



# PLANNING DIRECTOR

# BULLETIN NO. 6

# IMPLEMENTING THE STATE DENSITY BONUS PROGRAM

This Bulletin is an overview of the State Density Bonus Law and describes the implementation procedures for projects seeking to use the program in San Francisco.

**First Issued:**  
DECEMBER 2018  
**Revised:**  
FEBRUARY 2023

**References:**  
Government Code Section 65915  
Planning Code Section 206.6

## BACKGROUND:

The California State Density Bonus Law (“State Law”) offers development incentives to projects that provide on-site affordable housing. The State Law offers three categories of benefits to incentivize production of on-site affordable housing:

1. A project may seek up to a 50% residential density increase or receive form based density if the project is 100% affordable;
2. A project may receive up to four incentives or concessions (generally, defined as a reduction of development standards, modifications of zoning code requirements, or approval of mixed-use zoning) to offset the costs of providing affordable housing on-site; and
3. The City must waive any local development standard required to construct the additional density and any incentives or concessions.

The amount of the density bonus and the number of incentives or concessions depends on the amount and level of affordability of the on-site affordable units.

The City adopted the Individually Requested State Density Bonus Program (Planning Code Section 206.6) in 2017 to implement the State Law.

## HOW DOES SAN FRANCISCO IMPLEMENT THE STATE DENSITY BONUS PROGRAM?

### Calculating a Density Bonus

#### *Base Density*

State Law allows projects to receive up to 50% additional residential density. To determine the amount of additional density, Planning Department staff must calculate the principally permitted density under current controls (“base density”). This calculation is referred to as a base density study. The “base density” is the maximum allowable gross residential density principally permitted under the current zoning. Residential density regulations in San Francisco vary by zoning district. In some districts, residential density is regulated by a ratio of units to lot area, such as one unit per 600 square feet. In these districts, base density is the maximum number of units allowed by the zoning district. Other districts use form-based density, where residential density is regulated by the permitted building volume – either the maximum floor area ratio (FAR) or a maximum building volume controlled by height, bulk, and setback controls (“form-based zoning”). In areas with form-based zoning, the base density is the maximum residential gross floor area principally permitted under current zoning and any additional requirements set forth in this Bulletin.

In some cases, the Planning Code allows for increased density through a discretionary entitlement process (i.e. Conditional Use authorization). For example, projects in the Residential Transit Oriented (RTO) District have a principally permitted dwelling unit density of one unit per 600 square feet of lot area, but require a Conditional Use authorization to exceed one unit per 600 feet of lot area. Because the base density is determined only by the principally permitted density, additional density achieved through required discretionary entitlements, such as the RTO example above, shall not be included in the calculation of base density.

Other provisions of the Planning Code require a discretionary entitlement due to the size of the lot and are not directly related to the size and/or density of a proposed development. For example, Neighborhood Commercial Districts (NC) often require a Conditional Use authorization for projects on lots greater than 10,000 square feet. In these cases, a project may still assume the maximum allowable density permitted on the site as the base density, provided that the base density study is otherwise Code-compliant.

The Planning Department applies the following provisions when calculating the base density:

- Base Density is calculated using “Residential Gross Floor Area,” which means any floor area that would be counted as Gross Floor Area as defined in Planning Code Section 102 that is dedicated to the residential uses in the property. (December 2018)
- The base density does not need to account for compliance with wind or shadow requirements. (December 2018)
- Sub-grade residential floor area<sup>1</sup> shall not count as residential floor area in the base density study or bonus project for the purposes of calculating the maximum residential floor area.<sup>2</sup> (July 2019)
- Certain zoning districts do not have a rear yard setback requirement under Planning Code Section 134. Instead, setbacks in these districts are controlled by lot coverage provisions. Projects in Central SOMA (Section 249.78(d)(6)) and the Downtown Residential District (DTR – Section 825(b)(2)) shall calculate base density assuming 80% coverage on all residential levels. The base density study may not assume full lot coverage. (July 2019)
- The Base Density study shall assume a floor to floor height of 9 feet, except that the ground floor ceiling height must comply with requirements set forth in Planning Code Section 145 (December 2020, updated May 2021)
- If Production Distribution Repair (PDR) replacement is required, the Base Density study must include this replacement on the ground floor. (December 2020)
- In C-3 and Central SOMA Districts, a base density study may assume the use of Transferable Development Rights (TDR) but the same amount of TDR assumed in the base project must be purchased for the bonus project. In these districts, if the project is seeking a waiver or incentive from FAR for its bonus project, then the sponsor need not purchase TDR for the amount of bonus GFA above what is assumed in the base project. (February 2023)

A project sponsor may use the State Law even if there are existing buildings on the project site. The base density will be calculated using the remaining development potential of the subject lot, which will be determined either by calculating the remaining number of dwelling units principally permitted on the site in districts where density is controlled by lot areas, or by calculating the difference in the amount of existing gross floor area and the maximum allowable gross floor area under the existing zoning, in form-based zoning districts. Sample calculations are included at the end of this bulletin for reference.

---

1 Sub-Grade residential floor area is defined as any floor area that is located below the First Story, as defined in Section 102.  
2 This interpretation applies to the calculation of maximum residential density for the purpose of implementing the State Law ONLY, and does not apply to the calculation of Gross Floor Area for other purposes, including FAR and Impact Fee assessments.

### *Bonus Project*

The amount of additional density that a project may seek is set forth in the State Law. The maximum density bonus is an additional 50% above the base density. The State Law summarizes the amount of density bonus allowed based on the level of affordability. To determine the percentage of density bonus allowed based upon affordable units provided, review the State Law, or consult the density bonus charts including in the [Individually Requested State Density Bonus Program Supplemental Application](#). In areas where density is controlled as a ratio of units to lot area, the maximum density bonus will be calculated as 150% of the base density represented as number of units allowed on the site. Any fraction of unit is rounded up to the next whole number. In areas with form-based density, the maximum density bonus will be calculated as 150% of the residential gross floor area permitted in the base density study.

### **100% Affordable Housing Projects**

The State Law provides a separate program for 100% affordable housing projects depending upon the projects' proximity to transit. Under State Law, 100% affordable projects will receive form based density, three additional stories in height (or 33 feet), up to four incentives or concessions, and unlimited waivers. Exclusive of a manager's unit or units, one hundred percent of the total units must, be for low or very-low income households except that up to 20 percent of the total units in the development may be for moderate-income households.

### **Other Density Bonuses**

State Law also provides a density bonus for student housing, senior housing, common interest developments, transitional foster youth, disabled veterans, or homeless persons. When 20% of a proposed student housing development is dedicated for lower income students, a project may receive a 35% bonus. When 10% of the units in a common interest development is dedicated to moderate income housing, a project may receive a 50% bonus. When 10% of the units in a project are devoted to transitional foster youth, disabled veterans, or homeless persons, a project may receive a 20% bonus. A 20% bonus is also available for a senior housing development. The State Law also provides bonuses for land dedication and childcare facilities. Please see Government Code section 65915 for additional eligibility requirements.

### **Requests for Incentives, Concessions, and Waivers**

#### *Incentives or Concessions*

The State Law allows a project the right to request between one and four incentives or concessions "that are required to provide for affordable housing costs."<sup>3</sup> An incentive or concession can be a reduction in site development standards, a modification of zoning code requirements, approval of mixed-use zoning, or other regulatory incentives or concessions that "result in identifiable and actual cost reductions."<sup>4</sup> The terms "incentives" and "concessions" are interchangeable; for the purposes of this document, they will be referred to simply as "incentives."

The number of incentives the project may request depends on the number of affordable units provided and the level of affordability, as described in the table below. In addition, Student housing projects are eligible for one incentive/concession.

---

3 CA Govt. Code Section 65915(k)

4 CA Govt. Code Section 65915(k)

Target Group	Minimum % Restricted Affordable Units			
Very Low Income (50% AMI)	5%	10%	15%	
Low Income (80% AMI)	10%	17%	24%	100%*
Moderate Income (up to 120% AMI)	10%	20%	30%	
Maximum Number of Incentives	1	2	3	4

\*Up to 20% of units may be provided at 120% AMI.

The applicant must provide a written statement describing the requested incentives and may request a meeting with Planning staff to discuss the request. The City will approve the requested incentives unless it finds that they 1) will not result in identifiable and actual cost reductions; 2) will have specific adverse impacts on public health or safety; 3) will have specific adverse impacts on property that is listed on the California Register of Historic Resources that cannot be mitigated without rendering the development unaffordable to low-income and moderate income households; or (4) would be contrary to state or federal law. The Project Sponsor must include the requested incentive(s) in the [Individually Requested State Density Bonus Supplemental Application](#), along with the base density study and plans for the density bonus project. The Department may, in its sole discretion, request additional documentation and verification regarding cost reductions and/or impacts on public health, safety, or historic property. Required verification should include a site-specific analysis, at the sole discretion of the Department, of the cost reductions to a project that will be provided by the requested incentive. The Department may require an evaluation of the financial analysis by a qualified third-party consultant. This information will be provided to the Planning Commission as part of the project application packet for review prior to any required public hearing.

The following applies to any requested incentive:

- Incentives shall be granted only from Planning Code provisions, not standards in other City regulations.
- Except as provided in this Bulletin, a project cannot seek an incentive from any of the controls included in the Inclusionary Affordable Housing Program, including but not limited to, the Procedures Manual and Zoning Administrator Bulletin 10.
- Projects in form-based zoning districts, shall comply with Dwelling Unit Mix requirements included in Planning Code Sections 207.6 and 207.7.
- If a project includes non-residential uses, incentives will not be granted for uses that are not permitted in the Zoning District for the site.
- Incentives from a required entitlement process or any required development impact fees shall not be allowed.

#### *Waivers*

The Planning Code currently regulates the physical dimensions of residential development through requirements limiting height and bulk, or requiring open space, rear yards, dwelling unit exposure, and other requirements that can preclude the ability to construct the project with the bonus density and the requested incentives.

In accordance with the State Law, the City may not apply any development standards that will preclude the construction of the project with the bonus density or incentives within the permitted building envelope, unless the City finds that the requested waiver 1) would have a specific, adverse impact upon health or safety; 2) would have an adverse impact on any property listed in the California Register of Historical Resources that cannot be mitigated; or 3) is contrary to state or federal law.

The following provisions shall apply to requests for waivers:

- Waivers shall be granted only from Planning Code provisions, not standards in other City regulations.
- Projects in form-based zoning districts shall comply with Dwelling Unit Mix requirements included in Planning Code Sections 207.6 and 207.7.

To determine whether waivers are necessary to construct the density bonus project, applicants must submit a base density study with a bonus project application. The applicant must identify the requested waivers in the [Individually Requested State Density Bonus Supplemental Application](#). The Department may request additional documentation to demonstrate that the development standard would preclude construction of the project with the additional density and the incentives.

## Review Process

### *Eligibility*

A project must provide at least five net new units in the base project to qualify for the State Density Bonus Program. If an Accessory Dwelling Unit (ADU) can be constructed on a lot ministerially pursuant to State Law, then it may count towards the five unit minimum. ADUs that require a density waiver pursuant to Planning Code Section 207(c)(4) will not count towards the five unit minimum. Please see Section 206.6(b) and State Law for other eligibility requirements.

### *Submittal Requirements*

Applicants must complete the [Individually Request State Density Bonus Supplemental Application](#). Applicants will be required to provide a calculation of the base density consistent with the current Planning Code, and this DB6, and a calculation of the allowable density bonus.

In zoning districts where density is regulated by volume (“form-based” zoning), applicants must demonstrate that the base density can be achieved as a Code-conforming project that requires no waivers, modifications, exceptions, or variances from the Planning Code. This evidence must be presented in the form of a “base density study” submittal, which is a set of schematic plans that comply with [Planning Department’s Plan Submittal Guidelines](#). Architectural details, including floor plans for upper floors, will not be required for a base density study. The applicant shall submit a Code-compliant building massing, building section, and floor plans for the ground floor. Performance-based standards, such as wind controls, will not be evaluated as part of the base density study.

In addition to the base density study, the applicant must submit plans for the density bonus project. The plans for the bonus project must comply with the [Department’s Plan Submittal Guidelines](#) before the application will be accepted for review.

The bonus project submittal must include a description of the requested incentives and any necessary waivers, and all relevant supporting documentation. Graphic representations to support the requests for waivers are recommended.

### *Process*

Projects that are subject to specific entitlements without the density bonus must still secure that specific entitlement with the density bonus. For example, a project in Eastern Neighborhoods that requires a Large Project Authorization approval by the Planning Commission because the base project is over 25,000 square feet will continue to require approval by the Planning Commission. For projects that do not otherwise require a Planning Commission entitlement, the Planning Commission must adopt findings that the requested incentives will result in actual cost reductions for the project, and the requested waivers and incentives will not negatively impact public health, safety, or historic property. Incentives or waivers from a required entitlement process or any required development impact fees shall not be allowed.

Below market rate units provided as part of a density bonus project shall be administrated by MOHCD. Planning Code Section 206.6 requires that the applicant enter into a regulatory agreement with the City that will be recorded on the deed of the property. The agreement will include details on the number, location, and affordability of the restricted units, a description of incentives and waivers approved by the City, and other provisions to ensure compliance with Section 206.6. A draft regulatory agreement must be provided to the Planning Department prior to the first discretionary hearing or building permit approval, and the regulatory agreement must be finalized and recorded prior to the issuance of the first construction document. Please contact the staff planner prior to the issuance of the site permit for the project to request a sample regulatory agreement.

Applicants must submit an [Individually Requested State Density Bonus Supplemental Application](#) along with the [Preliminary Project Assessment \(PPA\) Application](#) or [Project Application](#). Note that projects that do not submit a complete base density study and bonus project will be considered incomplete and will not be accepted for review. Applicants must submit a completed [State Density Bonus Affidavit](#) at least 30 days prior to the first discretionary decision or building permit issuance.

Projects seeking approval under California Government Code Section 65913.4 (SB 35) are eligible for a streamlined, ministerial approval process different from the process described above. Please see [Planning Director Bulletin 7](#) for more detail.

### **Inclusionary Affordable Housing requirements in State Density Bonus projects**

San Francisco's Inclusionary Affordable Housing Program (Planning Code section 415 et seq.) applies to the entirety of any development project with 10 or more units. Section 415 requires a project to pay the Affordable Housing Fee on the totality of units constructed. In lieu of the Affordable Housing Fee, projects may elect to provide a percentage of units as "below market rate" (BMR) units at a price that is affordable to a specified mix of low, moderate, and middle-income households either on-site or off-site, referred to as the On-Site Alternative or Off-Site Alternative, respectively.

Projects that include on-site units to qualify for a density bonus under the State Law may also be able to satisfy all or part of the Affordable Housing Fee requirement, by receiving a "credit" for the on-site units provided. This "credit" is calculated in accordance with Planning Code Section 415.5(g)(1)(D), as part of the Combination Alternative requirement. The Combination Alternative allows projects to satisfy the Inclusionary Housing requirement through a combination of payment of the fee and provision of on-site units. An example of how to apply the Combination Alternative to a Density Bonus project is provided below.<sup>5</sup>

In accordance with State Law and the Individually Requested State Density Bonus Program, projects may only receive a density bonus for below market rate units provided at a single income level (very low, low, or moderate income); projects cannot combine the bonus's allowed for different below market rate income levels to receive a greater density bonus. For example, a project cannot combine the bonus allowed for providing 5% very low income units (i.e. 20% bonus) and the bonus allowed for providing 10% low income units (i.e. 20% bonus), to receive a 40% bonus. However, as set forth below, a project may reduce the affordability of on-site units otherwise required by the Inclusionary Housing Ordinance.

---

<sup>5</sup> Projects seeking approval using the Central SOMA HSD must maximize the number of on-site affordable units in the base project.

The State Density Bonus Law may be used on development sites with a base density of five units or more. If the base density of a site is between five and nine units, then the project is not subject to the Inclusionary Ordinance, and the sponsor may select the unit type and AMI of the required affordable units in accordance with the State Law. All on-site affordable units provided either to qualify for a density bonus under the State Law or the Inclusionary Ordinance shall be administered through the Mayor's Office of Housing and Community Development and subject to the Inclusionary Housing Procedures Manual.

Projects that propose between 10-24 units are subject to the Inclusionary Affordable Housing Program, but are subject to lower rates than projects with 25 units or more. Projects with a base density of fewer than 24 units, must comply with the small project rate and associated AMI level (55% AMI for rental and 80% AMI for ownership). Note that in form-based districts, the base density will be determined using the methodology described below, which uses the number of units proposed in the bonus project and the base project size to determine the number of units in the base project.

The Inclusionary Affordable Housing Program requires projects with 25 or more units that elect the On-Site Alternative to provide BMR units at three different income levels, or "tiers." These tiers are set at different levels depending on the tenure of the proposed projects. Rental projects must provide units at 55% AMI, 80% AMI, and 110% AMI, and Ownership projects must provide units at 80% AMI, 105% AMI, and 130% AMI. Each tier is provided at a specific amount required by the Planning Code. For example, for a project application submitted in January 2023, the applicable on-site rate is 24%, comprised of 12% of the units at 80% AMI, 6% of units at 105% AMI, and 6% of units at 130% AMI. The price of a low-income ownership unit provided to satisfy the Inclusionary Program may not be reduced from 80% AMI to 50% AMI. In rental projects, the 55% AMI tier may be lowered to 50% AMI.

As a requested incentive, project may substitute low-income units for required moderate or middle income Inclusionary units. If the number of on-site Inclusionary Units exceeds the number of affordable units required under the State Density Bonus Law for the requested bonus, then the remaining units shall be evenly distributed between the moderate income tier (105% AMI for ownership, 80% AMI for rental) and the middle income tier (130% AMI for ownership and 110% AMI for rental). When calculating the tiers, remainders of 0.5 are usually rounded up unless rounding results in one more or one fewer affordable unit than required. A Density Bonus Project shall round the low-income tier (55% AMI for rental, 80% AMI for ownership) up to a whole unit from any remainder.

When using the required On-Site units to qualify for a density bonus in an Ownership project, the project must include the required percentage of low-income (80% AMI) ownership units in both small and large projects and may not reduce the affordability level of these units below 80% AMI. Rental projects will generally qualify for a greater bonus than ownership projects, but note that projects that qualify for a bonus with rental Inclusionary Units may be restricted in the ability to convert from rental to ownership in the future, and changes in tenure would require approval from the Planning Commission.

If a project that has been approved by the Department or the Commission without a density bonus later resubmits a project using the State Law, and the revised project results in an increase of more than 20% additional gross floor area or units than what was approved, then the project would be subject to the Inclusionary Rate in effect at the time of resubmittal. Projects seeking to modify their required AMI tiers must submit an application to modify the project's findings and conditions of approval, which will require a hearing at the Planning Commission.

#### *Calculating the Inclusionary Housing Fee for Density Bonus Projects*

To calculate the applicable Inclusionary Housing Fee for projects seeking a “credit” for on-site units provided to qualify for a density bonus, applicants must submit the following information:

- the number and type of on-site units to be provided, and the percentage of the total number of units in the proposed project these represent;
- documentation that all on-site units comply with the affordability levels, unit size, unit mix, unit distribution and equivalency, and other requirements of Section 415.6 (as further specified in Zoning Administrator Bulletin No. 10), depending on the location, tenure, and number of total units in the project, and the date that the Project Application was accepted; and
- necessary AMI information to verify if/how the project qualifies for a State Density Bonus.

The remaining portion of the Fee requirement not satisfied by the credit for on-site units shall then be provided by payment of a pro-rated amount of the Affordable Housing Fee. The following examples illustrate how the Inclusionary requirement may be satisfied in 1) areas where density is regulated by a ratio of units to lot area, and 2) in areas where density is regulated by the permitted volume on the site (form-based density).

#### *Rounding*

For calculating the base and bonus density, the State Law requires any fractional unit to be rounded up to the next whole number. Planning Code Section 415 requires any fractional unit over 0.5 be rounded up to the next whole number. Fee calculations are rounded to the nearest cent. Ratios and percentages that are not whole numbers are rounded up to the nearest tenth. The rounded number or percentage should be carried through to the next step.

The following examples provide calculations for four common hypothetical projects:

- Example 1: a project in a zoning district that establishes **density as a ratio of units to lot area**, and where there are **no existing residential units** on the property;
- Example 2: a project in a zoning district that establishes **density as a ratio of units to lot area**, and where there **are existing residential units** on the property
- Example 3: a project in a **form-based zoning district** where there are **no existing residential units** on the property
- Example 4: a project in a **form-based zoning district** where there **are existing residential units** on the property.

Please contact the assigned Planner to determine the applicable on-site rate and the current fee rate per square foot.



**Example 1: Zoning District establishes density as ratio of units to lot area and there are no existing residential units on the property**

**Project Location:** Polk NCD Zoning District

**Project Tenure:** Rental

**On-Site Inclusionary Rate:** 19% total, comprised of 11% at low-income (55% AMI), 4% at moderate income (80% AMI), and 4% at middle income (110% AMI)

**Fee Rate:** 30%

**Affordable Housing Fee Amount Per Square Foot:** \$230.91

**Maximum Allowable Residential Density (Base Density):** 93 units

**Bonus Project - Residential Gross Floor Area:** 96,292 gross square feet

**Bonus Project Total Number of Units:** 115

Step 1: Determine the total Fee and total on-site units due as if applied to the bonus project.

- Total Fee: Bonus Project Residential Gross Floor Area x Fee Rate x Affordable Housing Fee amount:  
 $96,292 \text{ gsf} \times 30\% \times \$230.91 = \$6,670,435.72$   
(Rounded to the nearest cent – round up from 0.005 and above)
- Total On-Site: Bonus Units x On-Site Inclusionary Rate:  
 $115 \text{ units} \times 19\% = 21.9 = 22 \text{ units}$   
(Rounded to the nearest whole unit – round up from 0.5 and above)

Step 2: Determine the number of on-site units required for the base project. For projects with 25 or more units, calculate the required AMI tiers beginning with the low-income tier. The requirement for units at middle and moderate income are the same, so if rounding results in one more affordable unit than required, the Project Sponsor may elect which income level to round up and which to round down.

- Base density x On-Site Inclusionary Rate  
 $93 \text{ units} \times 19\% = 17.7 = 18 \text{ units required}$   
(Rounded to the nearest whole unit – round up from 0.5 and above)

**Low-Income (55% AMI):**

$93 \times 11\% = 10.23 = 11 \text{ units required}$   
(Rounded to the nearest whole unit, round up from any remainder)

**Moderate Income (80% AMI):**

$93 \times 4\% = 3.72 = 4 \text{ units required}$   
(Rounded to the nearest whole unit, round up from 0.5 and above)

**Middle Income (110% AMI):**

$93 \times 4\% = 3.72 = 3 \text{ units required}$   
(Rounded to the nearest whole unit, round up from 0.5 and above)

In this example, the middle-income tier has been rounded down because rounding up would result in one more affordable unit than required.

Step 3: Determine the proportion of the Inclusionary requirement satisfied by on-site units

- $18 \text{ units provided} / 22 \text{ units to satisfy the On-Site Alternative} = 0.818181 = 81.8\%$   
(Rounded to the nearest tenth of a percent – round up from 0.05% and above)

Step 4: Determine the Affordable Housing Fee amount required to satisfy the remainder of the Inclusionary requirement

- 81.8% of Inclusionary requirement met by providing on-site units
- $100\% - 81.8\% = 18.2\%$  of Inclusionary requirement remains
- Total Fee amount x remainder:  $\$6,670,435.72 \times 18.2\% = \$1,214,019.31$   
(Rounded to the nearest cent – round up from 0.005 and above)

***Example 2: Zoning District establishes density as ratio of units to lot area and there are existing residential units on the property***

**Project Location:** RC-4, North of Market Residential Special Use District

**Project Tenure:** Rental

**On-Site Inclusionary Rate:** 25% total, comprised of 15% at low-income (55% AMI), 5% at moderate income (80% AMI), and 5% at middle income (110% AMI)

**Fee Rate:** 30%

**Affordable Housing Fee Amount Per Square Foot:** \$230.91

**Maximum Allowable Residential Density:** 152 units

**Existing Units:** 112 units

**Proposed new residential GFA:** 50,000 square feet

Step 1: Determine the maximum allowable density bonus for the project based on the remaining development capacity of the lot

- Maximum Allowable Residential Density – Existing Units
  - 152 units allowed – 112 existing units
  - 40 units (base project)
- Calculate the maximum bonus and on-site affordability
  - $25\% \text{ on-site rate} \times 40 \text{ base units} = 10 \text{ units}$
  - 15% at 55% AMI would be considered “Very Low Income” for the purposes of the density bonus calculation, and would qualify for the maximum bonus of 50%, or 20 additional units.

Step 2: Determine the total Fee and total on-site units due as if applied to the new project, excluding the existing units.

- Total Fee: Bonus Project Residential Gross Floor Area x Fee Rate x Affordable Housing Fee amount:  
 $50,000 \text{ gsf} \times 30\% \times \$230.91 = \$3,463,650$   
(Rounded to the nearest cent – round up from 0.005 and above)
- Total On-Site: Net new units x On-Site Inclusionary Rate:  
 $60 \text{ units} \times 25\% = 15 \text{ units}$   
(Rounded to the nearest whole unit – round up from 0.5 and above)

Step 3: Determine the proportion of the Inclusionary requirement satisfied by on-site units

- $10 \text{ units provided} / 15 \text{ units to satisfy the On-Site Alternative} = 0.6666 = 66.7\%$   
(Rounded to the nearest tenth of a percent – round up from 0.05% and above)

Step 4: Determine the Affordable Housing Fee amount required to satisfy the remainder of the Inclusionary requirement

- 66.7% of Inclusionary requirement met by providing on-site units
- $100\% - 66.7\% = 33.3\%$  of Inclusionary requirement remains
- Total Fee amount x remainder:  $\$3,463,650 \times 33.3\% = \$1,153,395.45$   
(Rounded to the nearest cent – round up from 0.005 and above)

**Example 3: Zoning District with form-based zoning, no existing residential units on the property**

The Combination Alternative works similarly to Example 2 above, with one additional step ( see step 2 below) to convert the maximum allowable residential density from floor area into units, and to calculate the Inclusionary requirement

**Project Location:** C-3-G Zoning District

**Project Tenure:** Rental

**On-Site Inclusionary Rate:** 20% total, comprised of 12% at low-income (55% AMI), 4% at moderate income (80% AMI), and 4% at middle-income (110% AMI)

**Fee Rate:** 30%

**Affordable Housing Fee Amount Per Square Foot:** \$199.50

**Base Density Study:** 100,000 gross square feet

**Bonus Project Residential Gross Floor Area:** 135,000 gross square feet

**Bonus Project Total Number of Units:** 200

Step 1: Determine the total Fee and total on-site units due as applicable to the bonus project.

- Total Fee: Bonus Project Residential Gross Floor Area x Fee Rate x Affordable Housing Fee amount:  
 $135,000 \text{ gsf} \times 30\% \times \$199.50 = \$8,079,750$   
(Rounded to the nearest cent – round up from 0.005 and above)
- Total On-Site: Bonus Units x On-Site Inclusionary Rate  
 $200 \text{ units} \times 20\% = 40 \text{ units}$   
(Rounded to the nearest unit – round up from 0.5 and above)

Step 2: Convert maximum allowable floor area into units, and apply the on-site inclusionary rate

- Determine the ratio of the project represented by the maximum allowable residential density (base density):  $100,000 \text{ gross square feet} / 135,000 \text{ gross square feet} = 0.7407 = 74.1\%$   
(Rounded to the nearest tenth of a percent – round up from 0.05% and above)
- Apply that ratio to the total number of units in the project to determine the maximum allowable residential density in units (base density):  $200 \text{ total units} \times 74.1\% = 148.2 = 149 \text{ units (base density)}$   
(Rounded to the next highest whole number – round up any remainder)
- Apply the on-site rate to the maximum allowable residential base density in units:  
Base Density x On-Site Inclusionary Rate  
 $149 \text{ units} \times 20\% = 29.8 = 30 \text{ units}$   
(Rounded to the nearest whole unit – round up from 0.5 and above)
- For projects with 25 or more units, calculate the required AMI tiers beginning with the low-income tier. The requirement for units at middle and moderate income are the same, so if rounding results in one more affordable unit than required, the Project Sponsor may elect which income level to round up and which to round down

**Low-Income (55% AMI):**

$149 \times 12\% = 17.88 = 18 \text{ units required}$

(Rounded to the nearest whole unit, round up from any remainder)

**Moderate Income (80% AMI):**

$149 \times 4\% = 5.96 = 6$  units required

(Rounded to the nearest whole unit, round up from 0.5 and above)

**Middle Income (110% AMI):**

$149 \times 4\% = 5.96 = 6$  units required

(Rounded to the nearest whole unit, round up from 0.5 and above)

Step 3: Determine the proportion of the Inclusionary requirement satisfied by on-site units

- 30 units provided/40 units required to satisfy the On-Site Alternative:  $30/40 = 75\%$

(Rounded to the nearest tenth of a percent – round up from 0.05% and above)

Step 4: Determine the Affordable Housing Fee amount required to satisfy the remainder of the Inclusionary requirement

- 75% of Inclusionary requirement met by providing on-site units
- 25% of Inclusionary requirement
- Total Fee amount x remainder:  $\$8,079,750 \times 25\% = \$2,019,937.50$

(Rounded to the nearest cent – round up from 0.005 and above)

***Example 4: Zoning District with form-based zoning and with existing residential units on the property***

**Project Location:** C-3-G Zoning District

**Project Tenure:** Rental

**On-Site Inclusionary Rate:** 20% total, comprised of 12% at low-income (55% AMI), 4% at moderate income (80% AMI), and 4% at middle-income (110% AMI)

**Fee Rate:** 30%

**Affordable Housing Fee Amount Per Square Foot:** \$199.50

**Existing Residential GFA:** 45,000 square feet

**Maximum Residential GFA (Base Density Study):** 100,000 gross square feet

**Net New Number of Units:** 50

Step 1: Calculate the base density and maximum density bonus

- Develop a base density study to calculate the maximum residential gross floor area allowed on the project site as if it were an undeveloped site.
  - Maximum Res. GFA – Existing Res. GFA
  - $100,000 \text{ gsf} - 45,000 \text{ gsf} = 55,000 \text{ gsf}$  (base density)
- Calculate the bonus density.
  - 12% low-income units in the base project would qualify for a 38.75% bonus granted as additional gross floor area
  - Base Density x Density Bonus
  - $55,000 \times 1.3875 = 76,312.50$  (round up from 0.5 and above to the nearest square foot)
  - Maximum residential GFA in project: 76,313 gsf

Step 2: Determine the total fee and total on-site units due as if applied to the new project, excluding the existing units.

- Total Fee: Bonus Project Residential Gross Floor Area x Fee Rate x Affordable Housing Fee amount:  
 $76,313 \times 30\% \times \$199.50 = \$5,296,725$   
(Rounded to the nearest cent – round up from 0.005 and above)
- Total On-Site: Net new units x On-Site Inclusionary Rate:  
 $50 \text{ units} \times 20\% = 10 \text{ units}$   
(Rounded to the nearest whole unit – round up from 0.5 and above)

Step 3: Convert maximum allowable floor area into units, and apply the on-site inclusionary rate

- Determine the ratio of the project represented by the maximum allowable residential density (base density):  $50,000 \text{ gross square feet} / 76,313 \text{ gross square feet} = 0.6552 = 65.5\%$   
(Rounded to the nearest tenth of a percent – round up from 0.05% and above)
- Apply that ratio to the total number of units in the project to determine the maximum allowable residential density in units (base density):  $50 \text{ total units} \times 65.5\% = 32.76 = 33 \text{ units (base density)}$   
(Rounded to the next highest whole number – round up any remainder)
- Apply the on-site rate to the maximum allowable residential base density in units:  $\text{Base Density} \times \text{On-Site Inclusionary Rate}$   
 $33 \text{ units} \times 20\% = 6.6 = 7 \text{ units}$   
(Rounded to the nearest whole unit – round up from 0.5 and above)
- For projects with 25 or more units, calculate the required AMI tiers beginning with the low-income tier. The requirement for units at middle and moderate income are the same, so if rounding results in one more affordable unit than required, the Project Sponsor may elect which income level to round up and which to round down

Low-Income (55% AMI):

$33 \text{ units} \times 12\% = 3.96 = 4 \text{ units required}$

(Rounded to the nearest whole unit, round up from any remainder)

Moderate Income (80% AMI):

$33 \text{ units} \times 4\% = 1.32 = 1 \text{ units required}$

(Rounded to the nearest whole unit, round up from 0.5 and above)

Middle Income (110% AMI):

$33 \text{ units} \times 4\% = 1.32 = 2^* \text{ units required}$

(Rounded to the nearest whole unit, round up from 0.5 and above)

\*The Middle Income tier is rounded up because if rounded down, the project would only provide 6 on-site affordable units instead of 7 affordable units.

Step 4: Determine the proportion of the Inclusionary requirement satisfied by on-site units

- $7 \text{ units provided out of } 10 \text{ units required} = 7/10 = 70\%$   
(Rounded to the nearest tenth of a percent – round up from 0.05% and above)

Step 5: Determine the Affordable Housing Fee amount required to satisfy the remainder of the Inclusionary requirement

- 70% of Inclusionary requirement met by providing on-site units
- $100\% - 70\% = 30\%$  of Inclusionary requirement remains
- Total Fee amount  $\times$  remainder:  $\$5,296,725 \times 30\% = \$1,589,017.50$   
(Rounded to the nearest cent – round up from 0.005 and above)

## ADDITIONAL REQUIREMENTS:

State density bonus projects must comply with the replacement unit provisions of Government Code section 65915(c)(3). Projects must also comply with California Environmental Quality Act (Public Resources Code sections 21000 et seq) and the California Coastal Act (Public Resources Code Sections 30000 et seq.)

Director's Bulletin No. 6 will be updated periodically as the Department continues to issue interpretations related to the implementation of the State Density Bonus Program in San Francisco, and to clarify existing policies as needed. The Department will apply any updates to the Bulletin to projects currently under review. Please check the Planning Department website at [sfplanning.org](http://sfplanning.org) for the most recent version of this Bulletin.

## CONTACTS

Carly Grob  
628.652.7532  
[carly.grob@sfgov.org](mailto:carly.grob@sfgov.org)

Kate Conner  
628.652.7535  
[kate.conner@sfgov.org](mailto:kate.conner@sfgov.org)

Bridget Hicks  
628.652.7528  
[bridget.hicks@sfgov.org](mailto:bridget.hicks@sfgov.org)

## RESOURCES

[Individually Requested State Density Bonus Informational and Supplemental Application Packet](#)  
[Planning Code Section 206.6](#)  
[Planning Code Section 415](#)  
[Planning Department Plan Submittal Guidelines](#)



**San Francisco  
Planning**

### FOR MORE INFORMATION: Contact the San Francisco Planning Department

**Central Reception**  
49 South Van Ness Avenue, Suite 1400  
San Francisco, CA 94103

TEL: **628.652.7600**  
WEB: **[www.sfplanning.org](http://www.sfplanning.org)**

**Planning counter at the Permit Center**  
49 South Van Ness Avenue, 2nd Floor  
San Francisco, CA 94103

EMAIL: **[pic@sfgov.org](mailto:pic@sfgov.org)**  
TEL: **628.652.7300**