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## First S.F. housing project gets bigger using state law, prompting backlash

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A project with 200 micro-units has been approved, the first time a San Francisco housing project has used the state's density bonus program, which allows developments with affordable housing to rise 35 percent higher.

Supporters of the [project at 333 12th St.](#) in SoMa say the density bonus program will boost much-needed supply on an underutilized site. But [opponents say](#) the project's approval by the Planning Commission last week is a developer giveaway and the city needs to get more affordable housing in exchange for increased size in future projects. The conflict is the latest fight over the fees and community benefits that developers should pay amid the city's housing crisis.

The density bonus program allowed the 333 12th St. project to add 52 additional units to an original plan of 148 units, while setting aside 27 units for affordable housing. As a result, its affordable housing percentage dropped from 18 percent to 13.5 percent.

[Patrick Kennedy](#), CEO of project developer [Panoramic Interests](#), said the program was working as intended by increasing the site's overall supply, which is badly needed given the region's housing shortage.

The developer also has letters of intent with the San Francisco Institute of Art and Golden Gate University to lease the project as student housing. Under that arrangement, the project would be exempt from its city inclusionary housing requirement, and only 16 affordable units would be required. If the project was converted back to market-rate housing, it would be required to have 27 affordable units.

The "density bonus is designed to produce more housing, period," said Kennedy. "It produces more low-income and market-rate."

But an affordable housing nonprofit and one of the city's planning commissioners criticized usage of the state program.

Planning Commissioner Myrna Melgar, who voted against the project's approval, said in a statement that the density bonus was "an unconscionable giveaway. The city should not so easily stand aside and risk



MACY ARCHITECTURE

A rendering of Panoramic Interests' 200-unit proposal at 333 12th St., one of two San Francisco housing projects to ever seek to use the state's density bonus program.

letting this impact on our city's affordable housing policy become standard practice."

"Developers have found a way to cut their affordable housing contribution to the city," said Peter Cohen, co-director of the Council of Community Housing Organizations, a nonprofit developer group. "The question is what city hall is going to do to fix our local inclusionary policy to recapture this giveaway."

Cohen isn't planning to appeal the 333 12th St. project's approval, but he wants the city to modify its affordable housing requirements in response to the policy. The Controller's office has called for further study of the impact of the density bonus program on inclusionary housing.

Other market-rate projects seeking to use the state density program appear to be scarce. Developer the Toboni Group's 793 South Van Ness Ave. wants to use the program to build 73 units at 793 South Van Ness Ave. in the Mission. The project is being reviewed by city planning.

Separately, the Board of Supervisors and planning department have been crafting a city density program that would replace the state law, which has been met with strong opposition from some groups. A program for fully affordable projects has been passed and an affordable project at 1296 Shotwell St. in the Mission has been approved and is using the program. But the city's version of the density bonus program for market-rate projects has yet to be finalized.

Kennedy expects rents at the 333 12th St. project, which has no parking and an average unit size of 550 square feet, to be 30 percent or more below market rate. Exact rates haven't been finalized.

Macy Architecture designed the project. Pankow is the general contractor. Kennedy said a groundbreaking is scheduled within 12 months, and construction would take 18 months. The project doesn't have a finalized budget.

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