



SAN FRANCISCO PLANNING DEPARTMENT

April 11, 2016

Ms. Angela Calvillo, Clerk of the Board of Supervisors
Honorable Mayor Lee
Honorable Supervisor Tang
Honorable Members of the Board of Supervisors
City and County of San Francisco
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**Re: Transmittal of Planning Department Case Number 2014001503PCA
Affordable Housing Bonus Program (AHBP)
Board File No. 150969 Planning Code Amendment
Planning Commission Recommendation: Forwarded to the Board of
Supervisors with Suggested Amendments for Consideration but Without a
Recommendation on the Program as a Whole.**

Dear Clerk Calvillo and Mayor Edwin Lee:

On October 15, 2015, November 5, 2015, December 3, 2015, January 28, 2016, and February 25, 2016 the Planning Commission conducted duly noticed public hearings at regularly scheduled meetings to consider the proposed Ordinances that would create conforming General Plan Amendments and amend the San Francisco Planning Code for the Affordable Housing Bonus Program (AHBP) as introduced by Mayor Lee and Supervisor Tang.

General Plan Amendments.

The Commission unanimously recommended approval of the corresponding General Plan Amendments, contingent on the Affordable Housing Bonus Program Planning Code becoming effective. The General Plan Amendment Draft Ordinance, Planning Commission resolution, and related staff materials was transmitted to the Board of Supervisors on April 8, 2016.

At the February 25th hearing the Planning Commission took no action on the program as a whole, but provided the following recommendations to the Board of Supervisors on the six topics:

Topic 1 – Program Eligibility.

This topic reviewed what parcels could be eligible for the Affordable Housing Bonus Program. The Commission had a robust conversation that included which sites to prioritize for the program, protection of small businesses and historic resources. Some Commissioners wanted further study on the development of the soft sites, particularly the methodology used to identify what constitutes a soft site. Some Commissioner discussion centered on the other criteria for program eligibility, including if the parcel is on a corner lot, the intensity of the existing use on the lot, and the width of the street. After this discussion, the Commission voted to:

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 preservations, and maximum value capture for the Area Median Income (limits) in the program.

Topic 2 – Infrastructure to Support New Growth.

This topic reviewed the impact the program could have on infrastructure such as open space, pedestrian and bicycle infrastructure, schools, and transit. No suggested modifications were proposed. One Commissioner asked that the Board of Supervisors consider what fees or exactions project sponsors could provide to mitigate the impact of new development as a result of the Affordable Housing Bonus.

Topic 3 – Urban Design.

Besides the recommendations below, the Commission discussed that the AHBP Design Guidelines should not be one size fits all, in particular that taller buildings should consider setbacks for the higher floors to reflect the context of the neighborhood and that rear yards should be given special consideration. One Commissioner wanted site specific guidelines that specify building types based on the lot size. The Commission made the following recommendations:

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 the Planning Commission adopts new design guidelines; and
5. The Commission should consider light and air when reviewing AHBP projects.

Topic 4 – Public Review and Commission Approval

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

Topic 5 – Preserving Small Business.

The Commission also asked that staff worked with the Small Business Commission on protection of existing small businesses in the program area.

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.

Topic 6 – Who are we serving with this program? Affordability.

There was broad consensus to consider the staff recommendation to reduce the AMIs in the program within the constraints of feasibility, namely to:

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.

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.

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 accessed here and the Note to File is Exhibit H: http://sfmea.sfplanning.org/2014.1304E_AHBP_Addendum03_011416%20Final.pdf

I humbly remind the legislative sponsors, Mayor Edwin Lee and Supervisor Tang, to please advise the City Attorney at your earliest convenience if you wish to incorporate any of the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,



John Rahaim
Director of Planning

cc:

Audrey Pearson, Deputy City Attorney
Jeff Buckley, Senior Advisor, Office of Mayor Ed Lee
Supervisor Kay Tang, Legislative Sponsor
Ashley Summers, Aide to Supervisor Tang
Alisa Somera, Office of the Clerk of the Board
Kearstin Dischinger, Planning Department

Attachments:

1. Planning Commission Resolution No. 19578 – Proposed Planning Code Amendments
2. Planning Department Executive Summary
3. Addendum 3 to Environmental Impact Report
4. Note to File



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
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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



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Amendment

HEARING DATE: FEBRUARY 25, 2016

90-DAY DEADLINE: APRIL 11, 2016

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Project Name: **Affordable Housing Bonus Program**
Case Number: **2014-001503PCA [Board File No. 150969] and 2014-001503GPA**
Initiated by: **Mayor Ed Lee**
Supervisor Katy Tang
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, 415-558-6284
Recommendation: **Recommend Approval with Modifications**

BACKGROUND

On September 29, 2015, Mayor Edwin M. Lee and Supervisor Katy Tang introduced an ordinance to implement the Affordable Housing Bonus Program (AHBP). The Planning Commission has held four public hearings on the program to date:

- **October 15, 2015¹**
Initiation of General Plan Amendments: initiation at Planning Commission of the AHBP General Plan Amendments
- **November 5, 2015²**
Initiation Hearing: introduced the basics of the program and feedback received to date.
- **December 3, 2015³**
Initially scheduled for adoption. Response to public and Commissioner comments and concerns. Adoption hearing continued to January 28th.

¹Case packet for initiation of AHBP General Plan Amendments:
<http://commissions.sfplanning.org/cpcpackets/2014-001503GPA.pdf>

²Case packet for the Planning Code Amendment as presented to the Commission on November 5, 2015:
http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/ahbp/ahbp_memotoCPC_2014-001503PCA.pdf

³Presentation to Planning Commission: http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/ahbp/AHBP_CPC_Presentation-120315.pdf

- **January 28, 2016⁴**
Update to Commission on public on changes to the program, including Supervisor Breed's amendment removing existing rent-controlled units from AHBP eligibility.

REPORT STRUCTURE

The January 28th, 2016 Planning Commission hearing on the Affordable Housing Bonus Program (AHBP or Program) included several public comments and a detailed discussion of the proposed program. In consultation with the Commission President, this case report focuses on six (6) key topics raised at that hearing. Each topic includes the following sections:

- **Topic** a brief summary of the topic and issue raised;
- **AHBP Current Response** a discussion of the AHBP's proposed strategy to address the issues raised.
Note: the majority of these sections discuss the proposed Local Program which was crafted to respond to local housing policy goals. The Individually Requested and State Analyzed programs primarily implement the State Density Bonus Law; and
- **Recommended Amendments and Implications** a discussion of Amendment strategies to address the identified issues and potential implications of that Amendment. As proposed, the AHBP is intended to achieve increased levels of affordable housing production for low, moderate, and middle income households across San Francisco.

This program has been designed to: incentivize market-rate project applicants to choose a Local Program that achieves 30% affordability rather than the State density bonus program that allows for 12 to 18% affordability; increase the development of 100% affordable housing projects serving households below 60% AMI through the 100% AHBP program; and, increase the City's overall supply of affordable housing without drawing public resources away from existing affordable housing programs. All proposed Amendments to this program will be evaluated for their impact on project feasibility and on their ability to incentivize project sponsors to achieve the highest levels of affordability.

This case report is intended to provide a structure for the Commission to consider these six topics. To assist with this structure a summary Department recommendations has been provided as Exhibit C. These recommendations in no way limit the Commission's actions.

For more detail on the AHBP program goals, outcomes, and the proposed legislation please refer to the November 5, 2015² and January 28, 2016⁴ Planning Commission Packets. Related studies and reports are available in those packets or on the program website.

⁴ Case packet for the Planning Code Amendment and General Plan Amendment as presented to the Commission on January 28, 2016. <http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/ahbp/2014-001503PCA.pdf>

ISSUES AND CONSIDERATIONS

Topic 1 Program Eligibility

Commenters are generally supportive of encouraging housing on soft sites; however some have expressed concerns that the AHBP ordinance could incentivize development of parcels that house existing residents. The zoning districts within the AHBP area contain roughly 30,500 parcels, and cover neighborhoods throughout the city.

This section discusses the existing limitations on program eligibility, expected outcomes, and includes one recommendation for Commission consideration.

Current Proposal: AHBP and Limits to the Program Scale

To be eligible for the AHBP program, a site must meet several eligibility criteria. A parcel's zoning district **has been** the most discussed eligibility criterion for the Program; however there are a number of other legislated eligibility criteria proposed in the ordinance that further restrict the program's application. Furthermore, analysis of past development patterns under rezonings and the financial requirements of the program indicate that use of the program will be further limited in application. This section briefly discusses these limiting criteria and supporting analysis.

The Department estimates that of the eligible parcels, approximately 240 parcels citywide will potentially benefit from the AHBP. Generally, these are parcels that are currently developed to less than five percent of existing zoning, do not have any residential uses, and are not schools, churches, hospitals, or historic resources

Limiting Criterion 1: Program applies in only certain Zoning Districts ("Program Area")

The California State Density Bonus Law (State Law)⁵ applies to residential projects of five or more units anywhere in the state of California.⁶ The proposed San Francisco Affordable Housing Bonus Program focuses this broad law on zoning districts with all three of the following features: 1) allowance of residential uses; 2) control of density by a ratio of units to lot area; and 3) allowance of multi-unit residential buildings. The following districts are NOT eligible for the Local or State Analyzed Programs of the AHBP: RH-1 and RH-2 and any zoning districts where density is regulated by form (such as NCT, RTO, UMU, DTR, C-3, etc.).

Limiting Criterion 2: No demolition of Historic Resources (less 4,750 or More Parcels)

The AHBP ordinance explicitly disqualifies many parcels within eligible zoning districts based on a number of characteristics. Known historic resources, identified as CEQA Category A buildings by the Department's Historic Preservation division, cannot be demolished to build AHBP projects.⁷ Generally, the State Law does not recognize locally designated resources; however the State does allow cities to deny requested incentives, concessions or waivers only for properties listed on National or California Registers. The Local Program protects both eligible and listed

⁵California Government Code Sections 65915 – 65918

⁶ Please see Exhibit E which describes sponsor requested legislative changes.

⁷In addition, the Planning Commission does not approve demolition unless the proposed project is also approved.

resources under local, state and federal designations. Criterion 2 (exclusion of projects proposing to demolish historic resources) would reduce the number of eligible parcels by at least 4,750. Additional parcels could be excluded during the application or pre-application process as described below.

Properties in San Francisco are organized into three categories for the purposes of CEQA:

Status	Eligibility for AHBP
Category A Known Historic Resources	<u>are not</u> eligible
Category B Unknown (properties over 45 years of age)	<u>may be</u> eligible if determined not to have historic status
Category C Not a Resource	<u>are</u> eligible to participate

The existing proposal is clear that “Known Historic Resources” sites are not eligible for the program and “Not a Resource” sites are eligible for the program. The only uncertainty that remains is for “Unknown” sites. It is not possible to determine which “Unknown” properties may be reclassified as “Category A” or “C” until a historic resource evaluation is filed with the environmental evaluation. The uncertainty in time and invested resources may reduce the incentive for a project sponsor to participate in the Local AHBP. There are an estimated 4,570 “Category A” buildings in the AHBP area. There are also 22,100 “Category B” buildings – with unknown potential as historic resources. Before a project could be approved on these sites, the necessary historic evaluation would be completed to determine the resource status.

Category B Properties – Initial Historic Resource Determination

As part of the AHBP entitlement process the Department may offer an initial historic resource determination. The initial historic resource determination application would not require information on the proposed project as only the historic status of the property would be evaluated. This would allow a project sponsor an opportunity to determine eligibility for the local AHBP without investing resources into the design of the proposed project.

Category B Properties - Citywide Historic Resources Survey

Since the beginning of the City’s historic preservation program, small-scale surveys have been completed on a piecemeal basis, depending on funding and staff resources. Beginning in the summer of 2016, the Department will begin the first phase of a citywide historic resource survey documenting those areas of San Francisco that have not yet been evaluated. The first priority of this work will be areas potentially eligible for the AHBP and areas currently experiencing, or anticipated to have, heightened development. The citywide historic resource survey project is anticipated to take four to six years to complete. Early determination of either disqualification or eligibility will allow projects to be withdrawn if a resource is present or, if appropriate, designed with greater efficiency and compatibility. This survey work will minimize program uncertainties and associated costs for both the project and the City.

Category B Properties - Neighborhood Commercial District Survey and Historic Context Statement

The Department recently completed a Neighborhood Commercial Storefronts Historic Context Statement and data collection phase of a Neighborhood Commercial District Survey. The primary goal of the survey is to identify historic properties that may require future seismic or accessibility upgrades. The Department is currently preparing the community outreach phase of the survey. The survey examined approximately 83 current or formally-zoned neighborhood commercial areas, totaling 5,500 buildings. Along with recent area plan historic surveys, such as Market & Octavia, SoMa, and Mission, the Department will have determinations for virtually all neighborhood commercial corridors within the City. This information will provide upfront information on which properties are Category A or C.

Limiting Criterion 3: No demolition of a Rent Control Unit

Board President Supervisor London Breed proposed an amendment to the AHBP ordinance that bans the demolition of any rent control units through this program. The ordinance sponsors, Mayor Edwin Lee and Supervisor Katy Tang, as well as by the Department fully support this proposed amendment. Removing parcels with rent-controlled units is estimated to reduce the number of eligible parcels by 17,000.

LIMITING CRITERIA TWO AND THREE REMOVE AN ESTIMATED 19,300 PARCELS FROM ELIGIBILITY (ROUGHLY 63% OF 30,500 PARCELS IN THE PROGRAM AREA).

Limiting Criterion 4: Cannot shadow a public park or open space

The AHBP ordinance further limits the use of the Local Program for any project that would cause a significant shadow impact on a public park. It is difficult to estimate the exact limitation this restriction could cause on the program area, because shadow impacts would be determined during the environmental evaluation process, and could vary based on the specific building design. A preliminary shadow fan analysis indicates that up to 9,800 parcels could potentially be limited in their ability to build two additional stories of height due to this restriction and proximity to public parks. Specific analysis of a particular building proposal could change these initial results.

Limiting Criterion 5: Gain Commission approval required to demolish a unit

The City of San Francisco currently has very strict regulations around the demolition of a housing unit (Planning Code Section 317). Any project proposing to demolish a residential unit would be required to make the necessary findings and receive Planning Commission approval for the project.

Past development patterns suggest development would primarily happen on underutilized (soft) sites

The vast majority of eligible parcels contain healthy buildings and uses that would make them unlikely to be redeveloped. For example, the Market Octavia Area Plan rezoned every parcel in the Plan Area, removing density restrictions and increasing the zoned potential of most parcels. Despite this widespread rezoning, the plan resulted in new development on underutilized parcels such as former freeway parcels and large underutilized lots on Market Street. Other

parcels that were rezoned as part of Market and Octavia that host healthy older buildings including single family homes, apartment buildings and mixed uses have not attracted new development proposals because the current uses are highly valued by the community. It is anticipated that the AHBP would lead to similar development patterns. For purposes of estimating potential housing unit yields from the AHBP program, the Department identified approximately 240 underutilized ("soft") sites – sites where the current built envelope comprises five percent or less of the allowable building envelope under current zoning. Also, parcels containing residential uses, schools, hospitals and historic resources were also excluded as potential development sites.

While the Local AHBP offers clear development incentives, such as two stories of height and increased density, it also requires that project sponsors provide: 1) 30% of all units as permanently affordable; 2) 40% of the units as two bedroom; and 3) meet specific new design requirements of the Program. Financial analysis tested the program's value recapture to ensure the maximum affordable housing was required while still providing an incentive for projects to elect to provide 30% affordable housing. The analysis found the program is feasible, but only in some cases.

The financial feasibility analysis assumes current land values of the existing parcels remain constant with the implementation of the AHBP. The financial analysis assumes that land values would not increase due to program benefits; accordingly, there is little flexibility in the price projects can afford to pay for land. Further, the analysis assumes that the existing uses did not add to land value, so any existing use that would add value not considered by the financial analysis and would likely tip a project into infeasibility. In other words, the AHBP Local Program is financially feasible only for projects on sites where the existing building does not add costs to acquiring the property. A site with several residential units would command a higher market price than what was tested, and therefore the Local Program or State Analyzed Programs would likely not be financially feasible on sites with existing buildings.

Department Recommended Amendment to Further Limit Program Eligibility

To address concern around the program's scale, the Department recommends the following amendment:

- ❖ **ADD LIMITING CRITERION: PROJECTS THAT PROPOSE TO DEMOLISH ANY RESIDENTIAL UNITS SHALL NOT BE ELIGIBLE FOR AHBP.**

Supervisor Breed's amendment to the program already prevents parcels containing existing rent-controlled units from developing through the AHBP. The City could further limit the eligibility for AHBP to projects that do not demolish any existing residential units (regardless of rent-controlled status).

Potential Implication of Proposed Amendment

If the AHBP was limited to projects that did *not have ANY residential units*:

The AHBP could still produce 5,000 affordable housing units on 240 potential soft sites over a 20 year period. None of the soft sites identified contain known existing housing units, as the Department considers the development of sites with existing units unlikely for the reasons discussed above. Should the Planning Commission recommend this amendment, the amendment would not reduce the development potential on the identified potential soft sites.

Smaller increases in density to parcels with existing residential uses would be prohibited. Generally, sites with existing residential uses are unlikely to redevelop under the AHBP. However in the occasional instance where an owner wanted to redevelop a property with residential uses, the density of the new building would be limited by existing regulations, and there would not be the incentive to provide 30% affordable housing. Especially on smaller sites, where total units are below the 10 unit threshold for inclusionary housing under Planning Code section 415, the amendment could mean a reduction or omission of affordable housing when these sites are developed. If even 5% of the sites with only one unit in the Program area chose to develop and add more units (as allowed under existing regulations), the City could gain an additional roughly 300 permanently affordable units.⁸ **These units would not be built if this amendment is adopted. Additionally, these sites could redevelop under existing zoning controls producing zero affordable housing units.**

For projects that include five or more units, property owners could still avail themselves of the State Density Bonus Law and receive up a 35% increase in density, up to three incentives and concessions and waivers of development standards as defined by the State Law, while providing less affordable housing and no middle income housing. In addition, the State Law would limit the Department and Commission's ability to disapprove any incentives, concessions or waivers requested by the project sponsor.

Topic 2: Infrastructure to Support New Growth

San Francisco residents enjoy a high level of public infrastructure including access to open space and parks, pedestrian and bicycle infrastructure, schools, and an urban transit system. As the City's population grows, these amenities must be managed and scaled to accommodate new residents and maintain the quality of life in San Francisco. Recent area plans have generally included a community improvements plan and commensurate revenue strategies to enable infrastructure growth with new development. Commenters have asked how transportation and other amenities will be provided to support new residential development enabled through the AHBP. This section describes the City's current strategy for planning infrastructure to support new growth, with a focus on transportation.

Current Proposal: AHBP and Transportation Services

⁸ There are roughly 4,100 single-family homes in the AHBP program area in zoning districts that currently allow higher density development. Based on the Department's analysis, if only 5% of these sites were to redevelop they could produce upwards of 350 new permanently affordable units and a total net increase of 1,000 units.

The Program area is generally within walking distance to the Muni Rapid Network, the high level of service corridors such as Muni's light rail lines, Geary Boulevard and Mission Street. This means that the AHBP is encouraging new housing where the City is currently investing in increased levels of transportation services. This land use and transportation planning coordination ensures the City's investments will support new residents.

Area plans such as Market & Octavia and Eastern Neighborhoods include neighborhood specific impact fees to support concentrated development. For the more dispersed development associated with the AHBP, the City has subsequently completed a citywide infrastructure standards analysis and created commensurate citywide infrastructure funding mechanisms and plans. Many of the City's our infrastructure systems, especially transit and childcare, operate on a citywide basis and generally require a citywide approach when planning improvements.

In the past several years, San Francisco has made great progress on several citywide transportation planning efforts and has established several new transportation revenue sources. In addition to the ongoing revenue sources, in 2014 voters approved a \$500 Million transportation bond. Also in 2014, voters supported Proposition B which tethers additional transportation funding to the rate of population growth.

The Citywide Transportation Sustainability Fee (TSF), which applies to new residential and commercial development, is anticipated to generate \$1.2 billion in revenue over 30 years. TSF revenues will enable the City to "invest in our transportation network" and "shift modeshare by requiring new developments to prioritize more sustainable travel methods". The Department anticipates that over 80% of the projected projects that take advantage of the AHBP would include 20 units or more, and therefore would be subject to the recently established TSP fee. Thus, the AHBP could generate upwards of 99 million dollars⁹ in new transportation funding to support new residents. These funds will contribute meaningfully to the City's overall transportation funding strategy and enable the City to accomplish planned improvements to the network.

In addition to the TSF, all projects entitled under the AHBP would be subject to existing citywide fees for Public Schools, Public Utilities Commission (sewer and water) and childcare facilities.

These fees enable the City to make initial investments in infrastructure systems to support new growth. Maintaining a high level of service for all infrastructure types is critical to the quality of life in San Francisco. Much of the AHBP area includes parts of the City with higher levels of service for open space and pedestrian amenities.¹⁰

Topic 3: Urban Design

Some commenters have expressed concerns about the compatibility of potential AHBP buildings and neighborhood context. Some have expressed concern that the AHBP takes a 'one-size-fits-all'

⁹ In today's dollars, at \$7.74 per GSF, this estimate does not account for annual indexing of fees to account for cost inflation.

¹⁰San Francisco Infrastructure Level of Service Analysis March 2014. http://www.sf-planning.org/ftp/files/plans-and-programs/plan-implementation/20140403_SFInfrastructureLOSAnalysis_March2014.pdf

approach, which applies too broadly across the City's many neighborhoods. Some have asked whether the consistent development incentives would cause a monotonous or "one size fits all" outcome in terms of urban form. The need for special consideration for infill projects in existing historic districts has been raised. Some commenters also raised questions about the relationship between potential heights and existing road widths, suggesting that narrow streets may warrant special consideration. And, some have suggested that the limits on lot mergers should relate to the neighborhood context more specifically.

Current Proposal: AHBP and Urban Design

As drafted, the AHBP includes several parameters to ensure neighborhood and context-specific urban form.

Existing Controls Vary to Reflect Neighborhood Context

The Local Program of the AHBP enables projects to include two additional stories of housing when 30% of affordable housing is provided. The height increases are based upon the existing height regulations. While the incentive is the same increment across the City, the outcomes of the program will vary based on the underlying height limits. In many districts, the program enables six-story buildings, in some seven-story buildings, and in others eight-story and above buildings. While an AHBP project providing 30% on-site affordable units in the Western Addition and one in the Sunset would both receive two extra stories of height; the former, in a 65-foot height district, would result in an eight story building and the latter, in a 40 foot height district, would result in a six-story building. Current variations in underlying height controls will continue to be expressed through the AHBP.

Urban design in many cities and neighborhood types follow different general principles. San Francisco considers building height in relation to street widths. In some areas, a building's maximum podium height might be related to a street width, while in less dense neighborhoods, the overall maximum height of a building might be related to the street width. Generally, a ratio of building heights and street widths between .75 to 1.5 is considered appropriate in San Francisco.¹¹ This means that streets that are 40 feet wide can comfortably host buildings from 30 to 60 feet tall. Streets 50 feet wide can host buildings 40 to 75 feet tall. Streets 55 feet wide can host buildings 41 to 83 feet tall. All of the Program area includes roads that are 50 feet or wider – meaning they can comfortably host buildings that are 60 feet or taller. Thus, **the AHBP does not currently allow buildings that would be considered too tall in relation to the street width, based on this ratio.**

Design Guidelines

AHBP projects will be subject to program specific design guidelines. The guidelines address four topic areas: tops of buildings, middle of buildings, ground floors, and infill projects within existing historic districts. These guidelines will ensure San Francisco's practice of emphasizing context-specific design in new construction. The AHBP draft Design Guidelines includes 25 design guidelines¹². Three of the most relevant to context-specific design include:

¹¹ Allan B. Jacobs, *Great Streets*, Fourth Printing, 1996, pages 277 to 280.

¹² The complete AHBP draft design guidelines are available here: http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/ahbp/AHBP_Draft_Design_Guidelines.pdf

- T1. Sculpt tops of buildings to contribute to neighborhood quality (page 6 of the AHBP Design Guidelines).
- T3. Express Exceptional and Complementary Architectural Character (page 7 of the AHBP Design Guidelines).
- B3. The façades of new buildings should extend patterns (page 10 of the AHBP Design Guidelines).

Development within Historic Districts

Some historic districts maintain a strong uniformity while other exhibit varied character. AHBP projects will likely result in developments of greater density than the surrounding historic context. Increased density in historic districts does not inherently conflict with historic preservation principles. Historic districts are capable of allowing increased housing density without affecting the historic character and features of a district.

Infill projects within an eligible district will be reviewed by Planning Department Preservation staff in addition to the Planning Commission for compatibility with the AHBP Design Guidelines. There is no proposed change in process for an infill project within a locally-designated district under Article 10 or Article 11 of the Planning Code. Historic Preservation Commission review and approval through a Certificate of Appropriateness or Permit to Alter entitlement would continue to be required. Findings of compliance with local guidelines and the Secretary of the Interior's Standards would also continue to be required.

Projects proposed for sites of non-contributing buildings and vacant lots within historic districts are required to meet the AHBP Design Guidelines for compatibility with surrounding historic context and features. AHBP projects will likely result in developments that may be taller than the surrounding historic context, thus it is crucial that the design of infill construction within historic districts not be so differentiated that it becomes the primary focus. Application of the AHBP Design Guidelines, by the Department, decision-makers, and with oversight from the community, will assist in achieving innovative and exceptional design solutions where the scale and massing of a project must relate to the surrounding historic context.

Below are two of the nine AHBP Design Guidelines for projects within a historic district:

- H2. Strengthen the primary characteristics of the district through infill construction by referencing and relating to the historic design, landscape, use, and cultural expressions found within the district (page 18 of the AHBP Design Guidelines).
- H6. Design to be identifiable as contemporary and harmonious with the historic district in terms of general site characteristics, materials, and features (page 18 of the AHBP Design Guidelines).

Lot Merger Limits and AHBP

Current Planning Code controls only regulate lot mergers in a limited number of districts¹³ in the AHBP area. The AHBP ordinance proposes to extend lot limit merger regulations. AHBP projects

¹³ Inner and Outer Clement NCDs, and NC-2 Districts on Balboa Street between 2nd Avenue and 8th Avenues, and between 32nd Avenue and 38th Avenues.

that request a lot merger would be limited to less than 125 feet of street frontage. This generally reflects 50% of a typical San Francisco block, reflecting prevailing patterns in the program area neighborhoods.

The AHBP lot merger language is based on research that looked at past trends and the typical commercial corridor block length in the Sunset. Given that the typical commercial corridor block length in the Richmond and the Sunset is approximately 240 feet, 125 feet provides a good proximate for a building to not exceed. Note that this regulation would only apply to projects that participate in the AHBP. Current regulations would still apply to projects that are not participating in the AHBP. Currently, lot mergers are regulated in a few of the City's districts. Most commercial corridor zoning districts currently require a Conditional Use if the lot size is 10,000 square feet and above.

Department Recommended Amendments to Urban Design

- ❖ *ADD A DESIGN GUIDELINE TO MAXIMIZE LIGHT AND AIR TO THE SIDEWALKS AND FRONTAGES ALONG THE STREETS, INCLUDING ALLEYS.*
- ❖ *BASE LOT MERGER LIMITATIONS ON 50% OF THE ACTUAL BLOCK LENGTH, RATHER THAN APPLY A CITYWIDE NUMERICAL CAP.*
- ❖ *DIRECT PLANNING STAFF TO INCLUDE ANALYSIS OF A PROJECT'S CONFORMITY TO DESIGN GUIDELINES IN A PLANNING COMMISSION CASE REPORT.*

Potential Implication of Proposed Amendments

Additional design guidelines would empower design review to focus on the relationship between street width and building heights. A design guideline to "maximize light and air to the sidewalks and frontages along the streets, including alleyways" would speak to the overall feel of a particular corridor and a specific housing proposal. The Planning Commission would be required to find projects consistent with all AHBP design guidelines as part of the approval process. This would enhance urban design outcomes and ensure that new buildings are context-sensitive.

Relating the lot merger limitations to block length rather than overall parcel size ensures that AHBP projects relate to the specific neighborhood context. Limitations on lot mergers could, in rare cases, reduce total units produced for an individual project. However the proposed ratio would result in good urban design consistent with prevailing patterns and would offer an appropriate limitation on the scale of potential AHBP projects.

Topic 4: Public Review and Commission Approval

Some commenters have expressed concern that AHBP projects will not have adequate public input, City review or Planning Commission review. In particular commenters raised questions about the appeals process proposed for the Local AHBP, the conditional use findings and the ability of the Commission to make modifications to the design of the building.

Current Proposal: The Local Affordable Housing Bonus Program Project Review

As drafted, the Local AHBP does not reduce public input nor public hearing requirements for projects entitled under this program. In fact, the Local Program increases the opportunity for public input because every Local AHBP project will require a Planning Commission hearing

under the Local and 100 percent Affordable Housing Bonus Project Authorization proposed in Section 328, including some projects that would not otherwise require Planning Commission approval. Under the proposal, only projects that provide 30% permanently affordable housing, or greater, would be eligible for the Local and 100 percent Affordable Housing Bonus Project Authorization process.

Entitlement Process for AHBP State Analyzed Program

Projects entitled under the State Analyzed Program will have no reduction in the City's current review process. These projects will either provide the minimum inclusionary amount, or may provide between 13% or 20% affordable housing in order to obtain a greater density bonus or an increased number of incentives and concessions. Projects entitled through the State-Analyzed program will be subject to the same review and approval processes as they would today – the triggers for Conditional Use Authorization or any other code section that requires a Planning Commission hearing will continue to have a Planning Commission hearing. Projects that use the State-Analyzed program and do not trigger a Planning Commission hearing under the Code are still subject to Discretionary Review (DR). Projects using the State-Analyzed program and choose an incentive off the pre-determined menu that would have required a variance would no longer be subject to a variance hearing. However, if the project seeks a variance that is not from the menu, a variance hearing would be required.

Entitlement Process for AHBP Local Program and 100% Affordable

Projects entitled under the Local Program and the 100% Affordable Program, which respectively provide 30% affordable units or are completely affordable developments, will be reviewed under the proposed "Local and 100 percent Affordable Housing Bonus Project Authorization," as proposed in Section 328. This entitlement process is similar to the existing Large Project Authorization (LPA) process in the Eastern Neighborhoods Mixed Use Districts set forth in Planning Code section 329. The goals of establishing a new process for projects that provide 30% affordable housing include: 1) create a single process for projects with clear requirements and procedures; 2) enable the Planning Commission to grant exceptions to proposed projects without requiring a variance; and 3) build on the success of the LPA process established as part of the Eastern Neighborhood Mixed Use Districts. Should a project include a component that would currently require a conditional use approval (CU), the Commission would continue to be required to make the necessary findings that would otherwise be made as part of a CU hearing under the new entitlement process, and in addition to the required findings set forth in the Local and 100 percent Affordable Housing Bonus Project Authorization.

Section 328 - the Local and 100 percent Affordable Housing Bonus Project Authorization process - has a consistent review process for all Local Program projects. The review allows the Commission to grant minor exceptions to the Code to respond to design concerns raised by staff and the community in ways that would otherwise require a variance from the Zoning Administrator.

The Local and 100 percent Affordable Housing Bonus Project Authorization process recognizes that projects that take advantage of the Local Program of the AHBP may be larger than the surrounding neighborhood context in order to facilitate higher levels of affordability. Projects must comply with the AHBP Design Guidelines. The Commission can *disapprove a project* if it fails to meet the AHBP Design Guidelines, other applicable design guidelines, the Better Streets Plan or the General Plan. A project must have the required 30% or more onsite affordability *to qualify for* the Local and 100 percent Affordable Housing Bonus Project Authorization.

CU findings and authority of CPC to change projects

The Planning Commission will continue to have the authority to shape a building and revise certain components of a project, such as proposed land use, or other elements that might otherwise be approved under a particular Conditional Use Authorization permit.

The Local and 100 percent Affordable Housing Bonus Project Authorization is designed to allow the Planning Commission the ability to make minor modifications to a project’s height, bulk, and mass. However, the process recognizes that these projects may be somewhat taller or bulkier than surrounding buildings, and the intent is to limit such modifications to ensure that projects meet the AHBP’s affordability goals. Additionally, as mentioned above, the Planning Commission will be able to grant Planning Code exceptions to shift the mass of a project, if appropriate, as a tool to respond to surrounding context.

Summary: Review Process Current Process and AHBP Projects

	Current Process	State Analyzed	Local Program, 328 Affordable Housing Benefit Review
Preliminary Project Assessment (PPA)	x	x	x
Environmental Review	x	x	x
Pre-Application Meeting (with neighbors)	x	x	x
Design and Plan Review	x	x	x
Neighborhood notification (Section 311/312), or Planning Commission Hearing Notification	x	x	x
Required Planning Commission Hearing	Sometimes, DR optional	Sometimes, DR optional	x
Entitlement Appeals Body	Board of Appeals, or Board of Supervisors	Board of Appeals, or Board of Supervisors	Board of Appeals

Priority Processing for Projects with High Levels of Affordability

Projects that provide 20% affordable housing or more are currently eligible for priority processing – which means they are the first priority project for assigned staff. Priority processing does not change or reduce the steps in the review process. However, it can reduce time related to backlogs or high volumes of projects. Local AHBP projects would be eligible for priority processing.

Department Recommended Amendments to Public Review and Commission Approval

The following amendments regarding the entitlement process for Local AHBP projects could further address the identified issues:

- ❖ **MODIFY THE LOCAL AND 100 PERCENT AFFORDABLE HOUSING BONUS PROJECT AUTHORIZATION SUCH THAT APPEALS WOULD BE CONSIDERED BY THE BOARD OF SUPERVISORS.**

As currently drafted, projects that apply under the Local AHBP are subject to the Local and 100 percent Affordable Housing Bonus Project Authorization (Section 328) are appealable to the Board of Appeals. The appeal of a Section 328 decision could be directed to the Board of Supervisors, using the process found in Section 308 et seq. Under this code section Planning Commission decisions are appealable to the Board of Supervisors within 30 days after the date of action by the Planning Commission, and would be subscribed by either (i) the owners of at least 20 percent of the property affected by the proposed amendment or (ii) five members of the Board of Supervisors.

Alternative Amendment:

- ❖ **CONVERT THE 328 PROCESS TO A SEPARATE CONDITIONAL USE AUTHORIZATION PERMIT FOR ALL PROJECTS THAT PARTICIPATE IN THE LOCAL AHBP.**

Potential Implications of Proposed Amendments

Shifting appeals of entitlement to the Board of Supervisors for Local AHBP projects would not substantially impact the outcomes of the AHBP program in terms of unit production. There is some chance that project sponsors perceive this appeals process as offering less certainty or potentially an increased entitlement process, because the Board of appeals requires four out five votes to overturn a Planning Commission decision.

In contrast, appeals to the BOS require support of 20% of adjacent property owners or five Board members to be considered, however a two-thirds majority of Supervisors can overturn a Planning Commission decision. Therefore entitlement of projects likely would not be further burdened by this requirement.

Topic 5: Preserving Small Business

San Francisco's small business community is an integral part of our neighborhood commercial corridors, local economy and San Francisco's rich culture. Some commenters have expressed concerns around the potential impacts of the AHBP on existing small businesses and neighborhood commercial corridors. Will small businesses be afforded the opportunity to successfully transition to new locations when necessary? Will neighborhoods continue to have the neighborhood serving businesses?

Current Proposal: Small Business Preservation and AHBP

Generally, AHBP infill housing is anticipated on soft sites that are predominantly vacant, parking lots or garages, gas stations, or other uses that use only a small amount of the total development potential. That said some of these sites include existing businesses on neighborhood commercial corridors. New development requires a willing seller, buyer and developer. The potential impact

of this Program to specific businesses locations or business types cannot be quantified in any certain terms due to these factors. However it is generally understood that there are existing structures on less than half of the 240 potential soft sites.

The City is committed to maintaining small businesses in its neighborhoods. For this reason, the AHBP includes general assistance and support for any business that might be impacted, which can be tailored on a case-by-case basis. Staff anticipates that developments using the AHBP will produce additional commercial spaces and enhance existing commercial corridors.

Protections for Existing Businesses

As currently proposed, the AHBP addresses small business preservation in several ways.

Having adequate notification time when re-location is necessary has been one of the top concerns raised by small businesses in their recent quarterly meetings with the Mayor. Recently required seismic upgrades have forced many businesses to relocate with only a few months' notice. To address this concern and at the suggestion of OEWD and the Small Business Commission, the AHBP requires that project sponsors notify tenants of their first application to the Planning Department for environment review. Generally project construction starts two or three years after a project files for environmental review, but this can vary based on project size and other factors. This notification will guarantee tenants adequate time to develop an updated business plan, identify necessary capital, find an appropriate location, and complete necessary tenant improvements in a new location. The notification letter will also refer the business owner to OEWD and other agencies that can provide technical assistance and support. These services can help small businesses achieve a successful transition.

Relocating businesses may qualify for and take advantage of the Community Business Priority Processing Program (CB3P). Projects that qualify for and enroll in the CB3P are guaranteed a Planning Commission hearing date within 90 days of filing a complete application, and placement on the Consent Calendar. Certain limitations do apply¹⁴. All CB3P applications are subject to the same level of neighborhood notice, the same Planning Code provisions, and the same (if applicable) CEQA review requirements, and may still be shifted from Consent to Regular Calendar if requested by a Planning Commissioner or member of the public.

Enhancing Neighborhood Commercial Corridors and AHBP

Existing Planning Code controls encourage neighborhood appropriate new commercial spaces. Existing commercial size limits, listed below, will apply to new commercial space constructed as part of AHBP buildings. Existing use limitations (including formula retail regulations) will apply. These use size limitations were established through community planning processes to reflect neighborhood character. Any new or expanded uses above these amounts will continue to trigger a conditional use authorization.

¹⁴ Generally, eligible businesses cannot be a formula retail store with more than 20 establishments and cannot expand or intensify the use and certain uses such as alcohol, adult entertainment, massage, fringe financial and certain other uses cannot participate. See the Planning Department website for more information: <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentID=9130>.

The median independent retail size in San Francisco is 2,200 square feet and the median formula retail size in San Francisco is 6,500 square feet. Existing controls related to use size limitations generally encourage and support a continuation of small businesses on neighborhood commercial corridors. A sampling of use size controls is listed below.

NC District	Current Use Size Limit
North Beach, Castro Street, Pacific Avenue	2,000 sq. ft.
Inner Clement, Inner Sunset, Outer Clement, Upper Fillmore, Haight, Polk, Sacramento, Union, 24 th (Noe), West Portal	2,500 sq. ft.
NC-1, Broadway,	3,000 sq. ft.
NC-2	4,000 sq. ft.
NC-3, NC-S	6,000 sq. ft.

Most Neighborhood Commercial Districts encourage, but do not require, neighborhood commercial uses¹⁵. New infill projects would likely choose to include ground floor commercial uses. In fact, the AHBP Design Guidelines include eight specific controls for the ground floor (on page 13 of the AHBP Design Guidelines), which otherwise do not exist in many of our neighborhoods. For example, the AHBP Design Guidelines state that no more than 30 percent of the width of the ground floor may be devote to garage entries or blank walls; building entries and shop fronts should add to the character of the street by being clearly identifiable and inviting; and where present, retail frontages should occupy no less than 75 percent of a building frontage at the ground floor.

Department Recommended Amendments to Preserving Small Business

The Planning Department presented the AHBP to the Small Business Commission on February 8. Staff will return to the Small Business Commission on February 22 for further discussion. The following potential amendments have been identified by the Mayor’s Office of Economic and Workforce Development (OEWD) staff and the Small Business Commission.

- ❖ *REQUIRE EXISTING BUSINESSES BE OFFERED FIRST RIGHT OF REFUSAL FOR COMMERCIAL SPACE IN NEW BUILDINGS.*
- ❖ *RECOMMEND THAT THE BOARD OF SUPERVISORS DIRECT THE CITY TO ESTABLISH A SMALL BUSINESS RELOCATION FEE TO BE PAID BY NEW*

¹⁵ Planning Code Section 145.4 establishes requirements for ground floor retail on certain parts of streets such as along Market Street from Castro through the Downtown; along Hayes Street through the NCT; and along Fillmore Street from Bush Street to McAllister Street. See all such requirements in [Planning Code Section 145.4](#).

DEVELOPMENT CONSISTENT WITH THE VALUES OFFERED UNDER THE UNIFORM RELOCATION ACT.

- ❖ *REQUIRE THAT EARLY NOTIFICATION TO COMMERCIAL TENANTS BE NO LESS THAN 18 MONTHS AND BE SENT TO BOTH THE TENANT AND THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT (OEWD)*
- ❖ *ALLOW PLANNING COMMISSION TO REDUCE COMMERCIAL USE SIZES OR REQUIRE COMMERCIAL USES IN AHBP PROJECTS TO PROTECT NEIGHBORHOOD SERVING BUSINESSES*

Potential Implications of Proposed Amendments

A first right of refusal would enable existing businesses to have a competitive edge in securing space on their existing site. Businesses could participate in site design and potentially benefit from efficiencies in building the commercial spaces, for example, by making later tenant improvements unnecessary. While most businesses will likely not exercise this option because it would require relocating twice, the option offers the opportunity, especially for location sensitive businesses. This requirement would not reduce potential affordable housing production, but it may provide a developer with additional community support when valued businesses are retained.

Notifying OEWD will enable the City to take a proactive role in supporting small businesses and to coordinate support through various programs such as Invest and Neighborhoods and the Retention and Relocation Program. OEWD will know about proposed developments early enough in the process to effectively engage businesses and provide whatever supports are needed.

The Small Business Commission and OEWD staff suggest that the early notification would be most effective if businesses are afforded at least 18 months from first notification to required relocation date. Since relocation is required before environmental review commences, this required notification period should not delay a projects entitlement or development process.

The City can apply the standards of the federal Uniform Relocation Act to AHBP properties. For new construction that is funded all or in part with federal funds, the Act requires relocation advisory services for displaced businesses; a minimum 90 days written notice to vacate prior to requiring possession; and reimbursement for moving and reestablishment expenses. For a business, moving fees are based on a public bidding process plus a business is eligible for \$10,000 in reestablishment costs; or a business can receive a fixed payment of no more than \$20,000. The City could require project sponsors provide relocation costs consistent with the Uniform Relocation Act to existing commercial tenants. This payment would facilitate a business's successful transition to a new space in the neighborhood.

Topic 6: Who are we serving with this program? Affordability

Several commenters have asked if the affordable units generated through the AHBP are serving the right households. Some have suggested that the program should be adjusted to include a broader range of affordability. Some have suggested that households at 100 and 120% AMI should also be serviced through this program. Others have questioned whether affordability

targets should vary based on neighborhood demographics. In particular the following questions have been raised:

1. Why doesn't the program address the lowest income households?
2. Are middle income households served by market rate housing?
3. Should there be neighborhood specific elements of the program?

Current proposal: Households served and AHBP

The AHBP will be one of many affordable housing programs in San Francisco. The Program is unique in that it does not require public subsidy of the affordable units and incentivizes the private sector to provide a greater absolute number and greater percentage of affordable housing, similar to the City's inclusionary housing program. The AHBP proposes to increase the number of affordable units built to service low and moderate income households while also broadening the band of households eligible for permanently affordable housing to include middle income households. The AHBP proposes to increase low, moderate and middle income housing in San Francisco's neighborhoods.

Affordable Housing Programs and Housing Supply in San Francisco

The AHBP will be one of many tools to address housing affordability in San Francisco. Today, the majority (88% of affordable units produced) of the City's affordable housing programs¹⁶ serve households earning less than 60% AMI (\$42,800 for a one-person household and \$55,000 for a three-person household). Less than 9% of the affordable units created under the City's current programs serve those households at 80% AMI and above.

San Francisco is a leader in developing local funding sources for affordable housing, and has one of the nation's oldest inclusionary housing programs. The City's recent efforts include establishing a Local Housing Trust Fund and the Hope SF program. San Francisco dedicated a high proportion (40%) of all tax increment funding (TIF) generated in Redevelopment Areas to affordable housing. However, given that it costs \$250,000 or more to subsidize a single affordable housing unit in San Francisco, the City would need to generate \$4 billion in local subsidies to fund the Regional Housing Needs Allocation (RHNA) target of 16,000 affordable units by 2022. Local subsidies cannot be the only approach to securing permanently affordable housing. This underscores the need for programs such as our existing inclusionary program and the AHBP.

Over the next ten years, the Mayor's Office of Housing and Community Development plans to build an additional 4,640 housing units permanently affordable to households earning below 120% AMI. These new affordable units will be in addition to the thousands of affordable units that will be rehabilitated or preserved as part of RAD or other affordability preservation efforts. Roughly 4,400 of these units will service households earning 60% of the AMI or below. The remaining 241 units, most of which will be funded by federal and State dollars that often have further affordability restrictions, would service households at 60% AMI or below. With the construction of these pipeline projects the City will have a total of 42,640 permanently affordable housing units for households earning 60% AMI or below. The AHBP will add an additional 2,000

¹⁶This includes units provided under the Multifamily Housing Program, the Inclusionary Program, Former SFRA, Inclusionary Condo Conversion, Public Housing, HUS-assisted Projects, Master Lease, and other Tax Credit Projects. This does not include the Down Payment Assistance Loan Program or Section 8 vouchers that are used in San Francisco.

units for low and moderate income households – bringing the total to 44,640. In addition, the AHBP will provide 3,000 permanently affordable middle income units.

Affordability Level	Existing Permanently Affordable Units	MOHCD Pipeline housing (10 years)	AHBP Affordable Units (20 years)	Projected Total Affordable Units (with MOHCD known pipeline and AHBP)	
Very Low, Low and Moderate Income	36,260 ¹⁷				
Less than 60% AMI		4,640	2,000	44,640	94%
Less than 120% AMI	3,285 ¹⁸				
Middle Income (120% rental and 140% owner)			3,000	3,000	6%
Total	39,500		5,000	47,640	100%

The Local AHBP Program complements these existing and ongoing programs by providing affordable housing units to serve low, moderate, and middle income households making above 55% of AMI.

Affordable Housing Units encouraged through the AHBP

The AHBP builds on the City’s existing Inclusionary Housing Program, which serves low and moderate income households earning up to 55% of AMI (rental) and 90% of AMI (ownership)¹⁹. Only projects that provide the affordable units on site are eligible for the AHBP. This will incentivize projects, that might otherwise elect to pay the in lieu fee, to elect to provide affordable units on-site within the project.

The AHBP is projected to enable 5,000 permanently affordable units over a 20 year period. The Department estimates that the AHBP could result in 2,000 low and moderate income inclusionary units over the next 20 years. This will be more than double the 900 possible inclusionary units enabled under current zoning on the same sites. This is a significant enhancement to San

¹⁷ Roughly 13,180 of these units will service households earning 30% of the AMI or below.

¹⁸ Most of the existing units for 120% AMI and below are affordable to households earning no more than 80% AMI.

¹⁹ Note: the existing inclusionary program allows project sponsors to pay a fee in lieu of providing the affordable housing units.

Francisco’s ability to provide affordable housing for low and moderate income households.²⁰ This program will also generate an additional 3,000 permanently affordable middle income units.

Potential Affordable Housing Units produced in AHBP Area, under current controls or under AHBP, by affordability, over 20 years.

Affordability Levels	Current Controls (Units)	AHBP Maximum Potential (Units)
Low and Moderate Income Households (55% AMI for rental and 90% AMI for ownership)	900	2,000
Middle Income Households (120% AMI for rental and 140% AMI for ownership)	0	3,000
Total Permanently Affordable Housing Units	900	5,000

Low and Moderate Income Households Served

The AHBP could potentially double the number of inclusionary units serving low and moderate income households (55% or 90% of AMI) produced in the Program Area, compared to current zoning controls.

In 2015, a one-person household making 55%-90% of Area Median Income earns between \$39,250 and \$64,200. For a family of three, the range is \$50,450 to \$82,550. Households in this income category could include the following:

- A single housekeeper (55% AMI)
- A single entry level public school teacher (90% AMI)
- A single parent police officer or fire fighter with one child (90% AMI)
- A single parent postal clerk with two children (55% AMI)
- A construction worker and a dishwasher (90% AMI)
- Two cashiers and two children (55% AMI)
- A public school teacher and a housekeeping cleaner with two children (90% AMI)

THE AHBP WILL PRODUCE AN ADDITIONAL 2,000 UNITS AFFORDABLE TO THESE HOUSEHOLDS.

Middle Income Households Served

In 2015, a one-person household making 120% - 140% of Area Median Income earns between \$85,600 and \$99,900. For a family of three, the range is \$110,050 to \$128,400. This level of income

²⁰ Between 1992 through 2014 the inclusionary program has generated nearly 2,000 affordable units.

is significantly higher than households traditionally serviced by affordable housing programs; market rate housing is out of reach for these households in San Francisco. Households in this income category could include the following:

- A single Electrician (120% AMI)
- A single Electrical Engineer (140% AMI)
- A police officer or firefighter and a minimum wage worker (barista, etc.) (120% AMI)
- An ambulance dispatcher and a housekeeper (140% AMI)
- 2 Public School teachers with 1 child (140% AMI)
 2 public school teachers with 2 children (120% AMI)
- A police officer and a firefighter with 2 children (140% AMI)

THE AHBP WILL PRODUCE AN ADDITIONAL 3,000 UNITS AFFORDABLE TO THESE HOUSEHOLDS.

Need for Permanently Affordable Middle Income Housing

Based on federal, state, and local standards, “affordable” housing costs no more than 30% of the household’s gross income. In 2015 middle income households earning 120% of AMI and 140% of AMI could afford the following maximum rents and sale prices:

	Affordable monthly rent ²¹	Median Rents in San Francisco, 2015	Affordable sales price ²²
1-person household (studio unit)	\$2,100	\$3,490 (one bedroom)	\$398,295
3-person household (2 bedroom unit)	\$2,689	\$4,630 Two bedroom	\$518,737

Comparatively, median rents are \$3,490 for a 1 bedroom, and \$4,630 for a 2 bedroom apartment in San Francisco²³. To afford these rents a middle income households (120% AMI) would be required to dedicate 50% or more of their income to housing costs, market San Francisco recently exceeded \$1 million²⁴, again twice what a middle income (140% AMI) household can afford.

The income categories serviced by the AHBP are the household types that are declining in San Francisco. Census data show that households earning between 50% of AMI and 150% of AMI fell from 49% of all households in 1990 to just 37% in 2013. These are the income categories for which new, permanently affordable housing would be created under the AHBP. Middle-income households (120-150% AMI, the dark orange bar below) include a diminishing share of the City’s growing population, falling from 11% of the population in 1990 to 9% in 2013.

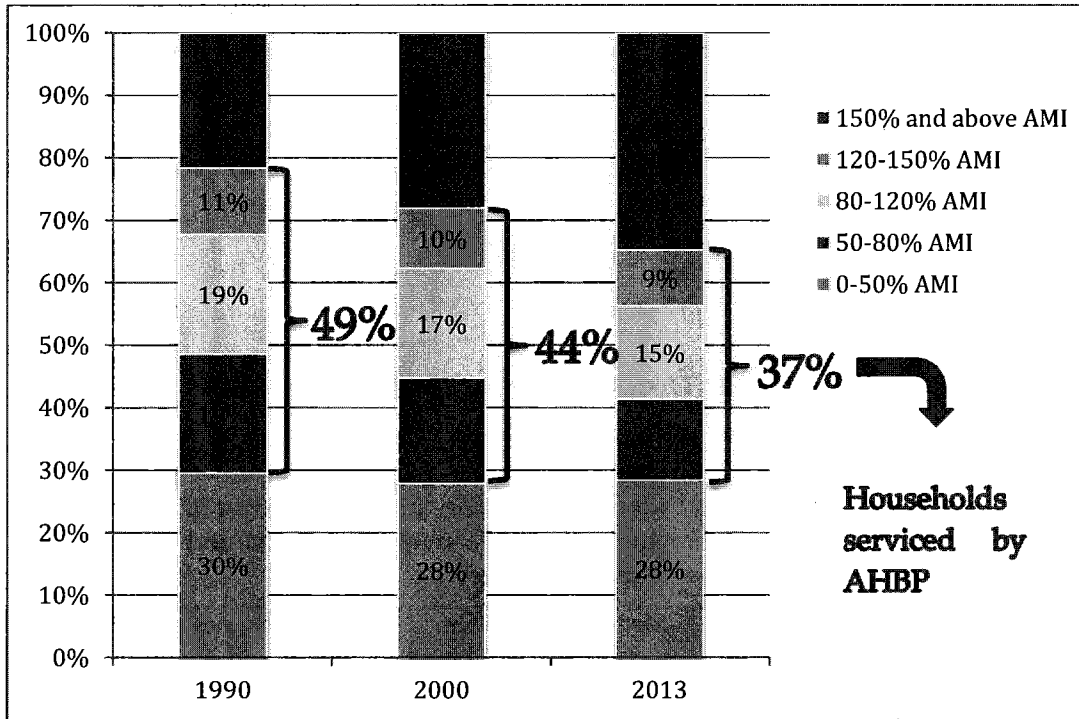
²¹ MOHCD. 2015 Maximum Monthly Rent by Unit Type; Studio and 2-bedroom unit “without utilities” figure.

²² MOHCD. 2015 Sample Sales Prices for the San Francisco Inclusionary Housing Program.

²³ <https://www.zumper.com/blog/2016/01/zumper-national-rent-report-january-2016/>

²⁴ <http://www.sfgate.com/business/networth/article/1-million-city-S-F-median-home-price-hits-7-5626591.php>

San Francisco's Households by AMI, 1990-2013



The last several RHNA cycles show that San Francisco has consistently under-produced housing for these income category over the same period of time.²⁵

From the 2014 Housing Element:

Household Affordability	Housing Goals 2007-2014	Actual Production 2007-Q1 2014	% of Production Target Achieved 2007-Q1 2014	Production Deficit as of Q1 2014
	Total	Total		
Low Income (under 80% AMI)	12,124	4,978	41%	7,146
Moderate Income (80% - 120% AMI)	6,754	1,107	16%	5,647
Market Rate	12,315	11,993	97%	322
TOTALS	31,193	18,078	58%	13,115

Table 1-64
 Annual Production Targets and Average Annual Production, San Francisco, 2007-Q1 2014

SOURCE: SF Planning Department, ABAG

²⁵ Note that since the City does not currently have a program which guarantees affordability for households above 120% of the Area Median Income, the Department does not have data on the production of housing for that income level. Based on current understanding of market sales and rental costs, staff believes that newly constructed housing is not affordable to middle income households.

Table I-63
Annual Production Targets
and Average Annual
Production, San Francisco,
1999-2006

Household Affordability	Housing Goals	Actual Production	% of Production Target Achieved	Production Deficit (Surplus)
	1999-2006	1999-2006		
	Total	Total		
Very Low Income (below 50% AMI)	5,244	4,342	82.6%	902
Low Income (50% - 79% AMI)	2,126	1,113	52.4%	1,013
Moderate Income (80% - 120% AMI)	5,639	725	12.9%	4,914
Market Rate	7,363	11,293	153.4%	(3,930)
TOTALS	20,372	17,473	85.8%	

From the 2004 Housing Element:

TABLE I-65

*Annual Production Targets and Average Annual Housing Production, 1989-1998**

Affordability Categories	Housing Goals		Actual Production		% of Annual Target Achieved
	1989-June 1995 (6.5 years)		1989-1998 (10 years)*		
	Total	Annual Targets	Total	Annual Average	
Very Low Income (below 50% AMI)	5,382	830	2,202	220	26.5%
Low Income (50% - 79% AMI)	3,595	553	1,515	152	27.4%
Moderate Income (80% - 120% AMI)	4,493	691	557	56	8.1%
Market Rate	8,987	1,383	9,883	989	71.6%
Annual Production Target, 1989 - June 1995	22,467	3,458	14,167	1,417	41.0%

*ABAG Reporting Period

The Local AHBP program will increase the amount of inclusionary housing produced for households making 55% or 90% of AMI while creating a new source of housing for middle income households making 120% (rental) or 140% (ownership) of AMI.

Why Provide Affordable Housing for Moderate and Middle Income Households?

The AHBP is designed to complement the existing affordable housing programs and housing units, to ensure that the City of San Francisco can remain an equitable and inclusive City as we continue to welcome new residents. In the past several decades middle income households have benefited from affordability assured through rent control, however vacancy de-control and changes in tenure have reduced the affordability of this housing supply. Limited public subsidies for affordable housing can continue to service the very low, low and moderate income households, while mixed income development projects such as the AHBP and those enabled under the inclusionary housing program will service low, moderate and middle income households.

How does the AHBP Respond to Specific Neighborhoods?

The AHBP is a citywide program that addresses the affordability needs of all of San Francisco. Much like the City's inclusionary programs, the intention of the AHBP is to increase the production of privately-financed housing for the City as a whole, by leveraging market-driven

development that otherwise would provide fewer or no affordable units for low, moderate, and middle income residents.

Neighborhood Specific AMI's: Focus on the Bayview

Some have commented that in some neighborhoods, the Bayview Neighborhood, in particular, could warrant a neighborhood specific adjustment to the AHBP program.

Because the Bayview neighborhood has a history of industrial uses that has left several large, underutilized sites that, if those sites were developed under AHBP, they could result in a large number of new housing units. For example, one of the soft sites identified in the Bayview is 43,681 square feet, as compared to a typical 2,500 square foot (25ft. by 100ft) commercial lot in an NC district. The prevalence of large underutilized lots in the Bayview means more units could be developed there under AHBP when compared to other neighborhoods in the city.

Although new development potential under this program would come with increases in affordable housing units for low, moderate and middle income households, some commenters suggested that the AHBP affordability targets do not adequately serve existing low-income households in the Bayview. Census data²⁶ in the below table shows households by income level in the Bayview and citywide.

²⁶ American Community Survey. 2010-14 5-Year Average

Households by Income Level, Bayview and San Francisco

% of AMI	Bayview		San Francisco	
	Households	% of HHs	Households	% of HHs
30%	3,468	31.6%	80,447	23.1%
50%	1,787	16.3%	40,146	11.5%
80%	1,841	16.8%	52,299	15.0%
100%	1,045	9.5%	28,683	8.2%
120%	828	7.6%	26,436	7.6%
150%	685	6.3%	31,267	9.0%
200%	646	5.9%	33,305	9.5%
>200%	662	6.0%	56,249	16.1%
Total	10,963	100.0%	348,832	100.0%

Bayview has a higher share of households earning 30% of AMI²⁷ and below than the citywide average. These households are typically served by SFHA public housing, of which there is a high concentration in the Bayview neighborhood relative to other neighborhoods in San Francisco.

Roughly 56% of Bayview households earn between 50% of AMI and 150% of AMI – these are the household incomes that will be served by the AHBP. Bayview households qualify at a higher proportion than the citywide average where only 51% of households earn between 50% and 150% of AMI.

Below is a demographic portrait of the Bayview Households by Race and Ethnicity.

Households by Race and Ethnicity, Bayview and San Francisco²⁸

Race	Bayview		San Francisco	
	Households	% of HHs	Households	% of HHs
Black HHs	4,760	44.6%	20,495	6.0%
Asian HHs	2,793	26.2%	95,032	27.9%
Hispanic HHs	1,666	15.6%	37,901	11.1%

²⁷ \$21,400 for a one-person household, \$27,500 for a household of three

²⁸ Source: U.S. Department of Housing and Urban Development. (October 28, 2015). Consolidated Planning/CHAS Data. 2008-12 ACS 5-Year Average.

White HHs	1,075	10.1%	176,841	51.9%
Other HHs	377	3.5%	10,156	3.0%
Total	10,671	100.0%	340,425	100.0%

The AHBP Local Program for mixed-income development is intended to complement existing and ongoing programs by providing affordable housing units to serve low, moderate, and middle income households making above 50% of AMI, including the half of Bayview households that fall into this income range. In addition, the 100% AHBP program is designed to yield a greater number of units affordable to households making below 60% of AMI, by allowing for greater density for 100% affordable housing developments.

Serving Existing Residents with Below Market Housing

There are two provisions to help ensure that existing residents can access below market housing in their neighborhood.

The first, which is recently adopted legislation separate from the AHBP, is often called ‘Neighborhood Preference’. The legislation prioritizes 40% of all affordable inclusionary units be to existing neighborhood residents. This provision enables existing residents to seek permanently affordable housing in their neighborhood. In the case of the Bayview – existing residents will be competitive for the low, moderate and middle income units.

The second provision is part of the draft AHBP ordinance. In order to ensure that the affordable units are below market rates the AHBP legislation requires that all affordable units be rented or sold at a price at least 20% below a particular neighborhood’s market housing costs. For example if a project in the Bayview was entitled under the Local AHBP program – before the 18% of units that are intended to service middle income households were marketed to residents (after construction) the project sponsors would be required to demonstrate that the middle income targets (120% and 140% AMI) were at least 20% below the prevailing market costs for housing in the Bayview. Should the City find that housing priced to be affordable to 140% AMI households was reflecting the market rate; the project sponsor would be required to reduce the cost to a price that is affordable to households at 120% AMI and market the units to qualifying households. This provision enables the program to be flexible to neighborhood specific market conditions and market variations over time.

Department Recommended Amendments to Affordability

- ❖ WITHIN THE CONSTRAINTS OF FEASIBLY CONVERT SOME OF THE 18% MIDDLE INCOME (120%/140%) UNITS TO 100%/120% AMI.

The AHBP Local Program for mixed-income developments could be modified to require that a higher share of affordable units are required to be provided for households making below 100% of AMI (rental) or 120% AMI (ownership). This approach would not impact the 100% AHBP program.

Potential Implications of Proposed Amendment

This amendment addresses the concern that a wider band of households’ affordable housing needs should be met through this program.

In general, lowering the income levels of required affordable units could have some impacts on financial feasibility for some projects. This approach could reduce participation in the Local

AHBP, in preference for the State Program or existing zoning requirements. A financial sensitivity analysis should be conducted in order to identify the exact relationship between lower income targets and project feasibility.

REQUIRED COMMISSION ACTION

Two draft ordinances are before the Commission for consideration today. These items may be acted upon or may be continued, at the discretion of the Commission.

1. Mayor Lee and Supervisor Tang introduced the AHBP Ordinance amending the Planning Code on September 29, 2015; substitute legislation was introduced on January 12, 2016. The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.
2. On October 15, 2015 the Planning Commission initiated hearings on a proposed Ordinance amending the General Plan. The Planning Commission can recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION SUMMARY

The Department recommends that the Commission recommend approval with the amendments specified below to the Board of Supervisors of the proposed Ordinances and adopt the attached Draft Resolution to that effect. Further information; including the basis for the recommendations and potential implications of alternatives have been described in more detail earlier in the case report. The section merely summarizes the content to assist the Commission with voting on a potential recommendation. Please note the Commission's action is in no way constrained to the topics or recommendations listed below. This is only a summary of staff recommendations.

Topic 1: Program Eligibility (pages 3-7)

- A. Recommend approval with scale limitations as currently drafted.
- B. STAFF RECOMMENDATION: Modify to add that projects that propose to demolish any residential units shall not be eligible for AHBP.
- C. Advise Board of Supervisors regarding benefits and concerns. Direct staff to continue work on these issues.

Topic 2: Infrastructure to Support New Growth (pages 7-8)

- A. STAFF RECOMMENDATION: Recommend approval with infrastructure support as currently drafted.
- B. Advise Board of Supervisors of issues on concern and direct staff to continue work on these issues.

Topic 3: Urban Design (pages 8-11)

- A. Recommend approval with urban design limitations as currently drafted.
- B. STAFF RECOMMENDATION: Modify to add a design guideline to maximize light and air to the sidewalks and frontages along the streets, including alleyways.

- C. STAFF RECOMMENDATION: Modify lot merger limitations on 50% of the actual block length, rather than apply a citywide numerical cap.
- D. STAFF RECOMMENDATION: Direct Planning Staff to include analysis of a project's conformity to design guidelines in a Planning Commission Case Report.
- E. Advise Board of Supervisors of issues on concern and direct staff to continue work on these issues.

Topic 4: Public Review & Commission Approval (pages 11-14)

- A. Recommend approval with new review process as proposed whereby appeals are considered by the Board of Appeals.
- B. STAFF RECOMMENDATION: Modify the appeals body for the Local and 100 Percent Affordable Housing Bonus Project Authorization-Section 328-to be the Board of Supervisors
- C. Modify the process such that Conditional Use Authorizations (CU) would not be considered as findings within the entitlement for AHBP projects, but would require a separate CU.
- D. Advise Board of Supervisors of issues on concern and direct staff to continue work on these issues.

Topic 5: Preserving Small Business (pages 14-17)

- A. Recommend approval with small business preservation tools as currently drafted.
- B. STAFF RECOMMENDATION: Modify to add that a requirement that existing businesses be offered first right of refusal for commercial space in new buildings.
- C. STAFF RECOMMENDATION: Modify to ask that the Board of Supervisors direct the City to establish a small business relocation fee to be paid by new development consistent with the uniform relocation act.
- D. STAFF RECOMMENDATION: Modify to require early notification to commercial tenants be no less than 18 months and also reported to the Office of Economic and Workforce Development.
- E. STAFF RECOMMENDATION: Allow Planning Commission to reduce commercial use sizes or require commercial uses in AHBP projects to protect neighborhood serving businesses.
- F. Advise Board of Supervisors of issues on concern and direct staff to continue work on these issues.

Topic 6: Affordability (pages 17-27)

- A. Recommend approval with new review process as proposed whereby the local program provides 12% low or moderate income housing and 18% middle income housing.
- B. STAFF RECOMMENDATION: Within the constraints of feasibility convert some of the 18% middle income (120%/140%) units to 100%/120% AMI.
- C. Within the constraints of feasibility provide affordable housing units for a broader range of households than are currently served, by deepening income level targets.

ENVIRONMENTAL REVIEW

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.

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 accessed here and the Note to File is Exhibit H: http://sfmea.sfplanning.org/2014.1304E_AHBP_Addendum03_011416%20Final.pdf

PUBLIC COMMENT

Public comment on the proposed AHBP has been received through the 20 plus public outreach events, direct correspondence with the Planning Commission or Department staff, and through several public forums and media discussions. Staff have maintained a log of public comments and responded to questions as they are received.

Public comments range greatly and cover a variety of topics. Most frequently public comments include a request for more information or details on a specific item. Key topics of discussion are summarized in the discussions above.

Many commenters support the program's approach to providing more affordable housing, while others express a clear lack of support for the program. More nuanced comments include a series of suggested amendments. Generally these issues are addressed by the discussion above and the related proposed amendments.

RECOMMENDATION: Recommendation of Approval with Modifications
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Attachments:

- Exhibit A: ~~Draft Planning Commission Resolution for General Plan Amendments~~
- Exhibit B: Draft Planning Commission Resolution for BOS File 150969
- Exhibit C: ~~Department Recommendation Summary~~
- Exhibit D: ~~Public Comment received since November 5, 2015~~
- Exhibit E: Project Sponsors proposed Amendments to the Affordable Housing Bonus Program
- Exhibit F: ~~Ordinance Adopting General Plan Amendments~~
- Exhibit G: ~~Board of Supervisors File No. 150969~~
- Exhibit H: Note to File



SAN FRANCISCO PLANNING DEPARTMENT

Addendum 3 to Environmental Impact Report

Addendum Date: January 14, 2016
Case No.: **2014.1304E; 2014-001503GPA**
Project Title: BOS File No. 150969 – Affordable Housing Bonus Program
EIR: San Francisco 2004 and 2009 Housing Element, 2007.1275E
SCL No. 2008102033, certified March 24, 2011, re-certified April 24, 2014
Project Sponsor: Mayor Lee and Supervisor Tang
Sponsor Contact: Kearstin Dischinger, (415) 558-6284, kearstin.dischinger@sfgov.org
Lead Agency: San Francisco Planning Department
Staff Contact: Michael Li, (415) 575-9107, michael.j.li@sfgov.org

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REMARKS

On April 24, 2014, the San Francisco Planning Commission certified the Final Environmental Impact Report for the 2004 and 2009 Housing Element (“2004 and 2009 Housing Element FEIR” or “FEIR”) pursuant to the California Environmental Quality Act (“CEQA”).¹ On June 17, 2014, the San Francisco Board of Supervisors (“Board”) adopted the 2009 Housing Element as the Housing Element of the San Francisco General Plan. On April 27, 2015, the Board adopted the 2014 Housing Element, which updated the Data and Needs Analysis of the 2009 Housing Element and added five additional policies. Based on an addendum issued by the San Francisco Planning Department (“Planning Department” or “Department”) for the 2014 Housing Element, the Board found that no additional environmental review was required beyond the review in the FEIR.²

This document is an addendum to the 2004 and 2009 Housing Element FEIR. Its purpose is to substantiate the Planning Department’s determination that no supplemental or subsequent environmental review is required prior to adoption of the City and County of San Francisco (“City”) Affordable Housing Bonus Program (“proposed program,” “proposed project,” or “AHBP”) and related General Plan amendments. As described more fully below, the AHBP is an implementing program of the 2014 Housing Element. The Department has determined that the environmental effects of the AHBP have been adequately identified and analyzed under CEQA in the 2004 and 2009 Housing Element FEIR, and the proposed project would not result in any new or more severe environmental impacts than were identified in the FEIR.

¹ San Francisco Planning Department, *2004 and 2009 Housing Element Final Environmental Impact Report*, April 24, 2014. Case No. 2007.1275E, <http://www.sf-planning.org/index.aspx?page=1828>, accessed on January 13, 2016. Unless otherwise noted, all documents cited in this report are available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, CA as part of Case No. 2014.1304E or the identified file number.

² San Francisco Planning Department, *Addendum to 2004 and 2009 Housing Element Final Environmental Impact Report, 2014 Housing Element*, January 22, 2015. Case No. 2014.1327E, <http://www.sf-planning.org/index.aspx?page=1828>, accessed on January 13, 2016.

Background

State Housing Element Law – Government Code Section 65580

The Housing Element is an element of San Francisco’s General Plan which sets forth the City’s overall policies regarding residential development and retention. Since 1969, California State Housing Element law (Government Code Section 65580 et seq.) has required local jurisdictions to adequately plan for and address the housing needs of all segments of its population, including low and very low income households, such that all communities contribute to the attainment of the state housing goals. Housing Element law requires local governments to plan for their existing and projected housing needs by facilitating the improvement and development of housing, rather than constraining opportunities. Under State Housing Element law, San Francisco’s 2014 Housing Element was required to plan for an existing and projected housing need of 28,869 new residential units, 56.6 percent (%) of which must be affordable to very low, low, or moderate income households.

State Density Bonus Law – Government Code Section 65915

Under Government Code Section 65915, the State Density Bonus Law (“State Law”), cities are required to grant density bonuses, waivers from development standards,³ and concessions and incentives⁴ when a developer of a housing project of five or more units includes at least 5% of those units as housing units affordable to moderate, low or very low income households (between 50% and 120% of area median income).⁵ The increased development potential allowed under this law is intended to offset the private developer’s expenses necessary to provide additional affordable units. The amount of the density bonus, and the number of concessions and incentives varies depending on the percentage of affordable units proposed and the level of affordability; generally, however, State Law requires that cities grant between a 7% to 35% density bonus, and up to three concessions and incentives, if a developer provides between 5% and 40% affordable units. Additionally, project sponsors are able to request waivers from development standards if the development standards physically preclude the project with the additional density or with the concessions and incentives.⁶ State Law requires that rental units be affordable for a term of no less than 55 years, and that ownership units be affordable to at least the first buyer through a shared equity

³ “Development standard” includes a site or construction condition, including but not limited to a height limitation, a setback requirement, a floor area ratio, an onsite open-space requirement, or a parking ratio that applies to a residential development pursuant to any ordinance, general plan element, specific plan, charter, or other local condition, law, policy, resolution, or regulation. (See Government Code Section 65915(0)(1).

⁴ Concessions and incentives mean (1) a reduction in site development standards or a modification of zoning requirements or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission as provided in Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required that results in identifiable, financially sufficient, and actual cost reductions; (2) Approval of mixed-use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located; or (3) Other regulatory incentives or concessions proposed by the developer or the city, county, or city and county that result in identifiable, financially sufficient, and actual cost reductions. (See Government Code Section 65915)

⁵ See generally, Government Code Section 65915 et seq.

⁶ See Government Code Section 65915(e).

agreement.⁷ Local jurisdictions are required to adopt an ordinance implementing the State Density Bonus Law; however, absent an ordinance, local jurisdictions are still required to comply with the law.⁸

City and County of San Francisco 2014 Housing Element of the General Plan

To support the development of affordable housing, the City's 2014 Housing Element anticipates the adoption of a "density bonus program" implementing the State Law. As envisioned in the 2014 Housing Element, such a program would allow density bonuses for projects that include certain percentages of affordable housing, as well as allow other incentives, concessions, and waivers for projects that include more affordable units than required under existing City programs.

Specifically, the 2014 Housing Element contains the following discussion of a density bonus program in Part I, on page A.6:

The City has continued the policy of establishing special use districts (SUDs)⁹ and height exceptions intended to support the development of affordable housing by allowing density bonuses for higher percentages of affordable or special needs housing. Almost all new Area Plans adopted during the 2007-2014 reporting period also include these policies, as well as additional affordable housing impact fees. Floor area ratio (FAR) limitations have been removed in the downtown areas to encourage housing development. The Board of Supervisors is currently considering legislation to exempt on-site inclusionary units from existing density limits in certain districts, essentially giving developers who include affordable units within their projects a density bonus.

In February 2014, the Department released an RFP [Request for Proposals] for consultant support to develop a more proactive program to implement Government Code Section 65915. For example, the proactive approach may follow the model of other municipalities which indicate which exemptions will be not be [sic] deemed as potentially having an adverse impact on health and safety.

In addition, under the 2014 Housing Element Implementing Programs (Part I, Chapter C, on page C.11), the following Implementing Program is identified to meet the goal of establishing a density bonus program in the City:

Implementing Program 39b. Planning will develop a density bonus program with the goal of increasing the production of affordable housing. The program will be structured to incentivize market rate projects to provide significantly greater levels of affordable housing than required by the existing City Programs.

A related strategy for further review of this Implementation Program is listed on page C.13:

Planning should examine incentives such as density bonuses, or other zoning related mechanisms that encourage long-term (i.e. deed-restricted) permanently affordable rental housing.

⁷ See Government Code Section 65915(c)(1) and (2).

⁸ See Government Code Section 65915(a).

⁹ Approximately a dozen SUDs have been established in order to provide density bonuses and zoning modifications for affordable housing projects. Examples include the Alabama and 18th Streets Affordable Housing SUD (Planning Code Section 249.27), the Third Street and Oakdale Avenue Affordable Housing SUD (Section 249.30), the Third Street and Le Conte Affordable Housing SUD (Section 249.43), the 1500 Page Street Affordable Housing SUD (Section 249.47, and the Lombard and Scott Street Affordable Group Housing SUD (Section 249.55).

City and County of San Francisco Inclusionary Affordable Housing Ordinance

The Inclusionary Affordable Housing Ordinance is found in Planning Code Section 415 et seq. This ordinance requires project sponsors of residential projects with 10 units or more to pay an Affordable Housing Fee as a way of contributing to the City's affordable housing stock. Under certain circumstances, a project sponsor may choose to provide on- or off-site affordable housing units instead of paying the fee. The most common on-site requirement is 12% affordable units, although it is higher in some Area Plan zoning districts.¹⁰

PROPOSED REVISIONS TO 2014 HOUSING ELEMENT

Affordable Housing Bonus Program

On September 29, 2015, Mayor Lee and Supervisor Tang introduced legislation (Board File No. 150969) to the San Francisco Board of Supervisors to amend the Planning Code to create the Affordable Housing Bonus Program. The proposed AHBP implements the density bonus program envisioned in the 2014 Housing Element.

In conjunction with the AHBP, the Planning Department has proposed minor amendments to the General Plan, including the Housing Element, so that the General Plan better and more specifically reflects the goals of the AHBP. The proposed amendments would add language to one Housing Element policy and descriptive text below two other Housing Element policies to recognize the City's need to allow development incentives for projects that include affordable housing units on-site. The proposed amendments, discussed in greater detail below, also include references to higher densities on Map 6 of the Housing Element and associated updates to the Land Use Index.

Overall, as reflected in the findings of the proposed AHBP ordinance, the goals of the proposed AHBP are to establish a program consistent with State Law; encourage the construction of a greater numbers of on-site affordable units; improve the feasibility of developing affordable units on underutilized sites; establish a program to provide housing for "middle income" households; and facilitate entitlement of 100 Percent affordable housing units. The AHBP would amend the San Francisco Planning Code by adding a new Section 206 to establish four avenues for project sponsors to receive a density bonus and other development bonuses, which would allow for a greater number of units to be built than would otherwise be permitted under existing zoning. The four programs are: 1) the Local Affordable Housing Bonus Program; 2) the 100 Percent Affordable Housing Bonus Program; 3) the Analyzed State Density Bonus Program; and 4) the Individually Requested State Density Bonus Program. **Table 1** summarizes the key features of the four programs, which are described in further detail below. The AHBP also establishes an approval process for AHBP projects, as well as specific AHBP Design Guidelines.

¹⁰ See, for example, the Additional Affordable Housing Requirements for UMU districts in Planning Code Section 419 et seq.

**Table 1
Comparison of Proposed Affordable Housing Bonus Program Characteristics**

Characteristic	Local Affordable Housing Bonus Program	100 Percent Affordable Housing Bonus Program	Analyzed State Density Bonus Program	Individually Requested State Density Bonus Program
Pre-Program Density Requirement	3 or more units	3 or more units	5 or more units	5 or more units
Affordable Housing Requirement	30% total inclusionary and middle income affordable units onsite (all middle income if no inclusionary requirement)	100% affordable to 80% AMI and below	Various affordability levels, ranging from 5% to 30% at various AMIs	Various affordability levels, ranging from 5% to 40% at various AMIs (100% for senior citizen housing)
Location Requirement	Zoning districts that regulate residential density by lot area, plus the Fillmore and Divisadero NCTDs; excludes RH-1 and RH-2 districts	Zoning districts that allow residential uses, excluding RH-1 and RH-2 districts	Zoning districts that regulate residential density by lot area, plus the Fillmore and Divisadero NCTDs; excludes RH-1 and RH-2 districts	Zoning districts that allow residential uses and can accommodate 5 or more units under existing zoning controls
Unit Mix Requirement	40% two or more bedrooms or 50% more than one bedroom	-	-	-
Environmental Requirement	No significant historic, shadow, or wind impact	No significant historic, shadow, or wind impact	-	-
Density Bonus	Form-based density controls	Form-based density controls	Up to 35% density bonus	Up to 35% density bonus
Height Bonus	Up to 25 feet/two stories with min. 9-foot floor-to-ceiling height for residential floors	Up to 35 feet/three stories with min. 9-foot floor-to-ceiling height for residential floors	Up to 25 feet/two stories with min. 9-foot floor-to-ceiling height for residential floors	Height increases allowed as necessary in order to develop at allowed increased density and with concessions requested
Zoning Modifications/Concessions and Incentives	Up to three: <ul style="list-style-type: none"> • rear yard: min. 20%/15 feet • unit exposure: min. 25 feet • off street loading: none required • parking: up to 75% reduction • open space: up to 5% reduction in common open space • additional open space: up to another 5% reduction in common open space 	Any or all: <ul style="list-style-type: none"> • rear yard min. 20%/15 feet • unit exposure: min. 15 feet • off street loading: none required • parking: up to 100% reduction • open space: up to 10% reduction in common open space (min. 36 sf/unit) 	Up to three depending on AMI: <ul style="list-style-type: none"> • rear yard: min. 20%/15 feet • unit exposure: min. 25 feet • off street loading: none required • parking: up to 50% reduction • open space: up to 5% reduction in common open space • additional open space: up to another 5% reduction in common open space 	Up to three, to be negotiated on project-by-project basis

Source: San Francisco Planning Department, January 2016.

Local Affordable Housing Bonus Program

Eligibility Requirements. The Local Affordable Housing Bonus Program (“Local Program”) would encourage construction of affordable housing by providing zoning modifications for projects that satisfy specified requirements. Local Program projects would be required to be all new construction (vertical additions to existing buildings would not qualify) with a pre-Program density (not including bonus units) of three or more residential units and to provide a total of 30% income restricted units on site. Local Program projects subject to the City’s Inclusionary Affordable Housing Ordinance would need to provide the required inclusionary units on-site, plus provide an additional 18% of the units as middle income units (units which are affordable to households earning 140% of area mean income (“AMI”) for ownership projects and 120% AMI for rental projects). For Local Program projects not subject to the Inclusionary Affordable Housing Ordinance, a total of 30% of the units would be required to be middle income units. The Local Program would be available in all zoning districts that regulate residential density by lot area, with the exception of RH-1 (House, One-Family) and RH-2 (House, Two-Family) districts, and also would be allowed in the Fillmore Neighborhood Commercial Transit District (“NCTD”) and the Divisadero NCTD. Local Program projects would be required to meet certain unit mix requirements (40% two or more bedrooms or 50% two-bedroom or larger units). The Program requires nine-foot floor to ceiling heights on all residential floors.

Projects would only be eligible for the Local Program if the Planning Department determines that they would not cause a substantial adverse change in the significance of a historic resource, create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas, or alter wind in a manner that substantially affects public areas. This determination would be made by the Planning Department as part of the broader environmental review process to which AHBP projects would be subject. Environmental review for AHBP projects would include an evaluation of the projects’ potential for significant environmental impacts in all applicable resource areas, pursuant to CEQA and Chapter 31 of the San Francisco Administrative Code.¹¹

Finally, Local Program projects would be required to comply with proposed AHBP Design Guidelines, described below.

Development Bonuses. Projects meeting the above requirements would be eligible to receive a height bonus (increase) of up to 20 feet above the existing height limit, or two stories with the required 9-foot floor-to-ceiling height.¹² In addition, Local Program projects with active ground floors would be granted up to an additional 5 feet in height at the ground floor, for a total maximum height bonus of 25 feet. Local Program projects also would be eligible to receive a density bonus through the application of form-based density controls rather than by lot area (i.e., by building volume rather than by units/square feet of lot

¹¹ In other words, historic resources, shadow, and wind would be only a few of the environmental topics reviewed; existing environmental review requirements would remain in place. The environmental review simply would inform the determination of whether projects would be eligible for the Local Program.

¹² All city parcels are subject to height and bulk limits, which set the maximum parameters for building height and bulk. For example, many residential (RH-1, RH-2, RH-3, etc.) districts are within the 40-X height and bulk limits, which mandate the maximum height of 40 feet, although most residential projects are also subject to the Planning Department’s Residential Design Guidelines, design review, and other requirements that may further limit the possible height of development.

area). Density of Local Program projects therefore would be limited by applicable requirements and limitations, including height (with the bonus), bulk, setbacks, open space requirements, exposure, and unit mix.

Zoning Modifications. Up to three other modifications to rear yard, dwelling unit exposure, off-street loading, parking, and open space requirements, in the amounts listed in Table 1, would be available to developers who pursue the Local Program.

100 Percent Affordable Housing Bonus Program

Eligibility Requirements. The 100 Percent Affordable Housing Bonus Program (“100 Percent Affordable Program”) would apply to new construction projects only (vertical additions to existing buildings would not qualify) with a base density of three or more units in which 100% of the total units are income restricted to 80% AMI or below. The 100 Percent Affordable Program would be available throughout the City on any parcel zoned to allow residential uses, with the exception of RH-1 and RH-2 districts. Projects would be eligible for the 100 Percent Affordable Program only if the Planning Department determines that they would not result in significant historical resource, shadow, or wind impacts. In addition, 100 Percent Affordable Program projects would be required to comply with the proposed AHBP Design Guidelines.

Development Bonuses. 100 Percent Affordable Program projects would be entitled to a height bonus of up to 30 feet or 3 stories above existing height limits, plus an extra 5 feet for active ground floor uses. These projects would be eligible to receive a density bonus through application of form-based density controls.

Zoning Modifications. Modifications in the amounts listed in Table 1 to rear yard, dwelling unit exposure, off-street loading, parking, and open space requirements would be available to developers who pursue the 100 Percent Affordable Program. Projects in this program would be eligible to receive any or all of the offered zoning modifications.

Analyzed State Density Bonus Program

Eligibility Requirements. The Analyzed State Density Bonus Program (“Analyzed State Program”) would apply to projects of five or more units that include various affordability levels, ranging from 5% to 30% at various AMIs. (These affordability requirements mirror the requirements of the State Density Bonus Law.) The Analyzed State Program would apply in the same locations as the Local Program, i.e., all zoning districts that regulate residential density by lot area, with the exception of RH-1 and RH-2 districts, plus the Fillmore and Divisadero NCTDs. The Program requires 9-foot floor to ceiling heights on all residential floors and Analyzed State Program projects would be required to comply with proposed AHBP Design Guidelines.

Development Bonuses. Analyzed State Program projects would be eligible to receive a waiver of height restrictions up to 25 feet above existing height limits (a maximum of two stories given the required minimum 9-foot floor to ceiling height), subject to the requirements of a specified formula, and a density bonus of up to 35% above that allowed under existing zoning.

Zoning Modifications. Developers who pursue the Analyzed State Program would be eligible to select up to three concessions and incentives (modifications to zoning controls), in the amounts listed in Table 1, to rear yard, dwelling unit exposure, off-street loading, parking, and open space requirements.

Individually Requested State Density Bonus Program

The Individually Requested State Density Bonus Program (“Individually Requested Program”) would be available to projects that are consistent with the State Density Bonus Law, but that request a set of incentives, concessions, or waivers that are not offered through the Analyzed State Program. The Individually Requested Program is also for those seeking a bonus for land donations, condominium conversions, or mobile home parks (as specifically allowed by State Law),¹³ and for projects in zoning districts not eligible for Analyzed State projects.

Eligibility Requirements. The Individually Requested Program would apply to projects of five or more units that include various affordability levels, ranging from 5% to 40% at various AMIs, as provided in State Law. The Individually Requested Program would apply in all districts that allow residential units and can accommodate five or more units under existing zoning controls. Projects under this program would be required to comply with the AHBP Design Guidelines

Development Bonuses. Individually Requested Program projects would be entitled to a density bonus of up to 35% above that allowed under existing zoning, depending on the amount and type of restricted affordable units proposed.

Zoning Modifications. Developers who pursue the Individually Requested Program would be eligible to receive up to three concessions and incentives as necessary to make the density bonus physically and financially feasible. Project sponsors could also request a waiver of a development standard that physically precludes the development at the density and with the concessions requested.

AHBP Project Authorization

The proposed legislation would also amend the Planning Code to add Section 328, which would establish a review and approval process for Local Program and 100 Percent Affordable Program projects. In addition to zoning modifications offered under the Local Program and 100 Percent Affordable Program, the proposed Section 328 would allow the Planning Commission to make minor project modifications to ensure a project’s consistency with the AHBP Design Guidelines.

All AHBP projects would be evaluated for consistency with the AHBP Design Guidelines. In recognition that some projects utilizing the AHBP would be taller or of differing mass than the surrounding context, the AHBP Design Guidelines would clarify how projects should both maintain their size and be designed to be compatible with their neighborhood context. Specific design guidelines would address ground-floor design, tops of buildings, sidewalk articulation, and architectural character. Also, the AHBP Design Guidelines would articulate existing design principles from neighborhood- or district-specific design

¹³ Density bonuses for “land donations” are regulated in Government Code Section 65915(g), “condominium conversions” are defined in Government Code Section 65915.5, and “mobile home parks” are defined under Government Code Section 65915(b)(1)(C).

guidelines that would be applied to all AHBP projects. These fundamental design principles would address such things as building massing and articulation, ground floors, and streets. Finally, the AHBP Design Guidelines would include historic preservation guidelines to ensure that AHBP projects preserve materials, features, and forms of historic districts, as applicable, and are compatible and differentiated. The draft AHBP Guidelines will be presented to the Planning Commission for adoption and forwarded to the BOS for approval.

All projects eligible to take advantage of the AHBP, under any of the four programs, would require review under CEQA.

AHBP General Plan Amendments

In conjunction with the proposed AHBP ordinance, the Planning Department has proposed minor amendments to the General Plan. These amendments would add language to the Housing Element, Urban Design Element, Chinatown Area Plan, Downtown Area Plan, and Northeast Waterfront Area Plan and associated updates to the Land Use Index to specifically reflect the goals and intent of the AHBP, which allow greater height and bulk for projects that provide affordable units on site.

Generally, the proposed amendments would include the following language in the relevant sections of the General 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. Refer to the Affordable Housing Bonus Program Design Guidelines.

The proposed amendments would add language to one Housing Element Policy and descriptive text to two other Housing Element policies to specifically reference and allow development incentives, such as additional height, density, and bulk, in exchange for higher levels of affordability. . The proposed amendments also include references to higher densities on Map 6 of the Housing Element and associated updates to the Land Use Index.

AHBP Approvals

As amendments to the Planning Code and General Plan, the proposed AHBP and General Plan amendments would require review and recommendation by the Planning Commission to the Board of Supervisors, and approval of an ordinance by the Board of Supervisors.

SETTING

San Francisco is a consolidated city and county located on the tip of the San Francisco Peninsula with the Golden Gate Strait to the north, San Francisco Bay to the east, San Mateo County to the south, and the Pacific Ocean to the west. The City is one of nine counties adjacent to San Francisco and San Pablo Bays. Daly City and the City of Brisbane abut San Francisco to the south. San Francisco is approximately 49 square miles in size. The City is made up of numerous planning districts and several plan areas (areas which have undergone, or are in the process of, a comprehensive community planning effort). Although San Francisco is densely developed, there remain developable vacant parcels, as well as underused parcels, which are currently zoned to allow housing in various locations throughout the City.

ANALYSIS OF POTENTIAL ENVIRONMENTAL EFFECTS

San Francisco Administrative Code Section 31.19(c)(1) states that a modified project must be reevaluated and that “[i]f, on the basis of such reevaluation, the Environmental Review Officer (ERO) determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons therefore shall be noted in writing in the case record, and no further evaluation shall be required by this Chapter.”

CEQA Guidelines Section 15164 provides for the use of an addendum to document the basis of a lead agency’s decision not to require a Subsequent or Supplemental EIR for a change to a project that has been analyzed in a certified EIR. The lead agency’s decision to use an addendum must be supported by substantial evidence that the conditions that would trigger the preparation of a Subsequent EIR, as provided in CEQA Guidelines Section 15162, are not present.

The proposed AHBP, which would implement the density bonus provisions referenced in the Housing Element, would not result in any new significant environmental impacts, substantially increase the severity of previously identified effects, or necessitate implementation of additional or considerably different mitigation measures than those identified in the FEIR. The effects associated with the proposed program would be substantially the same as those reported for the FEIR, and thus no supplemental or subsequent EIR is required. The following discussion provides the basis for this conclusion.

2004 and 2009 Housing Element FEIR Conclusions

The 2009 Housing Element adopted policies that, generally, encouraged housing and higher density housing along transit lines and other infrastructure, and in proximity to neighborhood services, such as open space and childcare. The 2009 Housing Element policies also encouraged higher density through a community planning process and, for affordable housing projects, promoted the construction of multifamily housing. The 2004 and 2009 Housing Element FEIR identified less-than significant environmental impacts in the following environmental topic areas:

- Land Use and Land Use Planning;
- Visual Quality and Urban Design;
- Population and Housing;
- Cultural and Paleontological Resources;
- Air Quality;
- Greenhouse Gas Emissions;
- Wind and Shadow;
- Recreation;
- Utilities and Service Systems;
- Public Services;
- Biological Resources;
- Geology and Soils;
- Hydrology and Soils;
- Hazards and Hazardous Materials;
- Mineral and Energy Resources; and
- Agricultural and Forest Resources.

The FEIR found that significant effects related to encouraging new residential development along streets with noise levels above 75 dBA L_{dn} can be avoided or reduced to a less-than-significant level with mitigation, and a mitigation measure addressing the issue was incorporated into the adopted Housing Element as an implementation measure.¹⁴ The FEIR found also that adoption of the 2009 Housing Element

¹⁴ *A-Weighted Sound Level (dBA)*: The sound pressure level in decibels as measured on a sound level meter using the internationally standardized A-weighting filter or as computed from sound spectral data to which A-weighting adjustments have been made. A-weighting de-emphasizes the low and very high frequency components of the sound in a manner similar to the response of the average human ear. A-weighted sound levels correlate well with

would potentially result in significant environmental effects on the transit network that could not be mitigated to a less-than-significant level with implementation of feasible mitigation measures. The policies in the 2014 Housing Element were substantially the same as those in the 2009 Housing Element, and the adoption of the 2014 Housing Element did not change the conclusions in the FEIR.

2004 and 2009 Housing Element EIR Alternative C

The 2004 and 2009 Housing Element EIR, in the Revised Alternatives Analysis, discussed and analyzed Alternative C (“2009 Housing Element Intensified”), which included potential policies (described herein as “concepts”) that more actively encourage housing development through zoning accommodations than the policies in the 2009 Housing Element. These concepts were generated based on ideas and alternative concepts raised over the course of outreach for the 2009 Housing Element preparation process, but which were ultimately not included as policies in the 2009 Housing Element.

Alternative C included concepts intended to encourage housing by:

- 1) Allowing for limited expansion of allowable building envelope for developments meeting the City’s affordable housing requirement on site with units of two or more bedrooms;
- 2) Requiring development to the full allowable building envelope in locations that are directly on Transportation Effectiveness Project (“TEP”) rapid transit network lines;
- 3) Giving height and/or density bonuses for developments that exceed affordable housing requirements in locations that are directly on TEP rapid transit network lines;
- 4) Allowing height and/or density bonuses for 100 percent affordable housing in all areas of the City except in RH-1 and RH-2 zones; and
- 5) Granting of administrative (i.e., over the counter) variances for reduced parking spaces if the development is:
 - a) in an RH-2 zoning district that allows for greater residential density (e.g., adding a second unit without required parking);
 - b) in an area where additional curb cuts would restrict parking in areas with parking shortages; or
 - c) on a Transit Preferential Street.¹⁵

The 2004 and 2009 Housing Element EIR analyzed the environmental impacts of implementing a more intensified housing development program than what was proposed under the 2009 Housing Element. The FEIR concluded that Alternative C would not result in any greater significant environmental impacts than those identified for the 2009 Housing Element. Specifically, the FEIR noted that Alternative C could result in a significant and unavoidable impact to the City’s transit network – the same as the proposed 2009 Housing Element – and that, with respect to noise, Alternative C could result in a significant impact that could be mitigated to a less-than-significant level with implementation of Mitigation Measure M-NO-1 –

subjective reactions of people to noise and are universally used for community noise evaluations.

Day-Night Sound Level (Ldn): The Leq of the A-weighted noise level over a 24-hour period with a 10 dB penalty applied to noise levels between 10 p.m. and 7 a.m.

¹⁵ The Transportation Element of the San Francisco General Plan contains Policy 20.1, which calls for “giving priority to transit vehicles based on a rational classification system of transit preferential streets (TPS).” The policy discussion elaborates that the TPS classification system should consider the multi-modal functions of the street, the existing and potential levels of transit service and ridership, and the existing transit infrastructure. A map of Transit Preferential Streets is provided in Map 9 of the Transportation Element.

also, the same as for the proposed Housing Element. In sum, the significance of the environmental impacts associated with Alternative C were determined to be similar to the significance of the impacts for the 2009 Housing Element. The growth projected in San Francisco over the Housing Element EIR review period was driven by assumptions based on regional demand, and therefore the EIR concluded that the policies contained within the Housing Element could incrementally affect the type of housing developed and, to some extent, the size of individual projects, but would not affect the overall number of units expected. Therefore, while some environmental impacts associated with Alternative C were determined to be either incrementally more or incrementally less severe than the impacts that were identified for the 2009 Housing Element, the difference in the severity of effects of Alternative C as compared to the 2009 Housing Element was not substantial.

Changed Circumstances since Certification of FEIR

Since certification of the FEIR, a number of revisions have been made to the Planning Code, General Plan, and other city policies and regulations (including the Inclusionary Housing Program, Standards for Bird-Safe Buildings, and others) related to housing and development in San Francisco. Most changes to the Planning Code and other documents can be found on the Planning Department's website: <http://www.sf-planning.org/index.aspx?page=2977>. Those changes were independent from the adoption of the Housing Element and have undergone independent review under CEQA. The revisions primarily pertain to neighborhood-specific issues, and none of them would result in changes that substantially deviate from the overarching goals and objectives that were articulated in the 2009 or 2014 Housing Element (such as directing growth to certain areas of the City, promoting preservation of residential buildings, etc.) in a way that could render the conclusions reached in the FEIR as invalid or inaccurate. These revisions to the regulatory environment also would not be expected to affect the severity of impacts discussed in the FEIR. Further, no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. Any additional draft amendments proposed for adoption, but not yet adopted, would be reviewed for environmental impacts prior to adoption.

Changes to Housing Projections

The FEIR contains population and housing projections that have since been updated. As reported in the 2014 Housing Element,¹⁶ the 2012 American Community Survey estimated San Francisco's population to be about 807,755. ABAG projects continued population growth to 981,800 by 2030 or an overall increase of about 174,045 people who will need to be housed over the next 18 years.¹⁷ In comparison, the 2009 Housing Element projected San Francisco's population at 934,000 by 2030. Household growth, an approximation of the demand for housing, currently indicates a need for some 72,530 new units in the 18 years to 2030. As with the 2009 and 2014 Housing Elements, the proposed AHBP would not change the population and housing projections, as those projections are due to, and influenced by, births, deaths, migration rates, and employment growth, and under current zoning the City can meet that demand. Rather, the AHBP would influence the location and type of residential development that would be constructed to meet demand.

¹⁶ 2014 Housing Element, Part I, p. I.4.

¹⁷ Association of Bay Area Governments, Projections 2013, p. 75.

Approach to Analysis of AHBP Environmental Effects

As discussed above, the Analyzed State Program and the Individually Requested Program (hereafter “the State Programs”) implement the State Law. Adoption of the State Programs would codify procedures that articulate the City’s preferences and priorities for implementing the State Law in San Francisco. Project sponsors of qualifying projects in San Francisco already are entitled to receive the density bonuses and concessions and incentives that would be offered by the State Programs. The State Programs would make it easier for project sponsors to take advantage of the State Law, since State Program projects would not be required to receive exceptions or other allowances from applicable Planning Code requirements, such as through a conditional use, variance or Planning Code amendment. The two AHBP State Law avenues, however, would not be expected to substantially increase the number of projects that are developed consistent with State Law, because the underlying financial feasibility of developing a particular parcel would not substantially change with adoption of the State Programs. Furthermore, Alternative C in the FEIR identified potential policies, including increased heights and expanded building envelopes, that would allow more intense housing development in certain areas of San Francisco. Alternative C thereby reflected the potential for construction of relatively larger buildings with higher affordability levels in particular locations, such as along rapid transit corridors. Thus, because the State Law was already assumed as part of the baseline regulatory environment for both the Housing Element and Alternative C, impacts from implementation of the State Law through the State Programs were included in the analysis of the Housing Element in the FEIR. It is worth noting, however, that future proposed projects seeking to take advantage of the State Programs, or any AHBP program, would be subject to additional project-specific environmental review.

The Local Program and 100 Percent Affordable Program (hereafter “the Local Programs”) contain additional eligibility requirements that are more restrictive than the requirements for the State Law. These include the affordability, location, unit mix, and environmental requirements. At the same time, the Local Programs have a lower threshold of eligibility regarding the pre-program density requirement (a minimum of three units versus five) and the density bonus offered under the Local Programs is not capped at a certain percentage, as is the State Law. In contrast to the State Programs, the Local Programs were not specifically included or assumed as part of the existing regulatory environment in the FEIR. The Department reasonably assumes, however, that projects constructed under the Local Programs would be generally similar to those that qualify for State Law development bonuses and, as with the State programs, would not substantially deviate from the development that the FEIR concluded could proceed under the concepts described in Alternative C.

Pursuant to CEQA, this document focuses specifically on the physical environmental effects that could result from implementing the proposed AHBP. The proposed program does not directly propose new housing development projects and thus, would not directly result in the construction of residential units. However, by allowing for and articulating the City’s preferences and priorities for density bonuses and establishing a defined menu of zoning modifications from which a developer could choose, the AHBP could encourage the production of a greater number of market-rate and affordable housing units at any given eligible site than would occur under existing land use controls. In other words, the program would allow for a greater number of residential units to be included in a given development project. This construction would occur because the program would make it more financially feasible for project sponsors to develop or redevelop underutilized sites and include affordable housing. Nonetheless, as noted above, the AHBP would not increase projected demand for housing, nor would it change the total

amount of residential growth (in terms of numbers of units) anticipated in the City. Rather, the program would influence the location, density, building envelope, and affordability of residential development that would be constructed to meet demand.

The program characteristics that have the greatest potential to result in physical environmental effects are the height and density bonuses and the zoning modifications, as they would influence the size of the building envelope and may necessitate deeper foundations and larger lot coverage.

Anticipated Development of AHBP Projects

It is uncertain how many additional new units (affordable or market rate) would be built by project sponsors choosing to take advantage of the proposed AHBP. It is also uncertain precisely which parcels in the City would be developed or redeveloped with AHBP projects as opposed to traditional residential projects. Nonetheless, the Planning Department has estimated a theoretical maximum number of new units that would be built under the Program, based on the assumptions described below, and analyzed the distribution of sites throughout the City where such development would be most likely to occur.

Selection of AHBP Option by Developer

The Planning Department crafted the four proposed AHBP options to provide for a range of program types suiting different project site conditions, project types, and project sponsor needs. The Department anticipates that the Local Program would be the most popular choice by developers because it would provide the greatest benefits, in the form of the bonuses and zoning modifications offered, relative to the costs to qualify (i.e., provision of affordable housing). The Analyzed State Program is anticipated to be the second most popular choice, for similar reasons, and it would be available to projects that do not meet the eligibility requirements for the Local Program. In addition, Local Program and Analyzed State Program projects would benefit from a more streamlined entitlement process, without the need to justify the financial or site constraints that merit specific zoning modifications, relative to Individually Requested Program projects. Although sponsors of projects meeting the affordability and other requirements of the 100 Percent Affordable Program would benefit from an additional 10-foot/one-story height bonus as compared to the Local Program and Analyzed State Program, the 100 Percent Affordable Program would be expected to attract a very small number of applicants on an annual basis due to the financing constraints for such projects. Most 100% affordable projects rely on some form of public funding, sources of which are very limited, and the AHBP would not increase public funding sources. The Individually Requested Program would be expected to attract a small number of projects due to the requirement to justify the financial and/or site constraints that merit the specifically requested zoning modifications, which are not required by the other three programs. Nonetheless, the Planning Department's estimate of theoretical maximum number of new AHBP units takes into account 100 Percent Affordable and Individually Requested Program units.

Development and Other Constraints

In order to determine the likely number of new units that would be constructed under the AHBP, the Planning Department began by identifying the constraints to development of projects eligible to take advantage of the proposed AHBP. As noted above, it is anticipated that most developers would choose either the Local Program or the Analyzed State Program (hereafter "Local or Analyzed Programs"). Therefore these programs would be expected to incentivize the greatest number of residential units and the following discussion of development constraints focuses on these programs.

Location. Developers would be able to take advantage of the Local Program only in locations subject to quantified density limits and that allow three or more units per parcel. These locations, which total 30,850 parcels (“the study area”), constitute approximately 20 percent of all parcels in the City zoned for residential uses (see **Figure 1**). The Analyzed State Program would be available only in locations subject to quantified density limits and that allow five or more units per parcel; these parcels are encompassed within the study area.

Numerous areas of the City that benefit from more recent community plans are not subject to residential density limits, such as areas within the Market Octavia Area Plan, the Eastern Neighborhoods Area Plans, the Balboa Park Plan Area and the Glen Park Plan Area. In these areas, proposed developments are subject to form-based regulation, and are ineligible for the Local or Analyzed Programs. Some individual parcels in areas with form-based zoning where residential use is permitted are expected to take advantage of the 100 Percent Affordable Program, but for the reasons described above this would not constitute a substantial number of sites.

In addition, projects seeking density bonuses under the Local, 100 Percent Affordable, and Analyzed State Programs would not be permitted in RH-1 and RH-2 districts, which allow only one or two units per lot, respectively. RH-1 and RH-2 districts make up approximately 72% of all existing land parcels and 50% of the City’s developable acreage (meaning non-open space or land that is not federally owned).

As illustrated in **Figure 1**, the study area includes neighborhood commercial districts along Geary Boulevard, Van Ness Avenue, and Balboa, Fillmore, Divisadero, and Taraval streets. In addition, the study area includes some parcels along Van Ness Avenue and Mission, Third, Irving, and Judah streets.

The study area includes zoning districts in which mixed-use development is already encouraged or permitted (e.g., C (Commercial) districts, NC (Neighborhood Commercial), NCT (Neighborhood Commercial Transit) districts, and RC (Residential-Commercial Combined) districts, among others). Thus, AHBP projects would likely occur in zoning districts that have neighborhood-, city-, or regional-serving commercial uses in areas close to major transit lines (i.e., the Muni rapid network) and on major automobile arterials. **Figure 2** shows the location of the Muni rapid network in relation to the study area.

Existing and Proposed Site Development. The majority of parcels throughout San Francisco are already developed with existing buildings that are not anticipated to be redeveloped. A total of 13,800 parcels in the study area are currently developed to more than 30% of the permitted site capacity.¹⁸ Even with the density and height bonuses offered to projects qualifying for the Local and Analyzed Programs, it is unlikely that the financial incentives of the programs would be sufficient to incentivize redevelopment of those parcels. This standard assumption applies because the value of the existing uses on those parcels most likely exceeds the relative value of the new development potential, less the cost of redeveloping the parcel. These costs include the monetary cost of project design, environmental review, entitlement processing, demolition, and construction. Furthermore, because redevelopment entails an inherent uncertainty about whether the project would successfully receive entitlements, parcels already developed 30% above the permitted site capacity are unlikely to undergo the redevelopment process.

¹⁸ The Planning Department divides the square footage of a building or buildings on a given parcel by the total square footage theoretically allowed on that same parcel under existing zoning controls (i.e., height limit, rear yard requirement, bulk controls, etc.) to calculate to what percent of zoned capacity the parcel is currently developed.

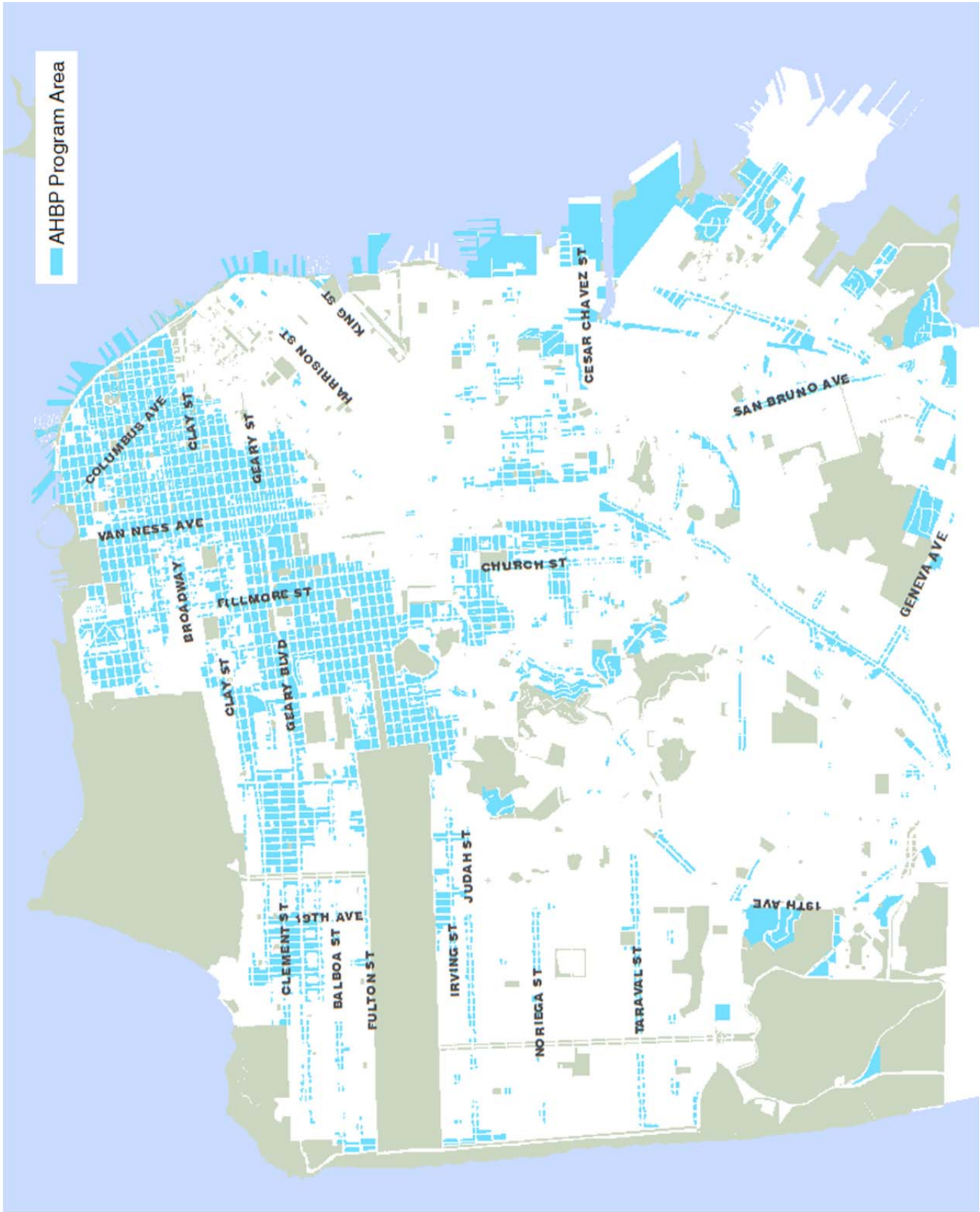


FIGURE 1: AHB STUDY AREA

SOURCE: San Francisco Planning Department, 2016

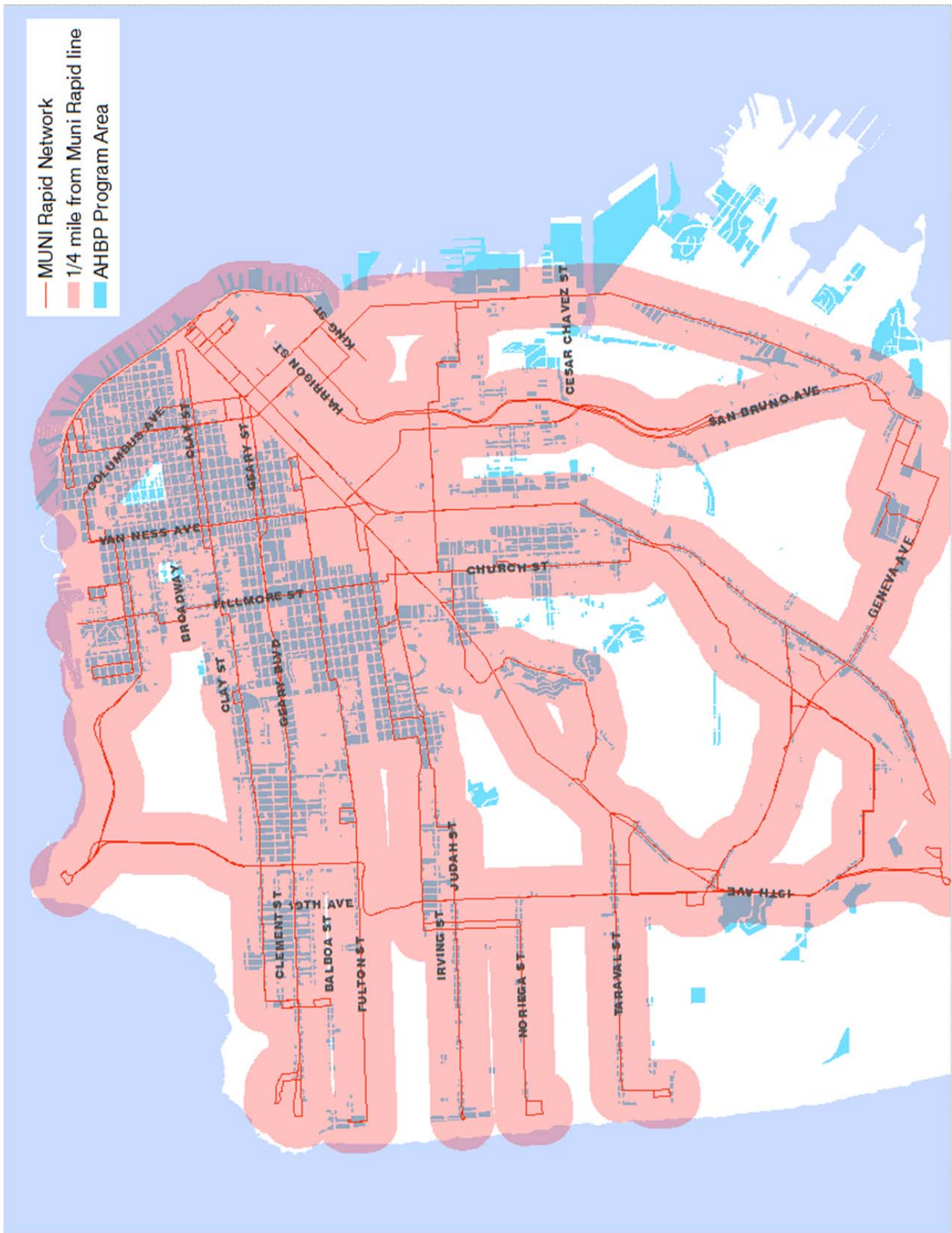


FIGURE 2: AHBP STUDY AREA AND MUNI RAPID NETWORK

SOURCE: San Francisco Planning Department, 2016

In addition to the above, the type and age of existing development is a factor in assessing the likelihood of a given parcel being redeveloped. Certain existing uses make redevelopment prohibitively costly or unlikely, either due to the nature of the existing uses or due to existing Planning Code regulations or policies that discourage demolition and reconstruction. Within the study area, these uses include: hospitals, San Francisco Housing Authority properties, single resident occupancy (SRO) hotels, schools, parcels containing rent-controlled residential units, parcels containing historic properties (those with Planning Department Historic Resource Status Code of A, signifying “Historic Resource Present”), churches, and parcels with existing residential units. These uses are strongly regulated and/or their redevelopment is discouraged, making them difficult to redevelop. As noted above, projects that would result in a significant impact to a historic resource would not be eligible for the Local Programs. Parcels with buildings constructed after 1990 are also less likely to be redeveloped due to the age and relative health of the existing building.

In addition, parcels that are currently vacant but where buildings are either under construction or have received their entitlements are unlikely to be modified and reapproved under the AHBP. Furthermore, projects that are moving through the entitlement process (so-called “pipeline projects”) are very unlikely to be modified to be an entirely different project. This is because the sponsor’s recent substantial investments in non-construction costs, including site acquisition, architectural design, engineering, legal fees, application fees, pursuit of entitlements, and carrying costs are strong incentives to stay the course and not risk the additional time and expense associated with project revisions to conform with the AHBP. Even if some project sponsors of pipeline projects opt to modify their project to take advantage of the AHBP, the increased development capacity on those sites would be negligible in the context of this EIR addendum analysis. Currently, there are only 26 pipeline projects in the project area. Individual AHBP projects will be subject to individual environmental review.

Exclusion of parcels with the aforementioned site development characteristics from the study area leaves a remainder of 3,475 parcels.

Other Considerations. To be eligible for the Local or Analyzed Programs, project sponsors would be required to provide affordable housing units on site, including inclusionary units under Planning Code Section 415. Some developers, however, would not find it desirable, for financial or business reasons, to provide onsite affordable housing and would rather elect to pay the in-lieu fee under Planning Code Section 415. Historically, approximately 21% of residential projects subject to Section 415 elect to pay the in-lieu fee.¹⁹

Lastly, on any given parcel, factors such as the shape of the parcel, topography, and other considerations, such as neighborhood opposition, would affect the likelihood of a given site being redeveloped.

Theoretical Maximum Number of Bonus Units

As noted, of the 30,850 parcels in the City in locations that would permit Local Program projects (and, to a lesser degree, Analyzed State Program projects), 3,475 parcels are free of the above-described development constraints that would make their redevelopment unlikely.

¹⁹ According to the San Francisco Mayor’s Office of Housing, between 1992 and 2014, the inclusionary housing ordinance resulted in 1,787 onsite units, or 81 onsite units per year, on average. See <http://sf-moh.org/modules/showdocument.aspx?documentid=8736>, accessed January 7, 2016.

Planning Department staff then identified a subset of these 3,475 parcels that were either vacant or built to 5% or less of their zoned capacity. The number of parcels in the study area that contain existing buildings or are built to greater than 5% of their zoned capacity equals 3,235 parcels. Because the remaining 240 parcels, or “soft sites,” are either vacant or developed to less than 5% of zoned capacity, and are therefore deemed to have the characteristics that make them the most likely to be of sufficient appeal to developers seeking to take advantage of the Local Program.

Under existing density, height, and bulk controls, the 240 soft sites have the capacity to accommodate approximately 7,400 housing units, including 890 affordable units.²⁰ If all 240 sites were developed consistent with the Local Program, they could accommodate approximately 16,000 housing units, including 5,000 affordable units. If the 240 soft sites were developed consistent with the Analyzed State Program, they would have the capacity for up to 10,000 housing units, including approximately 1,500 affordable units. Thus, it is assumed that the AHBP could incentivize the development of between 10,000 and 16,000 housing units. For the purpose of this analysis, this addendum reasonably assumes that this development would occur over a 20-year period.²¹

It should be noted that the theoretical maximum development of up to 16,000 bonus units does not take into account the “Other Considerations” described above. In addition, this analysis assumes that developers of all 240 soft sites elect to participate in the Local Program and maximize the number of units built on those lots. In reality, for some sites, the Local Program would not provide sufficient additional development potential compared to current zoning or the Analyzed State Program. On such sites, development under existing zoning or the Analyzed State Program would yield fewer units.

As noted previously, implementation of the AHBP, in and of itself, would not result in new development; instead, the program would create a procedure for complying with the State Density Bonus Law, as well as establish additional incentives for including affordable housing above that required by the City’s Inclusionary Housing Program. Future impacts to the environment, however, could occur as a result of specific development projects on individual sites. Individual projects would be subject to site-specific environmental review.

Consistent with the 2004 and 2009 Housing Element FEIR, this addendum does not attribute any difference in environmental impacts to affordable housing as compared to market-rate housing; thus, the addendum analyzes the buildout of all residential units on the soft sites, regardless of their affordability level.

The above-described theoretical maximum development of AHBP units is a reasonable basis for assessing the physical environmental impacts of the program for CEQA purposes. In addition, it provides a basis for understanding the effectiveness of the program at meeting its goal of incentivizing affordable housing production pursuant to Implementing Program 39b of the 2014 Housing Element.

²⁰ This assumes that all required inclusionary affordable units would be provided onsite.

²¹ Twenty years, or approximately so, is commonly used as a forecast horizon for growth projections in planning and CEQA documents. For example, the 2009 Housing Element projected population growth over a 21-year period.

Land Use and Land Use Planning

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to land use and land use planning. The 2009 Housing Element would not conflict with applicable land use plans, policies, or regulations, including, but not limited to, the *San Francisco General Plan (General Plan)*, the *San Francisco Countywide Transportation Plan*, and the *San Francisco Bicycle Plan*. Individual development projects would be reviewed for consistency and compliance with applicable land use plans, policies, or regulations. The 2009 Housing Element would not physically divide established communities by promoting the construction of physical barriers to neighborhood access, such as new freeways, or by removing existing means of access, such as bridges or roadways. The 2009 Housing Element would not have a substantial impact upon the existing character of San Francisco. Individual development projects would undergo design review to ensure that new construction is compatible with the neighborhoods in which the projects are located. In addition, individual development projects would be reviewed for compliance with San Francisco Planning Code (Planning Code) regulations to ensure that the proposed land uses are permitted in the zoning districts in which the projects are located.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that these taller and denser buildings could result in incrementally greater impacts related to land use and land use planning, but these impacts would be less than significant.

Modified Project (AHBP)

The AHBP would promote housing along or near transit corridors and on sites in established neighborhoods throughout San Francisco. The AHBP includes Planning Code amendments that would allow qualifying projects to exceed existing height limits, resulting in buildings that could be taller and denser than what is currently permitted under existing regulations.

Plans, policies, and regulations adopted for the purpose of avoiding or mitigating an environmental effect are those that directly address environmental issues and/or contain targets or standards that must be met in order to maintain or improve characteristics of the City's physical environment. Examples of such plans, policies, or regulations include the Bay Area Air Quality Management District's *2010 Clean Air Plan* and the San Francisco Regional Water Quality Control Board's *San Francisco Basin Plan*. The AHBP would not directly conflict with any plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect. Individual development projects proposed under the AHBP would be evaluated by City decision-makers for their consistency with such plans, policies, or regulations, and conflicts would need to be addressed prior to the approval of any entitlements.

The AHBP would not physically divide established communities by calling for the construction of physical barriers to neighborhood access, such as freeways, or the removal of existing means of access, such as bridges and roadways. AHBP projects would generally be constructed on vacant or underutilized sites along or near transit corridors and in established residential neighborhoods. New freeways would not need to be constructed to provide access to and from these projects, and existing bridges and roadways would not need to be removed to accommodate the development of these projects.

The AHBP would not have a substantial impact on the existing land use character of San Francisco. The AHBP would promote housing in zoning districts that currently allow residential and neighborhood-serving commercial uses. AHBP projects would introduce new residential and neighborhood-serving commercial uses to established neighborhoods in which such land uses already exist. Therefore, AHBP projects would be largely compatible with the existing land use character of the neighborhoods in which they would be located. AHBP projects could be taller and denser than both non-AHBP projects and existing development. However, the increased height and density would not affect the land use character of a neighborhood in which an AHBP project is located, because new residential uses would be compatible with existing residential uses whether they are housed in a three-story building with fewer units or a five-story building with more units. The physical environmental impacts associated with taller buildings are discussed under the topics of Aesthetics and Wind and Shadow, and the physical environmental impacts associated with denser buildings are discussed under the topics of Population and Housing, Recreation, Utilities and Service Systems, and Public Services.

For these reasons, the AHBP would result in less-than-significant impacts related to land use and land use planning. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to land use and land use planning.

Aesthetics

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on aesthetics. The 2009 Housing Element would not have a substantial adverse effect on a scenic vista, would not damage scenic resources that contribute to a scenic public setting, and would not degrade the existing visual character of San Francisco. As discussed in the FEIR, future development would be required to comply with existing regulations adopted for the purpose of avoiding such impacts. The FEIR also found that the 2009 Housing Element would not create new sources of substantial light and glare that would adversely affect day or nighttime views or would substantially affect other people or properties. New exterior lighting associated with future development would be focused on specific areas rather than illuminating large areas that are currently not illuminated. Furthermore, all future development would be required to comply with Planning Commission Resolution No. 9212, which prohibits the use of highly reflective or mirrored glass in new construction.

As discussed in the FEIR, Alternative C would promote taller buildings than would the 2009 Housing Element. The FEIR concluded that these taller buildings could result in incrementally greater impacts related to aesthetics, but these impacts would be less than significant.

Modified Project (AHBP)

The AHBP would allow qualifying projects to exceed existing height limits in certain locations throughout San Francisco, resulting in buildings that could be taller than what is currently permitted under existing regulations. For this reason, adoption of the AHBP could indirectly affect the visual character of the areas in which AHBP projects are located.

CEQA was amended in 2013 to add Public Resources Code (“PRC”) Section 21099 regarding the analysis of aesthetics and parking impacts for certain urban infill projects in transit priority areas.²² PRC Section 21099(d) provides that, “aesthetics and parking impacts of a residential, mixed-use residential, or employment center project on an infill site located within a transit priority area shall not be considered significant impacts on the environment.” Accordingly, aesthetics and parking are no longer to be considered in determining if a project has the potential to result in significant environmental effects for projects that meet all of the following three criteria:

- 1) The project is in a transit priority area;
- 2) The project is on an infill site; and
- 3) The project is residential, mixed-use residential, or an employment center.

Since the AHBP would promote housing on infill sites along or near transit corridors throughout San Francisco, most, if not all, AHBP projects would meet all three of the criteria listed above. Pursuant to PRC Section 21099, AHBP projects that meet the three criteria listed above would not result in significant impacts related to aesthetics. In addition, implementation of the AHBP Design Guidelines and Planning Commission Resolution No. 9212 would ensure that AHBP projects would be architecturally and visually compatible with the neighborhoods in which they are located. Since AHBP projects would likely be scattered throughout the City and not concentrated in any one neighborhood or particular block, adoption of the AHBP would not have significant impacts related to aesthetics. Buildings that are somewhat taller or denser than their surrounding context are common and expected in urban environments.

For these reasons, adoption of the AHBP would result in less-than-significant impacts related to aesthetics. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR’s conclusions regarding impacts related to aesthetics.

Population and Housing

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to population and housing. As noted above, population growth in San Francisco and the region is primarily a result of births, deaths, migration, and employment growth. The growth projections in the FEIR were not driven by assumptions regarding proposed development. The purpose of the 2009 Housing Element is to provide ways for housing supply to meet housing demand and need; if housing supply were the basis for the growth projections, there would be no need for a housing element. For this reason, the 2009 Housing Element would not induce a substantial amount of population growth above the level anticipated in regional growth projections generated by the Association of Bay Area Governments.

²² A “transit priority area” is defined in as an area within one-half mile of an existing or planned major transit stop. A “major transit stop” is defined in Section 21064.3 of the California Public Resources Code as a rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods. A map of transit priority areas in San Francisco can be found at <http://sfmea.sfplanning.org/CEQA%20Update-SB%20743%20Summary.pdf>.

Implementation of the 2009 Housing Element would not displace substantial numbers of existing housing units or people. Individual development projects would be subject to regulations that limit the demolition and merger of existing housing units, which would reduce the need to construct replacement housing.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. These taller and denser buildings could result in incrementally greater impacts related to population and housing, but these impacts would be less than significant.

Modified Project (AHBP)

The AHBP would not directly induce population growth above that anticipated by regional growth projections due to births, deaths, migration and employment growth; rather, it would be a new mechanism for providing housing supply – particularly affordable housing – to meet demand. The AHBP would promote housing in certain areas of San Francisco and could influence the design or types of buildings in which projected population growth is housed. In addition, the AHBP would not indirectly induce substantial population growth by calling for the extension of roads, utilities, or other infrastructure. The AHBP would promote housing along or near transit corridors and in established neighborhoods that are already served by roads, utilities, and other infrastructure. Individual projects proposed under the AHBP would be evaluated for their impacts on demand for roads, utilities, and other infrastructure.

The AHBP would not displace substantial numbers of existing housing units or residents by calling for the demolition of existing housing stock. Individual AHBP projects that involve the conversion or demolition of existing housing units would be subject to local policies and regulations that protect existing housing stock. These policies and regulations include, but are not limited to, the Housing Element of the General Plan; Planning Code Section 317: Loss of Dwelling Units through Demolition, Merger, and Conversion; San Francisco Administrative Code (Administrative Code) Chapter 41: Residential Hotel Unit Conversion and Demolition Ordinance; Administrative Code Chapter 41A: Residential Unit Conversion Ordinance; and Administrative Code Chapter 41C: Time-Share Conversion Ordinance. Required compliance with these policies and regulations would ensure that AHBP projects would not displace substantial numbers of existing housing units or residents, thus minimizing the demand for replacement housing and the environmental impacts associated with the construction of replacement housing.

The AHBP would not directly displace businesses, but AHBP projects that involve demolition of existing buildings could displace businesses. The physical effects of business displacement would be considered on an individual basis as part of the environmental review process for each project, because such impacts are project-specific and location-specific. Without individual development proposals to evaluate, it would be speculative to conclude that the AHBP would result in significant overall impacts related to business displacement.

Although businesses are not afforded the same type of protection as residents where displacement is concerned, the City operates several programs to assist displaced businesses. The Office of Economic and Workforce Development runs the Invest in Neighborhoods program, which helps displaced businesses find relocation sites and, under certain circumstances, can provide funding for specific construction improvements, such as façade upgrades. The Small Business Development Center offers pro bono legal advice and technical assistance, and the Office of Small Business provides one-to-one case management assistance with licenses, permits, and financing. In addition to these existing programs, the AHBP includes additional protection for businesses that could be displaced. Sponsors of AHBP projects that

involve demolition of existing buildings and displacement of businesses would be required to notify the affected businesses prior to the start of environmental review, which would provide the affected businesses with more time (anywhere from one to two years) to develop and implement relocation plans. The addition of this notification requirement, in conjunction with the existing programs, would reduce impacts on businesses that could be displaced as a result of the development of AHBP projects.

For these reasons, the AHBP would result in less-than-significant impacts related to population and housing. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to population and housing.

Cultural and Paleontological Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element could result in a substantial adverse change to a historic resource if it promoted inappropriate alterations to or demolition of an existing building that is a historic resource, inappropriate new construction in a historic district, or demolition by neglect.²³ The FEIR also found that assessing such impacts on historic resources would be most appropriate during the review of individual development projects proposed under the 2009 Housing Element. Such impacts would be offset through required compliance with existing federal, state, and local regulations that protect historic resources.

The FEIR also found that the 2009 Housing Element would not result in a substantial adverse change to an archeological resource, would not destroy a paleontological resource or site or unique geologic feature, and would not disturb human remains. Individual development projects that could have potential impacts on archeological resources, paleontological resources, or human remains would be subject to existing regulations that protect such resources. These regulations include, but are not limited to, the National Historic Preservation Act and the California Public Resources Code. In addition, the Planning Department has established procedures to assess impacts on archeological resources as well as mitigation measures to reduce potentially significant impacts to less-than-significant levels.

As discussed in the FEIR, Alternative C would promote a larger number of development projects as well as taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that this increased amount of development, combined with potentially taller buildings, in or adjacent to existing historic districts could result in incrementally greater impacts on cultural and paleontological resources, but these impacts would be less than significant.

Modified Project (AHBP)

The AHBP would not directly alter or encourage the alteration of existing historic resources. However, individual development projects proposed under the AHBP could result in direct effects on historic

²³ CEQA defines "substantial adverse change" as "demolition, destruction, relocation or alteration," activities that would impair the significance of a historical resource either directly or indirectly. Demolition by neglect is the gradual deterioration of a building when routine or major maintenance is not performed and/or when a building is allowed by the owner to remain vacant and open to vandals.

resources through demolition or alteration of existing buildings or through new construction in existing historic districts. AHBP projects would be evaluated for their potential impacts on historic resources during the environmental review process. In order to be eligible for the Local and 100 Percent Affordable programs, project sponsors must demonstrate that their projects would not result in a substantial adverse change in a historic resource. If the Planning Department determines that a project would result in a substantial adverse change in a historic resource, then the project would not be eligible for the Local and 100 Percent Affordable programs. The project would need to be modified in order to avoid causing such a change, or the project could not be approved under these programs. Given this constraint, projects proposed under the Local and 100 Percent Affordable programs would result in less-than-significant impacts on historic resources.

As discussed in the project description, there is an existing State Density Bonus Law that allows developers to seek density bonuses in exchange for providing affordable housing; this existing law does not require projects to avoid causing substantial adverse changes in historic resources. The AHBP would not change the existing law, but it would provide developers with two avenues (the Analyzed State Program and the Individually Requested Program) for seeking density bonuses in exchange for providing affordable housing; these two State Programs would be consistent with the existing law (i.e., they would not require projects to avoid causing substantial adverse changes in historic resources). Projects proposed under either of the State programs could result in potentially significant impacts on historic resources. These impacts would be evaluated on a project-by-project basis, because impacts on historic resources are project-specific and location-specific. Without individual development proposals to evaluate, it would be speculative to conclude that either of the State Programs would result in significant overall impacts on historic resources. The AHBP would not result in impacts that would be more severe than those that could result from development proposed under the existing State Density Bonus Law.

The AHBP would not directly place or encourage housing in areas of San Francisco that could be underlain by soils containing archeological resources, paleontological resources (i.e., fossils), or human remains. However, individual development projects proposed under the AHBP could be located in such areas. Required compliance with existing federal, state, and local regulations and procedures would ensure that AHBP projects would not result in a substantial adverse change to an archeological resource, would not destroy a paleontological resource or site or unique geologic feature, and would not disturb human remains.

For these reasons, the AHBP would result in less-than-significant impacts on cultural and paleontological resources. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on cultural and paleontological resources.

Transportation and Circulation

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on traffic, pedestrians, bicycles, loading, emergency access, and construction-related traffic. However, the FEIR concluded that the 2009 Housing Element would result in a significant and unavoidable transit impact, because policies in the 2009 Housing Element that encourage transit-oriented residential development could result in a mode shift toward transit. Such a shift could result in an exceedance of the San Francisco Municipal Railway's capacity utilization standard of 85 percent. The FEIR identified two mitigation measures to address this impact. The first mitigation measure called for the City to implement various transportation plans and programs that would reduce congestion and decrease transit travel times.²⁴ Since the certification of the FEIR, the Transit Effectiveness Project and the Van Ness Avenue Bus Rapid Transit Project have been approved and are being implemented. The second mitigation measure called for the San Francisco Municipal Transportation Agency to increase capacity by providing more buses. At the time that the FEIR was certified, the feasibility of these mitigation measures could not be established. For this reason, the FEIR concluded that the 2009 Housing Element's impact on transit would be significant and unavoidable.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. In addition, Alternative C would encourage reduced parking requirements for future development and increased density along existing transit lines, resulting in fewer vehicle trips but more transit trips. The FEIR concluded that effects on the roadway network from future development under Alternative C would not be expected to exceed 2025 cumulative conditions. As with the 2009 Housing Element, Alternative C would result in a potentially significant impact on transit but would have no impact on pedestrians, bicycles, loading, emergency vehicle access, or construction-related traffic.

Modified Project (AHBP)

The AHBP would promote housing along or near transit corridors and on sites in established neighborhoods throughout San Francisco, which is consistent with many local plans, policies, and regulations, including the General Plan, the *San Francisco Countywide Transportation Plan*, and the City's Transit First Policy. This type of transit-oriented development would help encourage residents to move away from the use of private automobiles and toward alternative modes of transportation, such as transit, bicycling, and walking. This mode shift would help reduce impacts on traffic, pedestrians, bicycles, loading, emergency access, and construction-related traffic. Although this mode shift is consistent with the 2009 Housing Element policies, it has the potential to increase the demand for transit service to the degree that the San Francisco Municipal Railway's capacity utilization of 85 percent would be exceeded.²⁵

On November 17, 2015, the San Francisco Board of Supervisors adopted the Transportation Sustainability Fee ("TSF") (Ordinance No. 200-15, effective December 25, 2015) to replace the Transit Impact

²⁴ The FEIR noted that various transportation plans were adopted, but not implemented, or proposed. Adopted plans/programs included SF Park, SF Go, the *San Francisco Bicycle Plan*, the Transbay Terminal, Caltrain Electrification, and High Speed Rail project, and the Central Subway. Proposed plans included congestion pricing, SFMTA's Transit Effectiveness Project, the Van Ness Avenue and Geary Boulevard Bus Rapid Transit projects, and the *San Francisco Better Streets Plan*.

²⁵ Capacity utilization is the number of passengers on board a transit vehicle relative to the total capacity.

Development Fee.²⁶ The TSF applies to new commercial projects, market-rate residential projects with more than 20 units, and certain institutional projects. Developers of such projects would pay a fee that would fund various transit improvements, including additional buses and trains, the reengineering of streets and transit stops, and upgrades to bicycle, and pedestrian facilities. The AHBP could reasonably result in a higher number of market-rate residential projects with more than 20 units than under existing zoning regulations. Therefore, more projects would be subject to the TSF, and more revenue would be generated to mitigate transit impacts.

For these reasons, the AHBP would result in less-than-significant impacts on traffic, pedestrians, bicycles, loading, emergency access, and construction-related traffic, but it would result in a significant and unavoidable impact on transit. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on transportation and circulation.

Noise

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact related to a substantial temporary or periodic increase in ambient noise levels due to policies that discourage demolition and encourage maintenance of the City's existing housing stock. In addition, all construction activities are required to comply with the regulations set forth in the San Francisco Noise Ordinance (Noise Ordinance).

The FEIR concluded that the 2009 Housing Element would not result in the exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels, because potential impacts resulting from groundborne vibration or groundborne noise due to construction activities would be reduced to less-than-significant levels through compliance with federal, state, and local regulations. The FEIR also found that the 2009 Housing Element would not result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing at the time of that the Notice of Preparation of an EIR was published.

Lastly, the FEIR concluded that the 2009 Housing Element would result in a significant but mitigable impact related to the exposure of persons to, or generation of, noise levels in excess of established standards. The FEIR concluded that by encouraging future growth along transit corridors within the City, such growth could be located in areas with existing ambient noise levels exceeding 60 dBA L_{dn}, which is the maximum satisfactory exterior noise level for residential areas.^{27, 28} Interior noise levels for residential uses are addressed through compliance with the noise standards set forth in Title 24 of the California Code of Regulations, as implemented during the design and review phase for individual development projects.

²⁶ San Francisco Board of Supervisors, Ordinance No. 200-15, adopted November 17, 2015. Available at <http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/ordinances15/o0200-15.pdf>, accessed January 13, 2016.

²⁷ The standard method used to quantify environmental noise involves evaluating the sound with an adjustment to reflect the fact that human hearing is less sensitive to low-frequency sound than to mid- and high-frequency sound. This measurement adjustment is called "A" weighting, and the data are reported in A-weighted decibels (dBA).

²⁸ L_{dn} is the average equivalent sound level during a 24-hour day, obtained after the addition of 10 dB to sound levels during nighttime hours (from 10:00 p.m. until 7:00 a.m.).

However, some areas of the City may be especially noisy. FEIR Mitigation Measure M-NO-1: Interior and Exterior Noise, requires the preparation of a noise analysis for new residential development projects located on streets with noise levels above 75 dBA L_{dn}. The noise analysis shall include, at a minimum, (1) a site survey to identify potential noise-generating uses within two blocks of the project site and (2) at least one 24-hour noise measurement with maximum noise level readings taken at least every 15 minutes prior to completion of the environmental review. The analysis shall demonstrate with reasonable certainty that Title 24 standards, where applicable, can be met. FEIR Mitigation Measure M-NO-1 also requires that open space for new residential uses be protected, to the maximum extent feasible, from existing ambient noise levels that could prove annoying or disruptive to users of the open space. Implementation of this measure could involve designing the project in a way that uses the building itself to shield on-site open space from noise sources, constructing noise barriers between on-site open space and noise sources, and appropriately using both common and private open space in multi-unit residential buildings. Since the certification of the FEIR, this mitigation measure has been implemented as part of every proposed residential project that (1) is located on a street with ambient noise levels above 75 dBA L_{dn} and/or (2) includes open space.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that these taller and denser buildings could result in incrementally greater noise and vibration impacts during both the construction and operational phases, but these impacts would be less than significant with implementation of FEIR Mitigation Measure M-NO-1.

Modified Project (AHBP)

The AHBP would promote housing in areas of San Francisco that could have existing ambient noise levels exceeding 60 dBA L_{dn}. Individual development projects proposed under the AHBP would be required to comply with the noise standards set forth in Title 24 as well as the provisions of the Noise Ordinance. As discussed above, AHBP projects that are located on streets with ambient noise levels above 75 dBA L_{dn} or that include open space would be required to implement FEIR Mitigation Measure M-NO-1. Required compliance with existing noise regulations and implementation of FEIR Mitigation Measure M-NO-1 would ensure that new noise-sensitive receptors occupying AHBP projects would not be substantially affected by existing noise levels. No additional mitigation measures to address noise impacts on noise-sensitive receptors are necessary.

Construction of AHBP projects would result in temporary site-specific increases in noise and vibration levels. Once construction has been completed, noise and vibration produced by construction equipment and construction vehicles would cease. In addition, all construction activities in San Francisco are required to comply with the Noise Ordinance, which prohibits construction between the hours of 8:00 p.m. and 7:00 a.m. Construction of AHBP projects would generate vibration that could damage adjacent or nearby buildings. The DBI is responsible for reviewing building permit applications to ensure that proposed construction activities, including pile driving, shoring, and underpinning, comply with all applicable procedures and requirements and would not materially impair adjacent or nearby buildings.

Vehicle traffic is a primary source of noise and vibration throughout San Francisco. Like the 2009 Housing Element, the AHBP would promote housing in some areas along or near major transportation corridors that have higher ambient noise and vibration levels than other areas of San Francisco. Although AHBP

projects could be taller and denser than development anticipated under the 2009 Housing Element, AHBP projects would not include substantially more units such that there would be a noticeable increase in traffic noise and vibration. Vehicle traffic generated by AHBP projects would result in localized increases in noise and vibration levels, but these increases would not be substantial given the elevated noise and vibration levels that already exist along major transportation corridors.

AHBP projects would include mechanical equipment, such as heating and ventilation systems, that could produce operational noise and potentially disturb adjacent and nearby noise-sensitive receptors. The operation of this mechanical equipment is subject to the provisions of the Noise Ordinance. Compliance with the Noise Ordinance would minimize noise from building operations.

For these reasons, the AHBP would result in less-than-significant noise and vibration impacts. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding noise and vibration impacts.

Air Quality

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on air quality. As discussed in the FEIR, the 2009 Housing Element would not increase the overall citywide population from 2009 to 2025 above the level assumed in the *Bay Area 2005 Ozone Strategy*, which was the applicable air quality plan at the time the FEIR was prepared. During this 16-year period, the number of vehicle-miles-traveled would increase at a lower rate than the rate of population growth, meaning that air pollution from vehicles would not outpace the population growth anticipated in the *Bay Area 2005 Ozone Strategy*. For these reasons, the 2009 Housing Element would not conflict with or obstruct implementation of the applicable air quality plan and would not violate an air quality standard or contribute substantially to an existing or projected air quality violation. In addition, all construction activities associated with individual development projects would be subject to the provisions of the Construction Dust Control Ordinance.

The FEIR concluded that the 2009 Housing Element would not expose sensitive receptors to substantial air pollutant concentrations. Increased housing development along or near transit corridors could increase concentrations of certain air pollutants, including PM_{2.5}, NO₂, and toxic air contaminants, on some roadways within San Francisco. At the same time, increased density and associated shifts from private automobiles to alternative modes of transportation, such as transit, bicycling, and walking, could reduce the overall expected growth of vehicle trips and vehicle-miles traveled. In addition, Article 38 of the San Francisco Health Code contains requirements for air quality assessment and mitigation when new residential exposures exceed action levels for acceptable air pollutant concentrations.

The FEIR also concluded that the 2009 Housing Element would result in less-than-significant impacts related to carbon monoxide (CO) concentrations. To support this conclusion, CO concentrations were calculated based on simplified CALINE4 screening procedures developed by the Bay Area Air Quality Management District (BAAQMD). Based on the modeling, under future 2025 cumulative traffic conditions, none of the 10 worst-performing intersections included in the model would exceed

CO standards. Thus, it was assumed that if CO levels at the 10 worst-performing intersections do not exceed the CO thresholds, then the remaining 50 intersections analyzed in the traffic study would not exceed the CO thresholds.

Lastly, the FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to objectionable odors, because residential uses generally do not create objectionable odors.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. In addition, Alternative C would encourage increased density along existing transit lines, resulting in fewer vehicle miles traveled but more transit trips. The FEIR concluded that overall air quality impacts associated with taller and denser transit-oriented development under Alternative C would be incrementally reduced when compared to the impacts under the 2009 Housing Element. The air quality impacts under Alternative C would be less than significant.

Modified Project (AHBP)

The AHBP would not directly contribute to air pollutant emissions, but individual development projects proposed under the AHBP would contribute to air pollutant emissions during their construction and operational phases. AHBP projects would be subject to state, regional, and local plans, policies, and regulations related to the protection of air quality. These plans, policies, and regulations include, but are not limited to, the BAAQMD's *2010 Clean Air Plan*, the San Francisco Construction Dust Control Ordinance, and Article 38 of the San Francisco Health Code. The Construction Dust Control Ordinance requires that all site preparation work, demolition, or other construction activities that have the potential to create dust or to expose or disturb more than 10 cubic yards or 500 square feet of soil comply with specified dust control measures. Such measures include watering all active construction areas sufficiently to prevent dust from becoming airborne, wet sweeping or vacuuming the streets, sidewalks, paths, and intersections where work is in progress at the end of the workday, and covering inactive stockpiles of excavated material, backfill material, gravel, sand, road base, and soil. Pursuant to Article 38, any project, AHBP or otherwise, located in an Air Pollutant Exposure Zone (APEZ) would be required to provide an enhanced ventilation system to protect its residents from exposure to toxic air contaminants. In addition, any project, AHBP or otherwise, located in an APEZ may be subject to mitigation measures that are necessary to reduce construction-related air quality impacts to less-than-significant levels. Required compliance with these plans, policies, and regulations would ensure that AHBP projects would not violate an air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial air pollutant concentrations.

Residential uses generally do not create objectionable odors. Land uses that commonly create objectionable odors include wastewater treatment plants, oil refineries, landfills, and composting facilities. Since AHBP projects would not include these types of land uses, AHBP projects would not create objectionable odors.

For these reasons, the AHBP would result in less-than-significant impacts on air quality. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on air quality.

Greenhouse Gas Emissions

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would not generate greenhouse gas (GHG) emissions, either directly or indirectly, that may have a significant impact on the environment and would not conflict with any applicable plan, policy, or regulation adopted for the purpose of reducing GHG emissions. Moreover, implementation of the 2009 Housing Element would not conflict with Assembly Bill (AB) 32 or San Francisco's *Strategies to Address Greenhouse Gas Emissions*.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. In addition, Alternative C would encourage increased density along existing transit lines and more energy-efficient buildings. The FEIR concluded that overall GHG impacts associated with taller, denser, and more energy-efficient transit-oriented development under Alternative C would be incrementally reduced when compared to the impacts under the 2009 Housing Element. The GHG impacts under Alternative C would be less than significant.

Modified Project (AHBP)

Adoption of the AHBP would not directly generate GHG emissions, but individual development projects proposed under the AHBP would generate GHG emissions during their construction and operational phases. The AHBP would promote housing along or near transit corridors and in established neighborhoods where jobs and other services are easily accessible by public transit or are within walking distance. This type of transit-oriented development would encourage the use of alternative modes of transportation (transit, bicycling, walking) and help reduce GHG emissions from the use of private automobiles, which is one of the primary sources of GHG emissions. In addition, AHBP projects would be subject to state, regional, and local plans, policies, and regulations related to the reduction of GHG emissions. These plans, policies, and regulations include Executive Order S-3-05, Assembly Bill (AB) 32, the Bay Area Air Quality Management District's *2010 Clean Air Plan*, San Francisco's *Strategies to Address Greenhouse Gas Emissions*, and the San Francisco Green Building Ordinance. Required compliance with these plans, policies, and regulations would ensure that AHBP projects would not result in cumulatively considerable contributions to GHG emissions. To the degree that AHBP projects are concentrated closer to public transit and in taller and denser buildings (i.e., fewer buildings in fewer locations), GHG emissions would be reduced when compared to development patterns anticipated under the 2009 Housing Element.

For these reasons, the AHBP would result in less-than-significant impacts related to GHG emissions. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to GHG emissions.

Wind and Shadow

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant wind and shadow impacts, because the 2009 Housing Element would not directly result in the construction of projects that would alter wind or create new shadow. In addition, wind and shadow impacts are project-specific;

individual development projects would be subject to the Planning Department's procedures requiring modification of any new building or addition that would exceed the Planning Code's wind hazard criterion and would be evaluated for their shadow impacts under CEQA and for compliance with Planning Code Sections 146, 147, and 295.

As discussed in the FEIR, Alternative C would promote taller buildings than would the 2009 Housing Element. The FEIR concluded that these taller buildings could result in incrementally greater wind and shadow impacts, but required compliance with Planning Code wind and shadow regulations would reduce these impacts to less-than-significant levels.

Modified Project (AHBP)

The AHBP would not directly result in the construction of any new development and thus would not alter wind or create new shadow. However, individual development projects proposed under the AHBP could alter wind or create new shadow in their respective vicinities. The AHBP would allow qualifying projects to exceed existing height limits in certain locations throughout San Francisco, resulting in buildings that could be taller than the existing scale of development or taller than what is currently permitted under existing regulations. AHBP projects would be evaluated for their wind and shadow impacts during the environmental review process and for compliance with Planning Code wind and shadow regulations during the entitlement process. In order to be eligible for the Local and 100 Percent Affordable programs, project sponsors must demonstrate that their projects would not alter wind in a manner that substantially affects public areas or create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas. If it is determined that a project would result in a significant wind or shadow impact, then the project would need to be modified in order to avoid causing such an impact. If modifications are not feasible, then the project would not be eligible for the Local and 100 Percent Affordable programs. Given these constraints, projects proposed under the Local and 100 Percent Affordable programs would result in less-than-significant wind and shadow impacts.

As discussed in the project description, there is an existing State Density Bonus Law that allows developers to seek density bonuses in exchange for providing affordable housing; this existing law does not require projects to avoid altering wind in a manner that substantially affects public areas or creating new shadow in a manner that substantially affects outdoor recreation facilities or other public areas. The AHBP would not change the existing law, but it would provide developers with two avenues (the State Analyzed Density Bonus Program and the Individually Requested State Density Bonus Program) for seeking density bonuses in exchange for providing affordable housing; these two State programs would be consistent with the existing law (i.e., they would not require projects to avoid creating new shadow in a manner that substantially affects outdoor recreation facilities or other public areas). Projects proposed under either of the State programs could result in potentially significant wind and shadow impacts. These impacts would be evaluated on a project-by-project basis, because wind and shadow impacts are project-specific and location-specific. Without individual development proposals to evaluate, it would be speculative to conclude that either of the State programs would result in significant overall wind and shadow impacts. The AHBP would not result in impacts that would be more severe than those that could result from development proposed under the existing State Density Bonus Law.

For these reasons, the AHBP would result in less-than-significant wind and shadow impacts. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result

in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding wind and shadow impacts.

Recreation

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to the increased use of existing parks or recreational facilities, the need to construct new or expand existing recreational facilities, and the physical degradation of existing recreational resources. While the FEIR concluded that the 2009 Housing Element contains policies that could result in an increase in demand for existing recreational facilities in certain areas, the 2009 Housing Element also contains policies that could reduce the need for construction or expansion of recreational facilities by encouraging quality-of-life elements in residential developments such as on-site usable open space. The 2009 Housing Element includes measures to ensure community plan areas are adequately served by recreation facilities, thereby indirectly promoting the construction or expansion of recreational facilities. The need for new or expanded recreational facilities and their associated impacts would be determined during the evaluation of specific community plan proposals.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element, potentially resulting in an increase in demand for and the use of recreational facilities in certain areas of San Francisco. The FEIR concluded that these taller and denser buildings could result in incrementally greater impacts related to recreation, but these impacts would be less than significant.

Modified Project (AHBP)

As noted above, the AHBP would promote housing in certain areas of San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing Element. For this reason, AHBP projects would not increase the overall demand for recreational facilities above the level analyzed in the FEIR, but there could be localized fluctuations in demand for certain recreational facilities depending on where AHBP projects are constructed. In November 2000, San Francisco voters approved Proposition C, which extended the life of the Open Space Fund through Fiscal Year 2030-2031. The Open Space Fund is used to finance property acquisitions and capital improvement projects for the San Francisco Recreation and Park Department. A percentage of property tax revenues is set aside for the Open Space Fund, and such revenue would increase with the development of AHBP projects.

In addition, AHBP projects would be subject to Planning Code requirements for usable open space. Although AHBP projects would be eligible for certain modifications or waivers from these requirements, they would not be entirely exempt from complying with these requirements. The granting of open space modifications or waivers available to AHBP projects would not significantly increase demand for recreational facilities such that new open space or recreational facilities would be required. Most of the City's recreational facilities are located on properties zoned for public use (P Districts); the AHBP does not apply to sites in P Districts and would not reclassify any P Districts. Lastly, the AHBP would not convert existing recreational facilities to other uses or otherwise physically degrade recreational resources.

For these reasons, the AHBP would result in less-than-significant impacts related to recreation. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to recreation.

Utilities and Service Systems

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on utilities and service systems. The 2009 Housing Element would not exceed wastewater treatment requirements, would not exceed the capacity of the wastewater treatment provider, and would not require the construction of new or expansion of existing wastewater treatment or stormwater drainage facilities. Such impacts would be offset through required compliance with existing regulations that address wastewater and stormwater discharges. In addition, the 2009 Housing Element would not increase water demand above the level assumed for planning purposes in the San Francisco Public Utilities Commission's (SFPUC's) Water Supply Availability Study that was prepared for the FEIR. Lastly, the 2009 Housing Element would not exceed the permitted capacity of the City's designated landfill. Any incremental increases in waste at landfills would be offset through required compliance with existing regulations that address the generation and disposal of solid waste.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that these taller and denser buildings could result in similar but incrementally greater impacts on utilities and service systems, but these impacts would be less than significant.

Modified Project (AHBP)

The AHBP would not directly generate stormwater or wastewater, but individual development projects proposed under the AHBP would generate stormwater and wastewater during their construction and operational phases. All stormwater and wastewater generated by AHBP projects would flow to the City's combined stormwater/sewer system and would be treated to standards contained in the City's National Pollutant Discharge Elimination System (NPDES) Permits for the Southeast Treatment Plant and the Oceanside Treatment Plant prior to discharge into San Francisco Bay and the Pacific Ocean, respectively. The NPDES standards are set and regulated by the San Francisco Bay Area Regional Water Quality Control Board (RWQCB). Therefore, AHBP projects would not conflict with RWQCB requirements and would not exceed wastewater treatment requirements. In addition, AHBP projects would be subject to local regulations that include, but are not limited to, the Green Building Ordinance and the Stormwater Management Ordinance. Required compliance with these regulations would reduce stormwater and wastewater flows from AHBP projects, thereby ensuring that AHBP projects would not exceed the capacity of the wastewater treatment provider and would not require the construction of new or expansion of existing wastewater treatment and stormwater drainage facilities.

The AHBP would not directly consume water, but individual development projects proposed under the AHBP would consume water during their construction and operational phases. As noted above, the AHBP would promote housing in certain areas of San Francisco but would not increase the overall population beyond the future growth projected in the 2009 Housing Element. For this reason, AHBP

projects would not increase the overall demand for water above the level assumed for planning purposes in the SFPUC's Water Supply Availability Study prepared for the FEIR. In addition, AHBP projects would be subject to local regulations that include, but are not limited to, the Green Building Ordinance, the Green Landscaping Ordinance, and the Residential Water Conservation Ordinance. Required compliance with these regulations would reduce water consumption by AHBP projects, thereby ensuring that AHBP projects would not exceed the available water supply and would not require new or expanded water supply resources or entitlements.

The AHBP would not directly generate solid waste, but individual development projects proposed under the AHBP would generate solid waste during their construction and operational phases. The AHBP would promote housing in certain areas of San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing Element. For this reason, AHBP projects would not increase the overall amount of solid waste generated above the level analyzed in the FEIR. In addition, AHBP projects would be subject to local regulations that include, but are not limited to, the Mandatory Recycling and Composting Ordinance, the Construction and Demolition Debris Recovery Ordinance, and the Green Building Ordinance. Required compliance with these regulations would promote the composting and recycling of solid waste and reduce the amount of solid waste sent to the City's designated landfill, thereby ensuring that AHBP projects would not exceed the permitted capacity of the City's designated landfill.

For these reasons, the AHBP would result in less-than-significant impacts on utilities and service systems. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on utilities and service systems.

Public Services

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on fire protection, police protection, schools, or other public services, such as libraries or public health facilities. The San Francisco Fire Department and the San Francisco Police Department regularly redeploy their resources based on need to ensure that response times and service ratios do not fall below acceptable levels. New development projects are required to pay development impact fees to fund school and library facilities and operations, which would help offset potential impacts on school and library services. The 2009 Housing Element would not increase the overall citywide population above regional growth projections for which public health facilities have accounted, which would reduce the need to construct new or expand existing facilities.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that these taller and denser buildings could result in similar but incrementally greater impacts on public services, but these impacts would be less than significant.

Modified Project (AHBP)

As noted above, the AHBP would promote housing in certain areas of San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing

Element. For this reason, AHBP projects would not increase the overall demand for fire protection or police protection above the level analyzed in the FEIR. There could be localized fluctuations in demand for fire protection and police protection depending on where AHBP projects are constructed, but as discussed above, both the Fire Department and the Police Department regularly redeploy their resources based on need to ensure that response times and service ratios do not fall below acceptable levels. The AHBP would promote housing on sites in established neighborhoods that already receive fire protection and police protection, potentially allowing the Fire Department and the Police Department to maintain response times and service ratios at or close to their current levels and reducing the need to construct new or expand existing facilities.

As discussed in the FEIR, the San Francisco Unified School District (SFUSD) assigns students to schools based on a lottery system. This lottery system ensures that student enrollment is distributed to facilities that have sufficient capacity to adequately serve the educational needs of students. Directing growth to certain areas of San Francisco generally would not affect the school system, because students are not assigned to schools based on location. AHBP projects could affect school services if they create additional demand for school services that cannot be accommodated by the SFUSD's existing capacity, thereby requiring the need to construct new or expand existing facilities. At the time of the preparation of the FEIR, SFUSD facilities had a capacity of about 63,835 students, and about 56,446 students were enrolled in these facilities. More recently, approximately 58,400 students were enrolled in SFUSD facilities during the 2014-2015 school year. Pursuant to California Education Code Section 17620(a)(1), the governing board at any school district is authorized to levy a fee, charge, dedication, or other requirement against any construction within the boundaries of the district for the purpose of funding the construction or reconstruction of school facilities. AHBP projects would be subject to a development impact fee, and the payment of this fee would help fund school facilities and operations and offset potential impacts on school services.

The AHBP would promote housing in certain areas of San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing Element. For this reason, AHBP projects would not increase the overall demand for libraries or public health facilities, but there could be localized fluctuations in demand for libraries and public health facilities depending on where AHBP projects are constructed. In November 2000, San Francisco voters approved a bond measure to fund the Branch Library Improvement Program (BLIP). Among other objectives, the BLIP calls for the renovation of 16 existing branch libraries, the demolition and replacement of three branch libraries with newly constructed facilities, and the construction of a new branch library in the emerging Mission Bay neighborhood. In addition to the BLIP, AHBP projects would be subject to a development impact fee to fund library facilities and operations. The payment of this fee, as well as property tax revenue from AHBP projects, would help fund library facilities and operations and offset potential impacts on library services. The AHBP would promote housing on sites in established neighborhoods that are already served by public health facilities, potentially allowing such facilities to maintain response times and service ratios at or close to their current levels and reducing the need to construct new or expand existing facilities.

For these reasons, the AHBP would result in less-than-significant impacts on public services. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on public services.

Biological Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on biological resources. The 2009 Housing Element would not have a substantial adverse effect on any candidate, sensitive, or special-status species, riparian habitat, other sensitive natural communities, or federally protected wetlands, and would not interfere with the movement of species. Some 2009 Housing Element policies would promote housing in certain areas of the City, consequently increasing the amount of new housing being constructed in those areas and resulting in impacts on biological resources (e.g., tree removal, construction on or near riparian habitat or sensitive natural communities, interference with migration, etc.). However, increasing density could accommodate more of the City's fair share of the Regional Housing Needs Allocation in fewer buildings, resulting in fewer construction sites and decreasing the potential for disturbance of or interference with biological resources. The FEIR also found that the 2009 Housing Element would not conflict with any local policies or ordinances protecting biological resources or conflict with the provisions of an adopted habitat conservation plan, because the 2009 Housing Element does not contain any policies that would directly or indirectly conflict with any policies protecting biological resources or any adopted habitat conservation plans.

As discussed in the FEIR, concluded that Alternative C would promote a larger number of development projects as well as taller buildings than would the 2009 Housing Element. The FEIR concluded that increased amount of development, combined with potentially taller buildings could result in greater impacts on biological resources, but required compliance with federal, state, and local regulations that protect biological resources would reduce these impacts to less-than-significant levels.

Modified Project (AHBP)

The AHBP would not directly place housing in areas of San Francisco that are in or near riparian habitat or sensitive natural communities. However, individual development projects proposed under the AHBP could be in or near such areas. In addition, the AHBP would allow qualifying projects to exceed existing height limits in certain locations throughout San Francisco, resulting in buildings that could be taller than what is currently permitted under existing regulations. Multi-story buildings are potential obstacles that can injure or kill birds in the event of a collision. AHBP projects would be evaluated for their impacts on biological resources and would be required to comply with applicable federal, state, and local regulations that protect biological resources. These regulations include, but are not limited to, the federal Migratory Bird Treaty Act, Sections 3503 and 3503.5 of the California Fish and Game Code, the San Francisco Urban Forestry Ordinance, and San Francisco Planning Code Section 139: Standards for Bird-Safe Buildings. The AHBP would not conflict with the provisions of an adopted habitat conservation plan, because the AHBP does not contain any policies that would directly or indirectly conflict with any policies protecting biological resources or any adopted habitat conservation plans.

For these reasons, the AHBP would result in less-than-significant impacts on biological resources. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on biological resources.

Geology and Soils

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on geology and soils. Individual development projects would be developed in a seismically sound manner because they would be required to comply with building regulations for seismic safety that are enforced through the City's interdepartmental review process. Compliance with these regulations would ensure that people or structures would not be exposed to substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, strong seismic ground shaking, seismic-related ground failure, landslides, unstable soil, or expansive soils. The FEIR also found that the 2009 Housing Element would result in less-than-significant impacts related to soil erosion or the loss of topsoil, because these impacts are site-specific. Individual development projects would be evaluated for their impacts related to soil erosion or the loss of topsoil and would be required to comply with applicable regulations related to the prevention of erosion and the discharge of sediment into construction site runoff. Lastly, the FEIR concluded that the 2009 Housing Element would not substantially change the topography or any unique geologic or physical features of development sites, because all permit applications for excavation and grading would be reviewed by City agencies for consistency with policies related to land alteration.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that these taller and denser buildings could result in greater impacts on geology and soils, but required compliance with federal, state, and local regulations that address geologic hazards would reduce these impacts to less-than-significant levels.

Modified Project (AHBP)

The AHBP would allow qualifying projects to exceed existing height limits in certain locations throughout San Francisco, resulting in buildings that could be taller than what is currently permitted under existing regulations. Taller buildings may require deeper and more substantial foundations to support the additional building loads. Moreover, individual development projects proposed under the AHBP could be located in or near areas that are susceptible to geologic hazards (e.g., earthquake faults, landslide or liquefaction zones, unstable or expansive soils). AHBP projects would be required to comply with the seismic safety standards set forth in the San Francisco Building Code. The Department of Building Inspection is the City agency responsible for reviewing building permit applications, structural drawings and calculations, and geotechnical reports and ensuring that projects comply with the seismic safety standards and other applicable requirements of the Building Code. Project compliance with the Building Code would ensure that people or structures would not be exposed to substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, strong seismic ground shaking, seismic-related ground failure, landslides, unstable soil, or expansive soils. AHBP projects would be evaluated for their impacts related to soil erosion or the loss of topsoil and would be required to comply with applicable regulations related to the prevention of erosion and the discharge of sediment into construction site runoff. All permit applications for excavation and grading activities would be reviewed by City agencies for consistency with policies related to land alteration.

For these reasons, the AHBP would result in less-than-significant impacts related to geology and soils. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C,

would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on geology and soils.

Hydrology and Water Quality

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on hydrology and water quality. The 2009 Housing Element would not violate any water quality standards or waste discharge requirements, would not alter existing drainage patterns or substantially increase the rate or amount of surface runoff in a manner that would result in substantial erosion, siltation, or flooding, and would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff. Individual development projects would be required to comply with applicable regulations related to erosion prevention and stormwater management, treatment, and discharge.

The FEIR also concluded that the 2009 Housing Element would not substantially deplete groundwater supplies or substantially interfere with groundwater recharge, would not result in significant impacts related to placing housing in areas at risk of flooding, and would not expose people or structures to a significant risk of injury, loss, or death involving inundation by seiche, tsunami, mudflow, or the failure of a dam or levee.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that these taller and denser buildings could result in greater impacts on hydrology and water quality, but these impacts would be less than significant.

Modified Project (AHBP)

The AHBP would not directly result in the construction of housing in areas of San Francisco that are prone to flooding or are at risk of inundation by seiche, tsunami, mudflow, or the failure of a dam or levee. However, individual development projects proposed under the AHBP could be located in such areas. These projects would be required to comply with applicable regulations related to minimizing the risk of loss, injury, or death from hydrologic hazards. These regulations include, but are not limited to, the San Francisco Floodplain Management Ordinance and the San Francisco Building Code. Groundwater could be encountered during construction of AHBP projects. Dewatering of excavated areas during construction would lower groundwater levels, but these effects would be temporary. Once dewatering has been completed, groundwater levels would return to normal. Wastewater and stormwater generated by AHBP projects would flow to the City's combined stormwater/sewer system and would be treated to standards contained in the City's National Pollutant Discharge Elimination System Permit for the Oceanside Treatment Plant and the Southeast Treatment Plant prior to discharge into the Pacific Ocean and San Francisco Bay, respectively. Required compliance with the San Francisco Stormwater Management Ordinance would ensure that AHBP projects would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.

For these reasons, the AHBP would result in less-than-significant impacts on hydrology and water quality. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C,

would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on hydrology and water quality.

Hazards and Hazardous Materials

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact related to hazards and hazardous materials. The 2009 Housing Element would not transport, use, or dispose of hazardous materials and would not release hazardous materials into the environment. However, the construction of individual development projects would result in the emission of exhaust from construction equipment and vehicles as well as the demolition of older buildings that may contain asbestos, lead-based paint, or other hazardous building materials. In addition, the operation of individual development projects would involve the use of relatively small quantities of hazardous materials such as batteries, household cleaning products, and paint for routine purposes. Most of these materials are consumed through use, resulting in relatively little waste. Existing federal, state, and local regulations and programs address emissions from construction equipment and vehicles, the abatement of hazardous building materials during demolition and construction activities, and the transportation and disposal of hazardous materials. Individual development projects, including those that would be on sites on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 or would handle hazardous materials within one-quarter mile of an existing or proposed school, would be required to comply with these existing regulations and programs.

The FEIR also concluded that the 2009 Housing Element would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan or expose people or structures to a significant risk of loss, injury, or death involving fires. In San Francisco, fire safety is ensured through compliance with the provisions of the Building Code and the Fire Code. The building permit applications for individual development projects would be reviewed by the Department of Building Inspection and the Fire Department for compliance with all regulations related to fire safety.

As discussed in the FEIR, Alternative C would promote residential development in commercial areas, near transit lines, or in other areas where hazardous materials are used. The FEIR concluded that residential development in such areas could result in greater impacts related to hazards and hazardous materials when compared to the impacts under the 2009, but required compliance with federal, state, and local regulations that address hazards and hazardous materials would reduce these impacts to less-than-significant levels.

Modified Project (AHBP)

The AHBP would not directly result in the construction of housing on sites that are included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5. However, individual development projects proposed under the AHBP could be located on such sites. All AHBP projects, including those located on hazardous materials sites or those that would handle hazardous materials within one-quarter mile of an existing or proposed school, would be required to comply with applicable federal, state, and local regulations and programs related to the abatement of hazardous materials, the emission of exhaust from construction equipment and vehicles, and the transportation and disposal of hazardous materials. Required compliance with such regulations and programs would ensure that AHBP

projects would not emit hazardous materials into the environment and would not create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials. Required compliance with fire safety regulations would ensure that AHBP projects would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan or expose people or structures to a significant risk of loss, injury, or death involving fires.

For these reasons, the AHBP would result in less-than-significant impacts related to hazards and hazardous materials. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions on impacts regarding hazards and hazardous materials.

Mineral and Energy Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact on mineral and energy resources. The 2009 Housing Element would not result in the loss of availability of a known mineral resource, the loss of availability of a locally important mineral resource recovery site, or the use of large amounts of fuel, water, or energy.

As discussed in the FEIR, Alternative C would promote taller and denser buildings than would the 2009 Housing Element. The FEIR concluded that these taller buildings could result in incrementally greater impacts on mineral and energy resources, but these impacts would be less than significant.

Modified Project (AHBP)

All land in San Francisco is designated Mineral Resource Zone 4 (MRZ-4) by the California Division of Mines and Geology (CDMG) under the Surface Mining and Reclamation Act of 1975.²⁹ This designation indicates that there is inadequate information available for assignment to any other MRZ. Thus, the AHBP-eligible development sites are not designated areas of significant mineral deposits or locally important mineral resource recovery sites and the AHBP would not result in the loss of availability of such resources. Furthermore, the AHBP would not encourage activities that result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner, because individual development projects proposed under the AHBP would be required to comply with state and local ordinances that regulate such activities. In California, energy consumption for the heating, cooling, ventilation, and lighting of buildings is regulated by Title 24 of the California Code of Regulations. As part of the building permit application process, project sponsors are required to submit documentation demonstrating project compliance with Title 24 standards. In addition, projects in San Francisco are subject to the requirements of the San Francisco Green Building Ordinance.

For these reasons, the AHBP would result in less-than-significant impacts on mineral and energy resources. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on mineral and energy resources.

²⁹ California Division of Mines and Geology, Open File Report 96-03, 1996, and Special Report 146 Parts I and II, 1986.

Agriculture and Forest Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact related to conflicts with existing zoning for agricultural use. Implementation of the 2009 Housing Element would not include any changes to the City's zoning districts and would not conflict with existing zoning for urban agricultural uses.

As discussed in the FEIR, Alternative C would not conflict with existing zoning for agricultural use but would promote taller and denser buildings than would the 2009 Housing Element. These taller buildings could block sunlight for longer periods of time and result in incrementally greater impacts on agriculture resources (community gardens), but these impacts would be less than significant.

Modified Project (AHBP)

San Francisco is not zoned for agricultural use and is not subject to a Williamson Act contract.³⁰ The AHBP would not convert farmland to non-agricultural use and would not conflict with existing zoning related to agricultural use. The AHBP would not directly block sunlight to community gardens, but after they have been constructed, individual development projects proposed under the AHBP could block sunlight to community gardens. These projects would be evaluated for their specific shadow impacts on community gardens as part of their individual environmental review and entitlement processes.

At the time of the preparation of the FEIR, the topic of forest resources was not part of the Environmental Checklist Form (CEQA Guidelines, Appendix G). For this reason, the FEIR did not analyze impacts on forest resources. In 2010, the topic of forest resources was added to the Environmental Checklist Form. San Francisco does not contain forest land or timberland as defined in Public Resources Code Section 12220(g) and Public Resources Code Section 4526, respectively. The AHBP would not convert forest land or timberland to non-forest use and would not conflict with existing zoning related to forest use.

For these reasons, the AHBP would result in less-than-significant impacts on agriculture and forest resources. The AHBP would not result in more severe impacts than the 2009 Housing Element or Alternative C, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on agriculture and forest resources.

³⁰ California Department of Conservation, *San Francisco Bay Area Important Farmland 2010*. Available online at ftp://ftp.consrv.ca.gov/pub/dlrp/FMMP/pdf/regional/2010/bay_area_fmmp2010.pdf, accessed January 6, 2016.

MITIGATION MEASURES

The 2004 and 2009 Housing Element FEIR identified the following mitigation measure to mitigate the potentially significant impact related to interior and exterior noise to a less-than-significant level. This measure was adopted as Implementation Measures 17 and 18 in the 2009 Housing Element, which are continued as Implementation Measures 17 and 18 in the 2014 Housing Element.

Mitigation Measure M-NO-1: Interior and Exterior Noise

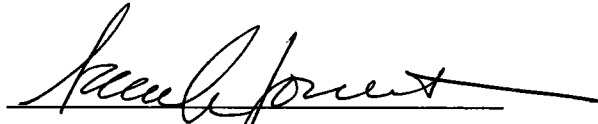
For new residential development located along streets with noise levels above 75 dBA L_{dn} , as shown in Figure V.G-3 of the 2004 and 2009 Housing Element FEIR, the Planning Department shall require the following:

1. The Planning Department shall require the preparation of an analysis that includes, at a minimum, a site survey to identify potential noise-generating uses within two blocks of the project site, and including at least one 24-hour noise measurement (with maximum noise level readings taken at least every 15 minutes), prior to completion of the environmental review. The analysis shall demonstrate with reasonable certainty that Title 24 standards, where applicable, can be met, and that there are no particular circumstances about the proposed project site that appear to warrant heightened concern about noise levels in the vicinity. Should such concerns be present, the Department may require the completion of a detailed noise assessment by person(s) qualified in acoustical analysis and/or engineering prior to the first project approval action, in order to demonstrate that acceptable interior noise levels consistent with those in the Title 24 standards can be attained; and
2. To minimize effects on development in noisy areas, for new residential uses, the Planning Department shall, through its building permit review process, in conjunction with noise analysis required above, require that open space required under the Planning Code for such uses be protected, to the maximum feasible extent, from existing ambient noise levels that could prove annoying or disruptive to users of the open space. Implementation of this measure could involve, among other things, site design that uses the building itself to shield on-site open space from the greatest noise sources, construction of noise barriers between noise sources and open space, and appropriate use of both common and private open space in multi-family dwellings, and implementation would also be undertaken consistent with other principles of urban design.

CONCLUSION

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

DATE January 14, 2016



Sarah B. Jones, Environmental Review Officer
for John Rahaim, Director of Planning



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

NOTE TO FILE

DATE: February 18, 2016
TO: File for Case No. 2014.1304E
FROM: Michael Li
RE: Affordable Housing Bonus Program
Amendments to Proposed Legislation

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On January 14, 2016, the Planning Department published an addendum to the *2004 and 2009 Housing Element FEIR*. The addendum 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 the addendum was based on the proposed AHBP legislation as it was originally introduced by Mayor Lee and Supervisor Tang.

Amendments to the proposed AHBP legislation were introduced by the Planning Department on January 12, 2016, and Supervisor Breed introduced additional amendments during the Planning Commission hearing on January 28, 2016. This Note to File summarizes the proposed amendments and the environmental impacts of those amendments. For the reasons set forth below, the Planning Department has concluded that the amendments would not result in new impacts that were not already identified in the addendum or impacts that are more severe than those identified in the addendum. As discussed below under "January 2016 Amendments," the impacts of the project with the January 2016 amendments would be the same as or slightly less than the impacts discussed in the addendum; in some cases, the amendments would not result in any changes to the impacts discussed in the addendum.

In response to public testimony during the hearing on January 28, 2016, the Planning Department has proposed additional amendments that may be considered by the Planning Commission during the hearing scheduled for February 25, 2016. These amendments are discussed below under "Additional Amendments for Consideration by the Planning Commission."

JANUARY 2016 AMENDMENTS

AHBP Definitions

Amendments:

The definitions of certain terms associated with the AHBP have been clarified.

Impacts of Amendments:

These amendments would not result in any physical changes to the environment and would not result in changes to the impacts discussed in the addendum.

Eligible Sites and Size of AHBP Study Area

Amendments:

1. The North of Market Residential Special Use District has been removed from the Local and State Analyzed programs.
2. Language has been added to clarify that for the Local and State Analyzed programs, only sites in South of Market Mixed-Use Districts in which residential density is based on the number of units per square foot of lot area would be eligible; sites in South of Market Mixed-Use Districts that regulate residential density by some other means would not be eligible.
3. Language has been added to clarify that sites in RH-1 and RH-2 Districts that can accommodate five or more dwelling units under current Planning Code controls are eligible for the AHBP under the State Individually Requested program.

Impacts of Amendments:

The first two amendments listed above would reduce the number of sites that are eligible for the AHBP and would, therefore, reduce the theoretical maximum number of housing units that the AHBP could incentivize. The overall number of units developed under the AHBP on a citywide basis would not exceed the maximum of 16,000 units discussed in the addendum. The impacts of the first two amendments would be the same as or slightly less than the impacts discussed in the addendum.

The third amendment listed above clarifies that certain sites in RH-1 and RH-2 Districts would be eligible for the AHBP under the State Individually Requested program. The third amendment would not result in changes to the impacts discussed in the addendum, because the development of qualifying sites in RH-1 and RH-2 Districts can occur now under the existing State Density Bonus Law.

Ineligible or Prohibited Projects

Amendments:

1. Supervisor Breed introduced amendments related to the protection of existing rent-controlled residential units.
2. Language has been added to clarify that group housing units and efficiency dwelling units (a.k.a. micro units) would not be eligible for the Local or State Analyzed programs.
3. Language has been added under the Local and State Analyzed programs to prohibit lot mergers that would result in more than 125 feet of street frontage.
4. Language has been added to clarify that vertical additions to existing buildings would not be eligible for the Local or State Analyzed programs.

Impacts of Amendments:

The amendments related to rent-controlled residential units and lot mergers would reduce potential impacts on rent-controlled residential units and limit the massing or scale of AHBP projects. The impacts of the project with these amendments would be slightly less than the impacts discussed in the

addendum. The amendment related to vertical additions to existing buildings would reduce the number of sites eligible for the Local or State Analyzed programs, thereby resulting in impacts that would be slightly less than the impacts discussed in the addendum. The amendment related to group housing units and efficiency dwelling units would not result in any physical changes to the environment and would not result in changes to the impacts discussed in the addendum.

Other Pending Legislation

Amendments:

Language has been added to clarify how the eligibility of projects for the Local program would be affected by proposed legislation (the “Dial Legislation”) to amend Planning Code Section 415.

Impacts of Amendments:

This amendment addresses how the pending Dial Legislation, if adopted, would affect the eligibility of projects for the AHBP. This amendment would not result in any physical changes to the environment and would not result in changes to the impacts discussed in the addendum.

AHBP Development Bonuses

Amendments:

1. Language has been added to clarify how the 20-foot height bonus must be distributed within a building envelope under the Local program. Language has been added to clarify that the additional five-foot height bonus available under the Local program can only be utilized for the ground floor of a building when the project site is not in a zoning district that already allows the additional five-foot height bonus.
2. Language has been added to clarify that the parking reduction under the Local, 100% Affordable, and State Analyzed programs would only apply to automobile parking, not bicycle parking.
3. A new zoning modification related to the use of inner courts as open space has been added to the Local and 100% Affordable programs.

Impacts of Amendments:

These amendments clarify when certain development bonuses would be applicable and how those development bonuses would be implemented. The impacts of the project with these amendments would be the same as or slightly less than the impacts discussed in the addendum.

AHBP Implementation Procedures

Amendments:

These amendments would address the procedures related to implementing the AHBP (e.g., documentation, fees, review of applications, pricing of units, periodic evaluation and monitoring of the AHBP).

Impacts of Amendments:

These amendments would not result in any physical changes to the environment and would not result in changes to the impacts discussed in the addendum.

ADDITIONAL AMENDMENTS FOR CONSIDERATION BY THE PLANNING COMMISSION

In response to public testimony during the hearing on January 28, 2016, the Planning Department has proposed potential amendments that may be considered by the Planning Commission during the hearing scheduled for February 25, 2016.

Amendments:

1. Any project proposing the demolition of an existing dwelling unit would not be eligible for the AHBP.
2. The AHBP Design Guidelines would be amended to add a new principle addressing building height along narrow streets.
3. New lots created by lot mergers would be limited in street frontage to no more than 50 percent of the length of the subject block.
4. In order to address the potential displacement of existing small businesses, notification requirements and relocation assistance would be expanded. Upon completion of an AHBP project with commercial space, the previous business(es) at the project site would be given the first right of refusal to occupy the new commercial space(s). As part of the AHBP entitlement process, the Planning Commission would be given the authority to reduce the size of proposed commercial uses or require proposed commercial uses to protect existing neighborhood-serving businesses.
5. AHBP entitlement actions under Planning Code Section 328 would be appealable to the Board of Supervisors instead of the Board of Appeals.
6. Each staff report for an AHBP project would include an analysis of how the project complies with the AHBP Design Guidelines.
7. The affordability range for some of the middle-income units proposed under the AHBP would be lowered.

Impacts of Amendments:

The first amendment listed above would reduce the number of sites that are eligible for the AHBP and would, therefore, reduce the theoretical maximum number of housing units that the AHBP could incentivize. The second and third amendments listed above would potentially limit the footprint, height, and/or massing of AHBP projects. Collectively, these amendments would result in impacts that are the same as or less than the impacts discussed in the addendum.

The amendments related to small businesses facing displacement would result in impacts that are the same as or less than the impacts discussed in the addendum.

The amendments related to procedural changes in how AHBP projects are reviewed or related to the affordability range of middle-income units would not result in any physical changes to the environment and would not result in changes to the impacts discussed in the addendum.