

Member, Board of Supervisors
District 4



City and County of San Francisco

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FOR IMMEDIATE RELEASE:

June 6, 2017

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**** PRESS RELEASE ****

**BOARD OF SUPERVISORS UNANIMOUSLY PASS LANDMARK AFFORDABLE
HOUSING PROPOSAL BY SUPERVISOR TANG AND MAYOR LEE**

HOME-SF encourages affordable housing opportunities to serve more families and workforce households

After a two-year effort, the San Francisco Board of Supervisors unanimously passed today HOME-SF, the affordable housing proposal led by Supervisor Katy Tang, Mayor Edwin M. Lee, and Supervisor Ahsha Safai.

“From the introduction of HOME-SF, I have been committed to putting forward the best program possible for our families and workforce households,” said Supervisor Tang. “Over 20 years, this program will produce 5,000 permanently affordable housing units for people who want to live in San Francisco and hope to raise their families here. This represents over triple the amount of affordable housing units that would be created even under our City’s mandatory affordable housing laws.”

Since its introduction in September 2015, the legislation has gone through a rigorous community process and has been amended several times. At its heart, the proposal provides incentives for developers to create housing containing 30 percent permanently affordable units, which would serve middle-income families that currently don’t qualify for the City’s below-market rate (BMR) program. HOME-SF rental BMR units are designed to provide housing for households earning between \$44,400 to \$88,750 annually (example for single person household). Ownership BMR units are designed to provide housing for households earning between \$64,550 to \$104,900 annually (example for single person household). In exchange, developers can receive more flexibility with density requirements and up to 20 feet of additional height on projects.

HOME-SF also offers the strongest requirements for family-friendly sized units, requiring that at least 40 percent of the units are either 2 or 3 bedrooms, and at least 10% as 3 bedrooms. This is a voluntary program, and is not available in RH-1 (single-family dwelling) and RH-2 (two-family dwelling) areas.

“HOME-SF makes San Francisco more affordable for our families,” said Mayor Lee. “If we want our teachers, first responders and nurses to keep living in our City, we need to develop sensible housing solutions that meet their economic needs. This legislation strengthens our middle-class, and a strong middle class makes for a strong city.”

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The City has historically spent the majority of its housing funds on providing housing for low and very-low income households – generally those making 60% or less of the Area Median Income (AMI) (around \$48,000 or lower annually) due to federal tax credit incentives. However, middle-income households represent the most rapidly declining population in San Francisco and yet the historic production for units serving these households represents just below 18% of all total housing efforts provided by the City.

Based on community feedback, additional amendments were added so that: no existing tenants would be displaced by the development; no existing residential units would be demolished, removed or converted; a conditional use permit would be required; protections for small businesses would be included; and family-friendly amenities would be encouraged.

“We’ve worked hard to respond to community concerns, and I believe we now have the strongest affordable housing program possible for San Francisco,” said Supervisor Tang. “San Francisco cannot thrive without teachers, social workers, and construction workers. We need to produce more housing that is affordable to these valuable members of our City, and we should have done it yesterday.”

For more information on the program, visit: <http://sf-planning.org/home-sf>.

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HOME-SF Overview

HOME-SF: *Optional program that incentivizes 30 percent affordable housing in market rate projects by offering up to two additional floors and other zoning incentives. Applies to projects of three units or more (RH-1 and RH-2 excluded from program), and prohibits demolition of existing residential units. Requires conditional use approval. Encourages new family-friendly housing in parts of the city well served by parks and transit.*

Goals

- 1) Incentivize the construction of housing affordable to moderate and middle-income workforce households and families.
- 2) Assist the City in meeting the housing goals mandated in Proposition K by enabling the potential for 5,000 permanently affordable units over 20 years.
- 3) Meet local housing policy goals beyond the State Density Bonus Law affordability requirements.

Overview of HOME-SF:

- Applies to buildings with 3+ units
 - RH-1 and RH-2 excluded
 - Area plans excluded
 - North of Market Residential Special Use District excluded
- 30% on-site permanently affordable housing
- Provides development bonuses, including 20 additional feet and other zoning incentives, if project meets affordability requirements
- 40% of new units required to include 2+ bedrooms; or option of having 50% of units with 2-3 bedroom mix
- Prohibits merging of lots that result in more than 125 feet in lot frontage in Neighborhood Commercial Districts
- Limits projects to new construction and excludes any project that includes an addition to an existing structure
- Allows projects to utilize the State Density Bonus Law, as is required under state law
- Requires the Planning Department to provide a program evaluation and update every five years

Amendments Adopted in Land Use Committee on June 13, 2016

- **Protections for tenants and rent-controlled units** (these requirements are unique to HOME-SF)
 - No displacement of existing residential tenants
 - No demolition, removal or conversion of any existing residential units
- **Conditional Use** permit required
- **Commercial tenant support**
 - Requirement for replacement of ground floor level active uses at like size of any neighborhood commercial space impacted by a project using HOME-SF
 - Requirement for commercial tenant support, including early notification of no less than 18 months from relocation date and observance of commercial relocation best practices



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Amendments Adopted in Land Use Committee on March 13, 2017

- “Local Affordable Housing Bonus” program renamed as the “HOME-SF” program given separate passage of 100% Affordable Housing Bonus Program.
- **Income levels for BMR units** – adjusted to ensure equal distribution of low, moderate and middle income units (10% distribution among each income tier).
 - Rental BMR units would be offered at 3 income levels:
 - 55% AMI
 - 80% AMI
 - 110% AMI
 - Ownership BMR units would be offered at 3 income levels:
 - 90% AMI
 - 120% AMI
 - 140% AMI
- **Family-friendly amenities** – Encourages the inclusion of 3+ bedroom units in unit mix, the distribution of larger units on all floors and adjacent to open spaces or play yards, and the incorporation of family-friendly amenities such as bathtubs, stroller storage, and open space and yards.
- **Small business support** – Enhanced protections and options for existing commercial tenants. Planning Commission must make five findings related to business displacement (this requirement is unique to HOME-SF)
- **Technical clean ups**
 - Excludes Northeastern Waterfront Area Plan south of the centerline of Broadway to make consistent with General Plan
 - Makes technical changes for individually requested program in response to recently adopted State Laws (AB2501)

Amendments Introduced in Land Use Committee on May 8, 2017

- **Small business support**
 - Added additional finding that Planning Commission must make related to business displacement regarding Legacy Businesses and Formula Retail.
 - Prohibits non-existing Formula Retail to occupy ground floor of HOME-SF project.
- **BMR unit income levels & distribution** – Clarified that income levels and % distribution for BMR units are independent of income levels in Section 415 of Planning Code (Inclusionary Housing requirements).
 - Further specifies that BMR units would be distributed equally at 10% for each income tier.
- **Unit mix** – Clarified that bedroom unit mix requirements (either 40% must be two-bedrooms or larger; or 50% must be a mix that contains some three-bedrooms or larger units) supersede any other bedroom requirement provisions under the Planning Code.
- **Neighborhood Commercial Transit Corridors (NCTs)** – Removed Fillmore NCT and Divisadero NCT from program. (All NCTs excluded from HOME-SF)



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Amendments Adopted at Board of Supervisors Meeting on May 16, 2017

- **Unit mix** – changed bedroom requirements such that at least 40% of units are 2-3 bedrooms, with at least 10% of all units as 3-bedrooms.
 - Still includes option that 50% must be a mix that contains some three-bedrooms or larger units
- **Analyzed State Density Bonus Program** – conformed Analyzed State Density Bonus (hybrid) Program to contain same programmatic details as HOME-SF, with the exception of three requirements under state law (allows for up to 35% density bonus; different income level requirements; and affordability lasting up to 55 years)
- **Removes Northeast quadrant area** north of Post Street and east of Van Ness Avenue, with exception of soft sites (defined as lots 12,500 square feet or more with existing structures that cover less than 20% of the zoned capacity)
- **Formula Retail** – clarified that formula retail prohibition on ground floor does not apply to sites with existing fringe financial, self-storage, motel, automobile sales/rental, gas station, car wash, mortuaries, adult entertainment, massage, medical cannabis dispensary, and tobacco shop uses.
- **Unit pricing** – ensures that all HOME-SF units are marketed at least 20% less than current market rate for that unit size and neighborhood, and that MOHCD shall reduce the AMI levels to maintain such pricing (*note: HOME-SF units in lower income tiers will likely always be priced below market rate*)
- **Unit size** – HOME-SF units shall be no smaller than the minimum unit sizes set forth by the California Tax Credit Allocation Committee as of May 16, 2017.

Amendments to be Introduced at Board of Supervisors Meeting on May 23, 2017

- **Modify ownership BMR pricing.** Units would be offered at the follow 3 income levels:
 - 80% AMI
 - 105% AMI
 - 130% AMI
- **Modify unit distribution** between rental and ownership programs such that:
 - Rental program
 - 12% of units would be offered at 55% AMI
 - 9% of units would be offered at 80% AMI
 - 9% of units would be offered at 110% AMI
 - Ownership program
 - 12% of units would be offered at 80% AMI
 - 9% of units would be offered at 105% AMI
 - 9% of units would be offered at 130% AMI
- **District 9** – HOME-SF applies to District 9 parcels until an ordinance is adopted by the Board of Supervisors directing the Planning Department to study the creation of an area plan wholly or partially located in Supervisorial District 9.