

## San Francisco Reworks its Program for Requiring Developers to Assist With Affordable Housing

On July 18, the Board of Supervisors passed a new law that changes the affordable housing requirements relating to the construction of market rate units. The new law affects new market rate housing developments of 25 or more dwellings units and expands the amount of affordable housing that will be oriented toward the middle income wage earner. The new law is based on the authority granted by local voters to the Board of Supervisors by Proposition C to change the percentage of required affordable units approved under Prop C. The passage represents a compromise between Supervisors Ahsha Safai and London Breed, on the one hand, who proposed a lower affordable requirement and Supervisors Jane Kim and Aaron Peskin on the other hand, advocating for higher affordability levels.

Under the new law, for projects proposing 25 or more units, the affordability requirement for on site units is now 18% if the units are rental and 20% if the units are for ownership. For projects proposing 25 or more dwelling units and providing off site affordable units, the requirement is now 30% for rental projects and 33% for ownership projects.

For projects proposing 10 to 24 units, the percentage requirements did not change. The requirements for these projects are 12% if the units are on site and 20% if the units are off site, regardless of whether the affordable units are for rental or ownership. The affordability rates for on site units will be adjusted through a schedule for annual increases, including for those projects providing between 10 and 24 units.

The new law also expands eligibility for affordable units to middle income wage earners. For example, 5 percent of the below market units for ownership projects must be affordable to middle income households. A middle income household is considered a household that earns 120% to 150% of Area Median Income (AMI). The purchase price for this group must be set to be affordable to a household at a level of 130% AMI.

The law would not impact development in certain areas such as the Eastern Neighborhoods Mission Planning Area, the North of Market Residential Special Use District Subarea 1 or Subarea 2, or the SOMA Neighborhood Commercial Transit District. The reason is that affordability levels for these areas will be



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addressed in plans that will be developed for those areas at a later time.

Projects that have filed for environmental evaluations by certain dates in the past are eligible for lower affordable housing percentages.

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