



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Amendment

HEARING DATE: JUNE 30, 2016

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Project Name: **Affordable Housing Bonus Program and Density Done Right**
Case Number: 2014-001503PCA [Board File No. 150969]
Initiated by: **Mayor Ed Lee**
Supervisor Katy Tang
Introduced September 29, 2015

And

Case Number: 2016-008024PCA [Board File No. 160668]
Initiated by: **Supervisor Aaron Peskin**
Supervisor Eric Mar
Introduced June 7, 2015,
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Reviewed by: AnMarie Rodgers, Senior Policy Advisor

Recommendation: **Recommend Adopt Consistency Findings for Both Ordinances**

The Board of Supervisors requests that the Planning Commission make General Plan Consistency Findings for two proposed ordinances: 100% Affordable Housing Bonus Program¹ (hereinafter "100% AHBP") and Density Done Right Development Without Displacement² (hereinafter "DDR"). Both programs propose similar development incentives for 100% affordable housing projects including: relief from density requirements, up to three additional stories of height, and several potential zoning concessions and incentives. Both draft ordinances limit eligibility to projects where all units are income restricted or permanently affordable. See Exhibit A for the 100% AHBP (inclusive of amendments made as of June 28, 2016) and Exhibit B for the DDR.

BACKGROUND

This report will describe the one requested action of "General Plan Consistency Findings" for two separate ordinances by describing the background for each ordinance.

¹ Mayor Edwin Lee and Supervisor Katy Tang's proposal for a density bonus program that is limited to 100% affordable housing projects.

² Supervisor Aaron Peskin's and Supervisor Eric Mar's proposal which is currently under the Board of Supervisor's 30-day Hold Rule.

Affordable Housing Bonus Program (AHBP) 100%

The draft AHBP ordinance includes several programs aimed at increasing the overall number of affordable housing units built in the city of San Francisco. Although the Planning Commission considered the full program earlier this year, today's hearing and proposed action on this program is limited to the 100% AHBP, which provides zoning incentives to 100% affordable projects, which are generally built with public subsidies.

1. Mayor Lee and Supervisor Tang introduced the draft AHBP ordinance on September 29, 2015. The Draft ordinance was developed based on consultant analysis, stakeholder input and guidance from the Mayor's Housing Working Group.
2. On October 15, 2015 the Planning Commission initiated hearings on proposed General Plan Amendments for the AHBP.
3. Following four public hearings, the Planning Commission took the following actions in relation to the proposed AHBP on February 25th, 2016:
 - The Planning Commission made several recommendations to the proposed AHBP Planning Code amendment (see Exhibit C for CPC resolution and recommendations). These recommendations were limited to the mixed income programs. The Planning Commission did not make any recommendations related to the 100% affordable component of the larger AHBP ordinance.
 - The Planning Commission made General Plan consistency findings for the entire proposed AHBP ordinance, including the three mixed income programs and the 100% AHBP. This consistency finding was made in concert with consideration of a proposed General Plan Amendment.
 - The Planning Commission unanimously voted to forward the proposed General Plan Amendment. The General Plan amendment incorporated footnotes into several text sections and into several maps of the General Plan. These notations say that the City may adopt affordable housing policies to permit heights that are several stories taller than described in the General Plan. (See Exhibit D for details of the proposed General Plan Amendment).
4. At the June 13, 2016 Land Use and Transportation Committee, Supervisor Tang duplicated the draft AHBP ordinance so that there are now two separate ordinances – (1) the 100% Affordable program; and (2) the originally drafted AHBP ordinance (which included all four programs: the 100% AHBP and the three mixed income³ programs). Supervisor Tang introduced several amendments to the mixed income programs⁴. After

³ The term mixed income programs refers to programs that provide benefits to market rate projects that include some proportion of permanently affordable housing, including the Local AHBP, the State Analyzed Program, and the Individually Requested Program.

⁴ The Committee made the following amendments to the mixed income program: 1) prohibit the demolition of existing residential units (including rent-controlled units); 2) require approval of Local Program project through a conditional use authorization; 3) direct the City to explore establishing a small business preservation tools; 4) add a findings section with reference to existing tools and other support available to small business tenants; and 5) include certain active uses to be replaced at the same square footage.

accepting these amendments, the Committee tabled the mixed income portion of the AHBP to the call of the chair. The Committee amended the 100% AHBP ordinance to remove parcels with existing residential units from eligibility for the 100% Affordable program, and forwarded this proposal to the full Board of Supervisors. **Today's Planning Commission hearing and proposed action is limited to findings regarding only the 100% AHBP of Supervisor Tang and Mayor Edwin Lee's proposal** (and, as described in the next section, to the same findings for Supervisor Peskin and Supervisor Mar's DDR, which also only enables projects that are completely dedicated to affordable housing).

5. On June 21st the Board of Supervisor held a hearing on the 100% AHBP. Supervisor Tang made several amendments to the 100% AHBP including:
 - A requirement that projects include community serving uses on the ground floor.
 - A change in the review process to include 3 necessary Commission findings and changing the appeal body in the [new] Planning Code section 328 review process from the Board of Appeals to the Board of Supervisors.
6. On June 28, 2016, the Board of Supervisors voted to reject the proposed General Plan Amendment (Case Number 2014-001503GPA) associated with the AHBP by a vote of 5 to 6. Supervisor Peskin stated that the proposed General Plan Amendment was too broad, and could empower the Planning Department to pursue future upzonings. Supervisor Peskin and other dissenting Supervisors suggested they would support a more narrowly crafted General Plan Amendment at a future date. Supervisors Tang and Peskin discussed this pending Commission agenda item, as the next and most expedient step need to enable further consideration of the 100% AHBP.
7. On June 28, 2016 Supervisor Tang introduced an amendment to the 100% AHBP to exclude the Northeast Waterfront Plan Area south of Broadway from eligibility for the 100% AHBP, as a result of staff recommendations in anticipation of this hearing. The Board of Supervisors voted to continue hearings on the 100% AHBP to July 12th, pending the Planning Commission's findings (before you today) that the proposed Planning Code Ordinances are found consistent with the existing General Plan.

Density Done Right Development without Displacement (BOS File No. 160668)

1. On June 7, 2016 Supervisors Peskin and Mar introduced the Density Done Right; Development Without Displacement Program (DDR). This draft ordinance proposes development incentives for 100% affordable housing projects, similar to those proposed for the 100% AHBP. DDR proposes several additional eligibility criteria for 100% affordable projects such as restrictions on existing land uses. Under the DDR, units must be affordable to households earning no more than 100% of the "neighborhood median income," which until the MOHCD determines otherwise, is set by zip code.
2. On June 13th at the Land Use Committee Supervisor Peskin proposed duplicating Supervisor Tang's proposal so that he could delete much of the substance for the 100% AHBP and replace it with his alternative DDR Program. He stated that this amendment would still require CEQA review by the Planning Department, but would remove the need for a Planning Commission hearing. It would also allow the Board to consider his proposal alongside the Mayor and Supervisor Tang's proposal. The Committee rejected this motion.

3. On June 20, 2016 the Planning Department informed Supervisor's Peskin and Mar about initial environmental review considerations (see Exhibit E)
4. On June 15, 2016 the Board of Supervisors referred DDR to the Planning Department for review.
5. On June 29, 2016, Supervisor Peskin's office indicated an intention to move forward with the following amendments:
 - Limit eligibility for DDR to projects that demonstrates to the satisfaction of the Environmental Review Officer that the Project does not:
 - cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5.
 - create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas; and
 - alter wind in a manner that substantially affects public areas.
6. On June 29, 2016 the Planning Department discussed with Supervisor Peskin's office additional potential amendments that would limit eligibility for the DDR to projects that are not within the boundaries of Northeast Waterfront Plan Area, south of Broadway (consistent with Supervisor Tang's amendment to the 100% AHBP on June 28, 2016). These additional amendments were discussed in light of the Board action to reject the proposed General Plan amendment. With that Board action, the Commission has been asked to consider if the proposals are consistent with the existing General Plan. Consistency findings cannot be made if a zoning ordinance conflicts with a general plan policy that is "fundamental, mandatory, and clear." Per staff's analysis, the existing General Plan is for the most part general and does not fundamentally conflict with either DDR or 100% AHBP. However, the NE Waterfront Area Plan does have some language that appears clear and mandatory concerning heights for sections of the plan area south of Broadway. Due to the short timeframe, a meeting with the legislative sponsor to discuss these issues has not yet occurred. For this reason, the draft resolution makes findings of consistency if eligibility for the DDR to projects is limited to areas that are not within the boundaries of Northeast Waterfront Plan Area, south of Broadway.

ISSUES AND CONSIDERATIONS

On February 25th, 2016 the Planning Commission forwarded to the Board a proposed General Plan Amendment (hereinafter "GPA") with the draft AHBP Planning Code Amendment (hereinafter "PCA"). This proposed GPA amended several policies and maps of the General Plan, noting that the City *could* adopt affordable housing policies that offered zoning incentives to encourage greater levels of affordability. The proposed GPA clarifies the City's intended policy direction as it related to the proposed AHBP ordinance. Because the Board of Supervisors has rejected the proposed GPA, the Board referred the 100% AHBP to the Planning Commission for a finding of consistency with the General Plan without the clarifying amendments contained in the GPA.

Today the Commission is being asked to find the proposed 100% AHBP and the DDR ordinances consistent with the General Plan, as the General Plan exists today, without any amendments.

Many objectives and policies within the existing General Plan encourage and support the development of ordinances such as the 100% AHBP or DDR, which encourage the production of affordable housing. A detailed analysis of General Plan consistency is presented in Exhibit G—the Draft Resolution. Of specific note is Policy 7.5 of the Housing Element that specifically calls for encouraging process and zoning accommodations, such as those proposed in the two draft ordinances, as a City Policy to meet Objective 7 of the Housing Element.

OBJECTIVE 7

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

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

The Housing Element consistently emphasizes the need for permanently affordable housing. Another theme in the Housing Element is the need to identify tools, sources and mechanisms outside of past practices to further respond to the affordable housing needs of San Francisco. Also of note is the occurrence of Objectives and/or Policies in almost every area plan or neighborhood plan emphasizing support for housing affordable to a variety of households.

The General Plan also includes some policies and maps which generally describe land use, heights and density strategies for the City as a whole or for particular neighborhoods. While the proposed GPA added clarifying information to the General Plan regarding the allowance of additional development potential for projects with added levels of on-site affordable housing, these policies and maps are general guidelines and were not mandatory in nature; most of the proposed amendments were not required to find consistency with the General Plan. Staff has reviewed the 100% AHBP, including the amendments from June 28, and finds that the proposed 100% AHBP ordinance, and the DDR ordinance as proposed and suggested to be amended, are generally consistent and do not conflict with the General Plan.

REQUIRED COMMISSION ACTION

The Board of Supervisors has requested the Commission make consistency findings for two draft ordinances. This Commission is being presented with a draft resolution finding *both* the 100% AHBP and the draft pending DDR as proposed to be amended consistent with the General Plan.

These items may be acted upon or may be continued, at the discretion of the Commission.

RECOMMENDATION SUMMARY

The Department recommends that the Commission find both the 100% AHBP and DDR, if amended as described above, consistent with the General Plan and adopt the attached Draft Resolution to that effect. Further information has been described in more detail earlier in the case report.

ENVIRONMENTAL REVIEW

On January 14, 2016, in response to the proposed Affordable Housing Bonus Program and related General Plan Amendments, the San Francisco Planning Department prepared an Addendum to the 2004 and 2009 Housing Element Final EIR under CEQA Guidelines Section 15164 ("the Addendum"). The Addendum can be accessed here: http://sfmea.sfplanning.org/2014.1304E_AHBP_Addendum03_011416%20Final.pdf. The Environmental Planning section of the Department has indicated that the amendments to the AHBP to include only the 100% AHBP do not change the conclusions in the Addendum.

Likewise, the DDR with proposed amendment discussed above would not change the conclusions in the Addendum. The Departments conclusions are attached as Exhibit E.

PUBLIC COMMENT

The Department has not received any public comments on the General Plan Consistency Findings of the 100% AHBP or DDR.

RECOMMENDATION: Adopt Findings of Consistency

Attachments:

- Exhibit A: Draft Ordinance 100% AHBP
- Exhibit B: Draft Ordinance Density Done Right Development without Displacement
- Exhibit C: Final Planning Commission Resolution on the Planning Code Amendments – February 25, 2016
- Exhibit D: Summary of Proposed/rejected General Plan Amendment
- Exhibit E: Planning Department Correspondence with Supervisor Peskin regarding Environmental Review Considerations for the Draft Density Done Right Development without Displacement Ordinance
- Exhibit F: Draft Planning Commission Resolution for BOS File 150969 and Board File No. 160668

1 [Planning Code – 100% Affordable Housing Bonus Programs]

2

3 **Ordinance amending the Planning Code to create the Affordable Housing Bonus**
4 **Programs, consisting of the Local Affordable Housing Bonus Program, the 100 Percent**
5 **Affordable Housing Bonus Program, the Analyzed State Density Bonus Program, and the**
6 **Individually Requested State Density Bonus Program, to provide for development bonuses**
7 **and zoning modifications for 100 percent affordable housing projects, in compliance with,**
8 **and above those required by the State Density Bonus Law, Government Code, Section**
9 **65915, et seq.; to establish the procedures in which the Local Affordable Housing Bonus**
10 **Program and the 100 Percent Affordable Housing Bonus Program projects shall be**
11 **reviewed and approved; adding a fee for applications under the Program; and**
12 **amending the Planning Code to exempt 100 Percent Affordable Housing Bonus Program**
13 **projects from the height limits specified in the Planning Code and the Zoning Maps;**
14 **and affirming the Planning Department’s determination under the California**
15 **Environmental Quality Act; and making findings of consistency with the General Plan,**
16 **and the eight priority policies of Planning Code, Section 101.1.**

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

21

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

23 ///

24 ///

25 ///

1 Section 1.

2 (a) The Planning Department has determined that the actions contemplated in this
3 ordinance comply with the California Environmental Quality Act (California Public Resources
4 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
5 Supervisors in File No. _____ and is incorporated herein by reference. The Board
6 affirms this determination.

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

12 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
13 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth
14 in Planning Commission Resolution No. _____, and the Board incorporates such
15 reasons herein by reference.

16
17 Section 2. The Planning Code is hereby amended by adding Section 206 through
18 206.84 to read as follows:

19 **SEC. 206. THE 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAMS.**

20 This section-Section 206 and Sections 206.1 through 206.4 shall be known as the
21 Affordable Housing Bonus Programs, which includes the Local Affordable Housing Bonus
22 Program, the 100 Percent Affordable Housing Bonus Program, the Analyzed State Density Bonus
23 Program and the Individually Requested State Density Bonus Program. References to
24 "Section 206" shall include Sections 206.1 through 206.4.

25 **SEC. 206.1. PURPOSE AND FINDINGS.**

1 (a) The purpose of the 100 Percent Affordable Housing Bonus Programs is to facilitate the
2 development and construction of affordable housing in San Francisco. Affordable housing is of
3 paramount statewide concern, and the California State legislature Legislature has declared that
4 local and state governments have a responsibility to use the powers vested in them to facilitate the
5 improvement and development of housing to make adequate provision for the housing needs of all
6 economic segments of the community. The State Legislature has found that local governments must
7 encourage the development of a variety of types of housing for all income levels, including multifamily
8 rental housing and assist in the development of adequate housing to meet the needs of low- and
9 moderate-income households.

10 (b) Affordable housing is an especially paramount concern in San Francisco. San Francisco
11 has one of the highest housing costs in the nation, but San Francisco's economy and culture rely on a
12 diverse workforce at all income levels. It is the policy of the Board of Supervisors City to provide
13 housing to enable these workers to afford housing in San Francisco and ensure that they pay a
14 reasonably proportionate share of their incomes to live in adequate housing and to not have to
15 commute ever-increasing distances to their jobs. The Association of Bay Area Governments
16 determined that San Francisco's share of the Regional Housing Need for January 2015 to June 2022
17 was the provision of 28,870 new housing units, with 6,234 (or 21.6%) as very low, 4,639 (or 16.1%) as
18 low, and 5,460 (or 18.9%) as moderate income units.

19 (c) This The Board of Supervisors, and the voters in San Francisco, have long recognized the
20 need for the production of affordable housing. The voters, in some cases, and the or this Board in
21 others, have adopted measures to address this need, such as the establishment of the mandatory
22 Inclusionary Affordable Housing Ordinance in Planning Code section Section 415; the San
23 Francisco Housing Trust Fund, adopted in 2012, which established a fund to create, support and
24 rehabilitate affordable housing, and set aside \$20 million in its first year, with increasing allocations to
25 reach \$50 million a year for affordable housing; the adoption of Proposition K in November 2014.

1 which established as City policy that the City, by 2020, will help construct or rehabilitate at least
2 30,000 homes, with more than 50% of the housing affordable for middle-income households, and at
3 least 33% as affordable for low-and moderate income households; and the multiple programs that rely
4 on Federal, State and local funding sources as identified in the Mayor's Office of Housing and
5 Community Development Comprehensive Plan.

6 (d) Historically, in the United States and San Francisco, affordable housing requires
7 high levels of public subsidy, including public investment and reliance on public dollars. Costs
8 to subsidize an affordable housing unit vary greatly depending on a number of factors, such
9 as household income of the residents, the type of housing, and the cost to acquire land
10 acquisition. Currently, MOHCD estimates that the level of subsidy for an affordable housing
11 units is approximately \$250,000 per unit. Given this high cost per unit, San Francisco can
12 only meet its affordable housing goals through a combination of increased public dollars
13 dedicated to affordable housing and other tools that do not rely on public money.

14 (e) Development bonuses are a long standing zoning tool that enable cities to
15 encourage private development projects to provide public benefits including affordable
16 housing. By offering increased development potential, a project sponsor can offset the
17 expenses necessary to provide additional public benefits. In 1979, the State of California
18 adopted the Density Bonus Law, Government Code section 65915 et seq, which requires that
19 density bonuses and other concessions and incentives be offered to projects that provide a
20 minimum amount of on-site affordable housing.

21 (fd) In recognition of the City's affordable housing goals, including the need to produce
22 more affordable housing without need for public subsidies, the Planning Department contracted
23 with David Baker Architects and Seifel Consulting to determine a menu of zoning modifications and
24 development bonuses that could offset a private developer's costs of providing various levels of
25 additional on-site affordable housing. David Baker Architects and Seifel Consulting These

1 experts analyzed various parcels in San Francisco, to determine the conditions in which a zoning
2 accommodation would be necessary to achieve additional density. The analysis modeled various
3 zoning districts and lot size configurations, consistent with current market conditions and the City's
4 stated policy goals, including to achieve a mix of unit types, including larger units that can
5 accommodate larger households. These reports are on file in Board of Supervisors File No.
6 _____.

7 ~~(g) Based on these reports the results of the studies, the Planning Department~~
8 ~~developed four a programs set forth in this Section 206, the Affordable Housing Bonus~~
9 ~~Programs, which to provide an options by which developers of 100% affordable housing projects~~
10 ~~can include additional affordable units on-site in exchange for through increased density and other~~
11 ~~zoning or design modifications. These programs are the Local Affordable Housing Bonus~~
12 ~~Program, the 100 Percent Affordable Housing Bonus Program, the Analyzed State Density~~
13 ~~Bonus Program and the Individually Requested Bonus Program. This program is the 100~~
14 ~~Percent Affordable Housing Bonus Program, which~~

15 ~~(h) The goal of the Local Affordable Housing Program is to increase affordable~~
16 ~~housing production, especially housing affordable to Middle Income households. Housing for~~
17 ~~Middle Income Households in San Francisco is necessary to stabilize San Francisco's~~
18 ~~households and families, ensure income and household diversity in the long term population~~
19 ~~of San Francisco, and reduce transportation impacts of middle income households working in~~
20 ~~San Francisco. Middle Income households do not traditionally benefit from public subsidies.~~

21 ~~(fi) The 100 Percent Affordable Housing Bonus Program provides additional incentives~~
22 ~~for developers of 100% affordable housing projects, thereby reducing the overall cost of such~~
23 ~~developments on a per unit basis.~~

24 ~~(j) The Affordable Housing Bonus Program also establishes a clear local process for~~
25 ~~all projects seeking the density bonuses guaranteed through the State Density Bonus Law.~~

1 The State Analyzed Program provides an expedited process for projects that comply with a
2 pre-determined menu of incentives, concessions and waivers of development standards that
3 the Department, in consultation with David Baker Architects and Seifel Consulting can
4 appropriately respond to neighborhood context without causing adverse impacts on public
5 health and safety, and provide affordable units through the City's already-established
6 Inclusionary Housing Program. Projects requesting density or concessions, incentives and
7 waivers outside of the City's preferred menu may seek a density bonus consistent with State
8 law in the Individually Requested Density Bonus Program.

9 **SEC. 206.2 DEFINITIONS.**

10 This Section applies to Sections 206 through 206.84. The definitions of Section 102 and
11 the definitions in Section 401 for "Area Median Income" or "AMI," "First Construction Document,"
12 "Housing Project," "Life of the Project," and "MOHCD," "On-site Unit," "Off-site Unit,"
13 "Principal Project," and "Procedures Manual," shall generally apply to Section 206. For
14 purposes of this Section 206 et seq., the The following definitions shall also apply, and shall
15 prevail if there is a conflict with other sections of the Planning Code.

16 "100 Percent Affordable Housing Project" shall be a project where all of the dwelling units
17 with the exception of the manager's unit are "Affordable Units" as that term is defined in section
18 Section 406(b).

19 "Affordable to a Household of Lower, Very Low, or Moderate Income shall mean, at a
20 minimum (1) a maximum purchase price that is affordable to a Household of Lower, Very Low,
21 or Moderate Income, adjusted for the household size, assuming an annual payment for all
22 housing costs of 33 percent of the combined household annual gross income, a down
23 payment recommended by the Mayor's Office of Housing and Community Development and
24 set forth in the Procedures Manual, and available financing; and (2) an affordable rent as
25 defined in Section 50053 of the Health and Safety Code sufficient to ensure continued

1 affordability of all very low and low-income rental units that qualified the applicant for the
2 award of the density bonus for 55 years or a longer period of time if required by the
3 construction or mortgage financing assistance program, mortgage insurance program, or
4 rental subsidy program.

5 "Affordable to a Household of Middle Income" shall mean, at a minimum, (1) a
6 maximum purchase price that is affordable to a Household of Middle Income at 140% of Area
7 Median Income, adjusted for the household size, assuming an annual payment for all housing
8 costs of 33 percent of the combined household annual gross income, a down payment
9 recommended by the Mayor's Office of Housing and Community Development and set forth in
10 the Procedures Manual, and available financing; and (2) the maximum annual rent for an
11 affordable housing unit shall be no more than 30% of the annual gross income for a
12 Household of Middle Income at an Area Median Income of 120%, as adjusted for the
13 household size, as of the first date of the tenancy.

14 "Base Density" is lot area divided by the maximum lot area per unit permitted under
15 existing density regulations (e.g. 1 unit per 200, 400, 600, 800, or 1000 square feet of lot
16 area). Calculations that result in a decimal point of 0.5 and above are rounded to the next
17 whole number. In the Fillmore Neighborhood Commercial Transit District and the Divisadero
18 Neighborhood Commercial Transit District, "Base Density" shall mean 1 unit per 600 square
19 feet of lot area.

20 "Density Bonus" means a density increase over the Maximum Allowable Residential
21 Density granted pursuant to Government Code Section 65915 and Section 206 et seq.

22 "Density Bonus Units" means those market rate dwelling units granted pursuant to the
23 provisions of this Section 206.3, 206.5 and 206.6 that exceed the otherwise Maximum
24 Allowable Residential Density for the development site.

1 ~~"Development standard Standard"~~ "Development standard Standard" shall mean a site or construction condition, including, but
2 not limited to, a height limitation, a setback requirement, a floor area ratio, an onsite open space
3 requirement, or an accessory parking ratio that applies to a residential development pursuant to any
4 ordinance, general plan element, specific plan, charter, or other local condition, law, policy,
5 resolution or regulation.

6 ~~"Household of Middle Income"~~ shall mean a household whose combined annual gross
7 income for all members does not exceed 140% of AMI to qualify for ownership housing and
8 120% of AMI to qualify for rental housing.

9 ~~"Inclusionary Units"~~ shall mean on-site income-restricted residential units provided
10 within a development that meet the requirements of the Inclusionary Affordable Housing
11 Program, Planning Code Section 415 et seq.

12 ~~"Lower or, Very Low, or Moderate Income"~~ "Lower or, Very Low, or Moderate Income" means annual income of a household that does
13 not exceed the maximum income limits for the income category, as adjusted for household size,
14 applicable to San Francisco, as published and periodically updated by the State Department of
15 Housing and Community Development pursuant to Sections 50079.5, or 50105, or 50093 of the
16 California Health and Safety Code. Very Low Income low income is currently defined in California
17 Health and Safety Code section Section 50105 as 50% of area median income. Lower Income is
18 currently defined in California Health and Safety Code section Section 50079.5 as 80% of area
19 median income. If the State law definitions of these terms change, the definitions under
20 Section 206 shall mirror the State law changes. Moderate Income is currently defined in
21 California Health and Safety Code section 50093 as 120% of area median income.

22 ~~"Maximum Allowable Residential Density"~~ means the maximum number of dwelling
23 units per square foot of lot area in zoning districts that have such a measurement, or, in
24 zoning districts without such a density measurement, the maximum number of dwelling units
25 that could be developed on a property while also meeting all other applicable Planning Code

1 requirements and design guidelines, and without obtaining an exception, modification,
2 variance, or waiver from the Zoning Administrator or Planning Commission for any Planning
3 Code requirement.

4 "Middle Income Unit" shall mean a residential unit affordable to a Household of Middle
5 Income.

6 "Qualifying Resident" means senior citizens or other persons eligible to reside in a
7 Senior Citizen Housing Development.

8 "Regulatory Agreement" means a recorded and legally binding agreement between an
9 applicant and the City to ensure that the requirements of this Chapter are satisfied. The
10 Regulatory Agreement, among other things, shall establish: the number of Restricted
11 Affordable Units, their size, location, terms and conditions of affordability, and production
12 schedule.

13 "Restricted Affordable Unit" means a dwelling unit within a Housing Project which will
14 be Affordable to Very Low, Lower or Moderate Income Households, as defined in this Section
15 206.2 for a minimum of 55 years. Restricted Affordable Units shall meet all of the
16 requirements of Government Code 65915, except that Restricted Affordable Units that are
17 ownership units shall not be restricted using an equity sharing agreement."

18 "Senior Citizen Housing Development" has the meaning in California Civil Code section
19 51.3.

20 **SEC. 206.3. LOCAL AFFORDABLE HOUSING BONUS PROGRAM.**

21 (a) Purpose. This Section sets forth the Local Affordable Housing Bonus Program.
22 The Local Affordable Housing Bonus Program or "Local Program" provides benefits to project
23 sponsors of housing projects that set aside a total of 30% of residential units onsite at below
24 market rate rent or sales price, including a percentage of units affordable to low and moderate
25 income households consistent with Section 415, the Inclusionary Housing Program, and the

1 remaining percentage affordable to a Household of Middle Income. The purpose of the Local
2 Affordable Housing Bonus Program is to expand the number of Inclusionary Units produced in
3 San Francisco and provide housing opportunities to a wider range of incomes than traditional
4 affordable housing programs, which typically provide housing only for very low, low or
5 moderate income households. The Local Program allows market rate projects to match the
6 City's shared Proposition K housing goals that 50% of new housing constructed or
7 rehabilitated in the City by 2020 be within the reach of working middle class San Franciscans,
8 and at least 33% affordable for low and moderate income households.

9 (b) Applicability. A Local Affordable Housing Bonus Project or "Local Project" under
10 this Section 206.3 shall be a project that:

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

15 — (2) is located in any zoning district that: (A) is not designated as an RH-1 or
16 RH-2 Zoning Districts; and (B) establishes a maximum dwelling unit density through a ratio of
17 number of units to lot area, including RH-3, RM, RC, C-2, Neighborhood Commercial, Named
18 Neighborhood Commercial, Chinatown Mixed Use Districts, and SoMa Mixed Use Districts;
19 but only if the SoMa Mixed Use District has a density measured by a maximum number of
20 dwelling units per square foot of lot area; (C) is in the Fillmore Neighborhood Commercial
21 Transit District and Divisadero Neighborhood Commercial Transit District; and (D) is not in the
22 North of Market Residential Special Use District, Planning Code Section 249.5 until the
23 Affordable Housing Incentive Study is completed at which time the Board will review whether
24 the North of Market Residential Special Use District should continue to be excluded from this
25 Program. The Study will explore opportunities to support and encourage the provision of

1 housing at the low, moderate, and middle income range in neighborhoods where density
2 controls have been eliminated. The goal of this analysis is to incentivize increased affordable
3 housing production levels at deeper and wider ranges of AMI and larger unit sizes in these
4 areas through 100% affordable housing development as well as below market rate units within
5 market rate developments; and,

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

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

12 ——— (5) in Neighborhood Commercial Districts is not a project that involves merging
13 lots that result in more than 125 feet in lot frontage for projects located; and

14 ——— (6) consists only of new construction, and excluding any project that includes an
15 addition to an existing structure.

16 (c) Local Affordable Housing Bonus Project Eligibility Requirements. To receive the
17 development bonuses granted under this Section, a Local Project must meet all of the
18 following requirements:

19 ——— (1) Comply with the Inclusionary Affordable Housing Program, Section 415 of
20 this Code, by providing the applicable number of units on-site under Section 415.6. For
21 projects not subject to the Inclusionary Affordable Housing Program, the applicable number of
22 on-site units under this section shall be zero. If the Dial Alternative currently proposed in an
23 ordinance in Board of Supervisors File No. 150911 is adopted and permits a project sponsor
24 to provide more Inclusionary Units at higher AMIs than currently required (referred to as
25 “dialing up”), a project sponsor may dial up and meet the requirements of this subsection (D).

1 If the Dial Alternative of the Inclusionary Affordable Housing Program is ever amended to
2 allow a project sponsor to provide fewer Inclusionary Units at lower AMIs than currently
3 required (referred to as “dialing down”), then a Project cannot qualify for this Section 206.5 if it
4 elects to dial down;

5 ———(2) Provide an additional percentage of affordable units in the Local Project as
6 Middle Income Units, as defined herein, such that the total percentage of Inclusionary Units
7 and Middle Income Units equals 30%. The Middle Income Units shall be restricted for the Life
8 of the Project and shall comply with all of the requirements of the Procedures Manual
9 authorized in Section 415. As provided for in subsection (e), the Planning Department and
10 MOHCD shall amend the Procedures Manual to provide policies and procedures for the
11 implementation, including monitoring and enforcement, of the Middle Income units;

12 ———(3) Demonstrate to the satisfaction of the Environmental Review Officer that the
13 Local Project does not:

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

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

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

19 ———(4) Inclusive of Inclusionary Units and Middle Income Units, provides either (A)
20 a minimum unit mix of at least 40% of all units as two bedroom units or larger; or (B) any unit
21 mix such that 50% of all bedrooms within the Local Project are provided in units with more
22 than one bedroom. Local Projects are not eligible to modify this requirement under Planning
23 Code Section 303, 328, or any other provision of this Code; and,

24 ———(5) Provides replacement units for any units demolished or removed that are
25 subject to the San Francisco Rent Stabilization and Arbitration Ordinance, San Francisco

1 ~~Administrative Code Section 37, or are units qualifying for replacement as units being~~
2 ~~occupied by households of Low or Very Low Income, consistent with the requirements of~~
3 ~~Government Code section 65915(c)(3).~~

4 ~~(d) Development Bonuses. Any Local Project shall, at the project sponsor's request,~~
5 ~~receive any or all of the following:~~

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

14 ~~—— (2) Height. Up to 20 additional feet above the height authorized for the Local~~
15 ~~Project under the Height Map of the Zoning Map. This additional height may only be used to~~
16 ~~provide up to two additional 10-foot stories to the project, or one additional story of no more~~
17 ~~than 10 feet in height. Building features exempted from height controls under Planning Code~~
18 ~~Section 260(b) shall be measured from the roof level of the highest story provided under this~~
19 ~~section.~~

20 ~~—— (3) Ground Floor Ceiling Height. In addition to the permitted height allowed~~
21 ~~under (d)(2), Local Projects with active uses on the ground floor as defined in Section~~
22 ~~445.1(b)(2) shall receive up to a maximum of 5 additional feet in height above the height limit,~~
23 ~~in addition to the additional 20 feet granted in subsection (2) above. However, the additional 5~~
24 ~~feet may only be applied at the ground floor to provide a 14-foot (floor to ceiling) ceiling height~~
25 ~~for nonresidential uses, and to allow walk-up dwelling units to be consistent with the Ground~~

1 Floor Residential Design Guidelines. This additional 5 feet shall not be granted to projects
2 that already receive such a height increase under Planning Code Section 263.20.

3 ~~———— (4) Zoning Modifications. Local Affordable Housing Bonus Projects may select~~
4 ~~up to three of the following zoning modifications:~~

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

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

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

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

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

22 ~~————— (F) Additional Open Space: Up to an additional 5% reduction in common~~
23 ~~open space if provided under Section 135 or any applicable special use district, beyond the~~
24 ~~5% provided in subsection (E) above.~~

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

10 ~~(e) Implementation.~~

11 ~~———— (1) Application. The following procedures shall govern the processing of a~~
12 ~~request for a project to qualify under the Local Program.~~

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

17 ~~————— (i) A full plan set, including a site plan, elevations, sections and~~
18 ~~floor plans, showing total number of units, number of and location of Inclusionary Units, and~~
19 ~~Middle Income Units; and a draft Regulatory Agreement;~~

20 ~~————— (ii) The number of dwelling units which are on the property, or if~~
21 ~~the dwelling units have been vacated or demolished in the five year period preceding the~~
22 ~~application, have been and which were subject to a recorded covenant, ordinance, or law that~~
23 ~~restricts rents to levels affordable to persons and families of lower or very low income; subject~~
24 ~~to any other form of rent or price control through the City or other public entity's valid exercise~~
25 ~~of its police power; or occupied by lower or very low income households; and~~

1 ~~_____ (iii) If the property includes a parcel or parcels in which dwelling~~
2 ~~units under subsection (ii) are located or were located in the five year period preceding the~~
3 ~~application, the type and size of those units, and the incomes of the persons or families~~
4 ~~occupying those units.~~

5 ~~_____ (iv) The requested development bonuses and/or zoning~~
6 ~~modifications from those listed in subsection (d).~~

7 ~~_____ (B) Documentation that the applicant has provided written notification to~~
8 ~~all existing commercial or residential tenants that the applicant intends to develop the property~~
9 ~~pursuant to this section. Any affected commercial tenants shall be given priority processing~~
10 ~~similar to the Department's Community Business Priority Processing Program, as adopted by~~
11 ~~the San Francisco Commission on February 12, 2015 under Resolution Number 19323, to~~
12 ~~support relocation of such business in concert with access to relevant local business support~~
13 ~~programs.~~

14 ~~_____ (2) Procedures Manual. The Planning Department and MOHCD shall amend~~
15 ~~the Procedures Manual, authorized in Section 415, to include policies and procedures for the~~
16 ~~implementation, including monitoring and enforcement, of the Middle Income units. As an~~
17 ~~amendment to the Procedures Manual, such policies and procedures are subject to review~~
18 ~~and approval by the Planning Commission under Section 415. Amendments to the~~
19 ~~Procedures Manual shall include a requirement that project sponsors complete a market~~
20 ~~survey of the area before marketing Middle Income Units. All affordable units that are~~
21 ~~affordable to households between 120 and 140% of AMI must be marketed at a price that is at~~
22 ~~least 20% less than the current market rate for that unit size and neighborhood, in addition to~~
23 ~~any other applicable Program requirements.~~

24 ~~_____ (3) Notice and Hearing. Local Projects shall comply with Section 328 for review~~
25 ~~and approval.~~

1 ~~——— (4) Controls. Local Projects shall comply with Section 328. Notwithstanding~~
2 ~~any other provision of this Code, no conditional use authorization shall be required for a Local~~
3 ~~Project unless such conditional use requirement was adopted by the voters.~~

4 ~~——— (5) Regulatory Agreements. Recipients of a Density Bonus, Incentive,~~
5 ~~Concession, waiver, or modification shall enter into a Regulatory Agreement with the City, as~~
6 ~~follows.~~

7 ~~——— (A) The terms of the agreement shall be acceptable in form and content to the~~
8 ~~Planning Director, the Director of MOHCD, and the City Attorney. The Planning Director~~
9 ~~shall have the authority to execute such agreements.~~

10 ~~——— (B) Following execution of the agreement by all parties, the completed Density~~
11 ~~Bonus Regulatory Agreement, or memorandum thereof, shall be recorded and the conditions~~
12 ~~filed and recorded on the Housing Project.~~

13 ~~——— (C) The approval and recordation of the Regulatory Agreement shall take place~~
14 ~~prior to the issuance of the First Construction Document. The Regulatory Agreement shall be~~
15 ~~binding to all future owners and successors in interest.~~

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

18 ~~——— (i) The total number of dwelling units approved for the Housing Project,~~
19 ~~including the number of Restricted Affordable Units, Inclusionary Units, Middle Income Units~~
20 ~~or other restricted units;~~

21 ~~——— (ii) A description of the household income group to be accommodated by~~
22 ~~the Restricted Affordable Units, and the standards for determining the corresponding~~
23 ~~Affordable Rent or Affordable Sales Price. The project sponsor must commit to completing a~~
24 ~~market survey of the area before marketing Middle Income Units. All affordable units that are~~
25 ~~affordable to households between 120 and 140% of AMI must be marketed at a price that is~~

1 at least 20% less than the current market rate for that unit size and neighborhood, in addition
2 to any other applicable Program requirements;

3 _____ (iii) The location, dwelling unit sizes (in square feet), and number of
4 bedrooms of the Restricted Affordable Units;

5 _____ (iv) Term of use restrictions for Restricted Affordable Units of at least 55
6 years for Moderate Income units and at least 55 years for Low and Very Low units;

7 _____ (v) A schedule for completion and occupancy of Restricted Affordable
8 Units;

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

11 _____ (vii) A description of remedies for breach of the agreement (the City may
12 identify tenants or qualified purchasers as third party beneficiaries under the agreement);

13 and

14 _____ (viii) Other provisions to ensure implementation and compliance with this
15 Section.

16 **SEC. 206.4.206.3 THE 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAM.**

17 **(a) Purpose and Findings.** *This Section 206.34 describes the 100 Percent Affordable Housing*
18 *Bonus Program, or “100 Percent Affordable Housing Program”. In addition to the purposes*
19 *described in section Section 206.1, the purpose of the 100 Percent Affordable Housing Program is to*
20 *facilitate the construction and development of projects in which all of the residential units are*
21 *affordable to Low and Very-Low Income Households. Projects pursuing a development bonus under*
22 *this 100 Percent Affordable Program would exceed the City’s shared Proposition K housing goals that*
23 *50% of new housing constructed or rehabilitated in the City by 2020 be within the reach of working*
24 *middle class San Franciscans, and at least 33% affordable for low and moderate income households.*

1 **(b) Applicability.** A 100 Percent Affordable Housing Bonus Project under this
2 Section ~~206.4~~ 206.3 shall be a Housing Project that:

3 (1) contains three or more Residential Units, as defined in Section 102, not
4 including ~~Density Bonus Units~~ any additional units permitted through this Section 206 through a
5 density bonus;

6 (2) is located in any zoning district that:

7 (A) is not designated as an RH-1 or RH-2 Zoning District; and

8 (B) allows Residential Uses;

9 (3) is not seeking and receiving a density or development bonus under the provisions of
10 California Government Code Sections ~~65915~~ 65915 et seq., Planning Code Sections 207, 124(f), 304, 803.8
11 or any other state or local program that provides development bonuses; ~~and~~

12 (4) meets the definition of a “100 Percent Affordable Housing Project” in Section
13 206.2;

14 (5) demonstrates to the satisfaction of the Environmental Review Officer that the
15 Project does not:

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

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

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

21 (6) does not demolish, remove, or convert any residential units and does not
22 include any other parcel that has any residential units that would be demolished, removed, or
23 converted as part of the project;

1 (7) includes, at the ground floor, neighborhood serving uses, including but not
2 limited to general and specialty grocery, health service, institutional, and public facilities, all as
3 defined in Section 102; and,

4 (8) is not located within the boundaries of the Northeastern Waterfront Area Plan
5 south of the centerline of Broadway.

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

8 *(1) **Priority Processing.** 100 Percent Affordable Housing Bonus Projects shall receive*
9 *Priority Processing.*

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

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

23 *(4) **Ground Floor Ceiling Height.** In addition to the permitted height allowed under*
24 *subsection (c)(3), 100 Percent Affordable Housing Bonus Projects with active ground floors as defined*
25 *in Section 145.1(b)(2) shall receive one additional foot of height, up to a maximum of an additional five*

1 feet at the ground floor, exclusively to provide a minimum 14-foot (floor to ceiling) ground floor ceiling
2 height.

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

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

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

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

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

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

20 (F) **Inner Courts as Open Space:** In order for an inner court to qualify as
21 useable common open space, Section 135(g)(2) requires it to be at least 20 feet in every horizontal
22 dimension, and for the height of the walls and projections above the court on at least three sides (or
23 75% percent of the perimeter, whichever is greater) to be no higher than one foot for each foot that
24 such point is horizontally distant from the opposite side of the clear space in the court. 100 Percent%
25 Affordable Housing Bonus Projects may instead provide an inner court that is at least 25 feet in every

1 horizontal dimension, with no restriction on the heights of adjacent walls. All area within such an
2 inner court shall qualify as common open space under Section 135.

3 **(d) Implementation.**

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

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

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

13 (ii) The requested development bonuses from those listed in subsection
14 (c); and,

15 (iii) Unit size and distribution of multi-bedroom units.

16 (B) Documentation that the applicant has provided written notification to all
17 existing commercial or residential tenants that the applicant intends to develop the property pursuant
18 to this section 206.3. Any affected commercial tenants shall be given priority processing similar to the
19 Department's Community Business Priority Processing Program, as adopted by the San Francisco
20 Planning Commission on February 12, 2015 under Resolution Number 19323 to support relocation of
21 such business in concert with access to relevant local business support programs. In no case may an
22 applicant receive a site permit or any demolition permit prior to 18 months from the date of
23 written notification required by this subsection 206.3(d)(1)(B).

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

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

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

9 ~~206.5. STATE RESIDENTIAL DENSITY BONUS PROGRAM: ANALYZED~~

10 ~~(a) Purpose: Sections 206.5, 206.6, and 206.7 shall be referred to as the San~~
11 ~~Francisco State Residential Density Bonus Program or the State Density Bonus Program.~~
12 ~~First, the Analyzed State Density Bonus Program in Section 206.5 offers an expedited~~
13 ~~process for projects that seek a density bonus that is consistent with the pre-vetted menu of~~
14 ~~incentives, concessions and waivers that the Planning Department and its consultants have~~
15 ~~already determined are feasible, result in actual cost reductions, and do not have specific~~
16 ~~adverse impacts upon public health and safety of the physical environment. Second the~~
17 ~~Individually Requested State Density Bonus Program in Section 206.6 details the review,~~
18 ~~analysis and approval process for any project seeking a density bonus that is consistent with~~
19 ~~State Law, but is not consistent with the requirements for the Analyzed State Density Bonus~~
20 ~~Program established in Section 206.5. Third, Sections 206.7, describes density bonuses~~
21 ~~available under the State code for the provision of childcare facilities.~~

22 ~~This Section 206.5 implements the Analyzed State Density Bonus Program or~~
23 ~~“Analyzed State Program.” The Analyzed State Program offers an expedited process for~~
24 ~~projects that seek a density bonus that is consistent with, among other requirements set forth~~
25 ~~below, the pre-vetted menu of incentives, waiver and concessions.~~

1 ~~(b) Applicability:~~

2 ~~———— (1) A Housing Project that meets all of the requirements of this subsection (b)(1)~~
3 ~~or is a Senior Housing Project meeting the criteria of (b)(2) shall be an Analyzed State Density~~
4 ~~Bonus Project or an “Analyzed Project” for purposes of Section 206 et seq. A Housing Project~~
5 ~~that does not meet all of the requirements of this subsection (b), but seeks a density bonus~~
6 ~~under State law may apply for a density bonus under Section 206.6 as an Individually~~
7 ~~Requested State Density Bonus Project. To qualify for the Analyzed State Density Bonus~~
8 ~~Program a Housing Project must meet all of the following:~~

9 ~~———— (A) contain five or more residential units, as defined in Section 102, not~~
10 ~~including any Group Housing as defined in Section 102, efficiency dwelling units with reduced~~
11 ~~square footage defined in Section 318, and Density Bonus Units permitted through this~~
12 ~~Section 206.5 or other density program;~~

13 ~~———— (B) is not seeking and receiving a density or development bonus under~~
14 ~~Section 207; the Local Affordable Housing Bonus Program, Section 206.3; the 100 Percent~~
15 ~~Affordable Housing Bonus Program, Section 206.4; or any other local or State density bonus~~
16 ~~program that provides development bonuses;~~

17 ~~———— (C) for projects located in Neighborhood Commercial Districts is not~~
18 ~~seeking to merge lots that result in more than 125 in lot frontage on any one street;~~

19 ~~———— (D) is located in any zoning district that: (i) is not designated as an RH-1~~
20 ~~or RH-2 Zoning District; (ii) establishes a maximum dwelling unit density through a ratio of~~
21 ~~number of units to lot area, including but not limited to, RH-3, RM, RC, C-2, Neighborhood~~
22 ~~Commercial, Named Neighborhood Commercial, Chinatown Mixed Use Districts, and SoMa~~
23 ~~Mixed Use Districts, but only if the SoMa Mixed Use District has a density measured by a~~
24 ~~maximum number of dwelling units per square foot of lot area; (iii) is in the Fillmore~~
25 ~~Neighborhood Commercial Transit District and Divisadero Neighborhood Commercial Transit~~

1 District; and (D) is not in the North of Market Residential Special Use District, Planning Code
2 Section 249.5 until the Affordable Housing Incentive Study is completed at which time the
3 Board will review whether the North of Market Residential Special Use District should continue
4 to be excluded from this Program. The Study will explore opportunities to support and
5 encourage the provision of housing at the low, moderate, and middle income range in
6 neighborhoods where density controls have been eliminated. The goal of this analysis is to
7 incentivize increased affordable housing production levels at deeper and wider ranges of AMI
8 and larger unit sizes in these areas through 100% affordable housing development as well as
9 below market rate units within market rate developments; and

10 ~~————— (E) is providing all Inclusionary Units as On-site Units under Section~~
11 ~~415.6. If the Dial Alternative currently proposed in an ordinance in Board of Supervisors File~~
12 ~~No. 150911 is adopted and permits a project sponsor to provide more Inclusionary Units at~~
13 ~~higher AMIs than currently required (referred to as “dialing up”), a project sponsor may dial up~~
14 ~~and meet the requirements of this subsection (D). If the Dial Alternative of the Inclusionary~~
15 ~~Affordable Housing Program is ever amended to allow a project sponsor to provide fewer~~
16 ~~Inclusionary Units at lower AMIs than currently required (referred to as “dialing down”), then a~~
17 ~~Project cannot qualify for this Section 206.5 if it elects to dial down;~~

18 ~~————— (F) includes a minimum of nine foot ceilings on all residential floors;~~

19 ~~————— (G) is seeking only Concessions or Incentives set forth in subsection~~
20 ~~(e)(4);~~

21 ~~————— (H) is seeking height increases only in the form of a waiver as described~~
22 ~~in subsection (c)(5); and,~~

23 ~~————— (I) provides replacement units for any units demolished or removed that~~
24 ~~are subject to the San Francisco Residential Rent Stabilization and Arbitration Ordinance, San~~
25 ~~Francisco Administrative Code Section 37, or are units qualifying for replacement as units~~

1 being occupied by households of low or very low income, consistent with the requirements of
2 Government Code section 65915(c)(3).

3 ~~———— (2) A Senior Housing Project, as defined in Section 102, may qualify as an~~
4 ~~Analyzed State Density Bonus Project if it follows all of the procedures and conditions set~~
5 ~~forth in Planning Code Section 202.2(f).~~

6 ~~(c) Development Bonuses. All Analyzed State Law Density Bonus Projects shall~~
7 ~~receive, at the project sponsor’s written request, any or all of the following:~~

8 ~~(1) Priority Processing. Analyzed Projects that provide 30% or more of Units as~~
9 ~~On-site Inclusionary Housing Units or Restricted Affordable Units that meet all of the~~
10 ~~requirements of for an Inclusionary Housing Unit shall receive Priority Processing.~~

11 ~~(2) Density Bonus. Analyzed Projects that provide On-site Inclusionary Housing~~
12 ~~Units or Restricted Affordable Units that meet all of the requirements of for an Inclusionary~~
13 ~~Housing Unit shall receive a density bonus as described in Table 206.5 A as follows:~~

14 Table 206.5A

15 Density Bonus Summary — Analyzed

A Restricted Affordable Units or Category	B Minimum Percentage of Restricted Affordable Units	C Percentage of Density Bonus Granted	D Additional Bonus for Each 1% Increase In Restricted Affordable Units	E Percentage of Restricted Units Required for Maximum 35% Density Bonus
Very Low Income	5%	20%	2.50%	11%
Lower Income	10%	20%	1.50%	20%
Moderate Income	10%	5%	1%	40%

1	Senior Citizen Housing, as	100%	50%	-----	-----
2	defined in § 102, and				
3	meeting the requirements				
4	of § 202.2(f).				

5 Note: A density bonus may be selected from more than one category, up to a maximum of
6 35% of the Maximum Allowable Residential Density.

7 In calculating density bonuses under this subsection 206.5(c)(2) the following shall
8 apply:

9 (A) When calculating the number of permitted Density Bonus Units or
10 Restricted Affordable Units, any fractions of units shall be rounded to the next highest
11 number. Analyzed Density Bonus Program projects must include the minimum percentage of
12 Restricted Affordable Units identified in Column B of Table 206.5A for at least one income
13 category, but may combine density bonuses from more than one income category, up to a
14 maximum of 35% of the Maximum Allowable Residential Density.

15 (B) An applicant may elect to receive a Density Bonus that is less than
16 the amount permitted by this Section; however, the City shall not be required to similarly
17 reduce the number of Restricted Affordable Units required to be dedicated pursuant to this
18 Section and Government Code Section 65915(b).

19 (C) In no case shall a Housing Project be entitled to a Density Bonus of
20 more than 35%, unless it is a Senior Housing Project meeting the requirements of Section
21 202.2(f).

22 (D) The Density Bonus Units shall not be included when determining the
23 number of Restricted Affordable Units required to qualify for a Density Bonus. Density
24 bonuses shall be calculated as a percentage of the Maximum Allowable Residential Density.

~~(E) Any Restricted Affordable Unit provided pursuant to the on-site requirements of the Inclusionary Affordable Housing Program, Section 415 et seq., shall be included when determining the number of Restricted Affordable Units required to qualify for a Development Bonus under this Section 206.5. The payment of the Affordable Housing Fee shall not qualify for a Development Bonus under this Section. The provision of Off-site Units shall not qualify the Principal Project for a Density Bonus under this Section; however an Off-site Unit may qualify as a Restricted Affordable Unit to obtain a density bonus for the Off-site Project.~~

~~(F) In accordance with state law, neither the granting of a Concession, Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in and of itself, to require a general plan amendment, zoning change, variance, or other discretionary approval.~~

~~(3) Concessions and Incentives. Analyzed Projects shall receive concessions or incentives, in the amounts specified in Table 206.5B :~~

Table 206.5B

Concessions and Incentives Summary — Analyzed Projects

Target Group	Restricted Affordable Units		
Very Low Income	5%	10%	15%
Lower Income	10%	20%	30%
Moderate Income (Common Interest Development)	10%	20%	30%
Maximum Incentive(s)/Concession(s)	4	2	3

~~Notes: 1. Concessions or Incentives may be selected from only one category (very low, lower, or moderate) 2. Common Interest Development is defined in California Civil Code Section 4100.~~

1 (4) ~~Menu of Concessions and Incentives: In submitting a request for~~
2 ~~Concessions or Incentives, an applicant for an Analyzed State Density Bonus Project may~~
3 ~~request the specific Concessions and Incentives set forth below. The Planning Department,~~
4 ~~based on Department research and a Residential Density Bonus Study prepared by David~~
5 ~~Baker Architects, Seifel Consulting, and the San Francisco Planning Department dated~~
6 ~~August 2015, on file with the Clerk of the Board of Supervisors in File No. _____, has~~
7 ~~determined that the following Concessions and Incentives are generally consistent with~~
8 ~~Government Code Section 65915(d) because, in general, they: are required in order to~~
9 ~~provide for affordable housing costs; will not be deemed by the Department to have a specific~~
10 ~~adverse impact as defined in Government Code Section 65915(d); and are not contrary to~~
11 ~~State or Federal law.~~

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

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

23 (C) ~~Off-Street Loading: off-street loading spaces under Section 152 shall~~
24 ~~not be required.~~

1 (D) ~~Parking: up to a 50% reduction in the residential and commercial~~
2 ~~parking requirement, per Section 151 or any applicable special use district.~~

3 (E) ~~Open Space: up to a 5% reduction in required common open space~~
4 ~~per Section 135, or any applicable special use district.~~

5 (F) ~~Additional Open Space: up to an additional 5% reduction in required~~
6 ~~common open space per Section 135 or any applicable special use district, beyond the 5%~~
7 ~~provided in subsection (E) above.~~

8 (5) ~~Waiver or Modification of Height Limits. Analyzed Projects may request a~~
9 ~~waiver of the applicable height restrictions if the applicable height limitation will have the effect~~
10 ~~of physically precluding the construction of a Housing Project at the densities or with the~~
11 ~~Concessions or Incentives permitted by this subsection (c)(4). Analyzed Projects may receive~~
12 ~~a height bonus as of right of up to twenty feet or two stories, excluding exceptions permitted~~
13 ~~per Section 260(b), if the applicant demonstrates that it qualifies for a height waiver through~~
14 ~~the following formula:~~

15 Step one: ~~Calculate Base Density and Bonus Density Limits~~

16 ~~Calculate Base Density (BD), as defined in Section 206.2.~~

17 ~~Bonus Density Limit (BD): ED multiplied by 1.XX where XX is the density bonus~~
18 ~~requested per Section 206.5 of this Code (e.g. 7%, 23%, 35%), not to exceed 1.35, the~~
19 ~~maximum density bonus available by this Section.~~

20 Step two: ~~Calculate Permitted Envelope (PE). Buildable envelope available~~
21 ~~under existing height and bulk controls.~~

22 ~~PE equals lot area multiplied by permitted lot coverage, where lot coverage~~
23 ~~equals .75, or .8 if the developer elects to request a rear yard modification under Section~~
24 ~~206.5(c)(4)(A), multiplied by existing height limit (measured in number of stories), minus one~~
25 ~~story for projects in districts where non-residential uses are required on the ground floor, and~~

1 minus any square footage subject to bulk limitations (for parcels that do not have an X bulk
2 designation).

3 Step three: Calculate Bonus Envelope (BE) Residential envelope necessary to
4 accommodate additional density ("Bonus envelope" or "BE")

5 BE equals Bonus Density multiplied by 1,000 gross square feet

6 Step four: Calculate Additional Residential Floors. Determine the number of
7 stories required to accommodate bonus:

8 (A) If BE is less than or equal to PE, the project is not awarded height
9 under this subsection (c)(5).

10 (B) If BE is greater than PE, the project is awarded height, as follows:

11 (i) If BE minus PE is less than the lot area multiplied by 0.75,
12 project is allowed 1 extra story; total gross square footage of building not to exceed BE;

13 (ii) If BE minus PE is greater than the lot area multiplied by 0.75
14 (i.e. if the difference is greater than one story), project is allowed two extra stories; total gross
15 square footage of building not to exceed BE.

16 (d) Application. An application for an Analyzed State Density Bonus Project under this
17 Section 206.5 shall be submitted with the first application for approval of a Housing Project
18 and shall be processed concurrently with all other applications required for the Housing
19 Project. The application shall be on a form prescribed by the City and, in addition to any
20 information required for other applications, shall include the following information:

21 (1) A description of the proposed Housing Project, including the total number of
22 dwelling units, Restricted Affordable Units, and Density Bonus Units proposed;

23 (2) Any zoning district designation, Base Density, assessor's parcel number(s)
24 of the project site, and a description of any Density Bonus, Concession or Incentive, or waiver
25 requested;

- 1 ~~—— (3) A list of the requested Concessions and Incentives from Section 206.5(c)(4);~~
- 2 ~~—— (4) If a waiver or modification of height is requested under Section 206.5(c)(5),~~
3 ~~a calculation demonstrating how the project qualifies for such waiver under the formula;~~
- 4 ~~—— (5) A full plan set including site plan, elevations, sections, and floor plans,~~
5 ~~number of market rate units, Restricted Affordable Units, and Density Bonus units within the~~
6 ~~proposed Housing Project. The location of all units must be approved by the Planning~~
7 ~~Department before the issuance of the building permit;~~
- 8 ~~—— (6) Level of affordability of the Restricted Affordable Units and a draft~~
9 ~~Regulatory Agreement;~~
- 10 ~~—— (7) The number of rental dwelling units which are on the property, or if the~~
11 ~~dwelling units have been vacated or demolished in the five year period preceding the~~
12 ~~application, have been and which were subject to a recorded covenant, ordinance, or law that~~
13 ~~restricts rents to levels affordable to persons and families of lower or very low income; subject~~
14 ~~to any other form of rent or price control through the City or other public entity's valid exercise~~
15 ~~of its police power; or occupied by lower or very low income households; and~~
- 16 ~~—— (8) If the property includes a parcel or parcels in which dwelling units under~~
17 ~~subsection (7) are located or were located in the five year period preceding the application,~~
18 ~~the type and size of those units, and the incomes of the persons or families occupying those~~
19 ~~units.~~
- 20 ~~—— (9) Documentation that the applicant has provided written notification to all~~
21 ~~existing commercial or residential tenants that the applicant intends to develop the property~~
22 ~~pursuant to this section. Any affected commercial tenants shall be given priority processing~~
23 ~~similar to the Department's Community Business Priority Processing Program, as adopted by~~
24 ~~the San Francisco Commission on February 12, 2015 under Resolution Number 19323 to~~
25

1 support relocation of such business in concert with access to relevant local business support
2 programs.

3 (e) ~~Review Procedures.~~ An application for an Analyzed State Density Bonus Project,
4 shall be acted upon concurrently with the application for other permits related to the Housing
5 Project.

6 ~~———— (1) Before approving an application for an Analyzed Project, the Planning~~
7 ~~Department or Commission shall make written findings that the Housing Project is qualified as~~
8 ~~an Analyzed State Density Bonus Project.~~

9 ~~———— (2) The review procedures for an Analyzed Project, including notice, hearings,~~
10 ~~and appeal, shall be the procedures applicable to the Housing Project regardless of whether it~~
11 ~~is applying for a State Density Bonus under this Section 206.5. However, any notice shall~~
12 ~~specify that the Housing Project is seeking a Development Bonus and shall provide a~~
13 ~~description of the Development Bonuses requested. Analyzed Projects shall also be reviewed~~
14 ~~for consistency with the Affordable Housing Bonus Program Design Guidelines.~~

15 (f) ~~Regulatory Agreements.~~ Recipients of a Density Bonus, Incentive, Concession,
16 waiver, or modification shall enter into a Regulatory Agreement with the City, as follows:

17 ~~———— (1) The terms of the agreement shall be acceptable in form and content to the~~
18 ~~Planning Director, the Director of MOHCD, and the City Attorney. The Planning Director~~
19 ~~shall have the authority to execute such agreements.~~

20 ~~———— (2) Following execution of the agreement by all parties, the completed Density~~
21 ~~Bonus Regulatory Agreement, or memorandum thereof, shall be recorded and the conditions~~
22 ~~filed and recorded on the Housing Project.~~

23 ~~———— (3) The approval and recordation of the Regulatory Agreement shall take place~~
24 ~~prior to the issuance of the First Construction Document. The Regulatory Agreement shall be~~
25 ~~binding to all future owners and successors in interest.~~

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

3 (A) The total number of dwelling units approved for the Housing Project,
4 including the number of Restricted Affordable Units, Inclusionary Units, Middle Income Units
5 or other restricted units;

6 (B) A description of the household income group to be accommodated by
7 the Restricted Affordable Units, and the standards for determining the corresponding
8 Affordable Rent or Affordable Sales Price;

9 (C) The location, dwelling unit sizes (in square feet), and number of
10 bedrooms of the Restricted Affordable Units;

11 (D) Term of use restrictions for Restricted Affordable Units of at least 55
12 years for Moderate Income units and at least 55 years for Low and Very Low units;

13 (E) A schedule for completion and occupancy of Restricted Affordable
14 Units;

15 (F) A description of any Concession, Incentive, waiver, or modification, if
16 any, being provided by the City;

17 (G) A description of remedies for breach of the agreement (the City may
18 identify tenants or qualified purchasers as third party beneficiaries under the agreement);

19 and

20 (H) Other provisions to ensure implementation and compliance with this
21 Section.

22 SEC. 206.6. STATE DENSITY BONUS PROGRAM: INDIVIDUALLY REQUESTED.

23 (a) Purpose and Findings: This Section 206.6 details the review, analysis and
24 approval process for any project seeking a density bonus that is consistent with State Law,
25 Government Code section 65915 et seq., but is not consistent with the pre-vetted menu of

1 concessions, incentives or waivers, or other requirements established in Section 206.5 as
2 analyzed by the Planning Department in coordination with David Baker and Seifel Consulting,
3 and shall be known as the Individually Requested State Density Bonus Program.

4 California State Density Bonus Law allows a housing developer to request parking
5 ratios not to exceed the ratios set forth in Government Code section 65915(p)(1), which may
6 further be reduced as an incentive or concession. Because in most cases San Francisco
7 regulates parking by dwelling unit as described in Article 1.5 of this Code, the minimum
8 parking ratios set forth in the Government Code are greater than those allowed in San
9 Francisco. Given that San Francisco's parking ratios are already less than the State ratios, the
10 City finds that the State's minimum parking ratio requirement does not apply.

11 (b) Applicability. A Housing Project that does not meet any one or more of the criteria
12 of Section 206.5(b) under the Analyzed State Density Bonus Program, but meets the following
13 requirements, may apply for a Development Bonus under this Section 206.6 as an
14 "Individually Requested State Density Bonus Project" or "Individually Requested Project" if it
15 meets all of the following criteria:

16 ——— (1) contains five or more residential units, as defined in Section 102;

17 ——— (2) is not seeking and receiving a density or development bonus under Section
18 207; the Local Affordable Housing Bonus Program, Section 206.3; the 100 Percent Affordable
19 Housing Bonus Program, Section 206.4; Section 304, or any other local or state bonus
20 program that provides development bonuses.

21 ——— (3) provides Restricted Affordable Housing Units, including but not limited to
22 Inclusionary Housing Units, at minimum levels as provided in Table 206.6A; and,

23 ——— (4) provides replacement units for any units demolished or removed that are
24 subject to the San Francisco Rent Stabilization and Arbitration Ordinance, San Francisco
25 Administrative Code Section 37, or are units qualifying for replacement as units being

1 occupied by households of low or very low income, consistent with the requirements of
2 Government Code section 65915(c)(3).

3 ~~———— (5) Is in any zoning district except for RH-1 or RH-2, unless the Code permits~~
4 ~~the development of a project of 5 units or more on a site or sites.~~

5 ~~(c) Development Bonuses. Any Individually Requested Density Bonus Project shall, at~~
6 ~~the project sponsor’s request, receive any or all of the following:~~

7 ~~(1) Density Bonus. Individually Requested Projects that provide On-site~~
8 ~~Inclusionary Housing Units or Restricted Affordable Units shall receive a density bonus as~~
9 ~~described in Table 206.6A as follows:~~

10 Table 206.6 A

11 Density Bonus Summary — Individually Requested Project

12 Restricted Affordable Units or Category	13 Minimum Percentage of Restricted Affordable Units	14 Percentage of Density Bonus Granted	15 Additional Bonus for Each 1% Increase In Restricted Affordable Units	16 Percentage of Restricted Units Required for Maximum 35% Density Bonus
17 Very Low Income	5%	20%	2.50%	11%
18 Lower Income	10%	20%	1.50%	20%
19 Moderate Income	10%	5%	1%	40%
20 Senior Citizen Housing	100%	20%	-----	-----

21 Note: A density bonus may be selected from only one category up to a maximum of 35% of
22 the Maximum Allowable Residential Density.

23 ~~———— In calculating density bonuses under this subsection 206.6(c)(1) the following~~
24 ~~shall apply:~~

25 ~~(A) When calculating the number of permitted Density Bonus Units or~~
~~Restricted Affordable Units, any fractions of units shall be rounded to the next highest~~
~~number.~~

1 (B) ~~An applicant may elect to receive a Density Bonus that is less than~~
2 ~~the amount permitted by this Section; however, the City shall not be required to similarly~~
3 ~~reduce the number of Restricted Affordable Units required to be dedicated pursuant to this~~
4 ~~Section and Government Code Section 65915(b).~~

5 (C) ~~Each Housing Project is entitled to only one Density Bonus, which~~
6 ~~shall be selected by the applicant based on the percentage of Very Low Income Restricted~~
7 ~~Affordable Units, Lower Income Restricted Affordable Units, or Moderate Income Restricted~~
8 ~~Affordable Units, or the Housing Project's status as a Senior Citizen Housing Development.~~
9 ~~Density bonuses from more than one category may not be combined. In no case shall a~~
10 ~~Housing Project be entitled to a Density Bonus of more than thirty-five percent (35%), unless~~
11 ~~it is a Senior Housing Project meeting the requirements of Section 202.2(f).~~

12 (D) ~~The Density Bonus Units shall not be included when determining the~~
13 ~~number of Restricted Affordable Units required to qualify for a Density Bonus. Density~~
14 ~~bonuses shall be calculated as a percentage of the Maximum Allowable Residential Density.~~

15 (E) ~~Any Restricted Affordable Unit provided pursuant to the on-site~~
16 ~~requirements of the Inclusionary Affordable Housing Program, Section 415 et seq., shall be~~
17 ~~included when determining the number of Restricted Affordable Units required to qualify for a~~
18 ~~Development Bonus under this Section 206.6. The payment of the Affordable Housing Fee~~
19 ~~shall not qualify for a Development Bonus under this Section. The provision of Off-site Units~~
20 ~~shall not qualify the Principal Project for a Density Bonus under this Section; however an Off-~~
21 ~~site Unit may qualify as a Restricted Affordable Unit to obtain a density bonus for the Off-site~~
22 ~~Project.~~

23 (F) ~~In accordance with state law, neither the granting of a Concession,~~
24 ~~Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in~~

1 and of itself, to require a general plan amendment, zoning change, variance, or other
2 discretionary approval.

3 ~~(G) No additional Density Bonus shall be authorized for a Senior Citizen
4 Development beyond the Density Bonus authorized by subsection (1) of this Section.~~

5 ~~————— (H) Certain other types of development activities are specifically eligible
6 for a development bonuses pursuant to State law, including land donation under
7 Government Code Section 65915(g), condominium conversions under Government Code
8 section 65915.5 and qualifying mobile home parks under Government Code section
9 65915(b)(1)(C). Such projects shall be considered Individually Requested State Density
10 Bonus Projects.~~

11 ~~————— (2) Concessions and Incentives. This Section includes provisions for providing
12 Concessions or Incentives pursuant to Government Code Section 65915 et seq, as set forth
13 in Table 206.6B. For purposes of this Section 206.6, Concessions and Incentives as used
14 interchangeably shall mean such regulatory concessions as specified in Government Code
15 Section 65915(k) to include:~~

16 ~~————— (A) A reduction of site Development Standards or architectural design
17 requirements which exceed the minimum applicable building standards approved by the
18 State Building Standards Commission pursuant to Part 2.5 (commencing with Section
19 48901) of Division 13 of the Health and Safety Code, including, but not limited to, a reduction
20 in setback, coverage, and/or parking requirements which result in identifiable, financially
21 sufficient and actual cost reductions;~~

22 ~~————— (B) Allowing mixed use development in conjunction with the proposed
23 residential development, if nonresidential land uses will reduce the cost of the residential
24 project and the nonresidential land uses are compatible with the residential project and
25 existing or planned development in the area where the Housing Project will be located; and~~

1 _____ (C) Other regulatory incentives or concessions proposed by the
2 developer or the City that result in identifiable, financially sufficient, and actual cost
3 reductions.

4 _____ Table 206.6B

5 ~~Concessions and Incentives Summary – Individually Requested Project~~

Target Group	Restricted Affordable Units		
Very Low Income	5%	10%	15%
Lower Income	10%	20%	30%
Moderate Income (Common Interest Development)	10%	20%	30%
Maximum Incentive(s)/Concession(s)	1	2	3

6
7
8
9
10
11 Notes: 1. Concessions or Incentives may be selected from only one category (very low,
12 lower, or moderate). 2. Common Interest Development is defined in California Civil Code
13 Section 4100.

14 _____ (3) Request for Concessions and Incentives. In submitting a request for
15 Concessions or Incentives that are not specified in Section 206.5(c)(4), an applicant for an
16 Individually Requested Density Bonus Project must provide documentation described in
17 subsection (d) below in its application. The Planning Commission shall hold a hearing and
18 shall approve the Concession or Incentive requested unless it makes written findings, based
19 on substantial evidence that:

20 _____ (A) The Concession or Incentive is not required in order to provide for
21 affordable housing costs, as defined in Section 50052.5 of the California Health and Safety
22 Code, or for rents for the Restricted Affordable Units to be as specified in this Section 206.6;

23 or

24 _____ (B) The Concession or Incentive would have a specific adverse impact,
25 as defined in Government Code Section 65589.5(d)(2) upon public health and safety or the
physical environment or any real property that is listed in the California Register of Historical

1 Resources and for which there is no feasible method to satisfactorily mitigate or avoid the
2 specific adverse impact without rendering the Housing Project unaffordable to low- and
3 moderate-income households.

4 _____ (C) The Concession or Incentive would be contrary to state or federal
5 law.

6 _____ (4) Waiver or Modification. An applicant may apply for a waiver or modification
7 of Development Standards that will have the effect of physically precluding the construction of
8 a Housing Project at the densities or with the Concessions or Incentives permitted by this
9 Section 206.6. The Planning Commission will not grant a waiver or modification under this
10 Section unless it is necessary to achieve the additional density or the Concessions or
11 Incentives permitted by this Section 206.6. The developer must submit sufficient information
12 as determined by the Planning Department demonstrating that Development Standards that
13 are requested to be waived or modified will have the effect of physically precluding the
14 construction of a Housing Project meeting the criteria of this Section 206.6 at the densities or
15 with the Concessions or Incentives permitted. The Planning Commission shall hold a hearing
16 to determine if the project sponsor has demonstrated that the waiver is necessary. The
17 Planning Commission may deny a waiver if it finds on the basis of substantial evidence that:

18 _____ (A) It is not required to permit the construction of a Housing Project
19 meeting the density permitted or with the Concessions and Incentives permitted under this
20 Section 206.6;

21 _____ (B) The Waiver is not required in order to provide for affordable housing
22 costs, as defined in Section 50052.5 of the California Health and Safety Code, or for rents for
23 the Restricted Affordable Units to be as specified in this Section 206.6;

24 _____ (C) The Waiver would have a specific adverse impact, as defined in
25 Government Code Section 65589.5(d)(2) upon public health and safety or the physical

1 environment or any real property that is listed in the California Register of Historical
2 Resources and for which there is no feasible method to satisfactorily mitigate or avoid the
3 specific adverse impact without rendering the Housing Project unaffordable to low- and
4 moderate-income households; or,

5 ~~—————(D) The Waiver would be contrary to state or federal law.~~

6 ~~————(5) Nothing in this Section shall be construed to require the provision of direct~~
7 ~~financial incentives for the Project, including the provision of publicly owned land by the City or~~
8 ~~the waiver of fees or dedication requirements.~~

9 ~~(d) Application. An application for a Density Bonus, Incentive, Concession, or waiver~~
10 ~~under this Section 206.6 shall be submitted with the first application for approval of a Housing~~
11 ~~Project and shall be processed concurrently with all other applications required for the~~
12 ~~Housing Project. The application shall be on a form prescribed by the City and, in addition to~~
13 ~~any information required for other applications, shall include the following information:~~

14 ~~————(1) A description of the proposed Project, and a full plan set, including a site~~
15 ~~plan, elevations, section and floor plans, with the total number and location of dwelling units,~~
16 ~~Restricted Affordable Units, and Density Bonus Units proposed;~~

17 ~~————(2) A plan set sufficient for the Planning Department to determine the project~~
18 ~~site's Maximum Allowable Residential Density. The project sponsor shall submit plans for a~~
19 ~~base project that demonstrates a Code-complying project on the Housing Project site without~~
20 ~~use of a modification, Conditional Use Authorization, Variance, Planned Unit Development, or~~
21 ~~other exception from the Planning Code. Such plans shall include similar detail to the~~
22 ~~proposed Housing Project. The project sponsor shall demonstrate that site constraints do not~~
23 ~~limit the Maximum Allowable Residential Density for the base project in practice. If the project~~
24 ~~sponsor cannot make such a showing, the Zoning Administrator shall determine whether the~~
25 ~~Maximum Allowable Residential Density shall be adjusted for purposes of this Section.~~

1 ~~——— (3) The zoning district designations, Maximum Allowable Residential Density,~~
2 ~~assessor's parcel number(s) of the project site, and a description of any Density Bonus,~~
3 ~~Concession or Incentive, or waiver requested;~~

4 ~~——— (4) If a Concession or Incentive is requested that is not included within the~~
5 ~~menu of Incentives/Concessions set forth in subsection 206.5(c), a submittal including~~
6 ~~financial information or other information providing evidence that the requested Concessions~~
7 ~~and Incentives result in identifiable, financially sufficient, and actual cost reductions required in~~
8 ~~order to provide for affordable housing costs as defined in Health and Safety Code Section~~
9 ~~50052.5, or for rents for the Restricted Affordable Units to be provided as required under this~~
10 ~~Program. The cost of reviewing any required financial information, including, but not limited~~
11 ~~to, the cost to the City of hiring a consultant to review the financial data, shall be borne by the~~
12 ~~applicant. The financial information shall include all of the following items:~~

13 ~~——— (A) The actual cost reduction achieved through the Concession or~~
14 ~~Incentive;~~

15 ~~——— (B) Evidence that the cost reduction allows the applicant to provide~~
16 ~~affordable rents or affordable sales prices; and~~

17 ~~——— (C) Any other information requested by the Planning Director. The~~
18 ~~Planning Director may require any financial information including information regarding capital~~
19 ~~costs, equity investment, debt service, projected revenues, operating expenses, and such~~
20 ~~other information as is required to evaluate the financial information;~~

21 ~~——— (5) If a waiver or modification is requested, a submittal containing the following~~
22 ~~information. The cost of reviewing any required information supporting the request for a~~
23 ~~waiver, including, but not limited to, the cost to the City of hiring a consultant to review the~~
24 ~~architectural information, shall be borne by the applicant.~~

1 ~~_____ (A) Why the Development Standard would physically preclude the~~
2 ~~construction of the Development with the Density Bonus, Incentives, and Concessions~~
3 ~~requested.~~

4 ~~_____ (B) Any other information requested by the Planning Director as is~~
5 ~~required to evaluate the request;~~

6 ~~_____ (6) Level of affordability of the Restricted Affordable Units and a draft~~
7 ~~Regulatory Agreement;~~

8 ~~_____ (7) The number of residential units which are on the property, or if the~~
9 ~~residential units have been vacated or demolished in the five year period preceding the~~
10 ~~application, have been and which were subject to a recorded covenant, ordinance, or law that~~
11 ~~restricts rents to levels affordable to persons and families of lower or very low income; subject~~
12 ~~to any other form of rent or price control through the City or other public entity's valid exercise~~
13 ~~of its police power; or occupied by lower or very low income households;~~

14 ~~_____ (8) If the property includes a parcel or parcels in which dwelling units under (6)~~
15 ~~are located or were located in the five year period preceding the application, the type and size~~
16 ~~of those units, the incomes of the persons or families occupying those units.~~

17 ~~_____ (9) Documentation that the applicant has provided written notification to all~~
18 ~~existing commercial or residential tenants that the applicant intends to develop the property~~
19 ~~pursuant to this section. Any affected commercial tenants shall be given priority processing~~
20 ~~similar to the Department's Community Business Priority Processing Program, as adopted by~~
21 ~~the San Francisco Commission on February 12, 2015 under Resolution Number 19323 to~~
22 ~~support relocation of such business in concert with access to relevant local business support~~
23 ~~programs.~~

24 ~~_____ (10) If a Density Bonus or Concession is requested for a land donation under~~
25 ~~Government Code Section 65915(g), the application shall show the location of the land to be~~

1 dedicated, provide proof of site control, and provide evidence that all of the requirements and
2 each of the findings included in Government Code Section 65915(g) can be made;

3 ——— (11) If a density bonus or Concession is requested for a Child Care Facility
4 under Section 206.7, the application shall show the location and square footage of the child
5 care facilities and provide evidence that all of the requirements and each of the findings
6 included in Government Code Section 65915(h) can be made;

7 ——— (12) If a Density Bonus or Concession is requested for a condominium
8 conversion, the applicant shall provide evidence that all of the requirements found in
9 Government Code Section 65915.5 can be met.

10 (e) Review Procedures. An application for a Density Bonus, Incentive, Concession, or
11 waiver shall be acted upon concurrently with the application other permits related to the
12 Housing Project.

13 ——— (1) Before approving an application for a Density Bonus, Incentive, Concession,
14 or waiver, for any Individually Requested Density Bonus Project, the Planning Commission
15 shall make the following findings as applicable.

16 ——— (A) The Housing Project is eligible for the Affordable Housing Bonus
17 Program.

18 ——— (B) The Housing Project has demonstrated that any Concessions or
19 Incentives are required in order to provide for affordable housing costs, as defined in Section
20 50052.5 of the California Health and Safety Code, or for rents for the targeted units, based
21 upon the financial analysis and documentation provided.

22 ——— (C) If a waiver or modification is requested, a finding that the
23 Development Standards for which the waiver is requested would have the effect of physically
24 precluding the construction of the Housing Project with the Density Bonus or Concessions and
25 Incentives permitted.

1 ~~_____ (D) If the Density Bonus is based all or in part on donation of land, a~~
2 ~~finding that all the requirements included in Government Code Section 65915(g) have been~~
3 ~~met.~~

4 ~~_____ (E) If the Density Bonus, Concession or Incentive is based all or in part~~
5 ~~on the inclusion of a Child Care Facility, a finding that all the requirements included in~~
6 ~~Government Code Section 65915(h) have been met.~~

7 ~~_____ (F) If the Concession or Incentive includes mixed-use development, a~~
8 ~~finding that all the requirements included in Government Code Section 65915(k)(2) have been~~
9 ~~met.~~

10 ~~_____ (2) If the findings required by subsection (a) of this Section cannot be made, the~~
11 ~~Planning Commission may deny an application for a Concession, Incentive, waiver or~~
12 ~~modification only if it makes one of the following written findings, supported by substantial~~
13 ~~evidence:~~

14 ~~_____ (A) The Concession, Incentive, waiver or modification is not required to~~
15 ~~provide for the affordability levels required for Restricted Affordable Units;~~

16 ~~_____ (B) The Concession, Incentive, waiver or modification would have a~~
17 ~~specific, adverse impact upon public health or safety or the physical environment or on real~~
18 ~~property listed in the California Register of Historic Resources, and there is no feasible~~
19 ~~method to satisfactorily mitigate or avoid the specific adverse impact without rendering the~~
20 ~~Housing Project unaffordable to Low and Moderate Income households. For the purpose of~~
21 ~~this subsection, "specific adverse impact" means a significant, quantifiable, direct, and~~
22 ~~unavoidable impact, based on objective, identified, written public health or safety standards,~~
23 ~~policies, or conditions as they existed on the date that the application for the Housing Project~~
24 ~~was deemed complete; or~~

1 ~~_____ (C) The Concession, Incentive, waiver or modification is contrary to state~~
2 ~~or federal law.~~

3 ~~_____ (3) The review procedures for an Individually Requested Density Bonus Project,~~
4 ~~including notice, hearings, and appeal, shall be the procedures applicable to the Housing~~
5 ~~Project regardless of whether it is applying for a State Density Bonus under this Section~~
6 ~~206.6. However, any notice shall specify that the Housing Project is seeking a Development~~
7 ~~Bonus and shall provide a description of the development bonuses requested. Individually~~
8 ~~Requested Projects shall also be reviewed for consistency with the Affordable Housing Bonus~~
9 ~~Program Design Guidelines.~~

10 ~~_____ (4) In accordance with state law, neither the granting of a Concession,~~
11 ~~Incentive, waiver, or modification, nor the granting of a Density Bonus, shall be interpreted, in~~
12 ~~and of itself, to require a general plan amendment, zoning change, variance, or other~~
13 ~~discretionary approval.~~

14 ~~(f) Regulatory Agreements. Recipients of a Density Bonus, Incentive, Concession,~~
15 ~~waiver, or modification shall enter into a Regulatory Agreement with the City, as follows.~~

16 ~~_____ (1) The terms of the agreement shall be acceptable in form and content to the~~
17 ~~Planning Director, the Director of MOHCD, and the City Attorney. The Planning Director~~
18 ~~shall have the authority to execute such agreements.~~

19 ~~_____ (2) Following execution of the agreement by all parties, the completed Density~~
20 ~~Bonus Regulatory Agreement, or memorandum thereof, shall be recorded and the conditions~~
21 ~~filed and recorded on the Housing Project.~~

22 ~~_____ (3) The approval and recordation of the Regulatory Agreement shall take place~~
23 ~~prior to the issuance of the First Construction Document. The Regulatory Agreement shall be~~
24 ~~binding to all future owners and successors in interest.~~

1 ~~_____ (4) The Regulatory Agreement shall be consistent with the guidelines of the~~
2 ~~City's Inclusionary Housing Program and shall include at a minimum the following:~~

3 ~~_____ (A) The total number of dwelling units approved for the Housing Project,~~
4 ~~including the number of Restricted Affordable Units, Inclusionary Units, Middle Income Units~~
5 ~~or other restricted units;~~

6 ~~_____ (B) A description of the household income group to be accommodated by~~
7 ~~the Restricted Affordable Units, and the standards for determining the corresponding~~
8 ~~Affordable Rent or Affordable Sales Price;~~

9 ~~_____ (C) The location, dwelling unit sizes (in square feet), and number of~~
10 ~~bedrooms of the Restricted Affordable Units;~~

11 ~~_____ (D) Term of use restrictions for Restricted Affordable Units of at least 55~~
12 ~~years for Moderate Income units and at least 55 years for Low and Very Low units;~~

13 ~~_____ (E) A schedule for completion and occupancy of Restricted Affordable~~
14 ~~Units;~~

15 ~~_____ (F) A description of any Concession, Incentive, waiver, or modification, if~~
16 ~~any, being provided by the City;~~

17 ~~_____ (G) A description of remedies for breach of the agreement (the City may~~
18 ~~identify tenants or qualified purchasers as third party beneficiaries under the agreement);~~

19 ~~and~~

20 ~~_____ (H) Other provisions to ensure implementation and compliance with this~~
21 ~~Section.~~

22 ~~SEC. 206.7. CHILD CARE FACILITIES.~~

23 ~~(a) For purposes of this Section 206.7, "Child Care Facility" means a child day care~~
24 ~~facility other than a family day care home, including, but not limited to, infant centers,~~
25 ~~preschools, extended day care facilities, and school age child care centers~~

1 (b) ~~When an applicant proposes to construct a Housing Project that is eligible for a~~
2 ~~Density Bonus under Section 206.6 and includes a Child Care Facility that will be located on~~
3 ~~the premises of, as part of, or adjacent to, the Housing Project, all of the provisions of this~~
4 ~~Section 206.7 shall apply and all of the provisions of Section 206.6 shall apply, except as~~
5 ~~specifically provided in this Section 206.7.~~

6 (c) ~~When an applicant proposes to construct a Housing Project that is eligible for a~~
7 ~~Density Bonus under Section 206.6 and includes a Child Care Facility that will be located on~~
8 ~~the premises of, as part of, or adjacent to, the Housing Project, the City shall grant either:~~

9 ~~(1) An additional density bonus that is an amount of square feet of residential~~
10 ~~space that is equal to or greater than the square footage of the Child Care Facility; or~~

11 ~~(2) An additional Concession or Incentive that contributes significantly to the~~
12 ~~economic feasibility of the construction of the Child Care Facility.~~

13 (d) ~~The City shall require, as a condition of approving the Housing Project, that the~~
14 ~~following occur:~~

15 ~~(1) The Child Care Facility shall remain in operation for a period of time that is~~
16 ~~as long as or longer than the period of time during which the Affordable Units are required to~~
17 ~~remain affordable. In the event the childcare operations cease to exist, the Zoning~~
18 ~~Administrator may approve in writing an alternative community service use for the child care~~
19 ~~facility.~~

20 ~~(2) Of the children who attend the Child Care Facility, the children of Very Low,~~
21 ~~Lower and Moderate Income households shall equal a percentage that is equal to or greater~~
22 ~~than the percentage of Restricted Affordable Units in the Housing Project that are required for~~
23 ~~Very Low, Lower and Moderate Income households pursuant to Section 206.6.~~

1 (e) Notwithstanding subsections (a) and (b) above, the City shall not be required to
2 provide a density bonus or a Concession or Incentive for a child care facility if it finds, based
3 upon substantial evidence, that the community has adequate child care facilities.

4 **SEC. 206.8206.4. 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAM**

5 **EVALUATION.**

6 (a) Within one year from the effective date of Section 206 and following, the Planning
7 Department shall provide an informational presentation to the Planning Commission, and any other
8 City agency at their request, presenting an overview of all projects that request or receive development
9 bonuses under the Local Affordable Housing Bonus Program, the 100 Percent Affordable Housing
10 Bonus Program and the Analyzed and Individually Requested State Density Bonus Program
11 (“the Bonus Programs”).

12 (b) Annual Reporting. The Planning Department, in coordination with MOHCD, shall
13 include information on projects which request and receive development bonuses under the Bonus
14 Programs in any relevant Department publications regarding the development of housing in
15 San Francisco, including, but not limited to, the Quarterly Pipeline Report, the Housing
16 Inventory and the Housing Balance Report.

17 - (c) Data Report Report Contents. The Housing Inventory Planning Department, in
18 coordination with MOHCD, shall prepare a Data Report reviewing the Bonus Programs every
19 five years, beginning five years from the Effective Date of Section 206 and following. This
20 report shall include, but not be limited to, information on the:

- 21 - (1) number of projects utilizing the Bonus Programs;
- 22 - (2) number of units approved and constructed under the Bonus Programs and the AMI
23 levels of such units;
- 24 - (3) number of additional affordable units in excess of that otherwise required by
25 Section 415;

- 1 - (43) geographic distribution of projects, including the total number of units in each
- 2 project, utilizing the Bonus Programs;
- 3 - (54) number of larger unit types, including the number of 3-bedroom units;
- 4 - (65) square feet of units by bedroom count;
- 5 - (76) number of projects with 9 nine or fewer units that participate; and
- 6 - (87) Number of appeals of projects in the Bonus Program and stated reason for appeal.

7 (d) Program Evaluation and Update.:

8 (1) Purpose and Contents. In coordination with the Data Report, Every five years,

9 beginning five years from the Effective-effective Datedate of Section 206, the Department shall

10 prepare a Program Evaluation and Update. The Program Evaluation and Update shall include an

11 analysis of the Bonus Programs Program's effectiveness as it relates to City policy goals including,

12 but not limited to Proposition K (November 2014) and the Housing Element. The Program

13 Evaluation and Update shall include a review of all of the following:

14 (A) Target income levels for the Local Affordable Housing Bonus

15 Program in relation to market values and assessed affordable housing needs.

16 (B) Feasibility of the Local Affordable Housing Bonus Program, in

17 relations to housing policy goals, program production, and current market conditions.

18 (CA) Requested and granted concessions and incentives, including

19 consideration of whether the menu of zoning modification or concessions and incentives set forth in

20 Section 206.3(c)(5)(d)(4), 206.4(e)(5) and 206.5(e)(4) respond to the needs of projects seeking

21 approvals under the Bonus Programs; consideration of whether the elected zoning modifications or

22 incentives and concessions result in a residential project that responds to the surrounding

23 neighborhood context; and review and recommendation for additions or modifications to the list of

24 zoning modifications or concessions and incentives in 206.3(d)(4)(c)(5), 206.4(e)(5) and

25 206.5(e)(4).

1 (DB) Geography and neighborhood specific considerations. Review and
2 analysis of where Bonus Program projects are proposed and approved, including an analysis of land
3 values, zoning, height controls, and neighborhood support.

4 (EC) Review of the process for considering projects under the Bonus Program,
5 including a review of Section 328, the appeal process, and other relevant process considerations.

6 (2) Public Hearing: The Program Evaluation and Update shall be prepared no less
7 than every five years, beginning five years from the ~~Effective Date~~ effective date of
8 this Ordinance Section 206, and may be completed as a series of reports and in coordination with
9 ongoing monitoring of affordable housing policies, or feasibility analyses. The Planning Commission
10 shall hold a hearing on the Program Evaluation and Update and any recommendations for
11 modification to any of the Bonus Programs.

12 (e) Program Expansion Report. The Board of Supervisors directs the Planning
13 Department and MOHCD to research, analyze and provide recommendations for further
14 density and development bonuses for 100% affordable or mixed-income developments. The
15 Program Expansion Report shall be published within one year of the effective date of Section
16 206.

17 (f) By January 1, 2017, the Planning Department, in consultation with the Office of
18 Economic and Workforce Development, the Office of Small Business, and the Mayor's Office
19 of Housing and Community Development, non-profit housing developers, and the small
20 business community, shall report on best practices around small business relocation,
21 including but not limited to developing a small business relocation fee or program to provide
22 relocation services and support for all projects entitled under the 100 Percent Affordable
23 Housing Bonus Program.

24 Section 3. The Planning Code is hereby amended by adding Sections 328, to read as
25 follows:

1 **SEC. 328. LOCAL AND 100 PERCENT AFFORDABLE HOUSING BONUS PROJECT**

2 **AUTHORIZATION**

3 *(a) Purpose. The purpose of this Section 328 is to ensure that all Local and 100 Percent*
4 *Affordable Housing Bonus projects under Section 206.3 or 206.4 are reviewed in coordination with*
5 *priority processing available for certain projects with greater levels of 100 Percent% affordable*
6 *housing. While most projects in the 100 Percent Affordable Housing Bonus Program will likely be*
7 *somewhat larger than their surroundings in order to facilitate higher levels of affordable housing, the*
8 *Planning Commission and Department shall ensure that each project is consistent with the Affordable*
9 *Housing Bonus Design Guidelines and any other applicable design guidelines, as adopted and*
10 *periodically amended by the Planning Commission, so that projects respond to their surrounding*
11 *context, while still meeting the City's affordable housing goals.*

12 *(b) Applicability. This section Section 328 applies to all qualifying Local and 100 Percent*
13 *Affordable Housing Bonus Projects that meet the requirements described in Planning Code Sections*
14 *206.3 or 206.4.*

15 *(c) Planning Commission Design Review: The Planning Commission shall review and*
16 *evaluate all physical aspects of a Local or 100 Percent Affordable Housing Bonus Project at a public*
17 *hearing. The Planning Commission recognizes that most qualifying projects will need to be larger in*
18 *height and mass than surrounding buildings in order to achieve the 100% Affordable Housing Bonus*
19 *Program's affordable housing goals. However, the Planning Commission may, consistent with the*
20 *100% Affordable Housing Bonus Program Design Guidelines, and any other applicable design*
21 *guidelines, and upon recommendation from the Planning Director, make minor modifications to a*
22 *project to reduce the impacts of such differences in scale.*

23 *Additionally, as set forth in subsection (d) below, the Planning Commission may grant minor*
24 *exceptions to the provisions of this Code. However, such exceptions should only be granted to allow*
25 *building mass to appropriately shift to respond to surrounding context, and only when such*

1 modifications do not substantially reduce or increase the overall building envelope permitted by the
2 Program under Section 206.3 ~~or 206.4~~. All modifications and exceptions should be consistent with the
3 100% Affordable Housing Bonus Program Design Guidelines and any other applicable design
4 guidelines. In case of a conflict with other applicable design guidelines, the 100% Affordable Housing
5 Bonus Program Design Guidelines shall prevail.

6 The Planning Commission may require these or other modifications or conditions, or
7 disapprove a project, in order to achieve the objectives and policies of the 100% Affordable Housing
8 Bonus Program or the purposes of this Code. This review shall limited to design issues including the
9 following:

10 (1) whether the bulk and massing of the building is consistent with the 100%
11 Affordable Housing Bonus Design Guidelines.

12 (2) whether building design elements including, but not limited to architectural
13 treatments, façade design, and building materials, are consistent with the 100% Affordable Housing
14 Bonus Program Design Guidelines and any other applicable design guidelines.

15 (3) whether the design of lower floors, including building setback areas, commercial
16 space, townhouses, entries, utilities, and parking and loading access is consistent with the 100%
17 Affordable Housing Bonus Program Design Guidelines, and any other applicable design guidelines.

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

21 (d) **Exceptions.** As a component of the review process under this Section 328, the Planning
22 Commission may grant minor exceptions to the provisions of this Code as provided for below, in
23 addition to the development bonuses granted to the project in Section 206.3(c)(d) ~~or 206.4(c)~~. Such
24 exceptions, however, should only be granted to allow building mass to appropriately shift to respond to
25 surrounding context, and only when the Planning Commission finds that such modifications: ~~1)~~ do not

1 substantially reduce or increase the overall building envelope permitted by the Program under Sections
2 206.3, or 206.4; and 2) also are consistent with the 100 Percent% Affordable Housing Bonus Design
3 Guidelines. These exceptions may include:

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

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

8 (3) Exception for rear yards, pursuant to the requirements of Section 134, or any
9 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 152.1, or
13 any applicable special use district.

14 (6) Where not specified elsewhere in this ~~Subsection~~ subsection (d), modification of
15 other Code requirements that could otherwise be modified as a Planned Unit Development (as set forth
16 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 and is
20 consistent with the General Plan;

21 (2) the use as proposed will provide development that is in conformity with the stated
22 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) If a ~~Local Affordable Housing Bonus Program Project~~ or ~~100 Percent Affordable~~
2 Housing Bonus Project otherwise requires a conditional use authorization due only to (1) a specific
3 land use, (2) use size limit, or (3) requirement adopted by the voters, then the Planning Commission
4 shall make all findings and consider all criteria required by this Code for such use or use size as part
5 of this ~~Local and 100 Percent Affordable Housing Bonus Project Authorization.~~

6 (fg) Hearing and Decision.

7 (1) **Hearing.** The Planning Commission shall hold a public hearing for all projects that
8 are subject to this Section ~~328.~~

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

11 (3) **Director's Recommendations on Modifications and Exceptions.** At the hearing,
12 the Planning Director shall review for the Commission key issues related to the project based on the
13 review of the project pursuant to ~~Subsection~~subsection (c) and recommend to the Commission
14 modifications, if any, to the project and conditions for approval as necessary. The Director shall also
15 make recommendations to the Commission on any proposed exceptions pursuant to ~~Subsection~~
16 subsection (d).

17 (4) **Decision and Imposition of Conditions.** The Commission, after public hearing and,
18 after making appropriate findings, may approve, disapprove or approve subject to conditions, the
19 project and any associated requests for exception. As part of its review and decision, the Planning
20 Commission may impose additional conditions, requirements, modifications, and limitations on a
21 proposed project in order to achieve the objectives, policies, and intent of the General Plan or of this
22 Code.

23 (5) **Appeal.** The decision of the Planning Commission may be appealed to the Board
24 of Appeals ~~Supervisors~~ by any person aggrieved within ~~15~~ 30 days after the date of the decision by
25 filing a written notice of appeal with ~~that body~~ the Board of Supervisors, setting forth wherein it is

1 alleged that there was an error in the interpretation of the provisions of this Code Section or abuse of
2 discretion on the part of the Planning Commission. The procedures and requirements for
3 conditional use appeals in Section 308.1(b) and (c) shall apply to appeals to the Board of
4 Supervisors under this Section 328.

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

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

10
11 Section 4. The Planning Code is hereby amended by amending revising Sections 250,
12 260, and 352 to read as follows:

13 **SEC. 250. HEIGHT AND BULK DISTRICTS ESTABLISHED.**

14 (a) In order to carry out further the purposes of this Code, height and bulk districts are
15 hereby established, subject to the provisions of this Article 2.5.

16 (b) No building or structure or part thereof shall be permitted to exceed, except as
17 stated in Sections 172, ~~and~~ 188, and 206 of this Code, the height and bulk limits set forth in this
18 Article for the district in which it is located, including the height limits for use districts set forth
19 in Section 261.

20 * * * *

21
22 **SEC. 260. HEIGHT LIMITS; MEASUREMENT.**

23 (a) **Method of Measurement.** The limits upon the height of buildings and structures
24 shall be as specified on the Zoning Map, except as permitted by Section 206. In the measurement
25 of height ~~for purposes of such limits~~, the following rules shall be applicable:

* * * *

SEC. 352. COMMISSION AND ZONING ADMINISTRATOR HEARING

APPLICATIONS.

* * * *

(o) 100% Affordable Housing Bonus Program (Section 206 and following). The initial fee amount is not to exceed 50% of the construction cost. A \$120 surcharge shall be added to the fees for a conditional use or planned unit development to compensate the City for the costs of appeals to the Board of Supervisors.

<i><u>Estimated Construction Cost</u></i>	<i><u>Initial Fee</u></i>
<i><u>No construction cost, excluding extension of hours</u></i>	<i><u>\$1,012.00</u></i>
<i><u>No construction cost, extension of hours</u></i>	<i><u>\$724.00</u></i>
<i><u>Wireless Telecommunications Services (WTS)</u></i>	<i><u>\$5,061.00</u></i>
<i><u>\$1.00 to \$9,999.00</u></i>	<i><u>\$724.00</u></i>
<i><u>\$10,000.00 to \$999,999.00</u></i>	<i><u>\$724.00 plus 0.328% of cost over \$10,000.00</u></i>
<i><u>\$1,000,000.00 to \$4,999,999.00</u></i>	<i><u>\$4,033.00 plus 0.391% of cost over \$1,000,000.00</u></i>
<i><u>\$5,000,000.00 to \$9,999,999.00</u></i>	<i><u>\$19,986.00 plus 0.328% of cost over \$5,000,000.00</u></i>
<i><u>\$10,000,000.00 to \$19,999,999.00</u></i>	<i><u>\$36,701.00 plus 0.171% of cost over \$10,000,000.00</u></i>
<i><u>\$20,000,000.00 or more</u></i>	<i><u>\$54,120.00</u></i>

Section 5. Effective Date and Operative Effect. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor’s veto of the ordinance. This ordinance applies to projects that the Planning Department or Planning Commission have not approved as of the effective date. For projects that have not yet submitted applications to the Planning Department or other City entity, all of the provisions of the ordinance apply. The Planning Department shall develop a policy to apply the provisions of this ordinance to projects that

1 have already submitted applications, but have not obtained approvals, to permit such projects
2 to amend their applications.

3

4 Section 6. Scope of Ordinance; Codification Status.

5 (a) In enacting this ordinance, the Board of Supervisors intends to amend only
6 those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation
7 marks, charts, diagrams, or any other constituent parts of the Municipal Code that are
8 explicitly shown in this ordinance as additions, deletions, Board amendment additions, and
9 Board amendment deletions in accordance with the “Note” that appears under the official title
10 of the ordinance.

11 (b) If the City enacts the ordinance in Board of Supervisors File No. 160632,
12 subsection (o) shall not be added to Section 352 of the Planning Code, but the fees stated in
13 subsection (o) shall be the base fees for Planning Department services, subject to annual
14 adjustment by the Controller pursuant to Planning Code Section 350 and Administrative Code
15 Sections 31.22 and 31.23.1. In accordance with those provisions, the fees stated in
16 subsection (o) shall be included in the Planning Department Fee Schedule.

17

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

20

20 By: _____
21 Audrey Williams Pearson
22 Deputy City Attorney

22 n:\legana\as2016\1600094\01116764.docx

23

24

25

Exhibit B: Density Done Right

[Planning Code – 100 Percent Affordable Housing Density and Development Bonuses]

Ordinance amending the Planning Code to create the “Density Done Right; Development Without Displacement Program” to provide for development bonuses and zoning modifications for development projects that include 100% affordable housing; and amending the Planning Code to allow heights above the height limits specified in the Planning Code and the Zoning Maps; affirming the Planning Department’s determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

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

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

Section 1.

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

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City’s General Plan and eight priority policies of Planning Code Section 101.1. The Board

1 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
2 Board of Supervisors in File No. _____, and is incorporated herein by reference.

3 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
4 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth
5 in Planning Commission Resolution No. _____, and the Board incorporates such
6 reasons herein by reference.

7
8 Section 2. The Planning Code is hereby amended by adding Sections 206 through
9 206.4 to read as follows:

10 **SEC. 206. DENSITY DONE RIGHT; DEVELOPMENT WITHOUT DISPLACEMENT**
11 **PROGRAM.**

12 *This section shall be known as the Density Done Right; Development Without Displacement*
13 *Program.*

14 **SEC. 206.1. PURPOSE AND FINDINGS.**

15 *(a) The purpose of the Density Done Right; Development Without Displacement Program is to*
16 *facilitate the development and construction of affordable housing in San Francisco. Affordable*
17 *housing is of paramount statewide concern, and the California State legislature has declared that local*
18 *and state governments have a responsibility to use the powers vested in them to facilitate the*
19 *improvement and development of housing to make adequate provision for the housing needs of all*
20 *economic segments of the community. The State Legislature has found that local governments must*
21 *encourage the development of a variety of types of housing for all income levels, including multifamily*
22 *rental housing and assist in the development of adequate housing to meet the needs of low- and*
23 *moderate-income households.*

24 *(b) Affordable housing is an especially paramount concern in San Francisco. San Francisco*
25 *has one of the highest housing costs in the nation, but San Francisco's economy and culture rely on a*

1 diverse workforce at all income levels. It is the policy of the Board of Supervisors to provide housing
2 to these workers and ensure that they pay a proportionate share of their incomes to live in adequate
3 housing and to not commute ever-increasing distances to their jobs. The Association of Bay Area
4 Governments determined that San Francisco's share of the Regional Housing Need for January 2015
5 to June 2022 was provision of 28,870 new housing units, with 6,234 (or 21.6%) as very low, 4,639 (or
6 16.1%) as low, and 5,460 (or 18.9%) as moderate income units. This does not account for replacement
7 of units removed from rent control.

8 (c) This Board of Supervisors, and the voters in San Francisco, have long recognized the need
9 for the production of affordable housing. The voters, or this Board have adopted measures such as the
10 establishment of the mandatory Inclusionary Affordable Housing Ordinance in Planning Code section
11 415; the San Francisco Housing Trust Fund, adopted in 2012, which established a fund to create,
12 support and rehabilitate affordable housing, and set aside \$20 million in its first year, with increasing
13 allocations to reach \$50 million a year for affordable housing; the adoption of Proposition K in 2014
14 which established as City policy that the City, by 2020, will help construct or rehabilitate at least
15 30,000 homes, with at least 33% as affordable for low-and moderate income households; and the
16 multiple programs that rely on Federal, State and local funding sources as identified in the Mayor's
17 Office of Housing and Community Development Comprehensive Plan.

18 (d) Development bonuses are a long standing zoning tool that enable cities to encourage
19 development projects to provide public benefits including affordable housing. By offering increased
20 development potential, the Density Done Right; Development Without Displacement Program provides
21 incentives for developers of 100% affordable housing projects, thereby reducing the overall cost of
22 such developments on a per unit basis.

23 (e) A key objective of the Density Done Right; Development Without Displacement Program is
24 to facilitate affordable housing projects while protecting existing uses.

1 **SEC. 206.2 DEFINITIONS.**

2 This Section applies to Sections 206 through 206.4. The definitions of Section 102 and the
3 definitions in Section 401 for “household of low income”, “household of moderate income”, “Housing
4 Project” and “MOHCD” shall generally apply. For purposes of this Section 206 et seq., the following
5 definitions shall apply, and shall prevail if there is a conflict with other sections of the Planning Code.

6 (a) A “Density Done Right; Development Without Displacement Project” shall be a project
7 where all of the dwelling units are:

8 (1) affordable to a household of very-low, low or moderate income, up to a maximum
9 of 100% of the Neighborhood Median Income (as published by the MOHCD and beginning with the
10 first Program Report under Section 206.4), including units that qualify as replacement Section 8 units
11 under the HOPE SF Program; or is subsidized by the Mayor’s Office of Housing and Community
12 Development, the San Francisco Housing Authority, and or the Office of Community Investment and
13 Infrastructure or their successor agencies; and

14 (2) subsidized in a manner which maintains its affordability for the life of the building,
15 whether it is a rental or ownership opportunity.

16 (b) “Neighborhood Median Income” means the median income levels derived from the
17 Department of Housing and Urban Development (“HUD”) adjusted on an annual basis for
18 neighborhood areas within San Francisco, adjusted for household size, but not high housing cost area.
19 MOHCD shall determine a methodology for and publish a table of Neighborhood Median Income by
20 neighborhood area in the Program Report under Section 206.4, and shall publish a table of
21 Neighborhood Median Incomes annually thereafter. Until MOHCD establishes a methodology for
22 Neighborhood Median Income by neighborhood area, Neighborhood Median Income shall be
23 determined by zip code.

24 **SEC. 206.3. APPLICABILITY.**

1 (a) Applicability. A Density Done Right; Development Without Displacement Project under
2 this Section 206.3 shall be a Housing Project that:

3 (1) contains three or more Residential Units, as defined in Section 102, not including
4 any additional units permitted though this Section 206;

5 (2) restricts all residential units as affordable to very-low, low or moderate income
6 households, up to a maximum of 100% of the Neighborhood Median Income;

7 (3) is located in on any parcel that meets all of the following criteria:

8 (A) is not designated as an RH-1 or RH-2 Zoning District;

9 (B) allows Residential Uses;

10 (C) does not contain any buildings with residential uses;

11 (D) does not contain any neighborhood serving uses, as defined in Article Seven
12 of this Code, except that the site may contain the following uses: Automobile Parking as defined in
13 section 790.8; Automotive Gas Station as defined in section 790.14; Automotive Wash as defined in
14 Section 790.18; Automotive Sale or Rental as defined in Section 790.12; and Community Residential
15 Parking as defined in Section 790.10;

16 (E) does not contain, or did not contain in the three years prior to submittal of
17 the application, any production, distribution or repair uses;

18 (F) does not contain philanthropic administrative service uses or arts activities;

19 and;

20 (G) has not been rezoned to increase height or density within the 10 years
21 preceding the application.

22 (4) is not seeking and receiving a density or development bonus under the provisions of
23 California Government Code Section 65915 et seq., Planning Code Sections 207, 124(f), 304, 803.8 or
24 any other state or local program that provides development bonuses; and

1 (5) provides minimum unit sizes in accordance with California Tax Credit Allocation
2 Committee standards or unit size standards established by the Mayor’s Office of Housing and
3 Community Development, whichever is greater.

4 (b) **Development Bonuses.** A Density Done Right; Development Without Displacement Project
5 shall, at the project sponsor’s request, receive any or all of the following:

6 (1) **Priority Processing.** Density Done Right; Development Without Displacement
7 Projects shall receive Priority Processing.

8 (2) **Waiver of Application Fees.** Notwithstanding any Planning Code provision to the
9 contrary, a Density Done Right; Development Without Displacement Project shall not be subject to any
10 fees authorized by the Planning Code.

11 (3) **Form based density.** Notwithstanding any zoning designation to the contrary,
12 density of the Density Done Right; Development Without Displacement Project shall not be limited by
13 lot area but rather by the applicable requirements and limitations set forth elsewhere in this Code.
14 Such requirements and limitations include, but are not limited to, height, including any additional
15 height allowed by subsection (b)(4) herein, Bulk, Setbacks, Open Space, Exposure and unit mix as well
16 as applicable design guidelines, and elements and area plans of the General Plan.

17 (4) **Height.** Density Done Right; Development Without Displacement Projects shall be
18 allowed up to 30 additional feet, not including allowed exceptions per Section 260(b), above the
19 property’s height district limit in order to provide three additional stories of residential use. This
20 additional height may only be used to provide up to three additional stories to the project.
21 Notwithstanding the increase in height as allowed by this section, in no case may a Density Done
22 Right; Development Without Displacement Project exceed a total of 90 feet in height, not including
23 allowed exceptions per Section 260(b).

24 (5) **Zoning Modifications.** Density Done Right; Development Without Displacement
25 Projects may select any or all of the following zoning modifications:

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

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

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

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

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

16 (F) **Inner Courts as Open Space:** In order for an inner court to qualify as
17 useable common open space, Section 135(g)(2) requires it to be at least 20 feet in every horizontal
18 dimension, and for the height of the walls and projections above the court on at least three sides (or 75
19 percent of the perimeter, whichever is greater) to be no higher than one foot for each foot that such
20 point is horizontally distant from the opposite side of the clear space in the court. Density Done Right;
21 Development Without Displacement Projects may instead provide an inner court that is at least 25 feet
22 in every horizontal dimension, with no restriction on the heights of adjacent walls. All area within such
23 an inner court shall qualify as common open space under Section 135.

24 (c) **Implementation.**

1 (1) **Application.** An application to participate in the Density Done Right;
2 Development Without Displacement Program shall be submitted with the first application for approval
3 of a Housing Project and processed concurrently with all other applications required for the Housing
4 Project. The application shall be submitted on a form prescribed by the City and shall include at least
5 the following information:

6 (A) A full plan set including a site plan, elevations, sections and floor
7 plans, showing total number of units, unit sizes and planned affordability levels and any applicable
8 funding sources;

9 (B) The requested development bonuses from those listed in subsection
10 (b)(5);

11 (C) Unit size and distribution of multi-bedroom units; and

12 (D) Notwithstanding the restrictions on eligible properties for this
13 program in Sections (a)(3)(D) and (a)(3)(E), documentation that the applicant has provided written
14 notification to any existing on-site commercial tenants that will be affected by the proposed project that
15 the applicant intends to develop the property pursuant to this section. Any such commercial tenants
16 shall be given priority processing similar to the Department’s Community Business Priority Processing
17 Program, as adopted by the San Francisco Commission on February 12, 2015 under Resolution
18 Number 19323 to support relocation of such business in concert with access to relevant local business
19 support programs.

20 (2) **Conditions.** Entitlements of Density Done Right; Development Without
21 Displacement Projects approved under this Section shall be valid for 10 years from the date of
22 Planning Commission approval.

23 (3) **Controls.** Density Done Right; Development Without Displacement
24 Projects shall require a conditional use authorization under Section 303 of this Code.

1 **SEC. 206.4. THE DENSITY DONE RIGHT; DEVELOPMENT WITHOUT**
2 **DISPLACEMENT PROGRAM REPORT.**

3 *(a) Within one year from the effective date of Section 206 and following, and annually*
4 *thereafter, the Board of Supervisors shall prepare a Program Report that includes, but is not limited to,*
5 *an evaluation of the Density Done Right; Development Without Displacement Projects under this*
6 *Program, and recommendations for improvements and potential expansion of the Program. The first*
7 *such Program Report shall include the following topics:*

8 *(1) criteria to require replacement space within a development for any displaced*
9 *neighborhood-serving small business and adequate relocation expenses;*

10 *(2) devise a “value capture” analysis process to evaluate how to maximize affordable*
11 *housing requirements for development projects taking advantage of the development bonuses under this*
12 *Section;*

13 *(3) requirements for family-sized units in development project that take advantage of the*
14 *development bonuses under this Section;*

15 *(4) requirements for minimum light, air, and rear yard open space for development*
16 *projects taking advantage of the development bonuses under this Section;*

17 *(5) a methodology for determining Neighborhood Median Income, as defined in Section*
18 *206.2;*

19 *(6) notwithstanding Section 206.3(a)(3)(C), recommendations on policies to strengthen*
20 *restrictions on demolition of residential units;*

21 *(7) notwithstanding Section 206.4(a)(1) above, recommendations on policies and*
22 *programs for retention of neighborhood serving small business.*

23
24 Section 4. The Planning Code is hereby amended by revising Sections 250 and 260,
25 to read as follows:

1 **SEC. 250. HEIGHT AND BULK DISTRICTS ESTABLISHED.**

2 (a) In order to carry out further the purposes of this Code, height and bulk districts are
3 hereby established, subject to the provisions of this Article 2.5.

4 (b) No building or structure or part thereof shall be permitted to exceed, except as
5 stated in Sections 172, ~~and~~ 188, and 206 of this Code, the height and bulk limits set forth in this
6 Article for the district in which it is located, including the height limits for use districts set forth
7 in Section 261.

8 * * * *

9 **SEC. 260. HEIGHT LIMITS; MEASUREMENT.**

10 (a) **Method of Measurement.** The limits upon the height of buildings and structures
11 shall be as specified on the Zoning Map, except as permitted by Section 206. In the measurement
12 of height ~~for purposes of such limits~~, the following rules shall be applicable:

13 * * * *

14 Section 5. Effective Date and Operative Effect. This ordinance shall become effective
15 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor
16 returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it,
17 or the Board of Supervisors overrides the Mayor’s veto of the ordinance. This ordinance
18 applies to projects that the Planning Department or Planning Commission have not approved
19 as of the effective date. For projects that have not yet submitted applications to the Planning
20 Department or other City entity, all of the provisions of the ordinance apply. The Planning
21 Department shall develop a policy to apply the provisions of this ordinance to projects that
22 have already submitted applications, but have not obtained approvals, to permit such projects
23 to amend their applications.

1 Section 6. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
2 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
3 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
4 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
5 additions, and Board amendment deletions in accordance with the “Note” that appears under
6 the official title of the ordinance.

7
8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10 By: _____
11 Audrey Williams Pearson
12 Deputy City Attorney

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SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 19578 HEARING DATE FEBRUARY 25, 2016

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Project Name: **Affordable Housing Bonus Program**
Case Number: **2014-001503PCA [Board File No. 150969]**
Initiated by: **Introduced September 29, 2015, December 16, 2015, and January 12, 2016**
Staff Contact: **Menaka Mohan, Legislative Affairs
menaka.mohan@sfgov.org, 415-575-9141
Paolo Ikezoe, Citywide Division
paolo.ikezoe@sfgov.org, 415-575-9137**
Reviewed by: **Kearstin Dischinger, Manager of Housing Policy
kearstin.dischinger@sfgov.org, 415-558-6362**
Recommendation: **Forwarded to the Board of Supervisors with Suggested Amendments
for Consideration but Without a Recommendation on the Program as a
Whole**

RECOMMENDING THAT THE BOARD OF SUPERVISORS CONSIDER AMENDMENTS TO THE PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO CREATE THE AFFORDABLE HOUSING BONUS PROGRAM, CONSISTING OF THE LOCAL AFFORDABLE HOUSING BONUS PROGRAM, THE 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAM, THE ANALYZED STATE DENSITY BONUS PROGRAM AND THE INDIVIDUALLY REQUESTED STATE DENSITY BONUS PROGRAM, TO PROVIDE FOR DEVELOPMENT BONUSES AND ZONING MODIFICATIONS FOR AFFORDABLE HOUSING, IN COMPLIANCE WITH, AND ABOVE THOSE REQUIRED BY THE STATE DENSITY BONUS LAW, GOVERNMENT CODE SECTION 65915 ET SEQ.; TO ESTABLISH THE PROCEDURES IN WHICH THE LOCAL AFFORDABLE HOUSING BONUS PROGRAM AND THE 100 PERCENT AFFORDABLE HOUSING BONUS PROGRAM SHALL BE REVIEWED AND APPROVED; AND AMENDING THE PLANNING CODE TO EXEMPT PROJECTS FROM THE HEIGHT LIMITS SPECIFIED IN THE PLANNING CODE AND THE ZONING MAPS; AND AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, PLANNING CODE SECTION 302, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

WHEREAS, on September 29, 2015, Mayor Ed Lee and Supervisor Tang introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 15-0969, which would amend the Planning Code to create the Affordable Housing Bonus Programs, consisting of the Local Affordable Housing Bonus Program, the 100 Percent Affordable Housing Bonus Program, the Analyzed State Density Bonus Program and the Individually Requested State Density Bonus Program, to provide for development bonuses and zoning modifications for affordable housing.

WHEREAS, the Affordable Housing Bonus Program will implement the 2014 Housing Element Implementation Program 39b, and provide for development bonuses and zoning modifications for affordable housing as contemplated in Implementation Program 39b and in compliance with, and above those required by the State Density Bonus Law, Government Code Section 65915 et seq.; and will establish procedures by which the Local Affordable Housing Bonus Program and the 100 Percent Affordable Housing Bonus Program shall be reviewed and approved;

WHEREAS, the proposed ordinance creates the Affordable Housing Bonus Programs which will facilitate the development and construction of affordable housing in San Francisco; and

WHEREAS, the proposed ordinance creates the Local Affordable Housing Bonus Program, which provides up to three zoning modifications, form based zoning, a bedroom requirement, and a height waiver for projects providing 30 percent of housing as affordable on site; and

WHEREAS, the proposed ordinance creates the 100 Percent Affordable Housing Bonus Program, which provides zoning modifications, form based zoning, and a height waiver for projects providing 100 percent of housing as affordable on site; and

WHEREAS, the proposed ordinance creates the Analyzed State Density Bonus Program, which provides one to three incentives or concessions, a maximum of a thirty-five percent density bonus based on the percentage of affordable housing and the level of affordability, and up to two stories of height for projects providing at least 12 percent of affordable housing on site; and

WHEREAS, the proposed ordinance creates the Individually Requested State Density Bonus Program, which is available for any project seeking a density bonus consistent with Government Code section 65915 but is not consistent with the pre-vetted menu of concessions, incentives or waivers in the Local, 100 Percent, or State Analyzed Programs; and

WHEREAS, all projects utilizing the Affordable Housing Bonus Programs are subject to the Affordable Housing Bonus Design Guidelines; and

WHEREAS, the proposed ordinance creates a comprehensive review procedure for the 100 Percent and Local Affordable Housing Bonus Program to ensure compliance with the Affordable Housing Bonus Design Guidelines and a hearing before the Planning Commission; and

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on November 5, 2015, December 3, 2015, January 28, 2016; and February 25 2016; and

WHEREAS, on April 24, 2014, the San Francisco Planning Commission, in Resolution No. 19121, certified the 2004 and 2009 Housing Element Final Environmental Impact Report ("Final EIR"), prepared in compliance with the California Environmental Quality Act ("CEQA"), Public Resources Code Section 21000 et seq. In Resolution No. 19122, the Planning Commission adopted the findings and conclusions required by CEQA regarding alternatives, mitigation measures, and significant environmental impacts

analyzed in the Final EIR, and adopted a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations as part of its approval of the 2009 Housing Element; and,

WHEREAS, on March 24, 2015, in Ordinance No. 34-15, the San Francisco Board of Supervisors adopted the 2014 Housing Element, relying, in part, on the Final EIR and a January 22, 2015 Addendum published by the Planning Department; and

WHEREAS, on January 14, 2016, in response to the proposed Affordable Housing Bonus Program, the San Francisco Planning Department prepared an Addendum to the 2004 and 2009 Housing Element Final EIR under CEQA Guidelines Section 15164 ("the Addendum"); 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

MOVED, that the Planning Commission hereby forwards the draft Ordinance to the Board of Supervisors, and recommends that the Board **consider the following** proposed modifications ..

All of the Commission's suggested modifications were considered and voted on by topic. Some topics include several recommendations. The recommendations are organized by topic in the order in which they were discussed at the hearing.

Program Eligibility

1. Recommends that any parcel with an existing residential unit is not eligible for the Affordable Housing Bonus Program.
2. Recommends a phased approach to implementation that starts with vacant soft sites and gas service stations and includes a community planning process for the remaining sites in the program area that focuses on existing small businesses, historic preservation, and maximum value capture for the Area Median Income (limits) in the program.

Urban Design

3. After adoption of the AHBP, as the Commission considers each development project that would use the AHBP, the Commission directs Planning staff to include analysis of the project's conformity to design guidelines in a Planning Commission staff report.
4. The ordinance should prohibit lot mergers for AHBP projects until such time that the Planning Commission adopts new AHBP design guidelines; and
5. Consider light and air when reviewing AHBP projects.

Public Review and Commission Approval

6. Require a Conditional Use Authorization for all AHBP projects.

Preserving Small Business

7. The Planning Commission should be permitted to alter commercial uses associated with development proposals using the AHBP, including changes that would reduce commercial use sizes or require commercial uses in AHBP projects to protect neighborhood serving businesses.

Affordability Levels

8. Consider lowering AMI levels for the Local AHBP program for some of the units currently dedicated to middle income households (120% AMI for rental, 140% AMI for ownership).
9. Consider establishing neighborhood-specific AMIs for the Local AHBP.

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 purpose of the Affordable Housing Bonus Programs is to facilitate the development and construction of affordable housing in San Francisco, and implement 2014 Housing Element Implementation Program 39b.
2. Affordable housing is of paramount statewide concern, and the California State legislature has declared that local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
3. The State Legislature has found that local governments must encourage the development of a variety of types of housing for all income levels, including multifamily rental housing and assist in the development of adequate housing to meet the needs of low- and moderate-income households.
4. San Francisco has one of the highest housing costs in the nation, but San Francisco's economy and culture rely on a diverse workforce at all income levels. It is the policy of the Board of Supervisors to provide housing to these workers and ensure that they pay a proportionate share of their incomes to live in adequate housing and to not commute ever-increasing distances to their jobs. The Association of Bay Area Governments determined that San Francisco's share of the Regional Housing Need for January 2015 to June 2022 was provision of 28,870 new housing units, with 6,234 (or 21.6%) as very low, 4,639 (or 16.1%) as low, and 5,460 (or 18.9%) as moderate income units.
5. This Board of Supervisors, and the voters in San Francisco, have long recognized the need for the production of affordable housing. The voters, or the Board have adopted measures such as the establishment of the mandatory Inclusionary Affordable Housing Ordinance in Planning Code

- section 415; the San Francisco Housing Trust Fund, adopted in 2012, which established a fund to create, support and rehabilitate affordable housing, and set aside \$20 million in its first year, with increasing allocations to reach \$50 million a year for affordable housing.
6. The adoption of Proposition K in 2014 which established as City policy that the City, by 2020, will help construct or rehabilitate at least 30,000 homes, with more than 50% of the housing affordable for middle-income households, and at least 33% as affordable for low-and moderate income households; and the multiple programs that rely on Federal, State and local funding sources as identified in the Mayor's Office of Housing and Community Development (MOHCD) Comprehensive Plan.
 7. Historically, in the United States and San Francisco, affordable housing requires high levels of public subsidy, including public investment and reliance on public dollars. Costs to subsidize an affordable housing unit vary greatly depending on a number of factors, such as household income of the residents, the type of housing, and the cost to acquire land acquisition. Currently, MOHCD estimates that the level of subsidy for an affordable housing unit is approximately \$250,000 per unit. Given this high cost per unit, San Francisco can only meet its affordable housing goals through a combination of increased public dollars dedicated to affordable housing and other tools that do not rely on public money.
 8. Development bonuses are a long standing zoning tool that enable cities to encourage private development projects to provide public benefits including affordable housing. When a municipality offers increased development potential, a project sponsor can offset the expenses necessary to provide additional public benefits. In 1979, the State of California adopted the Density Bonus Law, Government Code section 65915 et seq, which requires that density bonuses and other concessions and incentives be offered to projects that provide a minimum amount of on-site affordable housing.
 9. In recognition of the City's affordable housing goals, including the need to produce more affordable housing without need for public subsidies, the Planning Department contracted with David Baker Architects and Seifel Consulting to determine a menu of zoning modifications and development bonuses that could offset a private developer's costs of providing various levels of additional on-site affordable housing. David Baker Architects and Seifel Consulting analyzed various parcels in San Francisco, to determine the conditions in which a zoning accommodation would be necessary to achieve additional density. The analysis modeled various zoning districts and lot size configurations, consistent with current market conditions and the City's stated policy goals, including achieving a mix of unit types, including larger units that can accommodate larger households.
 10. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are, *on balance*, consistent with the Objectives and Policies of the General Plan, as it is proposed for amendments in Planning Case 2014-001503GPA. Note that language in policies proposed for amendment in Planning Case 2014-001503GPA is shown in underlined text. (Staff discussion is added in *italic font* below):

HOUSING ELEMENT

OBJECTIVE 1

Identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing.

The Affordable Housing Bonus Program (AHBP) would apply in zoning districts which a) allow residential uses and b) regulate density by a ratio of units to lot area. These districts contain roughly 30,500 of the city's 150,000+ parcels.

Affordable Housing Bonus Program eligible districts generally include the City's neighborhood commercial districts, where residents have easy access to daily services, and are located along major transit corridors. Affordable Housing Bonus Program eligible districts generally allow or encourage mixed uses and active ground floors. On balance the entire program area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

POLICY 1.1

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

The AHBP increases the number of Below Market Rate units for households making 55% or 90% of AMI, and creates a new source of permanently affordable housing for middle-income households, defined as those making 120%-140% of AMI. To date, there are no other programs aimed at providing permanently affordable housing for households in this category. Finally, the AHBP includes process improvements and development bonuses for 100% Affordable Housing Projects.

POLICY 1.6

Consider greater flexibility in number and size of units within established building envelopes in community based planning processes, especially if it can increase the number of affordable units in multi-family structures.

The Local AHBP provides flexibility in the number and size of units and encourages multi-bedroom units by requiring 40% of all units to have two bedrooms or any unit mix such that 50% of all bedrooms within the Local Project are provided in units with more than one bedroom.

POLICY 1.8

Promote mixed use development, and include housing, particularly permanently affordable housing, in new commercial, institutional or other single use development projects.

The AHBP eligible districts generally include the city's neighborhood commercial districts, where residents have easy access to daily services, and are located along major transit corridors. Affordable Housing Bonus Program eligible districts generally allow or encourage mixed uses and active ground floors.

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.

On balance the entire AHBP area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

OBJECTIVE 3

Protect the affordability of the existing housing stock, especially rental units.

POLICY 3.3

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

The Local AHBP creates a middle income homeownership program that will be the first program in San Francisco to secure permanently affordable housing for middle income households without public subsidy.

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.

The Local AHBP encourages the development of new housing at a variety of income levels and promotes flexibility in unit size by requiring 40% of all units to have two bedrooms or any unit mix such that 50% of all bedrooms within the Local Project are provided in units with more than one bedroom.

POLICY 4.4

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

The AHBP encourages the development of on-site permanently affordable rental units.

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.

The Housing Balance Report¹ reports the Cumulative Housing Balance by Supervisor District. The report documents affordable housing units in the City as well as new market rate housing. The first table in the report documents that District 1, District 2, and District 4 have entitled 39, 69, and 56 housing units respectively from 2005 to the last quarter of 2014. Other areas of the City such as District 5, 6, and 10 have entitled 444, 3,814, and 1,667 housing units respectively in the same time period. To improve the feasibility of sites the Local AHBP provides incentives for developers to distribute housing development more equitably through the City. Furthermore, the AHBP provides a range of permanently affordable housing for very low, low, moderate, and middle income households.

Policy 4.6

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

¹ Housing Balance Report; July 7, 2015. Can be found: <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=9376>

On balance the AHBP area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability, and the program is distributed equitably throughout the City.

OBJECTIVE 7

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

Policy 7.1

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

Policy 7.5

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

The AHBP provides zoning and process accommodations including priority processing for projects that participate by providing on-site affordable housing.

Policy 7.7

Support housing for middle income households, especially through programs that do not require a direct public subsidy such as providing development incentives for higher levels of affordability, including for middle income households.

The AHBP will be the first program in San Francisco to support permanently affordable housing to middle income households without a public subsidy.

OBJECTIVE 8

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

POLICY 8.1

Support housing for middle income households, especially through programs that do not require a direct public subsidy.

The AHBP will be the first program in San Francisco to support permanently affordable housing to middle income households without a public subsidy.

POLICY 8.3

Support the production and management of permanently affordable housing.

The AHBP could produce 5,000 permanently affordable, income restricted units: 2,000 homes for very-low, low and moderate income households, and 3,000 homes for middle-income households.

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.

POLICY 10.2

Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.

The entitlement process for both the Local AHBP and 100% Affordable Housing Bonus Programs is comprehensive, providing clear guidelines for approval for the Planning Commission that recognizes the design of AHBP buildings in neighborhoods. The comprehensive entitlement process directs the Planning Commission to make findings that AHBP projects are consistent with AHBP Design Guidelines so that projects respond to their surrounding context while still meeting the City's affordable housing goals.

OBJECTIVE 11

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

In recognition that the projects utilizing the Affordable Housing Bonus Program (AHBP) 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.

POLICY 11.2

Ensure implementation of accepted design standards in project approvals.

In order to ensure consistency with the intent of the Planning Code and the General Plan, construct high quality buildings, as well as provide project sponsors with guidance and predictability in forming their building proposals, the project sponsors who use the AHBP are subject to the AHBP Design Guidelines.

POLICY 11.3

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

Accommodation of growth should be achieved without damaging existing residential neighborhood character. In existing residential neighborhoods, this means development projects should defer to the prevailing height and bulk of the area, while recognizing that the City may maintain neighborhood character while permitting larger overall building mass for projects including more affordable units on-site.

The AHBP only provides development bonuses which may permit a larger overall building mass for projects that include affordable housing on-site.

POLICY 11.5

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

Outside of RH-1 and RH-2 neighborhoods, the City may maintain neighborhood character while permitting larger overall building mass for projects including more affordable units on-site.

The AHBP program only provides development bonuses which may permit more units for projects that include affordable housing on-site.

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.

On balance the AHBP area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability, and the program is distributed equitably throughout the City.

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.

On balance the AHBP area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability, and the program is distributed equitably throughout the City.

URBAN DESIGN ELEMENT

OBJECTIVE 3

Moderation of Major New Development to Complement the City Pattern, The Resources To Be Conserved, And The Neighborhood Environment.

The amended Urban Design Element recognizes that to encourage greater levels of affordability on-site, the City may adopt affordable housing policies to permit projects heights that are several stories taller and building mass that is larger.

POLICY 4.15

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

In recognition that the projects utilizing the AHBP 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.

TRANSPORTATION

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.

On balance the AHBP area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability, and the program is distributed equitably throughout the City.

COMMERCE AND INDUSTRY ELEMENT

Policy 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

The AHBP could result in up to 2 million square feet of new commercial space in San Francisco's neighborhood commercial corridors, providing new space for neighborhood serving businesses, and the many thousands of jobs they support.

VAN NESS AVENUE AREA PLAN

OBJECTIVE 1

Continue existing Commercial Use of the avenue and add a significant increment of new housing. Redwood to Broadway.

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.

The conforming General Plan Amendments for the AHBP have added the following text to all applicable policies and maps in the Van Ness Avenue Area Plan:

**To encourage greater levels of affordability on-site, the City may adopt affordable housing policies to permit heights that are several stories taller and building mass that is larger than described here.*

CHINATOWN AREA PLAN

POLICY 1.1

Maintain the low-rise scale of Chinatown's buildings.

The conforming General Plan Amendments for the AHBP have added the following text to all applicable policies and maps in the Chinatown Area Plan:

**To encourage greater levels of affordability on-site, the City may adopt affordable housing policies to permit heights that are several stories taller and building mass that is larger than described here.*

NORTHEASTERN WATERFRONT AREA PLAN

OBJECTIVE 10

To develop the full potential of the northeastern waterfront in accord with the unusual opportunities presented by its relation to the bay, to the operating port, fishing industry, and downtown; and to enhance its unique aesthetic qualities offered by water, topography, views of the city and bay, and its historic maritime character

POLICY 10.26

Restrict development south of Broadway to the Height and Bulk Districts shown on Map 2.*

POLICY 26.27

Change the Height and Bulk District on Block 3743 from 84-E to 40-X. Change the Height and Bulk District on the rest of the Rincon Park Site to open space

POLICY 30.18

Develop housing in small clusters of 100 to 200 units. Provide a range of building heights with no more than 40 feet in height along the Embarcadero and stepping up in height on the more inland portions to the maximum of 160 feet. In buildings fronting on Brannan Street in the 160 foot height area, create a strong base which maintains the street wall created by the residential complex to the east and the warehouse buildings to the west. Orient the mix of unit types to one and two bedrooms and include some three and four bedroom units. Pursue as the income and tenure goals, a mix of 20 percent low, 30 percent moderate and 50 percent middle and upper income, and a mix of rental, cooperative, and condominium units.*

POLICY 30.22

Do not permit buildings to exceed 65 percent coverage of land or parking podium. To the maximum extent feasible, provide open space at ground level and provide planting in the ground. Ensure that any open space on top of a podium provides easy pedestrian and visual transition from the sidewalk.*

The conforming General Plan Amendments for the AHBP have added the following text to all applicable policies and maps in the Northwest Waterfront Area Plan:

**To encourage greater levels of affordability on-site, the City may adopt affordable housing policies to permit heights that are several stories taller and building mass that is larger than described here.*

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 program will create a net addition of neighborhood serving commercial uses, the program is estimated to produce up to 2 million square feet of commercial space. Many of the districts encourage or require that commercial uses be placed on the ground floor. These existing requirements ensure the proposed amendments will not have a negative effect on neighborhood serving retail uses and will not affect 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 amendments will not affect existing housing and neighborhood character as existing design controls and new design controls-the AHBP Design Guidelines-apply to these projects.

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

The proposed amendments will not affect the supply of affordable housing and in fact could produce 5,000 permanently affordable, income restricted units: 2,000 homes for very-low, low and moderate income households, and 3,000 homes for middle-income households.

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

The proposed amendments will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking and on balance the entire program area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

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 amendments 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. The AHBP provides protections for small businesses by providing early notification and also produces up to 2 million square feet of potential new commercial space.

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 negatively affect preparedness in the case of an earthquake.

7. That the landmarks and historic buildings be preserved;

Landmarks and historic buildings would not be negatively affected by the proposed amendments. The AHBP interface with historic resources may be rare. The State Density Bonus Law (Government Code Section 65915 et seq) provides consideration for historic resources, by stating that the City is not required to approve any projects that "would have a specific adverse impact. . . . on any real property

that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact, without rendering the development unaffordable to low- and moderate-income households.” (Government Code Sections 65915 (d)(1)(B))”

The State Density Bonus Law further states that “Nothing in this subdivision shall be interpreted to require a local government to grant an incentive or concession that would have an adverse impact on any real property that is listed in the California Register of Historical Resources. The city, county, or city and county shall establish procedures for carrying out this section, that shall include legislative body approval of the means of compliance with this section.” (Government Code Sections 65915 (d)(3))

The Local AHBP is only available to new construction projects, and vertical additions to existing buildings are not allowed. This limitation further reduces any potential conflict between the Local Program and historic resources.

8. That our parks and open space and their access to sunlight and vistas be protected from development;
The City’s parks and open space and their access to sunlight and vistas would be unaffected by the proposed amendments. Projects would be ineligible to use the Local and 100% Affordable AHBP if they create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas.

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.

NOW THEREFORE BE IT RESOLVED that the Commission has reviewed and considered the 2004 and 2009 Housing Element Final Environmental Impact Report (FEIR), the Addendum published by the Planning Department on January 14, 2016, and the record as a whole, and finds that the 2004 and 2009 Housing Element Final EIR is adequate for its use as the decision-making body for the action taken herein to approve the AHBP, and incorporates the CEQA findings contained in Planning Commission Resolution 19122, including the Statement of Overriding Considerations, and updated in Ordinance 34-15, by this reference thereto as though fully set forth herein; and be it

FURTHER RESOLVED, that the Commission finds that since the FEIR was finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FEIR; and be it

FURTHER RESOLVED, that the Commission hereby has completed review of the proposed Ordinance and forwards the Ordinance to the Board with suggestions for consideration set forth above.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on February 25, 2016.



Jonas P. Ionin
Commission Secretary

Topic	Recommendations	AYES	NOS	ABSENT
Program Eligibility	1,2	Antonini, Fong, Hillis, Richards	Moore, Wu	Johnson
Infrastructure to Support New Growth	NA	No action	No action	No action
Urban Design	3,4,5	Antonini, Fong, Hillis, Richards	Moore, Wu	Johnson
Public Review and Planning Commission Approval	6	Antonini, Fong, Hillis, Richards	Moore, Wu	Johnson
Preserving Small Business	7	Antonini, Fong, Hillis, Richards	Moore, Wu	Johnson
Affordability	8,9	Antonini, Fong, Hillis, Wu	Moore, Richards	Johnson

ADOPTED: February 25, 2016

Exhibit D: Summary of Proposed General Plan Amendment

Summary of proposed revisions to the text, tables, and maps in the specified sections of the Housing Element, Urban Design Element, Van Ness Avenue Area Plan, Chinatown Area Plan, Downtown Area Plan, and Northeastern Waterfront Area Plan, as follows:

Proposed additions	Existing General Plan Sections
<p>To encourage greater levels of affordability on-site, the City may adopt affordable housing policies to permit general densities that are higher than shown here.</p> <p>Refer to the Affordable Housing Bonus Program Design Guidelines. (Urban Design Element Only)</p>	<p>Housing Element</p> <p>Map 6 Generalized Permitted Housing Densities by Zoning Districts</p> <p>Table I-58 - Generalized Permitted Housing Densities by Zoning Districts</p> <p>Urban Design Element</p> <p>Objective 3</p> <p>Map 4 - Urban Design Guidelines for Height and Bulk Districts</p> <p>Map 5 - Urban Design Guidelines for Bulk of Buildings</p>
<p>To encourage greater levels of affordability on-site, the City may adopt affordable housing policies to permit heights that are several stories taller than described here.</p>	<p>Van Ness Avenue Area Plan</p> <p>Objective 1</p> <p>POLICY 5.1 Establish height controls to emphasize topography and adequately frame the great width of the Avenue.</p>
<p>To encourage greater levels of affordability on-site, the City may adopt affordable housing policies to permit heights that are several stories taller and building mass that is larger than described here.</p>	<p>Van Ness Avenue Area Plan</p> <p>Policy 5.3 Continue the street wall heights as defined by existing significant buildings and promote an adequate enclosure of the Avenue.</p> <p>Map 1 - Van Ness Avenue Area Plan and Generalized Land Use and Density Plan</p> <p>Map 2 - Van Ness Avenues Area Plan Height and Bulk Districts</p>

Exhibit D: Summary of Proposed General Plan Amendment

	<p>Chinatown Area Plan</p> <p>POLICY 1.1 Maintain the low-rise scale of Chinatown's buildings.</p> <p>Map 1 - Chinatown Area Plan Generalized Height Plan</p> <p>Map 3 - Chinatown Area Plan Land Use and Density Plan</p> <p>Downtown Area Plan</p> <p>Map 1 – Downtown Land Use and Density Plan</p> <p>Map 5 - Downtown Area Plan Downtown Height and Bulk Districts</p>
<p>such as providing development incentives for higher levels of affordability, including for middle income households.</p>	<p>Housing Element</p> <p>Policy 7.7 Support housing for middle income households, especially through programs that do not require a direct public subsidy</p>
<p>while recognizing that the City may maintain neighborhood character while permitting larger overall building mass for projects including more affordable units on-site.</p>	<p>Housing Element</p> <p>POLICY 11.3 Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.</p>
<p>Outside of RH-1 and RH-2 neighborhoods, the City may maintain neighborhood character while permitting larger overall building mass for projects including more affordable units on-site.</p>	<p>Housing Element</p> <p>POLICY 11.5 Ensure densities in established residential areas promote compatibility with prevailing neighborhood character.</p>

Exhibit E. Planning Department Correspondence with Supervisor Peskin regarding Environmental Review Considerations for the Draft Density Done Right Development without Displacement Ordinance

From: Rodgers, AnMarie (CPC)
Sent: Monday, June 20, 2016 5:28 PM
To: Peskin, Aaron (BOS); Angulo, Sunny (BOS); Givner, Jon (jon.givner@sfgov.org)
Cc: 'LISA GIBSON (LISA.GIBSON@sfgov.org)'
Subject: FW: Amendments to Density Done Right Ordinance
Importance: High

Dear Supervisor Peskin & Sunny,

In anticipation that Supervisor Peskin may want to duplicate the AHBP Planning Code Ordinance tomorrow and add in the language from the DDR ordinance, our CEQA staff are preparing a "note to file" for the addendum. This note will complete our CEQA review of the DDR ordinance should the BOS decide to act on DDR. In order for this note to file to cover the DDR proposal, the language in the attached document should be added into the duplicated file containing DDR. This language in the attachment is currently in Supervisor Tang's AHBP & should be duplicated in the DDR. Please contact me or acting ERO, Lisa Gibson, if you have any questions.

AnMarie Rodgers, Senior Policy Advisor
SFPlanning 415-558-6395

Public access to property information and permit history is just a click away:
<http://propertymap.sfplanning.org>

From: Li, Michael (CPC)
Sent: Monday, June 20, 2016 5:16 PM
To: Rodgers, AnMarie (CPC); Gibson, Lisa (CPC)
Cc: Dischinger, Kearstin (CPC); Mohan, Menaka (CPC)
Subject: Amendments to Density Done Right Ordinance
Importance: High

AnMarie and Lisa,

In order for Supervisor Peskin's ordinance to fall under the scope of the analysis contained in Addendum 3, his ordinance will need to include the attached language under the "Applicability" provision. New language is underlined.

Michael Li
Environmental Planning Division
San Francisco Planning Department
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San Francisco, CA 94103
(415) 575-9107
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www.sfplanning.org



Exhibit E. Planning Department Correspondence with Supervisor Peskin regarding Environmental Review Considerations for the Draft Density Done Right Development without Displacement Ordinance

Attached Language, referred to in email from AnMarie Rodgers dated June 20, 2016.

SEC. 206.3. APPLICABILITY.

(a) **Applicability.** A Density Done Right: Development Without Displacement Project under this Section 206.3 shall be a Housing Project that:

(6) demonstrates to the satisfaction of the Environmental Review Officer that the Project does not:

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

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

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



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

NOTE TO FILE 2

DATE: June 21, 2016

TO: File for Case No. 2014.1304E

FROM: Michael Li

RE: Affordable Housing Bonus Program
Alternate Legislation

1650 Mission St.
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On January 14, 2016, the Planning Department published Addendum 3 to the *2004 and 2009 Housing Element FEIR*. Addendum 3 analyzed the environmental impacts of the Affordable Housing Bonus Program (AHBP), which is proposed legislation that was introduced by Mayor Lee and Supervisor Tang on September 29, 2015. The analysis in Addendum 3 was based on the proposed AHBP legislation as it was originally introduced by Mayor Lee and Supervisor Tang.

The Planning Department introduced amendments to the proposed AHBP legislation on January 12, 2016, and Supervisor Breed introduced additional amendments during the Planning Commission hearing on January 28, 2016. In response to public testimony during the hearing on January 28, 2016, the Planning Department proposed additional amendments that were considered by the Planning Commission during a subsequent hearing on February 25, 2016. In response to all of the proposed amendments, the Planning Department issued Note to File 1 on February 18, 2016. Note to File 1 summarized the amendments and the environmental impacts of those amendments. In Note to File 1, the Planning Department concluded that the amendments would not result in new impacts that were not already identified in Addendum 3 or impacts that are more severe than those identified in Addendum 3.

Alternate Legislation for Consideration by the Board of Supervisors

On June 7, 2016, Supervisor Peskin introduced alternate legislation (the "Density Done Right: Development Without Displacement Program"). The Density Done Right legislation, along with the AHBP legislation, was reviewed by the Board of Supervisors' Land Use and Transportation Committee on June 13, 2016. Both pieces of legislation will be considered by the full Board of Supervisors during a hearing scheduled for June 21, 2016.

The Density Done Right legislation would allow an additional 30 feet of height above the legislated height limit, plus other development bonuses, for projects in which 100 percent of the dwelling units are affordable to very-low, low-, or moderate-income households.¹

¹ The other development bonuses consist of modifications to the rear yard, dwelling unit exposure, off-street loading, off-street parking, and usable open space requirements of the Planning Code, subject to approval by the Planning Commission.

The eligibility requirements for the Density Done Right legislation result in a smaller number of potential development sites (approximately 100) than under the AHBP (approximately 240), but a more site-specific analysis of the environmental impacts of the Density Done Right legislation would be speculative. It is not known how many of the property owners of these approximately 100 sites would actually utilize the Density Done Right legislation. Additionally, the conditions that currently disqualify potential sites could change over time such that some of these sites would later become eligible. For these reasons, the analysis contained in Addendum 3 adequately addresses the environmental impacts that could result from implementation of the Density Done Right legislation.

Under the AHBP, projects that could result in significant impacts on, or related to, historic resources, wind, and shadow would not be eligible for the AHBP. Based on the exclusion of such projects, Addendum 3 concluded that the AHBP would not result in significant impacts on, or related to, historic resources, wind, and shadow.

As originally introduced by Supervisor Peskin, the Density Done Right legislation does not exclude projects that could result in significant impacts on, or related to, historic resources, wind, and shadow. In order for the Density Done Right legislation to be adequately covered by the environmental impacts analysis in Addendum 3, the Density Done Right legislation would need to be amended to exclude projects that could result in significant impacts on, or related to, historic resources, wind, and shadow. Provided that this amendment is incorporated, the Density Done Right legislation would not result in new impacts that were not already identified in Addendum 3 or impacts that are more severe than those identified in Addendum 3, and no further environmental review would be required.



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. _ HEARING DATE JUNE 30, 2016

Project Name: **100% Affordable Housing Bonus Program and Density Done Right; Development Without Displacement Program**

Case Number: **2014-001503PCA [Board File No. 150969] and 2016-008024PCA [Board File No. 160668]**

Initiated by: **AHBP introduced September 29, 2015
DDR introduced on June 7, 2016**

Staff Contact: **Kearstin Dischinger, Manager of Housing Policy
kearstin.dischinger@sfgov.org, 415-558-6362**

Reviewed by: **AnMarie Rodgers, Senior Policy Advisor**

Recommendation: **Find both Ordinances consistent with the General Plan**

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MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE SECTION 101.1 FOR THE 100% AFFORDABLE HOUSING BONUS PROGRAM AND DENSITY DONE RIGHT; DEVELOPMENT WITHOUT DISPLACEMENT PROGRAM.

WHEREAS, on September 29, 2015, Mayor Ed Lee and Supervisor Tang introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 15-0969, which would amend the Planning Code to create the Affordable Housing Bonus Program, to provide various zoning modifications, form based zoning, and a height waiver for projects providing various levels of affordable housing, including a program entitled "the 100% Affordable Housing Bonus Program"; and

WHEREAS, on October 15, 2015 the Planning Commission voted to initiate an amendment to the General Plan to add language to certain policies, objectives and maps that clarified that the City could adopt policies or programs that allowed additional density and development potential if a project included increased amounts of on-site affordable housing; and

WHEREAS, on February 25, 2016, this Commission found that the Affordable Housing Bonus Program was, on balance, consistent with the San Francisco General Plan as amended, and forwarded the Affordable Housing Bonus Program, together with several recommended amendments, to the Board of Supervisors for their consideration; and

WHEREAS, on June 13, 2016, Supervisor Tang duplicated the AHBP ordinance file and amended the AHBP ordinance to include only the 100% Affordable Housing Bonus Program, and amended

the 100% Affordable Housing Bonus Program to, among other items, prohibit the use of the program on parcels containing residential units and to allow an appeal to the Board of Supervisors; and

WHEREAS, the 100 Percent Affordable Housing Bonus Program will facilitate the development and construction of 100 percent affordable housing projects in San Francisco; and

WHEREAS, all projects utilizing the 100 Percent Affordable Housing Bonus Programs are subject to the Affordable Housing Bonus Design Guidelines; and

WHEREAS, the proposed ordinance creates a comprehensive review procedure for the 100 Percent Affordable Housing Bonus Program to ensure compliance with the Affordable Housing Bonus Design Guidelines and a hearing before the Planning Commission; and

WHEREAS, on June 7, 2016, Supervisors Peskin and Mar introduced a proposed Ordinance under Board File Number 16-0668, which would amend the Planning Code to create the Density Done Right; Development without Displacement Program (“DDR”), to provide zoning modifications, form based zoning, and a height waiver for projects providing 100 percent of units as affordable units to households earning no more than the neighborhood median income, and has indicated an intention to amend the ordinance to address historic resources, wind, and shadow concerns; and

WHEREAS, on June 28, 2016, the Board of Supervisors rejected the proposed General Plan amendment; and,

WHEREAS, the Board of Supervisors has requested that this Commission review the 100% AHBP and the DDR Program for consistency with the General Plan without the General Plan amendments rejected on June 28, 2016; 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 Ordinances as amended and proposed to be amended, and the General Plan; and therefore be it,

RESOLVED, that the Planning Commission hereby finds that the 100% Affordable Housing Bonus Program and Density Done Right Program with pending amendments consistent with the General Plan for the reasons set forth below.

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 purpose of both the 100% Affordable Housing Bonus Program and Density Done Right is to facilitate the development and construction of affordable housing in San Francisco.
2. Affordable housing is of paramount statewide concern, and the California State legislature has declared that local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
3. The State Legislature has found that local governments must encourage the development of a variety of types of housing for all income levels, including multifamily rental housing and assist in the development of adequate housing to meet the needs of low- and moderate-income households.
4. San Francisco has one of the highest housing costs in the nation, but San Francisco's economy and culture rely on a diverse workforce at all income levels. It is the policy of the Board of Supervisors to facilitate the provision of housing to these workers and help to ensure that they pay a proportionate share of their incomes to live in adequate housing and to not commute ever-increasing distances to their jobs. The Association of Bay Area Governments determined that San Francisco's share of the Regional Housing Need for January 2015 to June 2022 was the provision of 28,870 new housing units, with 6,234 (or 21.6%) as very low, 4,639 (or 16.1%) as low, and 5,460 (or 18.9%) as moderate income units.
5. This Board of Supervisors, and the voters in San Francisco, have long recognized the need for the production of affordable housing. The voters, or the Board have adopted measures such as the establishment of the mandatory Inclusionary Affordable Housing Ordinance in Planning Code section 415; the San Francisco Housing Trust Fund, adopted in 2012, which established a fund to create, support and rehabilitate affordable housing, and set aside \$20 million in its first year, with increasing allocations to reach \$50 million a year for affordable housing.
6. The adoption of Proposition K in 2014 which established as City policy that the City, by 2020, will help construct or rehabilitate at least 30,000 homes, with more than 50% of the housing affordable for middle-income households, and at least 33% as affordable for low- and moderate income households; and the multiple programs that rely on Federal, State and local funding sources as identified in the Mayor's Office of Housing and Community Development (MOHCD) Comprehensive Plan.
7. Development bonuses are a long standing zoning tool that enable cities to encourage private development projects to provide public benefits including affordable housing.
8. **General Plan Compliance.** The proposed Ordinances are, on balance, consistent with the Objectives and Policies of the General Plan . (Staff discussion is added in *italic font* below):

HOUSING ELEMENT

OBJECTIVE 1

Identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing.

The 100% Affordable Housing Bonus Program (100% AHBP) would apply in zoning districts which a) allow residential use. The 100% Affordable Housing Bonus Program eligible districts generally include the City's neighborhood commercial districts, where residents have easy access to daily services, and are located along major transit corridors. 100% Affordable Housing Bonus Program eligible districts generally allow or encourage mixed uses and active ground floors. On balance the program area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

The Density Done Right (DDR) would apply in the same general areas as the 100% AHBP. The DDR includes some additional parcel specific restrictions.

Both ordinances further the potential for creation of permanently affordable housing in the City.

POLICY 1.1

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

The 100% AHBP and the DDR facilitate an increase the number of affordable housing units that could be built in San Francisco. Generally 100% affordable projects require that units be affordable for 55 years or permanently, depending on the funding source. This program is one tool to plan for affordable housing needs of very low, low and moderate income households.

POLICY 1.6

Consider greater flexibility in number and size of units within established building envelopes in community based planning processes, especially if it can increase the number of affordable units in multi-family structures.

The 100% AHBP and DDR provides greater flexibility in the number of units permitted in new 100% affordable housing projects by providing increased heights, relief from any residential density caps, and allowing some zoning modifications.

POLICY 1.8

Promote mixed use development, and include housing, particularly permanently affordable housing, in new commercial, institutional or other single use development projects.

The 100% AHBP and DDR eligible districts generally include the city's neighborhood commercial districts, where residents have easy access to daily services, and are located along major transit corridors. 100% AHBP and DDR eligible districts generally allow or encourage mixed uses and active ground floors. These ordinances would promote mixed-use development that include permanently affordable housing.

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.

On balance the 100% AHBP and DDR eligible parcels are located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability. These ordinances would support affordable 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.

The 100% AHBP and the DDR will facilitate affordable housing supply, including homeownership opportunities.

OBJECTIVE 4

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

The 100% AHBP and DDR can be utilized to increase housing supply for many household types including families, seniors, and emancipated youth.

POLICY 4.1

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

The 100% AHBP and DDR can increase the supply of new affordable housing, including new affordable housing for families.

POLICY 4.4

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

The 100% AHBP and DDR encourages the development of greater numbers of permanently affordable housing, including rental units.

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.

Parcels in most of the City's neighborhood commercial districts are eligible for the 100% AHBP, which enables the City to increase the number of very low, low and moderate income households and encourage integration of neighborhoods.

A smaller set of parcels would be eligible for DDR, depending on existing uses and other program eligibility requirements.

Policy 4.6

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

On balance the 100% AHBP and DDR eligible parcels are located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

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.

The 100% AHBP and DDR 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.

The 100% AHBP and DDR 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.

The 100% AHBP proposes a clear and detailed review and entitlement process for 100% affordable projects. The process includes detailed and limited zoning concessions and modifications. The 100% AHBP requires certain Planning Commission findings and an appeal to

the Board of Supervisors, similar in process to an appeal of a CU. Like a CU, this process does not provide certainty in the development entitlement process, however CU's currently apply to a number of development projects in San Francisco. On balance the 100% AHBP entitlement process is consistent with this policy.

The DDR adds a conditional use authorization process for 100% affordable housing projects. A CU does not provide certainty in the development entitlement process, however it is an entitlement process that currently applies to a number of development projects in San Francisco. On balance the DDR entitlement process is consistent with this policy.

OBJECTIVE 11

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

In recognition that the projects utilizing the 100% AHBP projects 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 AHBP projects to support and respect the diverse and distinct character of San Francisco's neighborhoods.

The DDR program requires a Conditional Use Permit which requires that the Commission find that entitled projects are consistent with the surrounding context, thus ensuring that the diverse and distinct character of San Francisco's neighborhoods are supported and respected.

POLICY 11.2

Ensure implementation of accepted design standards in project approvals.

In order to ensure consistency with the intent of the Planning Code and the General Plan, construct high quality buildings, as well as provide project sponsors with guidance and predictability in forming their building proposals, the project sponsors who use the 100% AHBP are subject to the AHBP Design Guidelines.

POLICY 11.3

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

The 100% AHBP and DDR only provide development bonuses which may permit a larger overall building mass for projects that include 100% affordable housing. Generally there are only two or three of these projects funded and entitled per year. Analysis conducted by staff and consultants on building heights in the eligible districts identified numerous buildings of varying heights in all height districts, including buildings substantially below the allowable height limit, and buildings substantially above the applicable height limits. Thus, the existing character in all eligible neighborhoods includes buildings of various heights. On balance, 100% affordable projects that exceed existing height limits by two or three stories would not substantially and adversely impact existing residential neighborhood character.

Further, 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.

The 100% AHBP and DDR only provide development bonuses which may permit a larger overall building mass for projects that include 100% affordable housing. Generally there are two or three of these projects funded and entitled per year. 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 usually consistent with neighborhood character in most parts of San Francisco. As both 100% AHBP and DDR offer increased density as a zoning modification, but still limit overall density permitted through height and other zoning considerations – on balance 100% AHBP projects and DDR projects would be generally consistent with prevailing neighborhood character.

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.

On balance the 100% AHBP and DDR program area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

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.

On balance the 100% AHBP and DDR area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

URBAN DESIGN ELEMENT

POLICY 4.15

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

In recognition that the projects utilizing the 100% AHBP 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.

The DDR program requires a Conditional Use Permit which requires that the Commission find that entitled projects are consistent with the surrounding context, thus ensuring that the diverse and distinct character of San Francisco's neighborhoods are supported and respected.

TRANSPORTATION

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.

On balance, the 100% AHBP and DDR program area is located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid Network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

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.

100% AHBP and DDR projects 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.

BALBOA PARK AREA PLAN

OBJECTIVE 4.5: Provide increased housing opportunities affordable to a mix of households at varying income levels.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities for a mix of household incomes.

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.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities for a mix of household incomes.

CENTRAL WATERFRONT AREA PLAN

OBJECTIVE 2.1 Ensure that a significant percentage of new housing created in the central waterfront is affordable to people with a wide range of incomes.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities

CHINATOWN AREA PLAN

OBJECTIVE 3

Stabilize and where possible increase the supply of housing.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

DOWNTOWN PLAN

OBJECTIVE 7

Expand the supply of housing in and adjacent to downtown.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

MARKET AND OCTAVIA AREA PLAN

OBJECTIVE 2.4

Provide increased housing opportunities affordable to households at varying income levels.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

MISSION AREA PLAN

OBJECTIVE 2.1

Ensure that a significant percentage of new housing created in the Mission is affordable to people with a wide range of incomes.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

SHOWPLACE/POTRERO HILL AREA PLAN

OBJECTIVE 2.1

Ensure that a significant percentage of new housing created in the Showplace /Potrero is affordable to people with a wide range of incomes.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

SOMA AREA PLAN

OBJECTIVE 3

Encourage the development of new housing, particularly affordable housing.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

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.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities. Based on staff and consultant analysis, the city understands that current zoned allowable densities are not always reflective of prevailing densities in a neighborhood. Many buildings constructed before the 1970's and 1980's exceed the existing density regulations. Accordingly zoning concessions available through the 100% AHBP and DDR generally set allowable densities within the range of prevailing densities.

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.

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

POLICY 11.4

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

The 100% AHBP and DDR provide zoning and process accommodations which would increase affordable housing opportunities.

WESTERN SOMA AREA PLAN

OBJECTIVE 3.3

ENSURE THAT A SIGNIFICANT PERCENTAGE OF THE NEW HOUSING CREATED IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES

The 100% AHBP provide zoning and process accommodations which would increase affordable housing opportunities to households making up to 80% of the area median income. The DDR provides zoning and process accommodations which would increase affordable housing opportunities to households earning up to 100% of the neighborhood median income.

4. Planning Code Section 101 Findings. The proposed amendments to the Planning Code are, on balance, 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 programs will create a net addition of neighborhood serving commercial uses. Many of the districts encourage or require that commercial uses be place on the ground floor. These existing requirements ensure the proposed amendments will not have a negative effect on neighborhood serving retail uses and will not affect 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 100% AHBP and DDR both propose conserve and protect the existing neighborhood character, by stabilizing very low, low and moderate income households who contribute greatly to the City's cultural and economic diversity, and by providing design review opportunities through the 100% Affordable Housing Bonus Program Design Review Guidelines and Board of Supervisors appeal process, and the conditional use review process for the DDR.

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

The proposed programs will enhance the City's supply of affordable housing by offer zoning incentives and concessions to 100% affordable housing projects.

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

The proposed amendments will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking because on balance the 100% AHBP and DDR program areas are located within a quarter-mile (or 5 minute-walk) of the proposed Muni Rapid network, which serves almost 70% of Muni riders and will continue to receive major investments to prioritize frequency and reliability.

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 programs would not cause displacement of the industrial or service sectors due to office development as it does not enable office development. Further, protected industrial districts, including M-1, M-2 and PDR are not eligible for these programs.

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 negatively affect preparedness in the case of an earthquake.

7. That the landmarks and historic buildings be preserved;

Landmarks and historic buildings would not be negatively affected by the proposed amendments. The 100% AHBP and DDR are only available to new construction projects. Further the 100% AHBP legislation specifically excludes any projects that would cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5.

The DDR may also include a prohibition on projects that would cause a substantial adverse change in the significance of an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5.

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

The City's parks and open space and their access to sunlight and vistas would be unaffected by the proposed amendments. Projects would be ineligible to use the 100% AHBP if they create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas.

The DDR may also include a prohibition on projects that would create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas.

- 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.

FURTHER RESOLVED, that the Commission hereby finds the proposed 100% AHBP ordinance; and the DDR ordinance, with proposed amendments to address historic resources, wind, and shadow concerns and if eligibility for the DDR to projects is limited to areas that are not within the boundaries of Northeast Waterfront Plan Area, south of Broadway, are consistent with the General Plan.

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

Jonas P. Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: