
**Dwelling Unit Density Exception in Residential Districts and Rent
Control of Bonus Dwelling Units (file #211202)
Sponsor: Supervisor Gordon Mar**

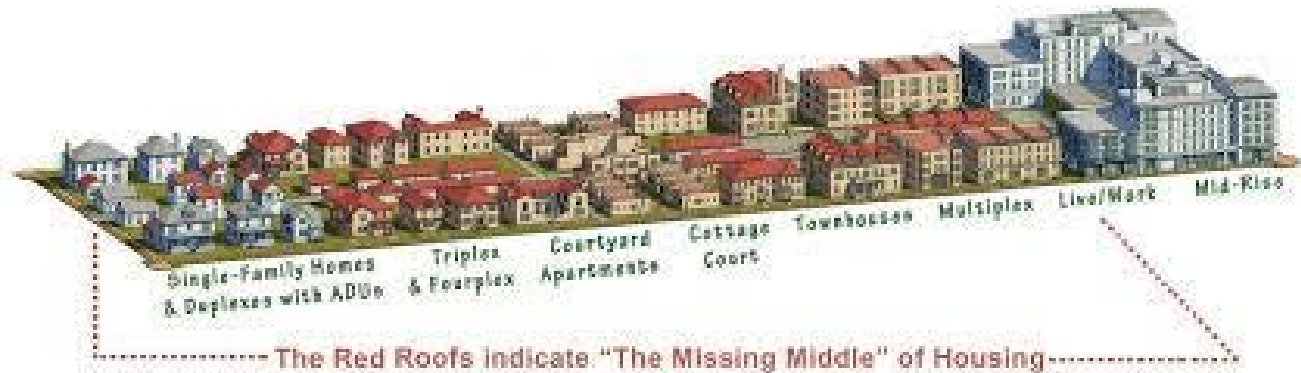
— BOS LUT Committee 3/7/22 —

Goals: moderate income family housing + anti-displacement

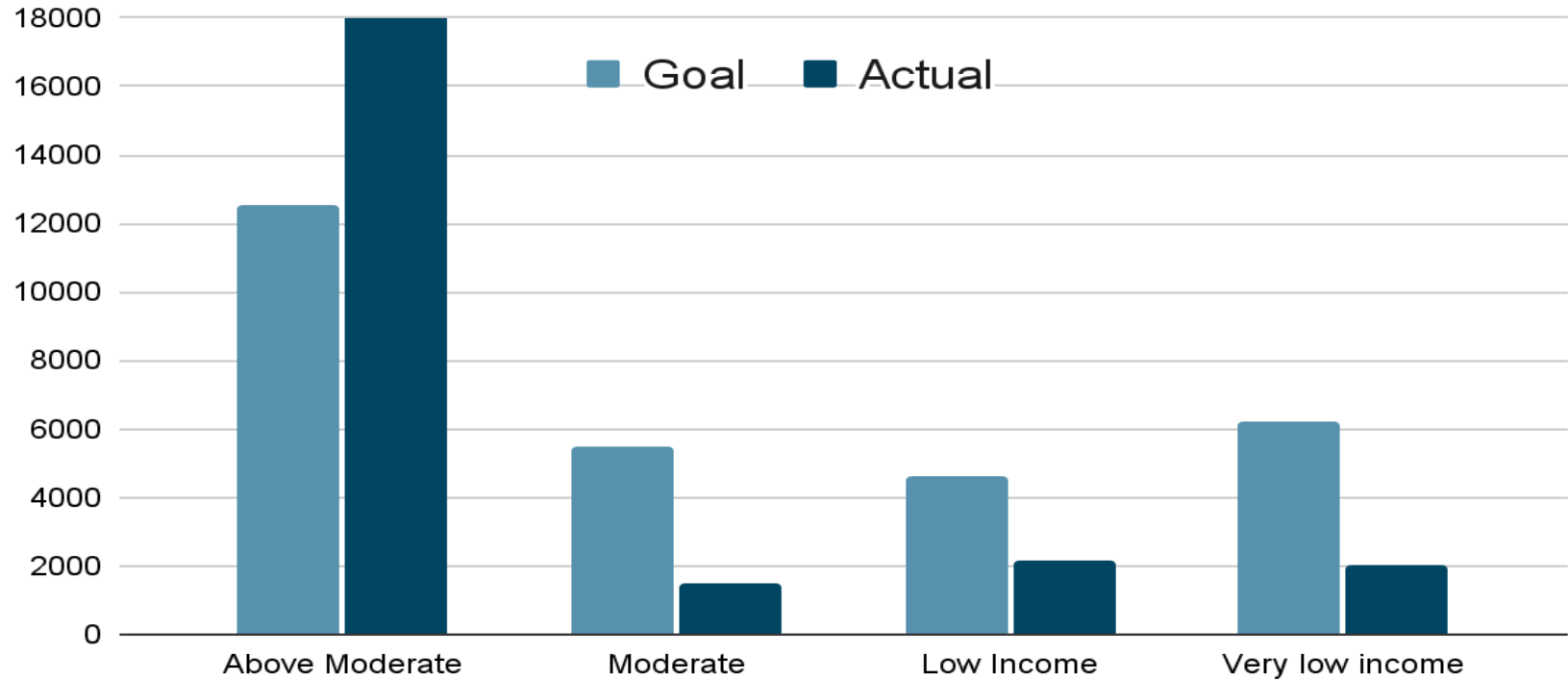
- Goals
 - Incentivize production of moderate income family housing in low density neighborhoods
 - Support homeowners to expand their homes to meet urgent housing needs of multi-generational families, seniors and essential workers
 - Stabilize and prevent further gentrification of BIPOC homeowner neighborhoods like the Sunset, OMI and Bayview Hunter's Point
- Companion piece is Housing Development Incentive Program for Homeowners
 - Creation of program offering technical assistance, financial incentives and streamlined permitting for ADU and 2/3/4plex projects
 - Expansion of successful Affordable ADU pilot program in District 4

Small scale projects → SF housing goals

As part of meeting the City's RHNA goals, these small scale projects provide local communities with tools to add housing at the income levels where more units are needed.



Is SF Housing Meeting Low & Moderate Income Needs?



Source: SF Planning Housing Inventory 2020

Speculator Built Market Rate Quad/Sixplexes = Luxury Condos + Gentrification



Framework: Incentivizing density with affordability

In RH-1, RH-2 and RH-3 zoned districts, provides a density limit exception by permitting up to four units per lot.

Alternative to SB 9 by allowing 4 units without a lot split and other restrictions

In return for the density bonus, conditions for Bonus Dwelling Units:

- Rent or sale price kept affordable to households at 100% AMI or less
- Minimum 2-bedrooms per unit
- Regulatory agreement with City including Costa Hawkins Act waiver

AFFORDABLE MULTIPLEX COST & INCOME ESTIMATES

SCENARIO 1: RH-1 to RH-2 REZONING, FOURPLEX EXPANSION (NO ADU)

	Unit 1 - Homeowner	Unit 2 - Market-rate	Unit 3 - Affordable	Unit 4 - Affordable	
BR Size	EXISTING	2-BR	2-BR	2-BR	TOTAL
SF assumption		1000	850	850	2,700
Cost/sf assumption		\$ 600	\$ 600	\$ 600	
Cost of construction		\$ 600,000	\$ 510,000	\$ 510,000	\$ 1,620,000
Owner's down payment percent		20%	5%	5%	
Owner's down payment		\$ 120,000	\$ 25,500	\$ 25,500	\$ 171,000
City subsidy (0% interest, repaid on resale)		\$ -	\$ 229,500	\$ 229,500	\$ 459,000
30-year Bank Loan		\$ 480,000	\$ 255,000	\$ 255,000	\$ 990,000
Loan to Value ratio		80%	50%	50%	
Interest rate		3.8%	3.8%	3.8%	
Monthly payment on loan		\$2,230	\$1,184	\$1,184	\$ 4,598
Taxes (1.18%) and insurance (0.35%)		\$608	\$516	\$516	\$ 1,640
Total PITI		\$2,837	\$1,701	\$1,701	\$ 6,239
Affordability		Market-rate	100% AMI	100% AMI	
Household size			3 person HH	4 person HH	
Annual Household Income			\$ 119,900	\$ 133,200	
Income (rent)		\$ 5,000	\$ 2,998	\$ 3,330	\$ 11,328
Vacancy assumption (5% per year)		\$ 4,750	\$ 2,848	\$ 3,164	\$ 10,761
Operating expenses (water, garbage, sewer)		\$ 150	\$ 150	\$ 150	\$ 450
PITI		\$ 2,837	\$ 1,701	\$ 1,701	\$ 6,239
Homeowner Income per month		\$ 1,763	\$ 997	\$ 1,313	\$ 4,072
Homeowner Annual Income		\$ 21,155	\$ 11,961	\$ 15,752	\$ 48,868
Note: assumes existing homeowner with no land purchase costs					
Household size	1 person HH	2 person HH	3 person HH	4 person HH	
100% AMI (2021 MOHCD)	\$ 106,550	\$ 119,900	\$ 133,200		

AFFORDABLE MULTIPLEX COST & INCOME ESTIMATES

SCENARIO 3: RH-3 CORNER LOT, SIXPLEX EXPANSION (NO ADU)

	Unit 1 - Homeowner	Unit 2 - Market-rate	Unit 3 - Market-rate	Unit 4 - Affordable	Unit 5 - Affordable	Unit 6 - Affordable	
BR Size	EXISTING	EXISTING	EXISTING	2-BR	2-BR	2-BR	TOTAL
SF assumption				850	850	850	2,550
Cost/sf assumption				\$ 600	\$ 600	\$ 600	
Assessed value / Cost of construction		\$ 500,000	\$ 500,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 2,530,000
Owner's down payment percent				5%	5%	5%	
Owner's down payment				\$ 25,500	\$ 25,500	\$ 25,500	\$ 76,500
City subsidy (0% interest, repaid on resale)				\$ 229,500	\$ 229,500	\$ 229,500	\$ 688,500
30-year Bank Loan				\$ 255,000	\$ 255,000	\$ 255,000	\$ 765,000
Loan to Value ratio				50%	50%	50%	
Interest rate				3.8%	3.8%	3.8%	
Monthly payment on loan				\$1,184	\$1,184	\$1,184	\$ 3,553
Taxes (1.18%) and insurance (0.35%)		\$506	\$506	\$516	\$516	\$516	\$ 2,562
Total PITI		\$506	\$506	\$1,701	\$1,701	\$1,701	\$ 6,115

	Market-rate	Market-rate	100% AMI	100% AMI	100% AMI	
Affordability			3 person HH	4 person HH	4 person HH	
Household size						
Annual Household Income			\$ 119,900	\$ 119,900	\$ 133,200	
Income (rent)	\$ 5,000	\$ 5,000	\$ 2,998	\$ 2,998	\$ 3,330	\$ 19,325
Vacancy assumption (5% per year)	\$ 4,750	\$ 4,750	\$ 2,848	\$ 2,848	\$ 3,164	\$ 18,359
Operating expenses (water, garbage, sewer)	\$ 150	\$ 151	\$ 150	\$ 150	\$ 150	\$ 751
PITI	\$ 506	\$ 506	\$ 1,701	\$ 1,701	\$ 1,701	\$ 6,115
Homeowner Income per month	\$ 4,094	\$ 4,093	\$ 997	\$ 997	\$ 1,313	\$ 11,493
Homeowner Annual Income	\$ 49,125	\$ 49,113	\$ 11,961	\$ 11,961	\$ 15,752	\$ 137,911

Note: assumes existing homeowner with no land purchase costs

Household size	1 person HH	2 person HH	3 person HH	4 person HH
100% AMI (2021 MOHCD)	\$ 106,550		\$ 119,900	\$ 133,200