



MEMORANDUM

March 9, 2026

To: File
Re: Potrero Yard Project – Housing Capacity Analysis (No Net Loss)

From: Joshua Switzky, Deputy Director of Community Planning
on behalf of Sarah Dennis Phillips, Planning Director

Under California Housing Element Law, San Francisco was required to identify sites in its 2022 Housing Element Update (“Housing Element”) that would accommodate the City’s Regional Housing Needs Allocation (“RHNA”) goal of 82,069 new housing units by 2031. The RHNA includes 20,867 very low income, 12,014 low income, 13,717 moderate income and 35,471 above-moderate income units. Through the end of 2025, San Francisco’s progress during the RHNA period (2023-2031) totals 9,508 housing units; including 2,980 very low income, 1,626 low income, 1,403 moderate, and 3,499 above moderate units. Approval of these units leaves the City with an unmet need for the RHNA period of 72,561 units, including 17,887 very low income, 10,388 low income, 12,314 moderate income, and 31,972 above moderate units.

In the Housing Element Sites Inventory, the City identified existing sites that could accommodate 58,097 units, including 17,486 lower income, 7,350 moderate income, and 33,260 above moderate income units. For the purposes of sites capacity, sites to accommodate very low- and low-income units are assessed together as part of “lower income” category given shared site requirements. The City increased its residential capacity by an additional 64,653 units through Planning Code and Zoning Map amendments made in the Family Zoning Plan (Ordinance Nos. 245-25 and 244-25; Board File Nos. 250700 and 250701), including 33,796 lower income, 15,428 moderate income and 15,428 above moderate income units (“Rezoning Sites”). The total citywide capacity of identified sites following the rezoning is 122,750 units, including 51,282 lower income, 22,778 moderate income, and 47,667 above moderate income units. The increase in residential capacity in the Family Zoning Plan included planning for at least a 15% “buffer” of over 12,300 units above the RHNA target of 82,609 units to account for the possibility that certain sites identified might be developed with fewer units than the number identified for those sites in the Sites Inventory and Rezoning Sites.

The Sites Inventory included an earlier development proposal for the Potrero Yard site for 575 units, with 96 units as very low, 96 as low, and 96 as moderate income units. The developer and the SFMTA Board have agreed on a development option where the Housing Project may contain 104 low-income units.

A project with 104 low-income units would be fewer units in total and in certain income categories than what was identified for this site in the Housing Element Sites Inventory. Despite the decreased number of units proposed on this site, the remaining sites in the Housing Element Sites Inventory, as amended by the Family Zoning Plan, are adequate to meet the requirements of Government Code section 65583.2. Further, the remaining sites are adequate to accommodate the City’s RHNA pursuant to Section 65584 because of the sizable “buffer” included in the increased capacity created by the Family Zoning Plan.

If the Housing Project is developed with 104 low-income units, the remaining unmet need for low-income units will be reduced to approximately 10,284 units. The remaining very low-income unmet need will remain at 17,887 (for a combined total of 28,171 lower income units), the moderate-income need will remain at 12,314, and the above-moderate income need will remain at 31,972. But with the buffer in capacity that currently exists, the remaining sites listed in the Housing Element Sites Inventory would have a capacity for approximately 122,175 housing units, including 51,090 lower income units, 22,682 moderate income, and 47,380 above moderate units, all of which exceed the remaining unmet need in each income category. These calculations may be adjusted, as necessary, if the number of housing units at the project changes in the future.