

An aerial photograph of San Francisco, showing the dense urban landscape with numerous skyscrapers and buildings. The city is situated on a peninsula, with the San Francisco Bay and the Golden Gate Bridge visible in the background. The sky is a mix of blue and orange, suggesting a sunset or sunrise.

STATE DENSITY BONUS LAW OVERVIEW

FOCUS: ONSITE AFFORDABLE UNITS

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October 12, 2016 / Inclusionary Housing TAC



San Francisco
Planning

OUTLINE

▶ **STATE LAW OVERVIEW**

- Density Bonus
- Waivers
- Incentives

▶ **LOCAL CONTEXT: REVIEW PROCESS AND RESEARCH**

▶ **DISCUSSION AND QUESTIONS**

GOAL: Gather input on how to complete next phase of study

STATE DENSITY BONUS LAW: LEGISLATIVE HISTORY



1979

State adopted the “**State Density Bonus Law**” which offers density bonuses and other concessions to projects that have on-site affordable housing.

2013

“**Napa Case**” The California Court of Appeals ruled that affordable units provided to meet local “**inclusionary housing**” requirements can trigger the State density bonus law.

2016

AB 2501 which revise and recast requirement for local ordinance, restrict addition of other requirements including studies, and puts the burden municipalities to prove concessions are not financially warranted.

STATE DENSITY BONUS: IN SAN FRANCISCO



SINCE
1979

15 SUDs for 100% affordable housing projects

Senior Housing Density Bonus – Double Density

2013

“**Napa Case**” “inclusionary housing” requirements can trigger the State density bonus law.

2014
TO PRESENT

- Analysis – Architecture and Financial
- Legislative proposal
 - *Proposed* AHBP State Analyzed/Individually Requested
 - *Proposed* AHBP Local 30% Affordable
 - ***Adopted*** : AHBP Local 100% Affordable

STATE DENSITY BONUS LAW: OVERVIEW



Projects can receive a density bonuses for provision of:

- On Site Affordable Housing (*most relevant to this work*)
- Land Dedication
- Childcare Facilities
- Senior Housing



STATE DENSITY BONUS LAW: PROJECT REQUIREMENTS

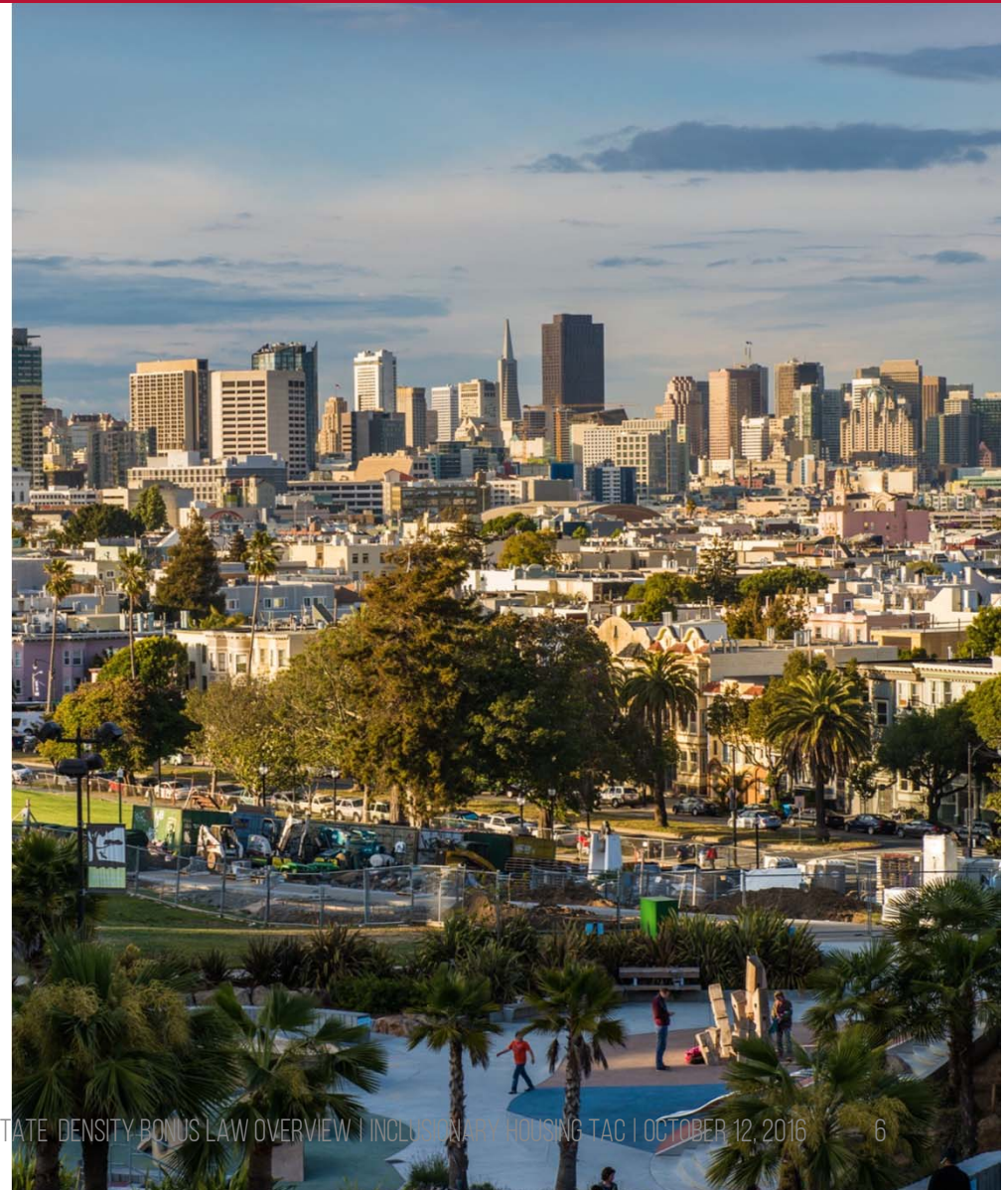


Project

- Projects of 5 units or more
- Residential or mixed use

Affordability Requirements

- Affordable Units on site
- Rental affordable for 55 years
- Ownership – *Shared Equity*



STATE DENSITY BONUS LAW: 3 COMPONENTS



DENSITY BONUS

- Law specifies percentage bonus based on affordable units provided
- Maximum 35% density bonus

INCENTIVES

- 1 to 3 that reduce the costs of development
- Can include: exposure, open space, etcetera
- City can DENY anything that **would be a detriment to public health**

WAIVERS

LOCAL DEV'T STANDARDS

- Unlimited number if necessary to accommodate increased density
- Can include height, bulk, or open space
- City can DENY anything that **would be a detriment to public health**

DENSITY BONUS: BY PERCENT OF AFFORDABLE UNITS PROVIDED

DENSITY BONUS*	VERY LOW (50% AMI)	LOW (80% AMI)	MODERATE (120% AMI)
7% bonus			12% units
15% bonus			20% units
20% bonus	5% units	10% units	25% units
23% bonus	~7% units	12% units	28% units
30% bonus	9% units	~17% units	35% units
35% bonus	11% or more	20% units	40% units

*PER STATE LAW

RENTAL – VERY LOW AND LOW
OWNERSHIP – LOW AND MODERATE

DENSITY BONUS: PERCENT BONUS FOR 1% AFFORDABLE

FOR EVERY 1% AFFORDABLE =

MODERATE INCOME

120% AMI

+1%

Density Bonus

LOW INCOME

80% AMI

+1.5%

Density Bonus

VERY LOW INCOME

50% AMI

+2.5%

Density Bonus

INCENTIVES AND CONCESSIONS

Incentives or Concessions

- 1 to 3 that **reduce the costs** of development
- Can include: exposure, open space, etc.
- City can DENY anything that would be a detriment to public health



WAIVERS

- **Waivers of Local Development Standards**
 - ❑ Necessary to accommodate increased density
 - ❑ Can include height, bulk, or open space
 - ❑ City can DENY anything that would be a detriment to public health

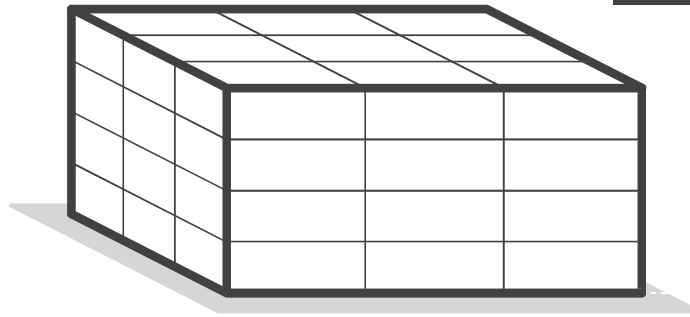


WAIVERS, MAY REQUIRE ADDITIONAL VOLUME

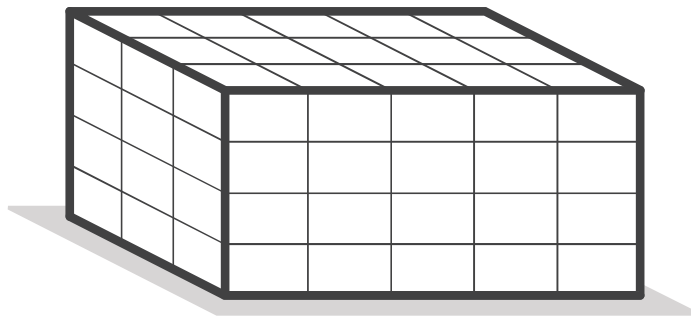


Building Envelope

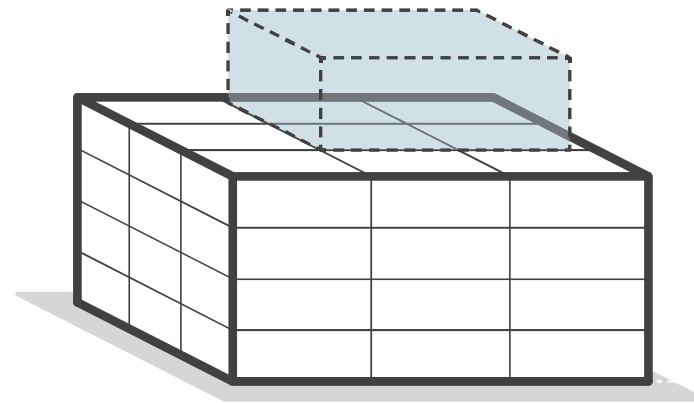
MAX DEVELOPMENT POTENTIAL



Zoning Parcel



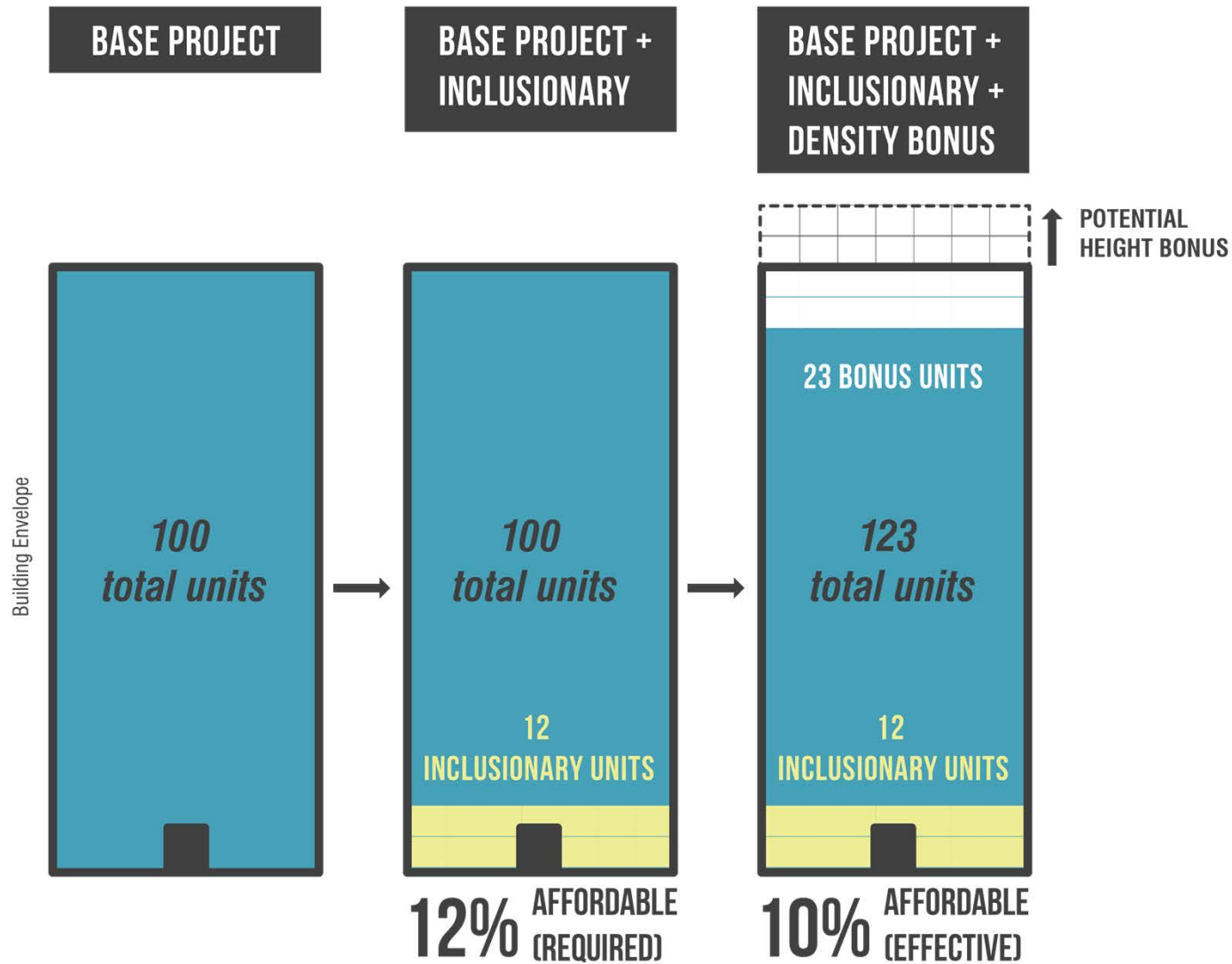
DENSITY BONUS - WITHIN ENVELOPE



DENSITY BONUS - HEIGHT

INCLUSIONARY RATE AND EFFECTIVE RATE

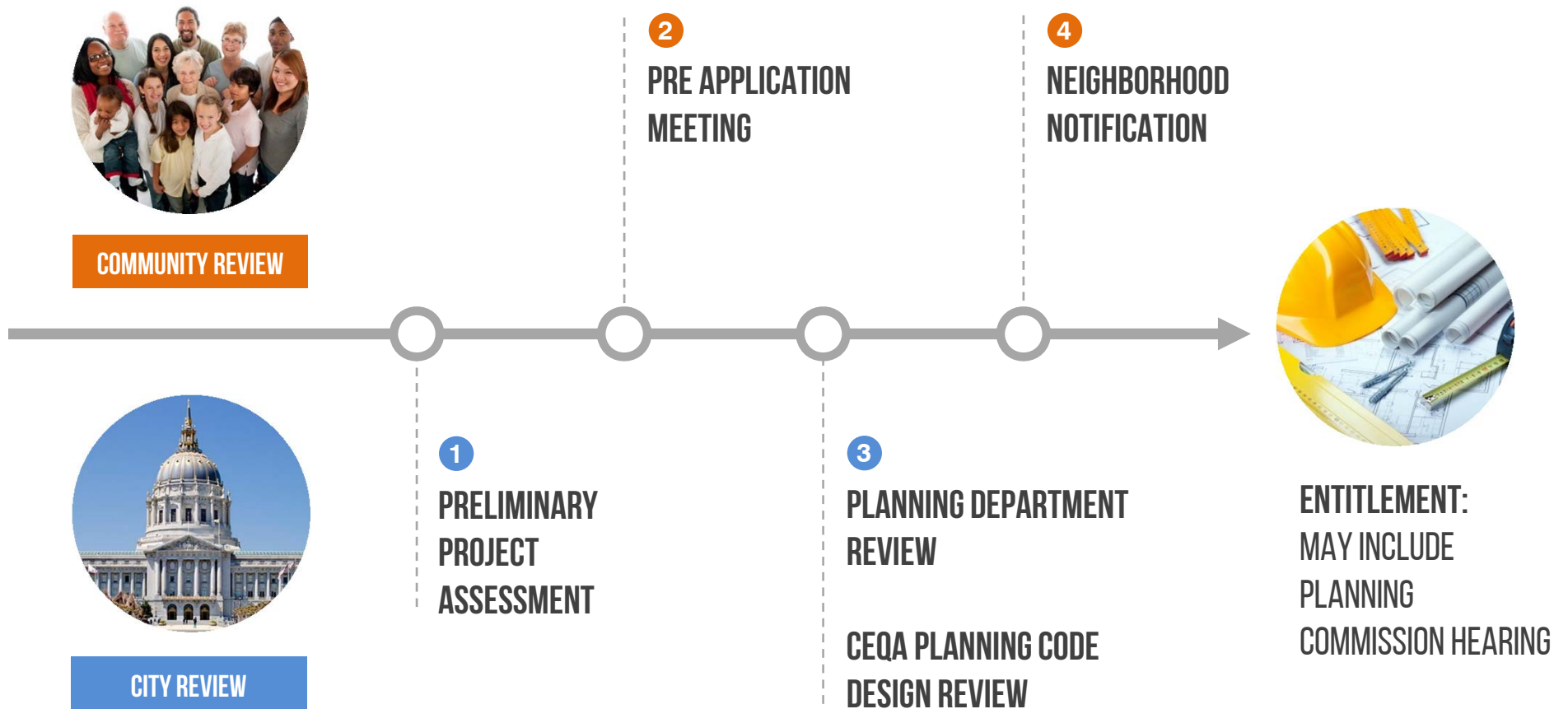
EXAMPLE - 12% INCLUSIONARY REQUIREMENT



SF AFFORDABLE HOUSING REQUIREMENTS AND DENSITY BONUS

REQUIREMENT	PERCENT AFFORDABLE	AMI	DENSITY BONUS
Prior Inclusionary	12% 12%	55% (rental) 90% (owner)	23% 7%
Existing Ordinance (Rental)	15% 10%	55% 100%	27.5% 15%
Existing Ordinance (Owner)	15% 10%	80% 120%	27.5% 15%
TAC Recommendations	14-18% 17 -20%	TBD	TBD

LOCAL REVIEW PROCESS FOR STATE DENSITY BONUS PROJECTS SIMILAR TO CURRENT PRACTICE

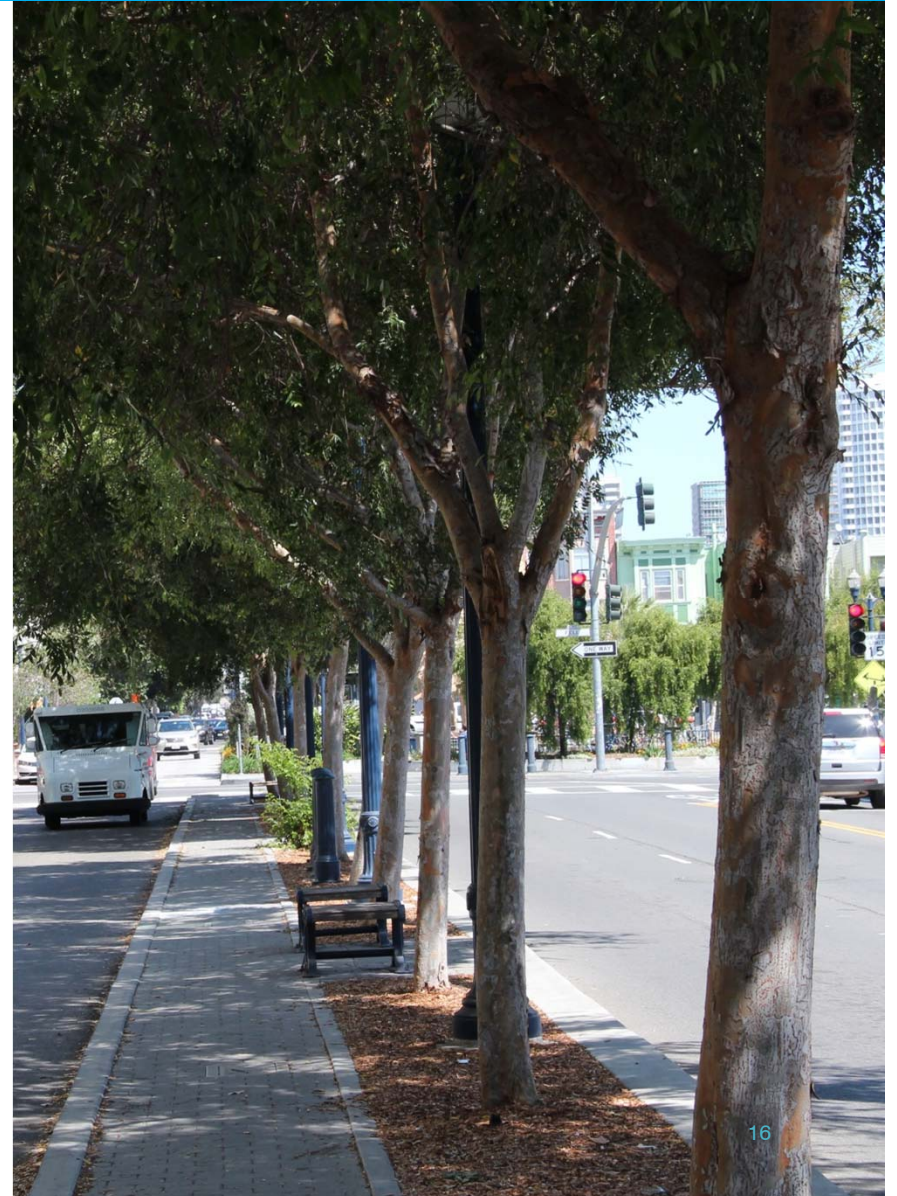


LOCAL REVIEW PROCESS: CEQA

CEQA applies to projects using the State Density Bonus Law.

Bonus projects remain eligible for:

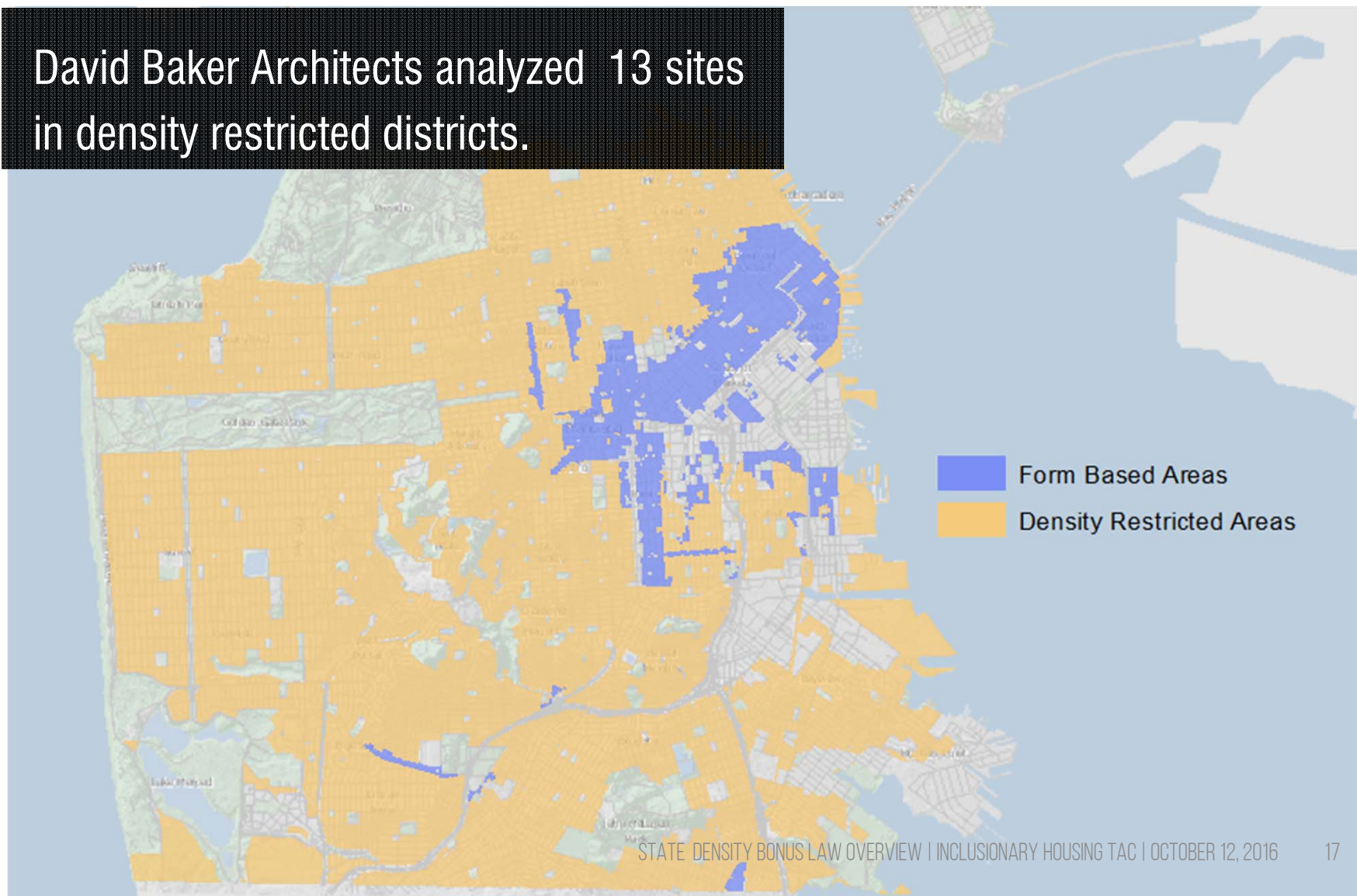
- ❑ Community Plan Exemption (CPE) *in Plan Areas*
- ❑ Class 32 Infill Exemption *outside Plan Areas*



DENSITY RESTRICTED DISTRICTS: RECENT RESEARCH



David Baker Architects analyzed 13 sites in density restricted districts.



WAIVERS: HEIGHT LIMIT CONSTRAINED SITES NEED HEIGHT/VOLUME

NC-3

40-X

5,000 sf Lot Area

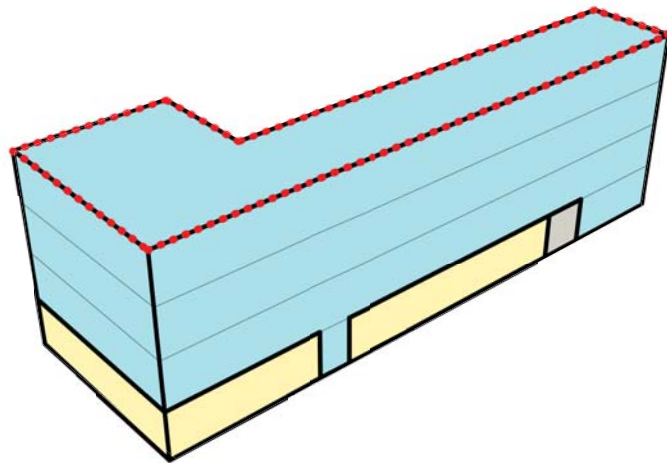
Density: 1/600 sf

8 units Allowed

ALLOWED ENVELOPE

8 Units

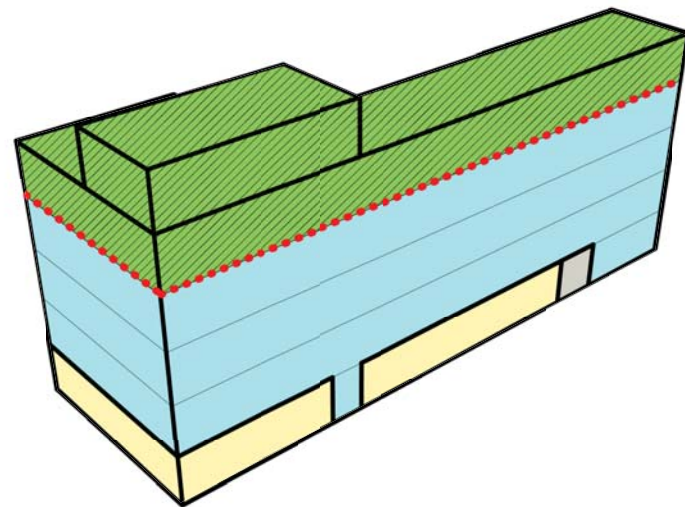
1,275 GSF Avg. Unit Size



35% INCREASE

11 Units

Exceeds Height Limit



WAIVERS: DENSITY LIMIT CONSTRAINED SITES DO NOT NEED HEIGHT

NC-3

130-E

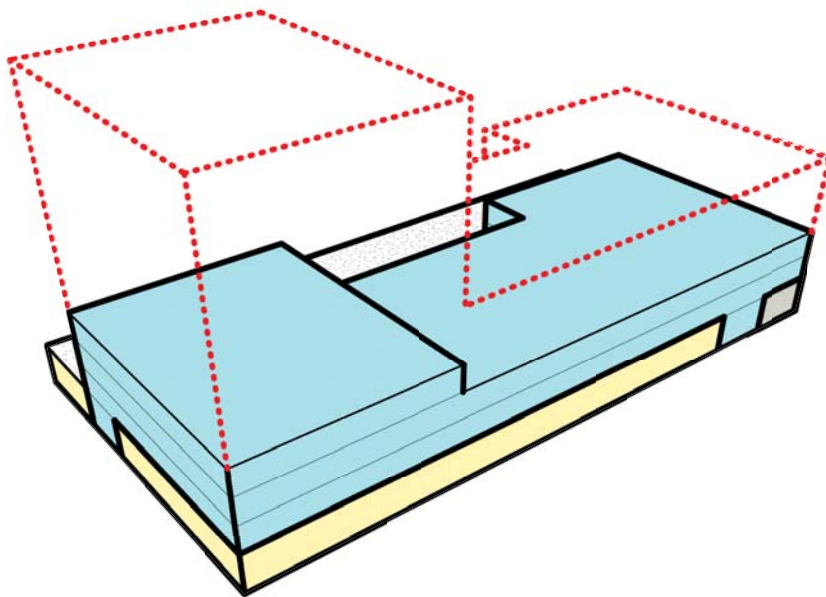
35,000 sf Lot Area

Density: 1/600 sf

60 units Allowed

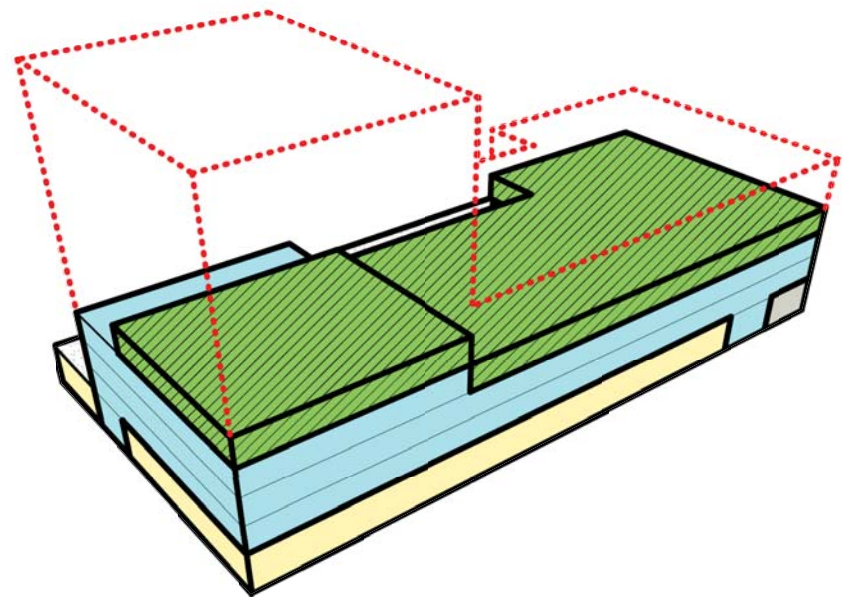
BASE CASE

60 Units
1,000 GSF Avg. Unit Size



35% INCREASE

81 Units



FINDINGS:

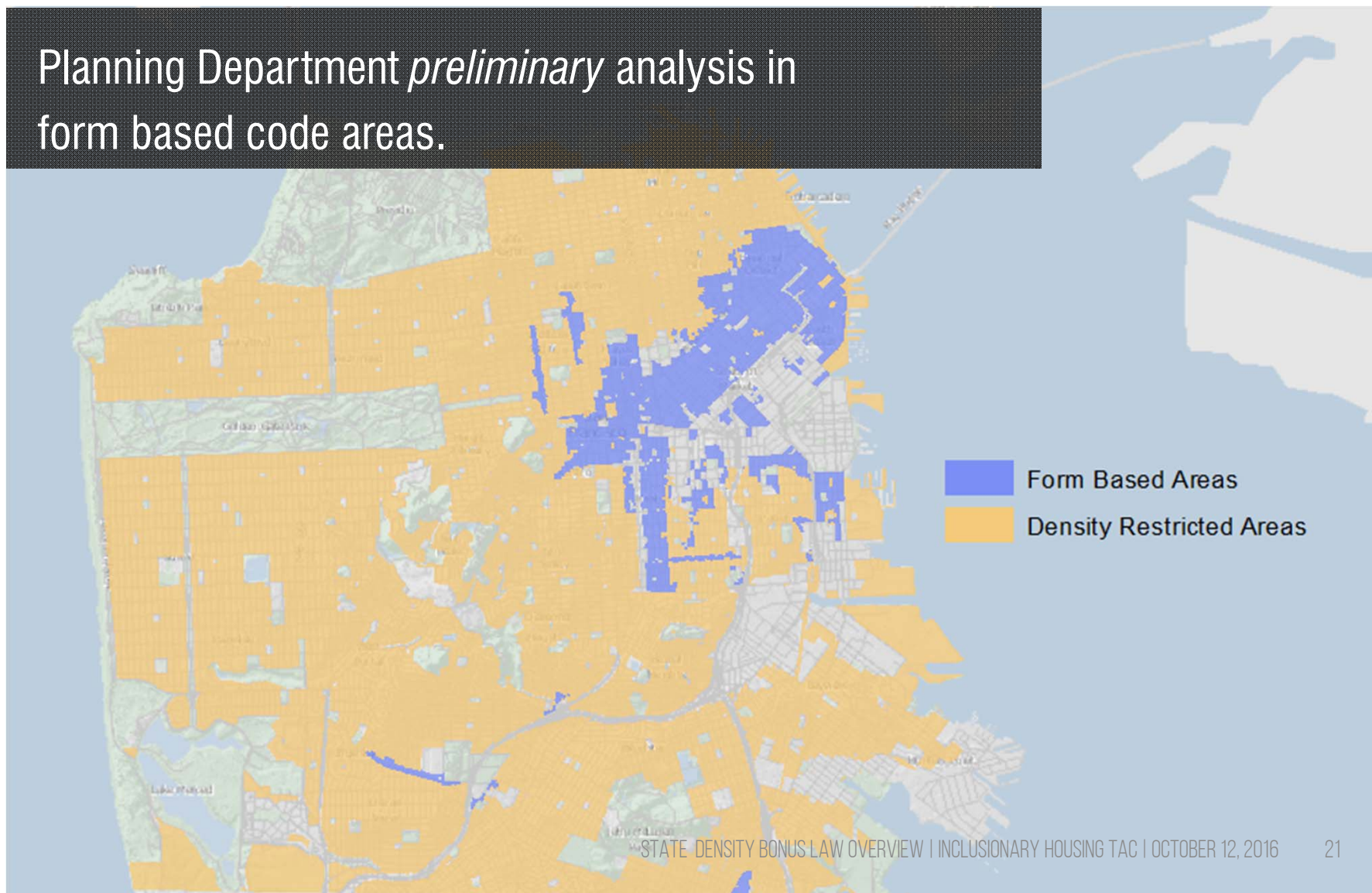
HALF OF TESTED SITES REQUIRE 1 OR 2 STORY INCREASE

ZONING	HT LIMIT	BULK	DENSITY CONSTRAINT	HEIGHT	INCREASED DENSITY ALLOWED WITHIN ZONING ENVELOPE
NC-3	40	X	600	Y	60%
RM-4	65	A	125	Y	46%
RC-4	80	D	200	Y	47%
<i>Outer Excelsior NCD</i>	65	A	600	Y	107%
<i>NC-2 Balboa</i>	40	X	800	Y	109%
C-3-G	120	X	125	Y	117%
RC-3	65	A	400	Y	124%
NC-1	40	X	800	N	142%
Haight NCD	40	X	600	N	142%
NC-2	45	X	800	N	143%
Taraval Street NCD	50	X	800	N	213%
NC-3	130	E	600	N	297%

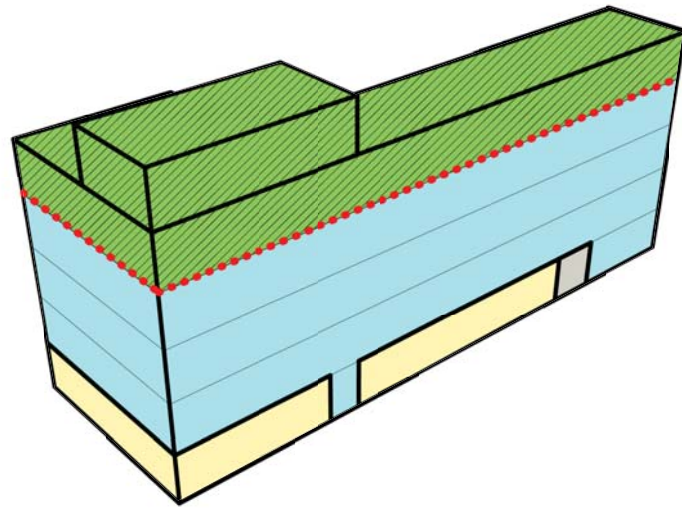


FORM BASED CODE DISTRICTS: RECENT RESEARCH

Planning Department *preliminary* analysis in form based code areas.



FORM BASED CODE AREAS: NEED WAIVERS FOR HEIGHT



35% INCREASE

FORM BASED CODE AREAS

*Every project would **require** a height increase to accommodate 35% bonus in area, if rear yard is kept constant.*

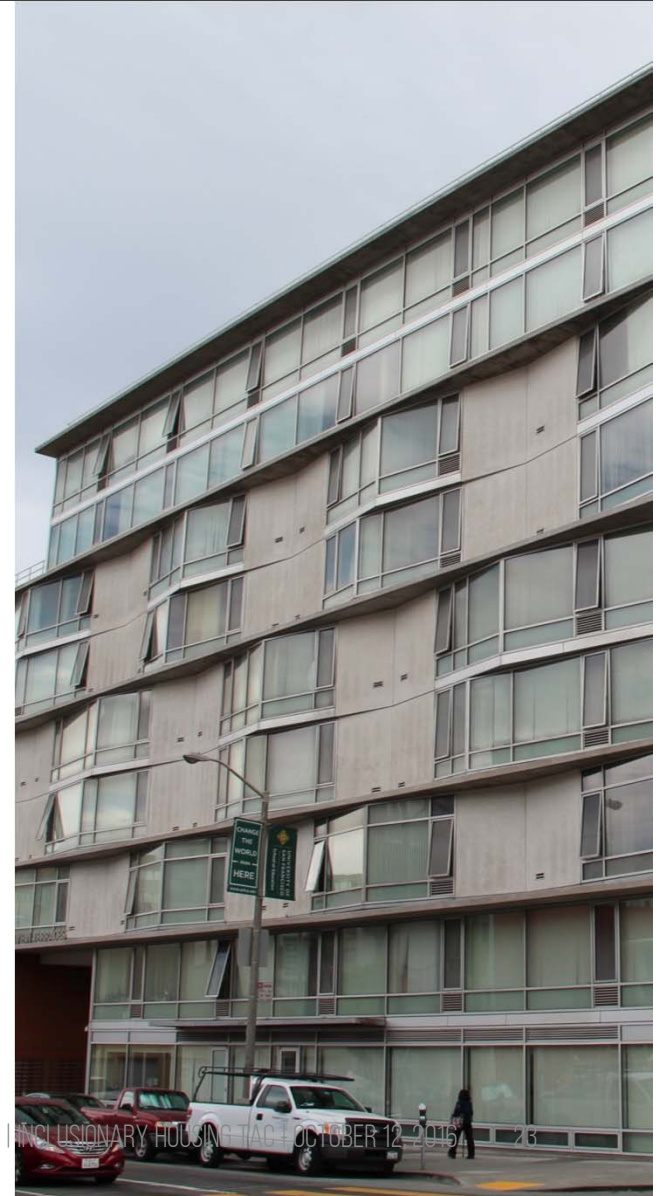
A 40-X parcel would require a full extra floor to fit 35% more volume.

Parcels with greater height limits require a greater amount of bonus area/floors to achieve 35% bonus.

FORM BASED CODE AREAS: CHANGES IN CONSTRUCTION TYPE

- **4, 5 and 6-story height districts** would be able to accommodate 35% bonuses generally in 1 or 2 stories.
- **8-story height districts** would need almost 2.5 additional floors to fit a 35% bonus.
 - Could accommodate roughly 13% GSF bonus with a 10% reduction in rear yard* and no height increase.

**from 25% to 15% of lot*



DISCUSSION: WHAT DETERMINES IF A PROJECT REQUESTS A BONUS

Sunk Costs and Timing

- Projects have invested significantly in project development
- Community work? Design Work? Etc?

Costs/Benefits for a Project

- Projects that would change construction types for additional bonus
 - Changes from 8 stories to 9 stories, or 10 stories?
 - Changes from 6 stories to 8 stories?
- Towers and other projects that won't choose onsite option?

Other Factors?

- Form Based Zoning versus Density Restricted Zoning
- ??????

DISCUSSION AND NEXT STEPS

- **State Density Bonus Law**
 - How it works?
 - SF Context?
- **Incorporating the State Density Bonus Law into analysis**
 - Considerations?
 - Assumptions?

THANK YOU



San Francisco
Planning

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