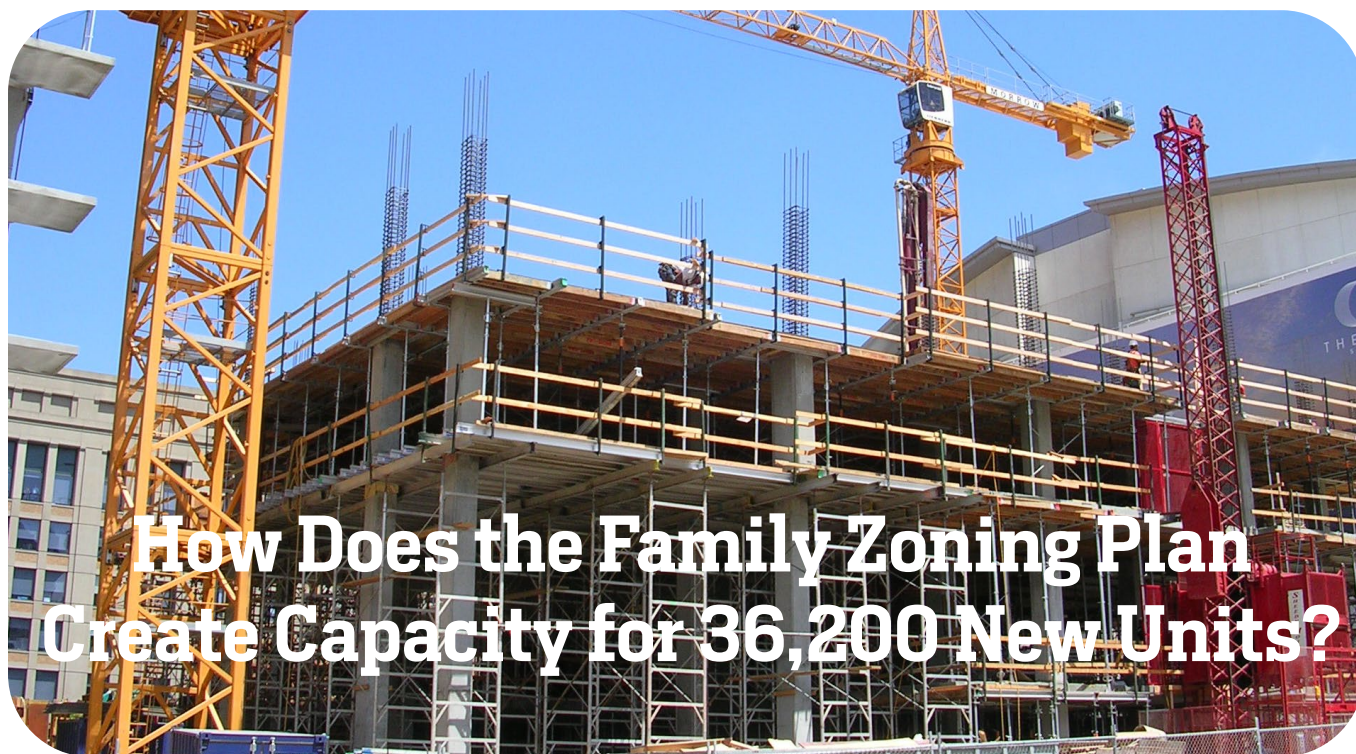




How Does the Family Zoning Plan Create Capacity for 36,200 New Units?

A Factsheet on Rezoning Capacity Calculations

One of the most frequently asked questions about the Family Zoning plan is how many units the proposed changes could produce.

Some assume that the proposed Plan is several times larger than what state law requires. On the other hand, some critics assert that the proposal doesn't go far enough given recent low housing production. **So, which is it? Is the proposal too big, too small, or just right?**

In reality, the Family Zoning Plan is **carefully calibrated to create “realistic capacity”** for 36,200 new housing units, as required under state law.¹ This factsheet describes several validated methods that support the City's capacity calculations.

Tentative State Approval

On September 9, 2025, California's Department of Housing & Community Development (HCD) advised that the **current draft of the Family Zoning Plan**, including the City's draft capacity calculations, **meets state law requirements.**

HCD cautioned that **significant amendments that reduce the zoning capacity may jeopardize that tentative approval**, unless equivalent increases can be made elsewhere. [Read HCD's letter here.](#)



San Francisco
Planning

Background

Why is the Family Zoning Plan necessary?

- **Satisfies State Obligations:** The Family Zoning Plan satisfies the mandate to **rezone and create capacity for at least 36,200 new units** in well-resourced neighborhoods, which are largely in SF's northern and western neighborhoods
- **Keeps Local Control:** The Family Zoning Plan ensures we keep local control over zoning decisions. If a state-approved zoning plan is not passed by January 2026, the City's Housing Element certification is at risk, and the **builder's remedy** will take effect. This would allow new developments to exceed our local height limits and ignore our design standards.

How does the Plan work?

- **Over three-quarters of properties keep existing heights:** 77% of properties in the Plan have no height change. The Plan changes density limits to allow more units in these areas without added height.
- **Targeted height increases :** Increases of 1 – 4 stories on commercial and transit streets.
- **Limited high-rise development:** On sections of the busiest streets where taller buildings already exist (like Market, Geary, Van Ness, and Lombard), a small share of properties would see height limits increase by five or more stories.

State Requirements for 36,200 Units

- **Demonstrate capacity:** The City must demonstrate there is **realistic capacity** for at least 36,200 homes that can be built on sites that are **suitable and available for housing during the Housing Element period** (2023-2031).
- **Changing zoning to allow more housing doesn't mean all those units will be built, especially during the Housing Element period,** since many sites already have buildings or businesses that are unlikely to change soon – in fact, the City is only allowed to count a fraction of the capacity on those sites. In past rezoned areas, the City has seen that only some sites get redeveloped while many have stayed the same.
 - For example, if a site has existing revenue-producing uses like a thriving small business, there may not be a financial incentive to sell the land and build housing.
- The analysis considers various factors that determine whether a given site is actually ***suitable for development*** and ***available, such as:***
 - Existing uses on a site (e.g. whether there are residential, historic buildings, or other uses);
 - The difference between existing buildings on a site and what would be allowed under the proposed zoning, and;
 - Historical data on how other zoning changes in SF have resulted in actual housing production.

How do we calculate the Plan's capacity for 36,200 units?

Three Methods to Measure Realistic Capacity: Based on guidance issued by the state's HCD, San Francisco has developed three data-based methods to demonstrate that we are creating "realistic capacity" for 36,200 units. Please note that the **estimates reflect the capacity based on the proposed plan as submitted to HCD in July 2025**. The City will analyze amendments after that date and consult with HCD on the impacts of those amendments.

HCD noted in its tentative approval letter that **SF must consider all three methods in combination** to justify our capacity calculations:

Method 1: "Citywide" Capacity

Capacity (as of July 2025): 39,000 units (meets overall target of 36,200 units)

- This method is similar to the analysis used in many other jurisdictions.
- It examines the **rate at which homes were approved** using historical data from 2005 –2023, and multiplies it by the **theoretical capacity**.
- This method ensures we meet the state requirement to "reasonably account for sites' likelihood of development during the planning period using an analytical model."²

Method 2: "Soft" Sites

Capacity (as of July 2025): 45,000 – 64,000 units (meets overall target of 36,200 units)

- This analytical method identifies sites that are likely for development (e.g. "soft sites"), including those substantially underbuilt relative to zoning and those with fewer constraints.
- New construction is unlikely on sites that include existing multi-family housing, listed historic buildings, larger buildings, institutional uses, and public buildings. Most of these sites are omitted from the soft sites calculation. In addition, remaining sites with existing residential units are heavily discounted (by 98%) to account for the small likelihood that those properties will be redeveloped.
- Capacity is then calculated on the remaining "soft" sites.

Method 3: Financial Feasibility

Capacity (as of July 2025): 19,000 units (meets target of 16,000 moderate and above-moderate income units)

- This is the most complex method, involving a computational model that evaluates whether new housing development is financially feasible on each parcel, based on zoning rules and economic conditions.
 - Economic conditions include such variables as rents, home prices, construction costs, financing costs, and other factors.
- This method is most relevant for assessing the likelihood of construction of projects driven by traditional market-based real estate development, which has historically been primarily moderate and above-moderate income projects. The state-mandated target for San Francisco for these income categories is approximately **16,000**.³
- The predicted **19,000 unit** yield under this method is sufficient to meet these income categories.

In summary, the Family Zoning Plan is not oversized, nor is it insufficient, as evidenced by HCD's preliminary approval of the draft proposal and its direction to maintain the housing capacity it represents as future amendments are made.

The Plan is a targeted and pragmatic response to state housing mandates, that accounts for a range of potential outcomes, and is aimed at unlocking housing potential in areas that have historically seen little development while maintaining local oversight, tenant protections, and support for small businesses.

For more information, visit the Family Zoning Plan [website](#) for resources, including these factsheets:

- [Overview: What is the Family Zoning Plan?](#)
- [Factsheet: What Happens if We Don't Rezone?](#)
- [Factsheet: Small Business Protections](#)
- [Factsheet: Tenant Protections](#)

¹ See HCD's "Housing Element Site Inventory Guidebook (Government Code Section 65583.2)" for more information on state requirements regarding rezoning (https://www.hcd.ca.gov/community-development/housing-element/docs/sites_inventory_memo_final06102020.pdf).

² Implementing Program 7.1.1 of the San Francisco Housing Element requires the City to use analytical models to demonstrate the reasonable likelihood of development under the proposed rezoning (https://generalplan.sfplanning.org/l1_Housing_Implementing_Programs.htm)

³ Since deed-restricted affordable housing units are generally built using public subsidies, this analysis was used specifically to determine the financial feasibility of building the required moderate-income and above-moderate income portions of San Francisco's Regional Housing Needs Allocation (RHNA), which total roughly 16,000 units.