applicable special use district.

16 (F) Where not specified elsewhere in this subsection (v)(2), modification of other
17 Code requirements that could otherwise be modified as a Planned Unit Development (as set forth in
18 Section 304), irrespective of the zoning district in which the property is located.

19 (G) Exception from active ground floor use requirements under 145.1(e)(3).

20 (3)(2) **Additional Criteria.** In addition to the criteria set forth in subsection
21 (c)(2), the Planning Commission shall consider the extent to which the following criteria are
22 met:

23 (A) whether the project would require the demolition of an existing
24 building;

25 (B) whether the project would remove existing commercial or retail uses;

1 (C) If the project would remove existing commercial or retail uses, how
2 recently the commercial or retail uses were occupied by a tenant or tenants;

3 (D) whether the project includes commercial or retail uses;

4 (E) whether there is an adverse impact on the public health, safety, and
5 general welfare due to the loss of commercial or retail uses in the district where the project is
6 located; and

7 (F) whether any existing commercial or retail use has been designated,
8 or is eligible to be designated, as a Legacy Business under Administrative Code Section
9 2A.242; or is a formula retail business.

10 ~~(4)(3)~~ In no case may a project receive a site permit or any demolition permit
11 prior to 18 months from the date of written notification required by ~~206.5(d)(7), 206.3(e)(1)(D)~~.

12 * * * *

13
14 **SEC. 328. ~~100 PERCENT AFFORDABLE HOUSING BONUS~~ HOME-SF PROJECT**
15 **AUTHORIZATION.**

16 (a) Purpose. The purpose of this Section 328 is to ensure that all HOME-SF 100-Percent
17 Affordable Housing Bonus projects under Section ~~206.4~~ 206.3 are reviewed in a timely manner
18 coordination with priority processing available for certain projects with 100-Percent affordable
19 housing. While most projects in the 100-Percent Affordable Housing Bonus HOME-SF Program will
20 likely be somewhat larger than their surroundings in order to facilitate higher levels of
21 affordable housing, the Planning Commission and Department shall ensure that each project
22 is consistent with the Affordable Housing Bonus Design Guidelines and any other applicable
23 design guidelines, as adopted and periodically amended by the Planning Commission, so that
24 projects respond to their surrounding context, while still meeting the City's affordable housing
25 goals.

1 (b) Applicability. This Section 328 applies to all qualifying HOME-SF 100-Percent
2 Affordable Housing Bonus Projects that meet the requirements described in Section ~~206.4~~ 206.3.

3 (c) Planning Commission Design Review. The Planning Commission shall review and
4 evaluate all physical aspects of a 100-Percent Affordable Housing Bonus HOME-SF Project at a
5 public hearing. The Planning Commission recognizes that most qualifying projects will need to
6 be larger in height and mass than surrounding buildings in order to achieve ~~the 100%~~
7 Affordable Housing Bonus Program's HOME-SF's affordable housing goals. However, the
8 Planning Commission may, consistent with the Affordable Housing Bonus Program Design
9 Guidelines, and any other applicable design guidelines, and upon recommendation from the
10 Planning Director, make minor modifications to a project to reduce the impacts of such
11 differences in scale. The Planning Commission, upon recommendation of the Planning
12 Director, may also apply the standards of Section 261.1 to bonus floors for all projects on
13 narrow streets and alleys ~~in order to~~ ensure that these streets do not become overshadowed,
14 including potential upper story setbacks, and special consideration for the southern side of
15 East-West streets, and Mid-block passages, as long as such setbacks do not result in a
16 smaller number of residential units.

17 Additionally, as set forth in subsection (d) below, the Planning Commission may grant
18 minor exceptions to the provisions of this Code. However, such exceptions should only be
19 granted to allow building mass to appropriately shift to respond to surrounding context, and
20 only when such modifications do not substantially reduce or increase the overall building
21 envelope permitted by the Program under Section ~~206.3~~ 206.4. All modifications and exceptions
22 should be consistent with the Affordable Housing Bonus Program Design Guidelines and any
23 other applicable design guidelines. In case of a conflict with other applicable design
24 guidelines, the Affordable Housing Bonus Program Design Guidelines shall prevail.
25

1 The Planning Commission may require these or other modifications or conditions, or
2 disapprove a project, in order to achieve the objectives and policies of the Affordable Housing
3 Bonus Programs or the purposes of this Code. This review shall limited to design issues
4 including the following:

5 (1) whether the bulk and massing of the building is consistent with the
6 Affordable Housing Bonus Design Guidelines.

7 (2) whether building design elements including, but not limited to architectural
8 treatments, facade design, and building materials, are consistent with the Affordable Housing
9 Bonus Program Design Guidelines and any other applicable design guidelines.

10 (3) whether the design of lower floors, including building setback areas,
11 commercial space, townhouses, entries, utilities, and parking and loading access is consistent
12 with the Affordable Housing Bonus Program Design Guidelines, and any other applicable
13 design guidelines.

14 (4) whether the required streetscape and other public improvements such as
15 tree planting, street furniture, and lighting are consistent with the Better Streets Plan, and any
16 other applicable design guidelines.

17 (5) if the project involves the merging of two or more lots resulting in more than 125
18 feet in lot frontage on any one street, whether the project is consistent with the Affordable Housing
19 Bonus Program Design Guidelines, and any other applicable design guidelines.

20 (d) Exceptions. As a component of the review process under this Section 328, the
21 Planning Commission may grant minor exceptions to the provisions of this Code as provided
22 for below, in addition to the development bonuses granted to the project in Section 206.3
23 206.4(e). Such exceptions, however, should only be granted to allow building mass to
24 appropriately shift to respond to surrounding context, and only when the Planning
25 Commission finds that such modifications do not substantially reduce or increase the overall

1 building envelope permitted by the HOME-SF Program under Section ~~206.3~~ 206.4, and also are
2 consistent with the Affordable Housing Bonus Design Guidelines. These exceptions may
3 include:

4 (1) Exception from residential usable open space requirements per Section 135,
5 or any applicable special use district.

6 (2) Exception from satisfaction of loading requirements per Section 152.1, or
7 any applicable special use district.

8 (3) Exception for rear yards, pursuant to the requirements of Section 134, or
9 any applicable special use district.

10 (4) Exception from dwelling unit exposure requirements of Section 140, or any
11 applicable special use district.

12 (5) Exception from satisfaction of accessory parking requirements per Section
13 152.1, or any applicable special use district.

14 (6) Where not specified elsewhere in this subsection (d), modification of other
15 Code requirements that could otherwise be modified as a Planned Unit Development (as set
16 forth in Section 304), irrespective of the zoning district in which the property is located.

17 (e) Required Findings. In its review of any project pursuant to this Section 328, the
18 Planning Commission shall make the following findings:

19 (1) the use as proposed will comply with the applicable provisions of this Code
20 and is consistent with the General Plan; and

21 (2) the use as proposed will provide development that is in conformity with the
22 stated purpose of the applicable Use District; ~~and,~~

23 ~~(3) the use as proposed will contribute to the City's affordable housing goals as stated~~
24 ~~in the General Plan.~~

1 (f) Additional Criteria. The Planning Commission shall consider the extent to which the
2 following criteria are met:

3 (1) whether the project would require the demolition of an existing building;

4 (2) whether the project would remove existing commercial or retail uses;

5 (3) If the project would remove existing commercial or retail uses, how recently
6 the commercial or retail uses were occupied by a tenant or tenants;

7 (4) whether the project includes commercial or retail uses;

8 (5) whether there is an adverse impact on the public health, safety, and general
9 welfare due to the loss of commercial or retail uses in the district where the project is located; and

10 (6) whether any existing commercial or retail use has been designated, or is
11 eligible to be designated, as a Legacy Business under Administrative Code Section 2A.242; or is a
12 formula retail business.

13 ~~(g)~~ (g) If a ~~100-Percent Affordable Housing Bonus~~ HOME-SF Project otherwise requires a
14 conditional use authorization due only to (1) a specific land use, (2) use size limit, or (3)
15 requirement adopted by the voters, then the Planning Commission shall make all findings and
16 consider all criteria required by this Code for such use or use size as part of this ~~100-Percent~~
17 ~~Affordable Housing Bonus~~ HOME-SF Project Authorization.

18 ~~(g)~~ (h) Hearing and Decision.

19 (1) Hearing. The Planning Commission shall hold a public hearing for all
20 projects that are subject to this Section 328, within 120 days of the date that the HOME-SF
21 application is deemed complete.

22 (2) Notice of Hearing. Notice of such hearing shall be provided pursuant to the
23 same requirements for Conditional Use requests, as set forth in Section~~s~~ 306.3 and 306.8.

24 (3) Director's Recommendations on Modifications and Exceptions. At the
25 hearing, the Planning Director shall review for the Commission key issues related to the

1 project based on the review of the project pursuant to subsection (c) and recommend to the
2 Commission modifications, if any, to the project and conditions for approval as necessary. The
3 Director shall also make recommendations to the Commission on any proposed exceptions
4 pursuant to subsection (d).

5 (4) Decision and Imposition of Conditions. The Commission, after public hearing
6 and, after making appropriate findings, may approve, disapprove, or approve subject to
7 conditions, the project and any associated requests for exceptions. As part of its review and
8 decision, the Planning Commission may impose additional conditions, requirements,
9 modifications, and limitations on a proposed project in order to achieve the objectives,
10 policies, and intent of the General Plan or of this Code.

11 (5) Appeal. The decision of the Planning Commission may be appealed to the
12 Board of *Supervisors Appeals* by any person aggrieved within ~~30~~ 15 days after the date of the
13 decision by filing a written notice of appeal with the Board of *Supervisors Appeals*, setting forth
14 wherein it is alleged that there was an error in the interpretation of the provisions of this
15 Section 328 or abuse of discretion on the part of the Planning Commission. The procedures
16 and requirements for *conditional-use* appeals in Section ~~308.1(b) and (e)~~ 309(e)(3) and (4) shall
17 apply to appeals to the Board of *Supervisors Appeals* under this Section 328.

18 (6) Discretionary Review. No requests for discretionary review shall be
19 accepted by the Planning Department or heard by the Planning Commission for projects
20 subject to this Section 328.


21 (7) Change of Conditions. Once a project is approved, authorization of a
22 change in any condition previously imposed by the Planning Commission shall require
23 approval by the Planning Commission subject to the procedures set forth in this Section 328.

1 (8) In no case may a project approved or approved with conditions under this Section
2 328 receive a site permit or any demolition permit prior to 18 months from the date of written
3 notification required by 206.3(e)(1)(D).

4
5 Section 5. Effective Date. This ordinance shall become effective 30 days after
6 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
7 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
8 of Supervisors overrides the Mayor's veto of the ordinance.

9
10 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
11 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
12 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
13 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
14 additions, and Board amendment deletions in accordance with the "Note" that appears under
15 the official title of the ordinance.

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19 By: 
20 AUDREY W. PEARSON
21 Deputy City Attorney
22 n:\legana\las2018\1800547\01274901.docx

REVISED LEGISLATIVE DIGEST

(Substituted, 5/22/2018)

[Planning Code - HOME-SF and 100% Affordable Housing Bonus Program]

Ordinance amending the Planning Code to amend the Housing Opportunities Mean Equity-San Francisco (HOME-SF) program to revise the amount of inclusionary housing required and the types of development bonuses received for projects with complete environmental evaluation applications submitted on or before December 31, 2019, with existing requirements and bonuses revived for projects with complete environmental evaluation applications submitted on or after January 1, 2020, and to require project authorization under Planning Code, Section 328; revising the 100% Affordable Housing Bonus Program to eliminate a Planning Commission review hearing for 100% affordable housing projects upon delegation by the Planning Commission; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

HOME-SF

Planning Code section 206.3 sets forth the HOME-SF program, which grants housing development projects that provide at least 30% of dwelling units as affordable to very low, low and moderate income households certain development bonuses, including form-based density, twenty additional feet in height, as well as five additional feet of ceiling height for certain specified uses. For ownership projects, twelve percent of units must have an average affordable purchase price set at 80% of Area Median Income (AMI); 9% must have an average affordable purchase price set at 105% of AMI; and 9% must have an average affordable purchase price set at 130% of AMI. In rental projects, 12% of units must have an average affordable rent set at 55% of AMI; 9% must have an average affordable rent set at 80% of AMI; and 9% must have an average affordable rent set at 110% of AMI.

A HOME-SF project in a neighborhood commercial district cannot require the merger of lots that result in more than 125 feet of lot frontage.

HOME-SF projects are reviewed and approved by the Planning Commission, with an appeal to the Board of Supervisors, under the conditional use procedures in Planning Code section 303(v). There is no set date by which a project must be approved, denied or approved with conditions at the Planning Commission.

100% Affordable Housing Bonus Projects

The 100% Affordable Housing Bonus Program, in Planning Code section 206.4, requires project approval through an authorization, Planning Code Section 328, which provides for a Planning Commission hearing and an appeal to the Board of Supervisors. A 100% Affordable Housing Bonus Project is not required to seek conditional use authorization, and the Planning Commission does not hear separate discretionary review requests.

Amendments to Current Law

HOME-SF

This ordinance amends certain requirements of the HOME-SF program for a limited period. Projects with complete environmental evaluation applications submitted before January 1, 2020 that provide at least 20% of units as affordable units can receive development bonuses based on the amount of affordable housing provided. Tier One projects must provide 20% of dwelling units as affordable units and can receive form-based density and an additional 5 feet of ground floor ceiling height for specified uses. Tier Two projects must provide 25% of dwelling units as affordable units and can receive form-based density, ten additional feet of height, and additional ground floor ceiling height. Tier Three projects must provide 30% of units as affordable units and can receive form based density, 20 additional feet in height, and an additional five feet of ground floor ceiling height. The percentage of units required at each income level in each tier is as follows:

Tier One - Ownership: 10% at 80% AMI; 5% at 105% AMI; 5% at 130% AMI
 Rental: 10% at 55% AMI, 5% at 80% AMI; 5% at 110 AMI%

Tier Two – Ownership: 10% at 80% AMI; 8% at 105% AMI; 7% at 130% AMI
 Rental 10% at 55% AMI; 8% at 80% AMI; 7% at 110% AMI

Tier Three – Ownership: 10% at 80% AMI; 10% at 105% AMI; 10% at 130% AMI
 Rental: 10% at 55% AMI; 10% at 80% AMI; 10% at 110% AMI

For projects with complete environmental evaluation applications submitted on January 1, 2020 or thereafter, the affordability requirements and development bonuses allowed for HOME-SF projects would revert to current law, as set forth under “Existing Law.”

The legislation would require HOME-SF project authorization through the Planning Code 328 process, and delete the requirement for a conditional use authorization. The legislation amends Section 328 to allow an appeal to the Board of Appeals, not the Board of Supervisors. Among other findings, the Planning Commission would be required to determine if a HOME SF project that involved the merger of two or more lots resulting in more than 125 feet of lot frontage was consistent with the Affordable Housing Bonus Program Design Guidelines. The Planning Commission would have to approve, deny, or approve with

conditions the HOME-SF project within 120 days of the date the HOME-SF application is deemed complete.

100% Affordable Housing Bonus Projects

The legislation would create a new process for authorization of 100% Affordable Housing Bonus Projects, under new section 315.1. These projects would no longer need approval through Section 328. Under section 315.1, the Planning Director, rather than the Planning Commission, would review 100% Affordable Housing Bonus projects and would make certain findings. No hearing before the Planning Commission would be required. No discretionary review hearing would occur before the Planning Commission as long as the Planning Commission delegates this review to the Planning Department. The Planning Department's approval would be conducted as part of a related building permit application, and any appeal of the Planning Department's determination would be through the associated building permit, which appeal would be to the Board of Appeals.

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