

REVISED LEGISLATIVE DIGEST

(5/23/2017, Amended in Board)

[Planning Code - Affordable Housing Bonus Programs]

Ordinance amending Planning Code Section 206 to amend the 100 Percent Affordable Housing Bonus Program to add the HOME-SF Program, the Analyzed State Density Bonus Program and the Individually Requested State Density Bonus Program, to provide for development bonuses and zoning modifications for increased 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 HOME-SF Program shall be reviewed and approved; adding a fee for applications under the Programs; affirming the Planning Department’s determination under the California Environmental Quality Act; making findings of public convenience, necessity, and welfare under Planning Code, Section 302; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Planning Code Section 206, the 100% Affordable Housing Bonus Program, allows increased density and exceptions to otherwise applicable zoning requirements for residential projects where all of the dwelling units are affordable units. Planning Code section 328 sets forth the procedures by which the Planning Commission reviews 100% Affordable Housing Bonus Program projects. Planning Code Section 303 *et seq.* sets forth procedures for determinations regarding applications for the authorization of conditional uses.

Amendments to Current Law

The Proposed Legislation renames and adds three new programs to the 100% Affordable Housing Bonus Program (“AHBP”). As amended by this legislation, the AHBP consists of four separate programs to incentivize the construction of housing affordable to very low, low, moderate, and middle-income households by granting a range of development bonuses. The HOME-SF Program, the first program set forth below, and the existing 100% Affordable Housing Bonus Program operate independently from State law; the second two programs outlined below, taken together, implement the State Density Bonus Law.

- (1) The HOME – SF Program: a local density bonus program, and an alternative to providing units under the Inclusionary Affordable Housing Program, Planning Code section 415 *et seq.*, that provides up to two additional floors and other zoning incentives to a project sponsor who provides 30% of its units as affordable units. If the units are ownership units, 12% of the units must be restricted to households earning 80% of Area Median Income (“AMI”); 9% at 105% AMI, and 9% at 130% AMI. If the units are rental units, 12% must be affordable to households earning 55% AMI,

9% at 80% AMI, and 9% at 110% AMI. It applies to projects of three units or more and only in certain enumerated zoning districts on parcels that do not contain residential uses. Projects under this program would require conditional use approval.

- (2) The Analyzed State Density Bonus Program: a density bonus program under State law, which provides up to a 35% density bonus for projects that provide 12% or more on-site Inclusionary Units and meet other criteria beyond State law requirements. Projects receive process improvements and must choose from a menu of specific incentives. It applies to projects of five units or more units and only in certain enumerated zoning districts.
- (3) The Individually Requested State Density Bonus Program: a program that provides a density bonus under State law of up to 35 percent and other incentives requested by the project sponsor for projects consistent with all of the State's requirements. It applies in all zoning districts to projects of five units or more.

The Proposed Legislation also creates a new fee for applications for projects under the Program.

Background Information

This legislative digest reflects amendments to the Affordable Housing Bonus Program, specifically, the HOME-SF Program, adopted at the Land Use and Transportation Committee on May 8, 2017, and at the Board of Supervisors on May 23, 2017. Previously, the HOME-SF Program required projects to provide 30% of units at below market rates by first complying with Planning Code Section 415, the Inclusionary Affordable Housing Program, and providing on-site units in the amounts and at the affordability levels contained therein. Projects would then provide the remainder of the units at the affordability levels outlined in the HOME-SF, namely an average affordability level of 120% of AMI for ownership projects and 80% AMI for rental units. The May 8 amendments require 30% of units in a HOME-SF Project contain on-site below market units at the affordability levels noted above in "Amendments to Current Law," and the May 23 amendments changed the required inclusionary levels for those units. Although, HOME-SF projects must comply with Section 415.6 (the on-site option for the Inclusionary Housing Program), they do not need to comply with the inclusionary amounts and affordability levels outlined therein.

In addition, the May 8, 2017 amendments prohibit HOME-SF projects from containing formula retail uses if a retail use demolished or removed was not already a formula retail use or another specified use, and prohibit HOME-SF projects in certain lots north of Post Street and east of Van Ness Avenue. The May 23 amendments also prohibit HOME-SF projects in areas in Supervisorial District 9 after the City enacts an ordinance directing the Planning Department to study the creation of a possible area plan wholly or partially located in that District.

The Proposed Legislation was originally introduced in September 2015, with substitute legislation introduced in January 2016. The Land Use and Transportation Committee heard the Proposed Legislation on June 13, 2016, wherein the legislation was amended, and the file

was duplicated. In July 2016, in Ordinance 143-16, the Board of Supervisors adopted the 100% Affordable Housing Bonus Program. That ordinance created Planning Code Section 206 (the 100% AHBP) and Section 328, which sets forth the 100% AHBP review procedures. It also amended Planning Code Sections 250 and 260, both related to height limits; and Planning Code Section 352, related to permit application fees. In August 2016, in Ordinance 149-16, the Board repealed Planning Code Section 352.

A technical correction of the Legislation was submitted to reflect the changes made to the Planning Code in Ordinance Nos. 143-16 and 149-16. The amendments to the ordinance reflected in this Legislative Digest are shown as amendments to that technical correction.

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