

Inclusionary Affordable Housing Program

Informational Summary of Legislative Amendments
effective August 26, 2017 (BF No. 161351)
effective November 26, 2017 (BF No. 170834)



SAN FRANCISCO
PLANNING DEPARTMENT

REVISED October 25, 2017

LEGISLATIVE HISTORY

- Inclusionary Program (Sec. 415) since 2002
- Rates modified in 2007, 2012
- Proposition C passed in June 2016
 - Temporary rates and “grandfathering”
 - Required Controller’s Feasibility Study
- Final rates, new requirements effective August 26, 2017
- Trailing legislation, effective November 26, 2017
- Fee study by Controller and TAC (pending)



APPLICATION

- All residential projects with 10 or more units
 - Small project rates for 10 – 24 units
 - Large project rates for 25 or more units
- Higher requirements for large projects in specific areas:
 - Mission Planning Area
 - North of Market Residential SUD (Tenderloin)
 - SoMa NCT (6th Street)
- *UMU districts (Section 419) – the higher of the rates in Section 415 or 419 applies, when applicable.*



If the EEA was ACCEPTED:

Before
January 1, 2013

- 12% On-site, 20% Fee/Off-Site
- 55% AMI (rental) and 90% AMI (owner)

From
January 1, 2013 to
January 11, 2016

- “Grandfathered” rates depending on size, location, and EEA accepted date
- 55% AMI (rental) and 90% AMI (owner)

On or after
January 12, 2016

- New rates depending on size, location, EEA accepted date and tenure
- Three AMI tiers for each tenure (large projects)
- New rules apply



EEA Submitted Date (Incorrect)

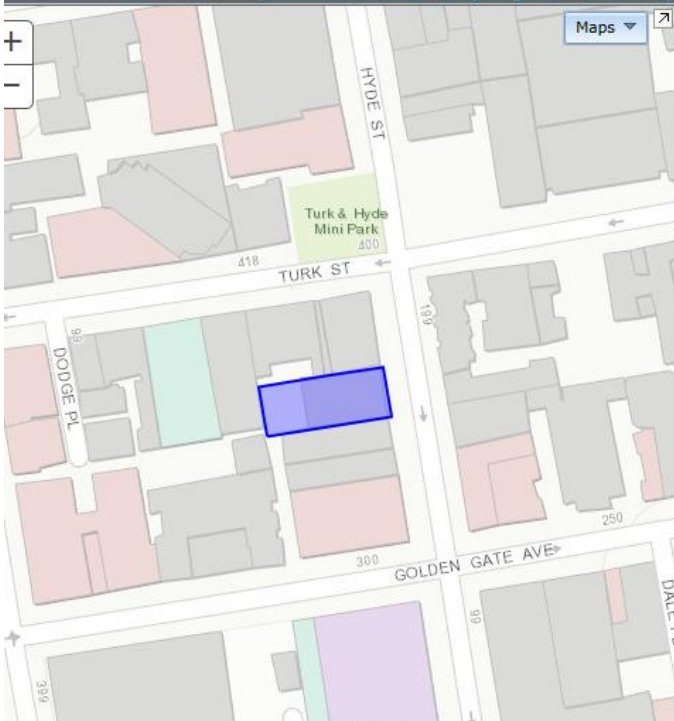
Step 1: Search or Click on the Map

Search Examples: 400 Van Ness Ave 0787/001
Mission and Van Ness 2015-005040PRJ
Ferry Building

135 Hyde

SEARCH

[Measure Distance](#) | [Map Legend](#) | [Clear Map](#)



Step 2: Review Property Information

Click tabs below to view property or parcel information

Property
Zoning
Preservation
Planning Apps
Building Permits
Other Permits
Complaints
Appeals
BBNs

2015-015203PRJ

Project Profile (PRJ) 135 HYDE ST

CONVERSION OF EXISTING AUTO REPAIR SHOP TO RESIDENTIAL AND COMMERCIAL SPACE AT FIRST FLOOR EFFICIENCY UNITS.

OPENED
12/31/2015

STATUS
Under Review
1/12/2017

ADDRESS
135 HYDE ST 94102

FURTHER INFO
[Related Documents](#)
[View in ACA](#) [View in AA*](#)

RELATED RECORDS: [2015-015203PRJ](#)
- [2015-015203DNX](#)
- [2015-015203ENV](#)
- [2015-015203PPA](#)
- [2015-015203SHD](#)
- [2015-015203TDM](#)

[Andrew Perry](#) Tel: 415-575-9017

[PROJECT F](#)

2015-015203ENV

Environmental (ENV) 135 HYDE ST

CONVERSION OF EXISTING AUTO REPAIR SHOP TO RESIDENTIAL AND COMMERCIAL SPACE AT FIRST FLOOR EFFICIENCY UNITS. The PPA was submitted on 11/13/15 and the 90 day deadline is 2/11/16.

OPENED
12/31/2015

STATUS
Under Review
3/15/2016

ADDRESS
135 HYDE ST 94102

FURTHER INFO
[Related Documents](#)
[View in ACA](#) [View in AA*](#)

RELATED RECORDS: [2015-015203PRJ](#)
- [2015-015203ENV](#)

[Jennifer McKellar](#) Tel: 415-575-8754

2015-015367PRV

Project Review Meetings (PRV) 135 Hyde Street

135 Hyde Street (0346/002); Project Review meeting to discuss a 6 story vertical addition to the building, measuring ranging from 396 sf to 567 sf net area.

[Tina Chang](#) Tel: 415-575-9197



EEA Accepted Date (Correct)

For technical issues or error messages email planning.webmaster@sfgov.org. Include "ACA" in the subject line. Providing a screenshot, error message, and the action being taken can speed the response or correction greatly.

Home **Planning**

Search Applications/Permits

Record 2015-015203ENV:
Environmental (ENV)
 Record Status: Under Review

Record Info ▾ Custom Component

SYSTEM UPDATE: We are working to resolve an issue with Attachments available via this portal. To view attachments, go to our [Property Information Map](http://propertymap.sfplanning.org/) <http://propertymap.sfplanning.org/> and select the "Related Documents" link found in the Planning Apps tab.

Documents available online do not represent the full administrative record. To review the complete file for active records, please contact the assigned planner. To review closed records, please request the record via email at CPC-RecordRequest@sfgov.org

Processing Status

✓ ▾ Application Intake

Assigned to TBD
 Marked as Application Accepted on 03/09/2016 by ER

*Assigned to TBD
 Marked as Application Submitted on 03/09/2016 by ER*

✓ ▶ Assignment

▶ Noticing

▶ Analysis

▶ Hearing

Completion Processing



NEW INCLUSIONARY RATES - GENERAL

(EEA accepted on or after Jan 12, 2016)

	Rental	Owner
<u>Small Projects (10-24 units)</u>		
On-Site *	12% (no change)	
Off-Site or Fee	20% (no change)	
<u>Large Projects (25+ units)</u>		
On-Site *	18%	20%
Off-Site or Fee	30%	33%

*NOTE: On-Site rates increase annually as of Jan. 1, 2018



ANNUAL RATE INCREASES – ON-SITE

(EEA accepted on or after Jan 12, 2016)

- Increases on January 1 of each year
 - Next Increase is 1/1/2018
- Small Projects
 - 0.5% Annual Increase until the on-site rate reaches 15%
- Large Projects
 - 1% in 2018 and 2019
 - Allocated to low income tier
 - 0.5% annually beginning in 2020 until rental rate reaches 24% and ownership rate reaches 26%
 - Allocated to moderate and middle income tiers



NEW INCLUSIONARY RATES - SPECIFIC AREAS

(EEA accepted on or after Jan 12, 2016)

Specific areas with higher rates for large project (25+ units)*

- Mission Plan Area
- North of Market SUD (Tenderloin)
- SoMa NCT (6th Street)

	Rental	Owner
On-Site	25%	27%
Off-Site or Fee	30%	33%

(*Small 10-24 unit projects in these areas are subject to the same lower rate as other projects in the City)



NEW INCLUSIONARY REQUIREMENTS

(EEA accepted on or after Jan 12, 2016)

AMI Tiers	On-Site and Off-Site units at <u>three</u> AMI tiers for <u>large</u> projects.
Minimum Unit Sizes	Inclusionary BMR units must meet minimum TCAC sizes
State Density Bonus Units	Additional units entitled through State Density Bonus Law must pay Inclusionary Fee.



AMI TIERS FOR LARGE PROJECTS

Income Level	Rental	Ownership
Low	55% AMI	80% AMI
Moderate	80% AMI	105% AMI
Middle	110% AMI*	130% AMI*

*BMR units at the Middle-Income tier must be occupied by a household with at least two people (via MOHCD lottery)



MINIMUM UNIT SIZES – BMR units only

Unit Type	Minimum Area
Studio	300 square feet
1-Bedroom	450 square feet
2-Bedroom	700 square feet
3-Bedroom	900 square feet
4-Bedroom	1,000 square feet



State Density Bonus Units – Fee

Projects that receive a State Density Bonus must pay the Affordable Housing Fee on the bonus units only (in addition to the On-Site requirement)

EXAMPLE:

Base project

82 market-rate units
18 BMR units (18% On-Site Alternative)
 100 total units

Bonus project (35% max)

117 market-rate units (*all bonus units are market*)
18 BMR units
 135 total units

Fee on Bonus Units (*example unit mix*)

30% x 11 Studio	x \$198,008 = \$ 653,427
30% x 10 1-bedroom	x \$ 268,960 = \$ 806,880
30% x <u>14 2-bedroom</u>	x \$ 366,369 = <u>\$1,538,750</u>
35 “bonus units”	<u>\$2,999,057</u>

DWELLING UNIT MIX – SECTION 207.7

- Existing Dwelling Unit Mix requirements (Sec. 207.6)
 - Residential projects in all “form-based” districts (RTO, RCD, NCT, DTR, EN Mixed-Use districts)

- New Dwelling Unit Mix requirements (Sec. 207.7)
 - All other residential zoning districts (RM, RC, NC)
 - Projects of 10 or more units
 - **25% 2BR or larger, including 10% 3BR**
 - if EEA accepted on or after January 12, 2016 , OR
 - if Commission approval as of June 15, 2017



NEW INCLUSIONARY REQUIREMENTS

(EEA accepted on or after Jan 12, 2016)

Reduction of On-Site Units after Approval	Reduction of on-site units after CPC approval must go back to CPC to modify method of compliance
Expiration of Inclusionary Rate	Site permit or building permit must be issued within 30 months of project approval or will be subject to current rate
Replacement of Affordable Units	Rent control or other existing affordable units must be replaced in addition to 415 requirement

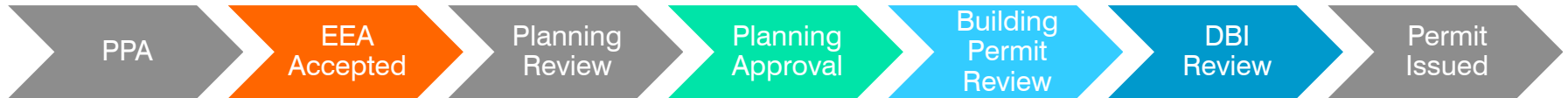


EXPIRATION OF INCLUSIONARY RATE

- Projects with an EEA accepted date prior to January 12, 2016 have until **December 7, 2018** to obtain a Site Permit or Building Permit, or they are subject to the rate of the day
- Projects with an EEA accepted date on or after January 12, 2016 have **30 months from project approval** to obtain a Site Permit or Building Permit, or they are subject to the rate of the day



PROCESS TIMELINE



EEA Accepted:
Inclusionary
Rate
Determined

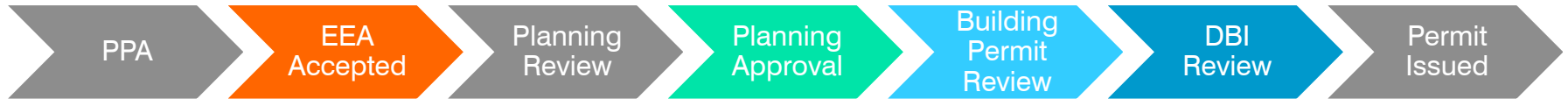
After Planning
Approval,
sponsor must
obtain Site or
Building Permit
within 30
months

Planning Staff
review for code
compliance
and
consistency
with Planning
Approval,
collect NSR,
levy impact
fees, begin
monitoring
MMRP

Review by DBI
and other
agencies



PROCESS TIMELINE



EEA Accepted:
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Review by DBI
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MODIFICATIONS AFTER APPROVAL: METHOD OF COMPLIANCE

- If you have an approved project and the sponsor wants to modify the method of compliance, keep in mind that the **Reduction of Approved On-Site units requires a new Planning Commission hearing**
- Going from Fee to On-Site can be done administratively



MODIFICATION AFTER APPROVAL: TENURE

- A Costa Hawkins Agreement needs to be in place prior to Planning Commission (on-site rental BMR)
- Rental to Ownership can be done administratively
- Ownership to Rental
 - The rates are higher for ownership, so this may result in the reduction of on-site units, which requires CPC approval



BMR DESIGNATION

- How it was: [ZA Bulletin 10](#)
 - Equivalent Unit Location and Size
- The way it is now:
 - Designate the Stock (as before)
 - Designate the AMI levels across the selected units
- Note: BMR designation will be finalized at the **architectural addenda phase.**
- Designation Specialists:
 - Carly Grob
 - Christy Alexander



DESIGNATION NOTES

- Step 1: Designate the “stock” or the physical BMR units
- Step 2: Assign AMI levels to the designated units
 - Start with the unit type with the fewest BMR and work to the unit type with the most BMR
 - Numbers that are divisible by three will be allocated evenly between AMI levels
 - Numbers that are not divisible by three will be allocated as follows, until the required number of BMR units at that tier is reached
 - 1 remainder will go to the middle tier
 - 2 remainders will go to the highest and lowest tier



DESIGNATION NOTES

- Changes to unit size
 - Previously 90% of average size for specific unit type
 - Now – staff will calculate the sum of the gross square feet of all the units, and proportion of the project's area devoted to BMR units must match the required inclusionary rate
 - Grandfathering applies to these provisions
- Rounding
 - Remainders of 0.5 or greater are rounded up
 - If all three AMI levels would round up, the lowest remainder rounds down



DESIGNATION EXAMPLE

- 147 Dwelling Units – Rental (18% Rate)
 - $147 * 18\% = 26.46$ units = **26 BMR Units Required**
- DU Mix – Market Rate/BMR
 - 67 Studio
 - 42 1BR
 - 23 2BR
 - 15 3BR



DESIGNATION EXAMPLE

- DU Mix – BMR
 - 67 Studio x .18 = 12.06 = **12 Studio**
 - 42 1BR x .18 = 7.56 = **8 1BR***
 - 23 2BR x .18 = 4.14 = **4 2BR**
 - 15 3BR x .18 = 2.7 = **3 3BR**
- AMI Mix
 - 10% @ 55% AMI **14 BMR Units at 55% AMI**
 - 4% @ 80% AMI **6 BMR Units at 80% AMI**
 - 4% @ 110% AMI **6 BMR Units at 80% AMI**



DESIGNATION EXAMPLE

- DU Mix – BMR
 - 67 Studio x .18 = 12.06 = **12 Studio**
 - 42 1BR x .18 = 7.56 = **8 1BR* (Rounded to 7)**
 - 23 2BR x .18 = 4.14 = **4 2BR**
 - 15 3BR x .18 = 2.7 = **3 3BR**

- AMI Mix
 - 10% @ 55% AMI **14 BMR Units at 55% AMI**
 - 4% @ 80% AMI **6 BMR Units at 80% AMI**
 - 4% @ 110% AMI **6 BMR Units at 80% AMI**



DESIGNATION EXAMPLE

	55% AMI	80% AMI	110% AMI	TOTAL REQUIRED
Studio				12 Units
1BR				7 Units
2BR				4 Units
3BR	1	1	1	3 Units
TOTAL REQUIRED	14	6	6	26 BMR Units

- Required unit mix and AMI levels have been input into the table above
- First, allocate BMR to AMI levels in the unit type with the fewest required BMR units (3 BR)



DESIGNATION EXAMPLE

	55% AMI	80% AMI	110% AMI	TOTAL REQUIRED	REMAINDER
Studio				12 Units	
1BR				7 Units	
2BR				4 Units	1
3BR				3 Units	0
TOTAL REQUIRED	14	6	6	26 BMR Units	

- Next, go to the unit type with the second fewest number of units, or 2BR units. Allocate one BMR into each of the three tiers.
- There is one remaining 2BR BMR to be allocated in the next steps.



DESIGNATION EXAMPLE

	55% AMI	80% AMI	110% AMI	TOTAL REQUIRED	REMAINDER
Studio				12 Units	9
1BR				7 Units	4
2BR				4 Units	1
3BR				3 Units	0
TOTAL REQUIRED	14	6	6	26 BMR Units	

- Repeat the previous steps for 1 BR units, then studios



DESIGNATION EXAMPLE

	55% AMI	80% AMI	110% AMI	TOTAL REQUIRED	REMAINDER
Studio	I	I	I	12 Units	9
1BR	I	I	I	7 Units	4
2BR	I	II	I	4 Units	0
3BR	I	I	I	3 Units	0
TOTAL REQUIRED	14	6	6	26 BMR Units	

- Begin the process again by starting with the unit type with the fewest remainders of BMR units.
- Here, there is one remaining 2 BR unit, so it's allocated to the middle income tier.



DESIGNATION EXAMPLE

	55% AMI	80% AMI	110% AMI	TOTAL REQUIRED	REMAINDER
Studio	I	I	I	12 Units	9
1BR	II	II	II	7 Units	1
2BR	I	II	I	4 Units	0
3BR	I	I	I	3 Units	0
TOTAL REQUIRED	14	6 (FULL)	6	26 BMR Units	

- Note that once the 1BR unit is designated to the middle income tier, then the required number of units for that tier has been met.
- From this point, units should only be designated at the highest and lowest income levels.



DESIGNATION EXAMPLE

	55% AMI	80% AMI	110% AMI	TOTAL REQUIRED	REMAINDER
Studio	II	I	II	12 Units	7
1BR	II	II	II	7 Units	1
2BR	I	II	I	4 Units	0
3BR	I	I	I	3 Units	0
TOTAL REQUIRED	14	6 (FULL)	6 (FULL)	26 BMR Units	

- Move to Studio Units next by allocating 1 BMR into each of the tiers that is still open. Note that the 110% AMI tier is also now “full.” The remainder of the BMR units will be designated at 55% AMI.



DESIGNATION EXAMPLE

Updates to ZA Bulletin 10 are forthcoming

	55% AMI	80% AMI	110% AMI	TOTAL REQUIRED
Studio	9	1	2	12 Units
1BR	3	2	2	7 Units
2BR	1	2	1	4 Units
3BR	1	1	1	3 Units
TOTAL REQUIRED	14	6	6	26 BMR Units

