



Member, Board of Supervisors  
District 4

City and County of San Francisco

## KATY TANG

### Affordable Housing Bonus Program

#### What is the Affordable Housing Bonus Program?

As San Francisco faces growing housing demands, it becomes increasingly important to preserve and protect our middle class working families. The Affordable Housing Bonus Program (AHBP) seeks to incentivize the development of affordable housing units throughout the City, including those that serve middle-income households and families needing 2-bedroom units.

#### Requirements under the program

In order to qualify for the optional local AHBP, a project must have 30% of its units as affordable. 18% must be dedicated to serving middle income households and 12% for low and very low-income households. This applies to buildings with 3 units or more.

- Middle Income under this program:
  - Up to 120% Area Median Income for rental units (\$97,800 for 2-person household\*)
  - Up to 140% Area Median Income for ownership units (\$114,100 for 2-person household\*)
- Low & very-low income under this program:
  - Up to 55% Area Median Income for rental units (\$44,850 for 2-person household\*)
  - Up to 90% Area Median Income for ownership units (\$73,350 for 2-person household\*)

\* = Used as example to demonstrate income thresholds. Program covers all household sizes. To see full Area Median Income threshold chart, visit:

<http://www.sf-moh.org/modules/showdocument.aspx?documentid=7823>

Additionally, 40% of the units must be two-bedrooms. If these requirements are met, a project can receive density bonuses based on height and bulk controls and in accordance with the Planning Department's design principles. They can also receive up to two additional stories.

If projects include 100% affordable housing units, the building can receive up to three additional stories. However, the reality is that 100% affordable housing buildings are not likely in the Sunset District. These projects require considerable public subsidy. While the City is working hard to identify much needed affordable housing dollars – there are many 100% affordable housing projects that are proposed, where non-profits have already acquired the land, but that the City cannot currently afford to build. Currently the city produces 2-3 affordable residential projects a year.



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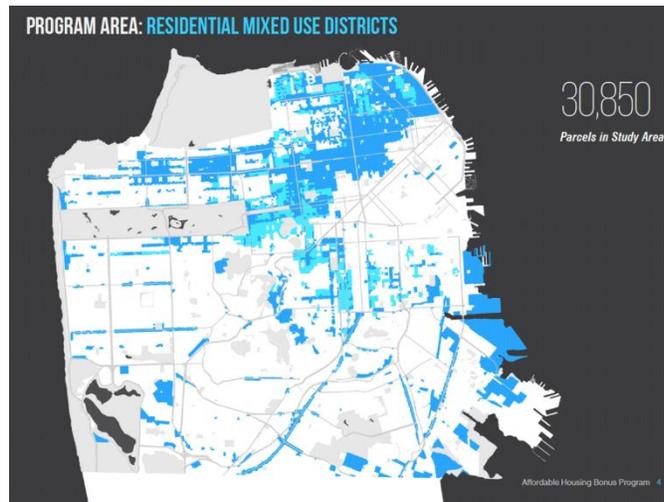
### Which areas could be part of this program?

This is a citywide proposal. Parcels that are RH-1 (single-family dwelling unit) and RH-2 (two-family dwelling unit) are excluded from the program.

District 4 areas that could be part of the program:



Citywide map of eligible areas:



To view this map online, visit: [http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/ahbp/ahbp\\_map\\_mixed-use\\_1200x900px.png](http://www.sf-planning.org/ftp/files/plans-and-programs/planning-for-the-city/ahbp/ahbp_map_mixed-use_1200x900px.png)

To view the citywide zoning map, visit: <http://www.sf-planning.org/modules/showdocument.aspx?documentid=9016>

### Why was this legislation introduced?

In addition to being one of several tools the City would like to use to incentivize the development of affordable and middle-income housing, San Francisco must comply with state law.

Since 1979, California has had a State Density Bonus Law that project sponsors can opt into. Under the state law, projects can receive density bonuses and height increases if they achieve 13%



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affordable units for rentals (at 55% Area Median Income) and 20% affordable units for ownership (at 90% Area Median Income). The state program does not have a requirement to provide for middle-income units, and there is no requirement for 2-bedroom units. Under the state program, developers can receive density bonuses up to 35% and there is no limitation on the requested concessions and waivers from the Planning Code, including increased heights. State law requires that the City grant any requested waivers necessary to enable project sponsors to accommodate the additional 35% of units.

The state law also required that each locality in California have their own law to either enable the State Density Bonus program, and/or to create their own program that meets or beats the state requirements. San Francisco has not yet done so.

Instead, developers seeking to build in San Francisco were informed that in order for them to qualify for the State Density Bonus program, they had to go “above and beyond” our City’s own Inclusionary Housing requirements, which applies to projects involving 10+ units (12% of the project must be affordable units; or 20% affordable units built offsite; or developers pay the equivalent of 20% in fee to the Mayor’s Office of Housing & Community Development).

However, a 2013 California Court of Appeal case (*Latinos Unidos del Valle de Napa y Solano v. County of Napa*) clarified that any residential development that provides affordable housing units on-site, including those provided to comply with local inclusionary programs, enable project sponsors to request a density bonus under the State Density Bonus Law. In other words, cities cannot tell developers that they must go “above and beyond” the local jurisdiction’s Inclusionary Housing requirements in order to qualify for the State Density Bonus Program.

Thus, the legislation not only brings San Francisco into compliance with the state law, but provides developers with more parameters around height, which the state program does not do.

### **Why are you trying to increase height limits?**

This goal of this program is not to increase height limits – under state law, developers can already negotiate for unlimited concessions and waivers from the Planning Code, including height limits. This proposed local program would actually set a cap for how much additional height a developer can negotiate for. Without a local program, project sponsors can ask for any exception from the Planning Code, including additional heights. Also, this proposed legislation does not change existing underlying zoning.



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### Summary

- San Francisco is currently out of compliance with state law.
- Without a local program, not only are we out of compliance with state law, but developers can opt into an existing program under the State Density Bonus Law that allows them to negotiate for unlimited concessions and waivers from the Planning Code, including height increases.
- The proposed local program for San Francisco actually sets parameters around what developers can request, while still allowing us to offer an incentive for achieving affordable housing goals.
- Both the State program and the proposed local program are **optional**.
- Projects must still go through the Planning Department review process and receive community input.
- RH-1 and RH-2 parcels are not included under the proposed local program, as is the same with the state program. They will NOT be added.
- If this local proposal passes, a developer can choose to either:
  - 1) Build a project under the State Density Bonus Law; or
  - 2) Opt into the local program; or
  - 3) Decide not to participate in any density bonus program.

### Timeline

- The Planning Commission made recommendations regarding several amendments to the proposed legislation at a hearing on February 25, 2016.
- There is currently no schedule set for when the legislation would be heard at the Board of Supervisors.

### For more information

Planning Department website:

<http://www.sf-planning.org/index.aspx?page=4233>

Link to video that explains the basics of the program:

[https://www.youtube.com/watch?v=sN\\_w-FR-1QI&feature=youtu.be](https://www.youtube.com/watch?v=sN_w-FR-1QI&feature=youtu.be)