Walking the Inclusionary Zoning Tightrope

New Partners for Smart Growth Conference
February 2, 2017
WHAT IS A DENSITY BONUS?

Building Envelope

MAX DEVELOPMENT POTENTIAL

Height Limit

Affordable Units

Density Bonus - Within Envelope

Affordable Units

Density Bonus - Height

Bonus Height

Height Limit
California State Density Bonus Law
Government Code 65915-65918

- Requires local governments to provide additional density or housing units in exchange for provision of affordable housing onsite
- Includes special provisions for land dedication and senior housing
35% Max State Density Bonus

Affordable Housing Density Bonus

- **Very Low**: 35 Bonus, 89 Market Rate, 11 Affordable
- **Low**: 35 Bonus, 80 Market Rate, 20 Affordable
- **Moderate**: 35 Bonus, 60 Market Rate, 40 Affordable
Incentives, Concessions, Bonus
• Started as a policy in 1992
• Included in Planning Code in 2002
• Evolved to have three options
  • Onsite
  • Offsite
  • Fee (for legal reasons, program is now fee based with option to build on site)
• Many areas have unique requirements
  • Former redevelopment projects
  • Upzoned Areas

Proposition C passed in 2016, which dramatically increases requirements to 25% for on-site and 33% for offsite and fee payment for certain developments.
## SF Requirements Evolved Over Time

<table>
<thead>
<tr>
<th>Component</th>
<th>Low</th>
<th>High (Prop C)</th>
<th>Pre-Prop C</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-site percentage</td>
<td>10%</td>
<td>25%</td>
<td>12%</td>
</tr>
<tr>
<td>Rental Target AMI</td>
<td>55%</td>
<td>80%</td>
<td>55%</td>
</tr>
<tr>
<td>Owner Target AMI</td>
<td>80% (Prop C)</td>
<td>120%</td>
<td>90%</td>
</tr>
<tr>
<td>Offsite percentage</td>
<td>17%</td>
<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>Rental Target AMI</td>
<td>55%</td>
<td>80%</td>
<td>55%</td>
</tr>
<tr>
<td>Owner Target AMI</td>
<td>70%</td>
<td>120%</td>
<td>70%</td>
</tr>
<tr>
<td>Fee Payment Basis</td>
<td>17%</td>
<td>33%</td>
<td>20%</td>
</tr>
</tbody>
</table>

*Note: some master planned areas have higher requirements.*
Plan Offers Benefits to Developers:
1. CEQA tiering
2. Plan investment/improvements
3. Removal of conditional use
4. Removal of density limits
5. Height increases

San Francisco Planning Department, Eastern Neighborhoods
What Enhances Value in Real Estate?

- Location, location, location
- Market demand and pricing
- Design and amenities
- Cost effective construction
  - Building
  - Parking
  - Infrastructure and public facilities
- Supportive public policies
  - Land use approval process (time = money)

Key Value Enhancers
- Transit
- Open Space
- Walkability
- Neighborhood Quality/Amenities
Mountain View North Bayshore Precise Plan (NBPP)

- Create new mixed use walkable neighborhood within high tech center of Silicon Valley (Google headquarters)
- Develop up to 9,850 new units with 20% affordable housing goal
NBPP Affordable Housing Strategy

Baseline Residential Project

Density Bonus Options
- City Density Bonus Option
- North Bayshore FAR Bonus Option

Standard City Affordable Housing Requirements
- Rental Housing Impact Fee
- Below Market Rate (BMR) Requirements

Build Onsite Units
Donate Land
NBPP FAR Bonus Tiers

Table 11: Maximum Residential FAR Bonus Tiers by Character Area

<table>
<thead>
<tr>
<th>CHARACTER AREA</th>
<th>BASE FAR</th>
<th>TIER I FAR BONUS</th>
<th>TIER II FAR BONUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gateway/Core</td>
<td>1.0</td>
<td>3.50</td>
<td>4.20</td>
</tr>
<tr>
<td>General</td>
<td>1.0</td>
<td>2.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Edge</td>
<td>1.0</td>
<td>1.85</td>
<td>n/a</td>
</tr>
</tbody>
</table>
## Typical Development Types by FAR Tier

<table>
<thead>
<tr>
<th>FAR Tier</th>
<th>Number of Stories</th>
<th>Construction Type</th>
<th>Approximate Density Range (Du/Acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 to 1.35</td>
<td>2 to 3 stories</td>
<td>Type V</td>
<td>30-60</td>
</tr>
<tr>
<td>1.85 to 2.5</td>
<td>3 to 5 stories</td>
<td>Type V over podium</td>
<td>60-100</td>
</tr>
<tr>
<td>3.5</td>
<td>5 to 7 stories</td>
<td>Type V or Type III over podium and/or below grade parking</td>
<td>100-130</td>
</tr>
<tr>
<td>4.2</td>
<td>8 to 15 stories</td>
<td>Type I</td>
<td>130-160</td>
</tr>
</tbody>
</table>
Illustrative Parking Cost Per Space

- Surface
- Podium
- Partially Below Grade
- Below Grade (1-level)
- Below Grade (2+levels)
Comparison Of Residual Land Values With Density Increase And Reduced Parking

- **Low Density Housing**
- **Upzoned Housing w/ Podium Parking**
- **Upzoned Housing w/ Reduced Parking**

### Breakdown:
- **Hard Construction Costs**
- **Parking Construction**
- **Fees**
- **Soft Costs**
- **Profit**
- **Residual Land Value**
### Evolving Parking Requirements

<table>
<thead>
<tr>
<th></th>
<th>Typical Practice</th>
<th>Smart Infill</th>
<th>Metro/ Downtown</th>
<th>CA State Density Bonus Law (Transit Area)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing</strong></td>
<td>Minimum-1 space/BR</td>
<td>Maximum-1 space/unit Allow no parking</td>
<td>Maximum .5 to .75 space/unit Allow no parking Unbundled parking</td>
<td>.5 space/BR</td>
</tr>
<tr>
<td><strong>Affordable housing</strong></td>
<td>N/A</td>
<td>Varies</td>
<td>0 to .5 space/unit Allow no parking Unbundled parking</td>
<td>.5 space/unit (Special Needs @ .3 spaces/unit)</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td>3-5 spaces per 1,000 SF Minimum</td>
<td>2 spaces per 1,000 SF Maximum</td>
<td>No parking on infill sites near transit</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Dynamic
Walkable
Efficient
Sustainable
Diverse
Transit Supportive
Community