File No. 130647 Committee Item No. 5
Board Item No. 40

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development **Date** July 15, 2013

Board of Supervisors Meeting **Date** July 23, 2013

Cmte	Board	
☐	☒	Motion
☐	☐	Resolution
☒	☒	Ordinance
☒	☒	Legislative Digest
☐	☐	Budget and Legislative Analyst Report
☐	☐	Youth Commission Report
☐	☐	Introduction Form
☒	☒	Department/Agency Cover Letter and/or Report
☐	☐	MOU
☐	☐	Grant Information Form
☐	☐	Grant Budget
☐	☐	Subcontract Budget
☐	☐	Contract/Agreement
☐	☐	Form 126 – Ethics Commission
☐	☐	Award Letter
☐	☐	Application
☐	☐	Public Correspondence

OTHER **(Use back side if additional space is needed)**

☒	☒	Planning Commission Resolution No. 18897
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	

Completed by: Alisa Miller **Date** July 12, 2013
Completed by: **Date**

FILE NO. 130647 MOTION NO.

[Approving Inclusionary Affordable Housing Program Ordinance]

Motion approving the Inclusionary Affordable Housing Program Ordinance recommending a standard to determine what constitutes a "significant increase in residential development potential" under Charter Section 16.110(h)(1)(B)(iv).

WHEREAS, In November 2012, the voters adopted Proposition C, titled "Affordable Housing Trust Fund and Housing Production Incentives" ("Proposition C"). Among other things, Proposition C added Charter Section 16.110 to lower and stabilize certain regulatory requirements of the Inclusionary Affordable Housing Program in Planning Code Sections 415 et seq.; and

WHEREAS, Charter Section 16.110(h)(2) provides that: "As of January 1, 2013, the City may not adopt any new land use legislation or administrative regulation, including a Planning Code amendment, or impose any new condition of approval on the issuance of a discretionary permit, that would require an increase in the project sponsor's Inclusionary Housing Cost Obligation . . . ." Charter Section 16.110(h)(1) provides certain exceptions to this prohibition. One of the exceptions is for "An area subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater and results in a significant increase in residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012."; and

WHEREAS, Proposition C did not define a "significant increase in residential development potential" for purposes of this exception, but established a Housing Review Committee comprised of the Directors of the Mayor's Office of Housing, the Planning Department, and the Office of Economic and Workforce Development, or their successor

agencies, to recommend a standard in the form of a proposed ordinance to the Board of Supervisors; and

WHEREAS, The Housing Review Committee held public hearings on February 7, 2013 and March 13, 2013, and recommended the standard set forth in an ordinance on file with the Clerk of the Board of Supervisors in File No. 130647, which is hereby declared to be a part of this motion as if set forth fully herein; and

WHEREAS, Under Charter Section 16.110(h)(1)(B)(iv), the Board of Supervisors may reject by a majority vote the proposed ordinance recommended by the Housing Review Committee, and if the Board of Supervisors fails to reject the proposed ordinance within 60 days of receiving it from the Housing Review Committee, the proposed ordinance will be deemed adopted; now, therefore, be it

MOVED, That the Board of Supervisors hereby approves the proposed ordinance recommended by the Housing Review Committee as follows:

Ordinance amending the Planning Code to add a definition of "significant increase in residential development potential" consistent with the Housing Trust Fund provisions in Charter, Section 16.110; and making environmental findings, and findings of consistency with the General Plan.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section Findings. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.). Said determination is on file with

the Clerk of the Board of Supervisors in File No. 130647 and is incorporated herein by reference.

(b) On June 6, 2013, the Planning Commission, in Resolution No. 18897 approved and recommended for adoption by the Board this legislation and adopted findings that it is consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 130647, and is incorporated by reference herein.

(c) Pursuant to Planning Code Section 302, this Board of Supervisors finds that this legislation will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolutions No. 18897, and incorporates such reasons by reference herein.

Section 2. Background.

(a) In November, 2012, the voters adopted Proposition C "Affordable Housing Trust Fund and Housing Production Incentives" ("Proposition C"). Among other things, Proposition C added Charter Section 16.110 to lower and stabilize certain regulatory requirements of the Inclusionary Affordable Housing Program in Planning Code Sections 415 et seq.

(b) Charter Section 16.110(h)(2) provided that: "As of January 1, 2013, the City may not adopt any new land use legislation or administrative regulation, including a Planning Code amendment, or impose any new condition of approval on the issuance of a discretionary permit, that would require an increase in the project sponsor's Inclusionary Housing Cost Obligation . . . ." Charter Section 16.110(h)(1) provided certain exceptions to this prohibition. One of the exceptions was for "An area subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater and results in a significant increase in

residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012."

(c) Proposition C, however, did not define a "significant increase in residential development potential" for purposes of this exception, but established a Housing Review Committee comprised of the Directors of the Mayor's Office of Housing, the Planning Department, and the Office of Economic and Workforce Development, or their successor agencies, to recommend a standard in the form of a proposed ordinance to the Board of Supervisors.

(d) The Housing Review Committee held public hearings on February 7, 2013 and March 13, 2013. After considering public input and the recommendations of staff, the Housing Review Committee recommends the standard set forth in this ordinance for purposes of Charter Section 16.110(h).

(e) Charter Section 16.110(h) provides that the Board of Supervisors may reject the proposed ordinance submitted by the Housing Review Committee by a majority vote. If the Board fails to reject the proposed ordinance within 60 days of receiving it from the Housing Review Committee, the proposed ordinance shall be deemed adopted.

Section 3. The Planning Code is hereby amended by adding a portion of Section 401, to read as follows:

SEC. 401. DEFINITIONS.

In addition to the specific definitions set forth elsewhere in this Article, the following definitions shall govern interpretation of this Article:

* * *

"Significant increase in residential development potential" shall mean, for purposes of Charter Section 16.110(h) and the implementation of the Inclusionary Affordable Housing Program, for areas subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater

and results in a significant increase in residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012:

(a) a 20% or greater increase in developable residential gross floor area, as measured by a change in height limits, Floor Area Ratio limits, or use, over prior zoning, or

(b) a change in use permitting residential uses (either as a principally permitted use or with a conditional use authorization) where residential uses were not previously principally permitted or permitted with a conditional use authorization, or

(c) For parcels with an existing residential development capacity of 10 units or greater, the lesser of

1. a 50% or greater increase in residential densities over prior zoning, or,

2. an increase in density of at least 15 additional units over the number of units allowed under prior zoning.

3. For the purposes of determining residential development capacity, the Planning Department shall use unit sizes and efficiency ratios typical for the subject area at the time of the rezoning.

(4) This definition was adopted and may only be amended under Charter Section 16.110(h)(1)(B)(iv).

* * *

Section 4. Effective Date. This ordinance shall become effective 30 days from the date of passage.

Section 5. This section is uncodified. In enacting this Ordinance, the Board intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation, charts, diagrams, or any other constituent part of the Planning Code that are explicitly shown in this legislation as additions, deletions, Board amendment additions, and

Board amendment deletions in accordance with the "Note" that appears under the official title of the legislation.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 
Jon Givner
Deputy City Attorney
n:\ethics\as2013\9690021\00859867.doc

The above Ordinance, received by the Housing Review Committee, is hereby included on file with the Clerk of the Board of Supervisors in File No. 130647; and be it

FURTHER MOVED, That the Board of Supervisors waives the remainder of the 60-day period to reject the proposed ordinance, so that the proposed ordinance shall be deemed adopted on the day that the Board of Supervisors adopts this motion.

FILE NO. 130647

LEGISLATIVE DIGEST

[Planning Code - Inclusionary Affordable Housing Program - Housing Trust Fund Provisions]

Ordinance amending the Planning Code to add a definition of "significant increase in residential development potential" consistent with the Housing Trust Fund provisions in Charter, Section 16.110; and making environmental findings, and findings of consistency with the General Plan.

Existing Law

The Inclusionary Affordable Housing Program, found at Planning Code Section 415 and following requires that certain residential projects pay an Affordable Housing Fee or provide a percentage of units constructed as affordable to qualifying households, that may be provided on the site of the principal project or at another location. On November 6, 2012, San Francisco voters adopted Proposition C: "Affordable Housing Trust Fund and Housing Production Incentives" ("Proposition C"). Among other amendments, Proposition C added Charter Section 16.110 to lower and stabilize certain regulatory requirements of the Program. Proposition C became effective on January 2, 2013. Proposition C includes a prohibition on increasing Inclusionary Housing requirements for future projects, with exceptions including for areas over 40 acres in size that are re-zoned, but not included in a Special Use District, in a manner resulting in a significant increase in residential development potential. Proposition C did not define "significant increase in residential development potential," but designated a Housing Review Committee, comprised of the Directors of the Planning Department, Mayor's Office of Housing and Office of Economic and Workforce Development to propose a definition.

Amendments to Current Law

The proposed Ordinance, recommended by the Housing Review Committee, proposes a standard for "significant development potential" for purposes of Charter Section 16.110(h):

- A 20% or greater increase in developable residential gross floor area, as measured by a change in height limit, Floor Area Ratio limits, or use (over prior zoning); or
- A change in use permitting residential uses where residential uses were not previously permitted; or
- For parcels with an existing residential development capacity of ten units or more, the lesser of:
  - A 50% or greater increase in residential densities over prior zoning; or,
  - An increase in density of at least 15 additional units allowed under the prior zoning.

This newly defined standard would be applicable to areas subject to a change in zoning after the passage of Proposition C, in an area that encompasses 40 acres or more that is not also encompassed by a Special Use District adopted after November 6, 2012.

FILE NO. 130647 ORDINANCE NO.

[Planning Code - Inclusionary Affordable Housing Program - Housing Trust Fund Provisions]

Ordinance amending the Planning Code to add a definition of "significant increase in residential development potential" consistent with the Housing Trust Fund provisions in Charter, Section 16.110; and making environmental findings, and findings of consistency with the General Plan.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section Findings. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 130647 and is incorporated herein by reference.

(b) On June 6, 2013, the Planning Commission, in Resolution No. 18897 approved and recommended for adoption by the Board this legislation and adopted findings that it is consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 130647, and is incorporated by reference herein.

(c) Pursuant to Planning Code Section 302, this Board of Supervisors finds that this legislation will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolutions No. 18897, and incorporates such reasons by reference herein.

Section 2. Background.

(a) In November, 2012, the voters adopted Proposition C "Affordable Housing Trust Fund and Housing Production Incentives" ("Proposition C"). Among other things, Proposition C added Charter Section 16.110 to lower and stabilize certain regulatory requirements of the Inclusionary Affordable Housing Program in Planning Code Sections 415 et seq.

(b) Charter Section 16.110(h)(2) provided that: "As of January 1, 2013, the City may not adopt any new land use legislation or administrative regulation, including a Planning Code amendment, or impose any new condition of approval on the issuance of a discretionary permit, that would require an increase in the project sponsor's Inclusionary Housing Cost Obligation . . . ." Charter Section 16.110(h)(1) provided certain exceptions to this prohibition. One of the exceptions was for "An area subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater and results in a significant increase in residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012."

(c) Proposition C, however, did not define a "significant increase in residential development potential" for purposes of this exception, but established a Housing Review Committee comprised of the Directors of the Mayor's Office of Housing, the Planning Department, and the Office of Economic and Workforce Development, or their successor agencies, to recommend a standard in the form of a proposed ordinance to the Board of Supervisors.

(d) The Housing Review Committee held public hearings on February 7, 2013 and March 13, 2013. After considering public input and the recommendations of staff, the Housing Review Committee recommends the standard set forth in this ordinance for purposes of Charter Section 16.110(h).

(e) Charter Section 16.110(h) provides that the Board of Supervisors may reject the proposed ordinance submitted by the Housing Review Committee by a majority vote. If the Board fails to reject the proposed ordinance within 60 days of receiving it from the Housing Review Committee, the proposed ordinance shall be deemed adopted.

Section 3. The Planning Code is hereby amended by adding a portion of Section 401, to read as follows:

SEC. 401. DEFINITIONS.

In addition to the specific definitions set forth elsewhere in this Article, the following definitions shall govern interpretation of this Article:

* * *

"Significant increase in residential development potential" shall mean, for purposes of Charter Section 16.110(h) and the implementation of the Inclusionary Affordable Housing Program, for areas subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater and results in a significant increase in residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012:

(a) a 20% or greater increase in developable residential gross floor area, as measured by a change in height limits, Floor Area Ratio limits, or use, over prior zoning, or

(b) a change in use permitting residential uses (either as a principally permitted use or with a conditional use authorization) where residential uses were not previously principally permitted or permitted with a conditional use authorization, or

(c) For parcels with an existing residential development capacity of 10 units or greater, the lesser of

1. a 50% or greater increase in residential densities over prior zoning, or,

2. an increase in density of at least 15 additional units over the number of units allowed under prior zoning.

3. For the purposes of determining residential development capacity, the Planning Department shall use unit sizes and efficiency ratios typical for the subject area at the time of the rezoning.

(4) This definition was adopted and may only be amended under Charter Section 16.110(h)(1)(B)(iv).

* * *

Section 4. Effective Date. This ordinance shall become effective 30 days from the date of passage.

Section 5. This section is uncodified. In enacting this Ordinance, the Board intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation, charts, diagrams, or any other constituent part of the Planning Code that are explicitly shown in this legislation as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the legislation.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 
Susan Cleveland-Knowles
Deputy City Attorney
n:\land\as2013\1300342\00833444.doc

SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

June 12, 2013

Ms. Angela Calvillo, Clerk
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **Transmittal of Planning Department Case Number 2013.0536T:**
Defining a Significant Increase in Residential Development Potential
BOS File No: 130947 (pending)
Planning Commission Recommendation: *Approval*

Dear Ms. Calvillo,

On June 6, 2013, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, and adopted Resolution No. 18897 (attached), recommending that the Board of Supervisors adopt the draft Ordinance (also attached).

By way of background, on November 6, 2012, San Francisco voters adopted Proposition C: "Affordable Housing Trust Fund and Housing Production Incentives" (hereinafter, "Proposition C"). Among other amendments, Proposition C added Charter Section 16.110 to lower and stabilize certain regulatory requirements of the Inclusionary Affordable Housing Program in Planning Code Section 415. The Charter amendment approved by San Francisco voters included direction to draft an amendment to the Planning Code to facilitate the implementation of Proposition C. The attached draft Ordinance is the amendment called for in Proposition C.

The proposed Ordinance would amend the Planning Code (herein after "Code") by adding a new definition to Section 401 for "significant increase in development potential."
Specifically, the Code amendment would define the following standard for "significant development potential":

- A 20% or greater increase in developable residential gross floor area, as measured by a change in height limit, Floor Area Ratio limits, or use (over prior zoning); or
- A change in use permitting residential uses where residential uses were not previously permitted; or
- For parcels with an existing residential development capacity of ten units or more, the lesser of:
    - A 50% or greater increase in residential densities over prior zoning; or,
    - An increase in density of at least 15 additional units allowed under the prior zoning.

This newly defined standard would be applicable to areas subject to a change in zoning after the passage of Proposition C, in an area that encompasses 40 acres or more that is not also encompassed by a Special Use District adopted after November 6, 2012.

The proposed changes have been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c)(2).

At the June 6th hearing, the Commission voted to recommend **approval** of the proposed Ordinance. Please find attached documents relating to the Commission's action. If you have any questions or require further information please do not hesitate to contact the Planning Department.

Sincerely,

AnMarie Rodgers
Manager of Legislative Affairs

Daniel Adams
Director of Program Development, Mayor's Office of Housing
Housing Review Committee, Staff

cc:
John Rahaim, Director of Planning
Olson Lee, Director of Mayor's Office of Housing and Community Development
Todd Rufo, Director of Mayor's Office of Economic and Workforce Development
Mayor's Office, Jason Elliot
Supervisor Scott Wiener
Supervisor David Chiu
Supervisor Jane Kim
City Attorney, Susan Cleveland-Knowles

Attachments (one copy of the following):
Planning Commission Resolution No. 18897
Planning Commission Executive Summary for Case No. 2013.0476T
Draft Ordinance (original sent via interoffice mail)

SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Planning Commission Resolution No. 18897

HEARING DATE: JUNE 6, 2013

Date:	May 30, 2013
Case No.:	**2013.0536T**
Project Address:	**Planning Code Amendment: Defining a Significant Increase in Residential Development Potential**
Initiated by:	Housing Review Committee, formed as part of Proposition C
Staff Contact:	Sophie Hayward – (415) 558-6372 *sophie.hayward@sfgov.org*
Reviewed by:	AnMarie Rodgers, Manager, Legislative Affairs Anmarie.rodgers@sfgov.org
Recommendation:	**Approval**

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND PLANNING CODE SECTION 401 TO DEFINE "SIGNIFICANT INCREASE IN RESIDENTIAL DEVELOPMENT POTENTIAL" FOR THE PURPOSES OF CHARTER SECTION 16.110(H); ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.

PREAMBLE

Whereas, on November 6, 2012 San Francisco voters adopted Proposition: "Affordable Housing Trust Fund and Housing Production Incentives" (hereinafter, "Proposition C"); and,

Whereas, Proposition C prohibits the adoption of legislation or regulation that would require an increase in the Inclusionary Housing obligation of future projects beyond the thresholds and requirements defined in the Charter Amendment, with certain exceptions; and,

Whereas, one such exception is defined in Section 16.110.(h) (1)(B) (iv) as "*An area subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater and results in a significant increase in residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012*; and,

Whereas, Proposition C did not define the term "significant increase in residential development potential," it did establish the Housing Review Committee to recommend a standard in the form of a proposed ordinance to the Board of Supervisors; and,

Whereas, the Housing Review Committee held public hearings on February 7, 2013 and on March 13, 2013. After considering public input and recommendations of staff, the Housing Review Committee recommended the standard set forth in the attached draft Ordinance for purposes of Charter Section 16.110(h); and,

Whereas, on June 6, 2013, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance; and

Whereas, the Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties; and,

Whereas, the pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and,

MOVED, that the Commission hereby *adopts* this Resolution to recommend approval of the draft Ordinance to the Board of Supervisors.

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. **General Plan Compliance.** This Resolution is consistent with the following Objectives and Policies of the General Plan:

   I. HOUSING ELEMENT

   OBJECTIVE 7
   Secure funding and resources for permanently affordable housing, including innovative programs that are not solely reliant on traditional mechanisms or capital.

   POLICY 7.1
   Expand the financial resources available for permanently affordable housing, especially permanent sources.

   The proposed Ordinance would advance this Objective and Policy by implementing Proposition C (the Housing Trust Fund) as an innovative source of funding for affordable housing.

2. **Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

3. **Planning Code Section 101 Findings.** The proposed replacement project is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed Ordinance will have no adverse impact on neighborhood-serving retail uses.

B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed Ordinance will have no adverse effect on existing housing and neighborhood character. The proposed Ordinance will help ensure that neighborhoods maintain a mix of housing for diverse economic levels

C) The City's supply of affordable housing will be preserved and enhanced:

The proposed Ordinance will facilitate implementation of Proposition C, the Housing Trust Fund, which would significantly enhance affordable housing finance in the City. Over 30 years, the Housing Trust Fund is estimated to provide approximately $1.2 billion for affordable housing production.

D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed Ordinance will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposed Ordinance will not result in displacement of industrial or service sectors.

F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The proposed Ordinance would not affect the preparedness against injury and loss of life in an earthquake.

G) That landmark and historic buildings will be preserved:

The proposed Ordinance would not adversely affect landmark and historic buildings.

H) Parks and open space and their access to sunlight and vistas will be protected from development:

The proposed Ordinance would not adversely affect parks and open spaces in terms their access to sunlight and vistas.

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on June 6, 2013.

Jonas P. Ionin
Acting Commission Secretary

AYES: Commissioners Antonini, Borden, Fong, Hillis, Moore, and Wu

NAYS: Commissioner Sugaya

ABSENT: None

ADOPTED: June 6, 2013

SAN FRANCISCO
PLANNING DEPARTMENT

Executive Summary
Planning Code Amendment Adoption
HEARING DATE: JUNE 6, 2013

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date:	May 30, 2013
Case No.:	**2013.0536T**
Project Address:	**Planning Code Amendment: Defining a Significant Increase in Residential Development Potential**
Initiated by:	Housing Review Committee, formed as part of Proposition C
Staff Contact:	Sophie Hayward – (415) 558-6372 sophie.hayward@sfgov.org
Reviewed by:	AnMarie Rodgers, Manager, Legislative Affairs Anmarie.rodgers@sfgov.org
Recommendation:	**Approval**

On November 6, 2012, San Francisco voters adopted Proposition C: "Affordable Housing Trust Fund and Housing Production Incentives" (hereinafter, "Proposition C"). Among other amendments, Proposition C added Charter Section 16.110 to lower and stabilize certain regulatory requirements of the Inclusionary Affordable Housing Program in Planning Code Section 415. The Charter amendment approved by San Francisco voters included direction to draft an amendment to the Planning Code to facilitate the implementation of Proposition C. This language constituted the initiation of the attached draft Ordinance, which is now before the Planning Commission for adoption. Pursuant to Planning Code Section 306.3, the Department provided notice for a hearing to consider the Planning Code amendments contained in the draft Ordinance, as modified at the public hearing.

The passage of Proposition C prohibits the adoption of legislation or regulation that would require an increase in the Inclusionary Housing obligation of future projects beyond the thresholds and requirements defined in the Charter Amendment, with certain exceptions. One such exception is defined in Section 16.110.(h) (1)(B) (iv) as "*An area subject to a change in zoning enacted after November 6, 2012 that affects 40 or more acres or greater and results in a significant increase in residential development potential, where the area is not also encompassed by a Special Use District adopted after November 6, 2012,*" and deemed that the City would have to subsequently identify what constitutes "*a significant increase in residential development potential*" as a standard for the purposes of this subsection. While Proposition C did not define the term "a significant increase in residential development potential," it did establish the Housing Review Committee to recommend a standard in the form of a proposed ordinance to the Board of Supervisors.[1] The Housing Review Committee held public hearings on February 7, 2013 and on March 13, 2013. After considering public input and recommendations of staff, the Housing Review Committee recommended the standard set forth in the attached draft Ordinance for purposes of Charter Section 16.110(h).

[1] The Housing Review Committee is comprised of the Directors of the Mayor's Office of Housing, the Planning Department, and the Office of Economic and Workforce Development.

PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code (herein after "Code") by adding a new definition to Section 401 for "significant increase in development potential."
Specifically, the Code amendment would define the following standard for "significant development potential":

- A 20% or greater increase in developable residential gross floor area, as measured by a change in height limit, Floor Area Ratio limits, or use (over prior zoning); or
- A change in use permitting residential uses where residential uses were not previously permitted; or
- For parcels with an existing residential development capacity of ten units or more, the lesser of:
    - A 50% or greater increase in residential densities over prior zoning; or,
    - An increase in density of at least 15 additional units allowed under the prior zoning.

This newly defined standard would be applicable to areas subject to a change in zoning after the passage of Proposition C, in an area that encompasses 40 acres or more that is not also encompassed by a Special Use District adopted after November 6, 2012.

The Way It Is Now:

The existing Inclusionary Affordable Housing Program (hereinafter the "Program") defined in Planning Code Section 415 requires that certain residential projects pay an Affordable Housing Fee or provide a percentage of units constructed as affordable to qualifying households, known as "Below Market Rate" or "BMR" units. As an alternative to providing BMR units on-site, Project Sponsors may provide a higher percentage of the total units as off-site BMR unit, or may pay an Affordable Housing Fee in-lieu of providing units on-or off-site.

Proposition C became effective on January 2, 2013. As of that date, there is a prohibition on increasing Inclusionary Housing requirements for future projects, with exceptions including for areas over 40 acres in size that are re-zoned, but not included in any Special Use District, in a manner that would result in significantly increased residential development potential. This exception is not defined in the Planning Code.

Previously, Ordinance No. 062-13 was adopted to implement most of the amendments made through Proposition C, including three general changes to the Planning Code which became effective on May 10, 2103.[2]

The Way It Would Be:

The proposed Ordinance would define a specific standard for what constitutes a "significant increase in residential development potential" for the purposes of Charter Section 16.110(h)(1)(B)(iv). This standard would be:

---

[2] Ordinance No. 062-13 is available online at: http://sfgov.legistar.com/LegislationDetail.aspx?ID=1244648&GUID=C98E4733-C3DF-4397-8354-FD44BCE2240S&Options=ID|Text|&Search=62-13. The three amendments to the Planning Code through Ordinance No. 062-13 were: 1) reducing on-site inclusionary requirements by 20%; 2) updates and clarifications to the Program; and 3) changing the threshold for participation in the program to apply to buildings with ten or more units.

- A 20% or greater increase in developable residential gross floor area, as measured by a change in height limit, Floor Area Ratio limits, or use (over prior zoning); or
- A change in use permitting residential uses where residential uses were not previously permitted; or
- For parcels with an existing residential development capacity of ten units or more, the lesser of:
    - A 50% or greater increase in residential densities over prior zoning; or,
    - An increase in density of at least 15 additional units allowed under the prior zoning.

The exemption from the cap on affordable housing obligations would apply to projects that meet the defined threshold. The increase would be calculated on a parcel-by-parcel basis, and only those parcels within the re-zoned area that meet the defined threshold could have an increased inclusionary housing obligation.

REQUIRED COMMISSION ACTIONS

The proposed Ordinance is before the Commission so that it may recommend approval or disapproval of the proposed Planning Code Amendment to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend *approval* of the proposed Ordinance to the Board of Supervisors and adopt the attached Draft Resolution to that effect.

BASIS FOR RECOMMENDATION

In 1992, the Planning Commission adopted the City's first Inclusionary Affordable Housing Policy, requiring housing projects with 10 or more units that seek Conditional Use authorization or a planned unit development to provide 10% of those units as affordable housing. In 2002 the City revised this policy to apply the Inclusionary Requirement to all housing projects with 10 or more units, with higher requirements for projects receiving Conditional Use authorization or for planned unit developments. 2006 legislation modified the requirements in several aspects, including: increasing inclusionary requirements, revisions to the Area Median Income calculations, and expanding the requirements by lowering the unit threshold from projects with 10 or more units to projects with 5 or more units. As noted above, in November of 2012, the Commission and the voters approved two pieces of legislation that further revised the Inclusionary Requirement. These recent changes include: raising the unit number threshold of housing projects subject to affordable housing provisions to 10 or more units and lowering the requirements for the provision of on-site units. Ordinance No. 062-13 was adopted to implement most of the amendments made through Proposition C and became effective on May 10, 2103.

The draft Ordinance provides a definition that was developed by the Housing Review Committee and is based on similar standards used to address Special Use Districts and local re-zoning. Further, the Housing Review Committee staff conducted stakeholder meetings, and two public hearings.

The proposed Ordinance complements Ordinance No. 062-13, by providing a clear definition of a standard by which to evaluate whether a zoning change would result in an increased inclusionary housing obligation. This codification is required by the Charter amendment enacted by Proposition C.

ENVIRONMENTAL REVIEW

The proposal to amend the Planning Code would result in no physical impact on the environment. The proposed amendment is exempt from environmental review under Section 15060(c)(2) of the CEQA Guidelines.

PUBLIC COMMENT

As of the date of this report, the Planning Department has received no public comment on the proposal.

RECOMMENDATION:	Recommendation of Approval

Orig: LU Clerk
BOS-11, COB
Leg. Dep

President, District 3
BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7450
Fax No. 554-7454
TDD/TTY No. 544-5227

DAVID CHIU
邱信福
市參事會主席

PRESIDENTIAL ACTION

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2013 JUL -2 PM 12:50

Date: 7/2/13

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

☑ Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 130647 Planning
(Primary Sponsor)

☐ Transferring (Board Rule No. 3.3)

File No. _____ _____
(Primary Sponsor)

From: _____ Committee

To: _____ Committee

☐ Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____, _____ Meeting
(Date) (Committee)

David Chiu

David Chiu, President
Board of Supervisors

LEGISLATION RECEIVED CHECKLIST

Date 06.17.2013 File Number (if applicable) (pending)

[X] Legislation for Introduction **(NEW)** ►►► **Legislation Clerk**
[ ] Legislation Pending in Committee **(AMENDED)** ►►► **Committee Clerk**
[ ] Legislation for Board Agenda **(AMENDED)** ►►► **Dep Clerk, Legislative Div**

Supervisor, Mayor, and Departmental Submittals

Grant Ordinance

[ ] Legislation: Original and 2 hard copies and 1 electronic copy in word format
[ ] Signature: Department Head, Mayor or the Mayor's designee, plus the Controller
[ ] Back-up materials: 2 full sets (see below) and 1 electronic copy in pdf format*
- [ ] Cover letter
- [ ] Grant budget/application
- [ ] Grant information form, including disability checklist
- [ ] Letter of Intent or grant award letter from funding agency
- [ ] Contract, Leases/Agreements (if applicable)
- [ ] Ethics Form 126 *(if applicable)*Word format*

[ ] E-Copy of legislation/back-up materials: Sent to BOS.Legislation@sfgov.org

Ordinance

[X] Legislation: Original and 2 copies and 1 electronic copy in word format
[X] Signature: City Attorney (For Settlement of Lawsuits - City Attorney, Department Head, Controller, Commission Secretary)
[X] Back-up materials: 2 full sets (see below) and 1 electronic copy in pdf format
- [X] Cover letter
- [ ] Settlement Report/Agreement (for settlements)
- [X] Other (Explain)

[X] E-Copy of legislation/back-up materials: Sent to BOS.Legislation@sfgov.org

Grant Resolution

[ ] Legislation: Original and 2 copies and 1 electronic copy in word format
[ ] Signature: Department Head, Mayor or the Mayor's designee, plus the Controller
[ ] Back-up materials: 2 full sets (see below) and 1 electronic copy in pdf format*
- [ ] Cover letter
- [ ] Grant budget/application
- [ ] Grant information form, including disability checklist
- [ ] Letter of Intent or grant award letter from funding agency
- [ ] Contract, Leases/Agreements (if applicable)
- [ ] Ethics Form 126 *(if applicable)*Word format*

[ ] E-Copy of legislation/back-up materials: Sent to BOS.Legislation@sfgov.org

Resolution

[ ] Legislation: Original and 2 copies and 1 electronic copy in word format
[ ] Signature: None (Required for Settlement of Claims - City Attorney, Department Head, Controller, Commission Secretary)
[ ] Back-up materials: 2 full sets *(see below)* and 1 electronic copy in pdf format
- [ ] Cover letter
- [ ] Settlement Report/Agreement (for settlements)
- [ ] Other (Explain)

[ ] E-Copy of legislation/back-up materials: Sent to BOS.Legislation@sfgov.org

Sylvia Jaywood 558 6372 — Name and Telephone Number
SF Planning — Department

Clerk's Office/Forms/Legislation Received Checklist (1/2013)

130647