



SAN FRANCISCO  
PLANNING  
DEPARTMENT

# ZONING ADMINISTRATOR BULLETIN NO. 10

## Designation Priorities for the Inclusionary Affordable Housing Program (“Program”)

Section 307 of the Planning Code mandates the Zoning Administrator to issue and adopt such rules, regulations and interpretations as are in the Zoning Administrator’s opinion, necessary to administer and enforce the provisions of the Planning Code.

<b>Date:</b> December 2015	<b>Relevant Ordinance:</b> Section 415 Inclusionary Affordable Housing Program
<b>Updated:</b> September 2016	

### PURPOSE:

Pursuant to the Planning Code and the Procedures Manual issued by the Mayor’s Office of Housing and Community Development (MOHCD), there are multiple requirements for the designation of on-site inclusionary affordable housing units (“Inclusionary Units”). The Planning Department has made further interpretations of these requirements and this bulletin is intended to outline each requirement and provide guidance regarding the designation process. This bulletin memorializes current Planning Department procedures.

### PERCENTAGE OF INCLUSIONARY UNITS:

The percentage of Inclusionary Units depends on the location of the Project and the zoning of the parcel that is being developed. This requirement is either codified in the Planning Code, a Development Agreement, or legislation associated with a re-zoning for the Project. If the total number of units is not a whole number, the project sponsor shall round up to the nearest whole number for any portion of .5 or above. Considering that the Planning Code allows for a mix of AMI’s, please calculate the overall requirement first. For example if the requirement is 25% and a minimum of 15% can be affordable to low income (80% AMI), the remaining 10% may be available to middle income (100-120% AMI). If the project is 123 units, 31 units must be inclusionary because due to rounding. Next, calculate each AMI level. 18 units must be low income and 12 units may be middle income.

### INCLUSIONARY UNIT MIX:

The unit mix of Inclusionary Units must match the unit mix of the Project. For example, if there are 100 total units consisting of 50 two-bedroom units, 30 one-bedroom units, and 20 three-bedroom units, and the on-site inclusionary requirement is 25%, the 25 Inclusionary Units must consist of 13 two-bedroom units, 7 one-bedroom units, and 5 three-bedroom units. This can be calculated by multiplying the number of any type of unit by the Inclusionary percentage (50 X .25= 12.5 or 13). If the Project elects to provide mixed income levels, both the low and middle income percentages must be calculated separately. For example, if the same 50-unit

Project is providing 19% low income and 6% middle income, the following two-bedroom unit mix is required: 9 low-income two-bedroom units and 3 middle-income two-bedroom units. Rounding may affect the final total unit count regarding bedrooms and level of affordability.

### **EVEN DISTRIBUTION THROUGHOUT BUILDING:**

The standard conditions of approval for Inclusionary Units require that they be evenly distributed throughout the building. The Planning Department has further interpreted that the Inclusionary Units must be evenly distributed throughout the bottom 2/3 of building with regard to the number of floors in buildings over 120 feet in height; however, this does not prohibit distribution from occurring in the top 1/3 of a building. For buildings at or under 120 feet in height, the inclusionary units must be evenly distributed throughout the entire building. For example, if the Project is 60 stories, the Inclusionary Units must be evenly distributed throughout the bottom 40 stories at a minimum; therefore, the top 20 floors may be reserved for market-rate units. Another example is if the project is eight stories, the Inclusionary Units must be evenly distributed throughout the entire building. If the number of stories is not a whole number, the Department shall round up to the nearest whole number for any portion of .5 or above. If the project has a mix of AMI levels, the low-income and middle-income units shall be evenly mixed throughout the project to ensure that there is not a concentration of one AMI level.

### **ADJACENCY OF INCLUSIONARY UNITS:**

In an effort to evenly distribute Inclusionary Units throughout the building, the Planning Department and the MOHCD require that no two Inclusionary Units be located adjacent to each other. There are limited circumstances where given the unit mix and distribution, this may be unavoidable; however, every effort should be made to avoid adjacency.

### **AVERAGE SIZE OF INCLUSIONARY UNITS:**

Although the Planning Code specifically states that Inclusionary Units do not need to be the exact size as the market-rate units, it is important to recognize that the spirit of the Inclusionary Program is to designate comparable Inclusionary Units. The Planning Department has clarified that the Inclusionary Units do not need to be the exact size as the market-rate units and can be 90% of the average size of the specified unit type. For example, if there are several different one-bedroom model types ranging from 400 – 500 square feet in area with the average one-bedroom unit size being 450 square feet in area, the on-site Inclusionary Units selected should average at least 405 square feet in area. Given that the Inclusionary Units need only be located on the bottom 2/3 of a building that is over 120 feet, the average size of the unit type may also be calculated for the bottom 2/3 of the building, thereby eliminating larger penthouse-style units from affecting the average unit size calculations. The City reserves the right to modify this requirement in home ownership projects in order to enhance the affordability for first-time home owners.

### **LOCATION AND AMENITIES:**

When the Planning Department is reviewing an on-site Inclusionary Unit designation proposal, the Planner shall consider whether the Inclusionary Units are distributed evenly across all frontages and whether these units have similar amenities (e.g. balconies, outdoor patios, number of bathrooms) as the market-rate units. Although there is not a specific requirement for Inclusionary Units to be identical to market-rate units, Planning staff will evaluate the Inclusionary Unit selection while considering the location of the Inclusionary Units (e.g. ensuring that the Inclusionary Units are not concentrated solely around loading docks) The overall construction quality of the Inclusionary Units must be comparable to the market-rate units; however, the

interior features are not required to be identical. For example, Inclusionary Units must provide dishwashers if the market-rate units are equipped with dishwashers; however, the brand of the dishwasher need not be identical. Planners will also review plans to ensure that Inclusionary Units do not include abnormal interior features that are not present in market-rate units, which would negatively affect the value of the unit.

### STACKING:

In an effort to evenly distribute Inclusionary Units throughout the building, the Planning Department and the MOHCD prohibit the stacking of Inclusionary Units (designating the same unit on consecutive floors). There are limited circumstances where given the unit mix and distribution, this may be unavoidable; however, every effort should be made to avoid stacking inclusionary units.

### PROCESS:

A Project Sponsor must select the method of compliance with the Program before Planning Commission or Planning Department approval. Planning staff will calculate impact fees and unit mix requirements at Site Permit approval and Inclusionary Units must be designated prior to approval of the architectural addendum or prior to issuance of the site permit if the project will not require an architectural addendum. Plans and standard conditions of approval must be recorded as a Notice of Special Restrictions (“NSR”) against the property. After Planning Commission approval of a Project, an NSR is recorded memorializing the Conditions of Approval from the Planning Commission Motion, which will include standard Inclusionary Conditions of Approval. Project Sponsors may choose to amend this NSR by including reduced floor plans designating the Inclusionary Units or choose to record a new NSR including both the standard Inclusionary Conditions and the reduced plans.

### QUESTIONS:

Planning Department and MOHCD recognize the importance of the designation process and the potential financial implications. Although there is subjectivity involved in the selection process, Planning staff will work with the Project Sponsor to ensure that the designation priorities are complied with to the furthest extent possible. **For questions regarding the process, please contact Kate Conner, Housing Implementation Specialist at [kate.conner@sfgov.org](mailto:kate.conner@sfgov.org) or by phone at (415) 575-6914.**



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#### FOR MORE INFORMATION: Call or visit the San Francisco Planning Department

**Central Reception**  
1650 Mission Street, Suite 400  
San Francisco CA 94103-2479

TEL: **415.558.6378**  
FAX: **415 558-6409**  
WEB: **<http://www.sfplanning.org>**

**Planning Information Center (PIC)**  
1660 Mission Street, First Floor  
San Francisco CA 94103-2479

TEL: **415.558.6377**

*Planning staff are available by phone and at the PIC counter.  
No appointment is necessary.*