File No. 120352

Committee Item No. _____
Board Item No. 7

COMMITTEE/BOARD OF SUPERVISORS

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Board of Supervisors Meeting Date October 23, 2012

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Completed by: Arthur Khoo Date 10/18/12
Completed by: _____ Date _____

An asterisked item represents the cover sheet to a document that exceeds 20 pages. The complete document is in the file.

[Administrative Code – Housing Preservation and Production]

Ordinance amending the San Francisco Administrative Code by 1) amending the title of Chapter 10E and adding Section 10E.4 to monitor San Francisco's housing preservation and production policies and goals; and 2) making environmental finding.

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 1. Environmental Finding. 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. 120352 and is incorporated herein by reference.

Section 2. The San Francisco Administrative Code is hereby amended by amending the title of Chapter 10E and adding Section 10E.4, to read as follows:

CHAPTER 10E ~~*NEIGHBORHOOD AREA PLAN*~~ *PLANNING* MONITORING

SEC. 10E.4. HOUSING ELEMENT PRODUCTION REPORTS AND HEARINGS

(a) Findings.

(1) In Section 65580 of the California Government Code, the State Legislature declared that: (A) the availability of decent housing and a suitable living environment for every Californian is of vital statewide importance and a priority of the highest order, (B) attainment of the State's housing goal requires the cooperative participation of government and the private sector to expand housing opportunities and accommodate housing needs at all economic levels, (C) the provision of housing

affordable to low- and moderate-income households requires the cooperation of all levels of government, (D) local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community, (E) in carrying out this responsibility, each local government also has the responsibility to consider, among other things, community goals set forth in the general plan, and (F) each local government has a responsibility to cooperate with the state in addressing regional housing needs.

(2) The State of California has enacted several laws to implement the State's housing goals. Among these is a requirement that a local jurisdiction have a Housing Element as part of its General Plan that, among other things, contains an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing that meets the existing and projected needs of all economic segments of the community. (Gov. Code Section 65583 et seq.)

(3) Pursuant to Government Code Section 65584, the Association of Bay Area Governments (ABAG), in coordination with the California State Department of Housing and Community Development (HCD), determines the Bay Area's regional housing need based on regional trends, projected job growth, and existing needs. ABAG has calculated San Francisco's fair share of the regional housing need for January 2007 through 2014 – the implementation period for the current Housing Element – as 31,390 units, or about 4,160 units per year.

(4) The regional housing needs assessment (RHNA) determination includes production targets addressing housing needs of a range of household income categories. ABAG has projected that at least 39% of new housing demands will be from low and very low income households (households earning under 80% of area median income), and another 22% should be affordable to households of moderate means (earning between 80% and 120% of area median income). Market-rate housing is considered

housing that is generally available to households making at or above 120% of median income. Because the median income in San Francisco is lower than the regional median income, the Mayor's Office of Housing publishes a local AMI standard.

(5) In 1996, San Francisco enacted a Jobs-Housing Linkage Program in an effort to increase the amount of affordable housing being built in the City. In 2002, San Francisco enacted an inclusionary housing ordinance in a further attempt to increase the supply of affordable housing. Nonetheless, although over 4,920 new affordable housing units were added to the City's housing stock between 2000 and 2008, the City did not meet its fair share of the regional housing needs production targets, especially for low and moderate income housing.

(6) Housing affordability continues to be a major concern as San Francisco has one of the least affordable housing markets in the nation. Under the heading "Why is Housing an Issue," Part II: Objectives & Policies of the Housing Element's introduction says:

"Based on the growing population, and smart growth goals of providing housing in central areas like San Francisco, near jobs and transit, the State Department of Housing and Community Development (HCD), with the Association of Bay Area Governments (ABAG), estimates that San Francisco must plan for the capacity for roughly 31,000 new units, 60% of which should be suitable for housing for the extremely low, very low, low and moderate income households, in the 2007-2014 Housing Element period to meet its share of the region's projected housing demand."

Objective 1 of the San Francisco Housing Element states that the City should "identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing." Objective 7 states that San Francisco's projected affordable housing needs far outpace the capacity for the City to secure subsidies for new affordable units. Therefore, the City needs to look for creative ways to facilitate affordable housing development.

(7) In January 2012, the San Francisco Budget and Legislative Analyst published a Performance Audit of San Francisco's Affordable Housing Policies and Programs, which was prepared at the request of the Board of Supervisors. Table 1 of the Performance Audit shows that between 1999 and 2006, San Francisco met 153.4% of its production goal for market-rate housing, 82.8% of its goal for very low income housing, 52.4% of its goal for low income housing, and 12.9% of its goal for moderate income housing. In Table 2 of the Performance Audit, San Francisco's housing production goals for 2007-2014 are: 10.6% of all new housing for extremely low income households, 10.6% for very low income households, 17.7% for low income households, 21.7% for moderate income households, and 39.5% for market rate housing.

(8) Among other things, the Performance Audit concluded that the Planning Commission does not receive a sufficiently comprehensive evaluation of the City's achievement of its housing goals and that the Board of Supervisors does not receive consistent information on the overall impact of the City's housing policies on the development of affordable housing in San Francisco. Among other things, the Budget and Legislative Analyst recommended that: (A) Planning Department staff reports to the Planning Commission include data on the expected unit type and income level of any proposed projects or area plans under review, including how such units would address the City's fair share of the regional housing need, (B) the Planning Department resume providing the Commission with a Quarterly Housing Production Report, and (C) the Planning Department include in the annual Housing Inventory an evaluation of (i) how residential projects entitled in the preceding calendar year contributed to the City's housing goals for each income level and to the Housing Element's policies and objectives, (ii) how entitled housing projects met inclusionary housing or affordable housing fee requirements, and their expected impact on achieving the City's housing goals for each income level, (iii) whether entitled housing projects advanced various Area Plan goals and objectives, and (iv) the current and projected status of housing development in the City compared to the City's housing goals.

(b) ***Planning Department Reports.***

(1) ***Housing Production Summary Attachment.*** *Beginning within 30 days after the effective date of this Section, Planning Department staff reports on all proposed projects of five residential units or more shall include data on the total number of units at all stages of the housing production process, within the current Housing Element statutory period, as it contributes towards meeting San Francisco's quantified production goals for different household income levels as determined in the General Plan's Housing Element*, and including data on middle income households (households earning approximately 120% to 150% of area median income); senior housing units; the number of efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when the ability to collect this data exists); and data tracking revenue generated from the Affordable Housing Fee under Planning Code Section 415 et seq. *Baseline data on housing production for this reporting shall be updated quarterly.*

(2) Quarterly ***Housing Production Reports.*** *Planning Department staff shall provide the Planning Commission with a* quarterly *Housing Production Report every* ~~six~~ three *months that contains, at a minimum, a comparative analysis of current housing production and regional housing needs allocation for San Francisco for different household incomes as determined in the General Plan's Housing Element*, and including data on middle income households (households earning approximately 120% to 150% of area median income); senior housing units; the number of efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when the ability to collect this data exists); and data tracking revenue generated from the Affordable Housing Fee under Planning Code Section 415 et seq. *This report should also include information regarding the approval process for newly entitled housing. Specifically, the report should show which projects were considered at a public hearing before the Planning Commission, including Conditional Use or Mandatory Discretionary Review.*

(3) ***Annual Housing Inventory Reports.*** *The Planning Department shall publish an annual Housing Inventory on April 1st of each year that contains at a minimum:*

(A) an evaluation of how residential projects entitled or at any other stage of the housing production process during the preceding calendar year contribute to the City's quantified regional housing needs allocation for different household income levels as determined in the General Plan's Housing Element, and including data on middle income households (households earning approximately 120% to 150% of area median income); senior housing units; and the number of efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when the ability to collect this data exists).

(B) how residential projects in the housing production process met inclusionary housing requirements as on-site below-market-rate (BMR) units, off-site BMR units, or payment of an in-lieu fee, including data tracking revenue generated from the Affordable Housing Fee under Planning Code Section 415 et seq.*; and*

(C) the number of residential projects at any stage of the housing production process during the preceding calendar year within the City's Planning Districts and Plan Areas for different housing income levels as determined in the General Plan's Housing Element, and including data on middle income households (households earning approximately 120% to 150% of area median income); senior housing units; and the number of efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when the ability to collect this data exists).

(c) ***Annual Planning Commission Housing Hearing; Report to the Board of Supervisors.***

(1) ***Commission Hearing.*** *The Planning Commission shall hold an annual public hearing subsequent to publishing the Housing Inventory. This hearing shall provide, at a minimum, information on: (A) Findings of the annual Housing Inventory regarding how housing production trends match with San Francisco's quantified regional housing needs allocation for different income levels as determined*

in the General Plan's Housing Element, and including data on middle income households (households earning approximately 120% to 150% of area median income); senior housing units; and the number of efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when the ability to collect this data exists); *and (B) Findings of the state mandated annual Housing Element Progress Report regarding how housing production trends advance the Housing Element's policies and goals.*

(2) ***Annual Report to the Board.*** *The Planning Department shall provide an annual report to the Board of Supervisors concerning the results of the Commission's hearing and any recommendations for legislation.*

Section 3. Effective Date. This ordinance shall become effective 30 days from the date of passage.

Section 4. 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 Administrative 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

FILE NO. 120352

REVISED LEGISLATIVE DIGEST

(10/1/2012, Amended in Committee)

[Administrative Code - Housing Preservation and Production]

Ordinance amending the San Francisco Administrative Code by 1) amending the title of Chapter 10E and adding Section 10E.4 to monitor San Francisco's housing preservation and production policies and goals; and 2) making environmental finding.

Existing Law

There are no provisions of existing law that are proposed to be amended.

Amendments to Current Law

This legislation would amend the title of Chapter 10E and add Section 10E.4 to the Administrative Code to implement monitoring and reporting recommendations made by the Budget and Legislative Analysis in a January 18, 2012 Performance Audit of San Francisco's Affordable Housing Policies and Programs.

Background Information

The State of California has enacted several laws to implement the State's housing goals. Among these is a requirement that a local jurisdiction have a Housing Element as part of its General Plan that, among other things, contains an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing that meets the existing and projected needs of all economic segments of the community. (Gov. Code Section 65583 et seq.) Pursuant to Government Code Section 65584, the Association of Bay Area Governments (ABAG), in coordination with the California State Department of Housing and Community Development (HCD), determines the Bay Area's regional housing need based on regional trends, projected job growth, and existing needs. These projections are incorporated into the City's Housing Element. This legislation is intended to establish a process for the City to monitor its on-going progress towards the Housing Element's housing production targets.

SAN FRANCISCO
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July 12, 2012

Supervisors Olague, Kim, Campos, Mar, and
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 Case Number 2012.0604T**
BF No. 12-0352: Housing Production Reports

Recommendation: **Approval with Modifications**

Dear Supervisors and Ms. Calvillo,

On June 28th, 2012, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance under Board of Supervisors File Number 12-0352.

At the June 28th Hearing, the Commission voted 6-0 to recommend approval with modifications of the proposed Ordinance which would codify Planning Department reports on Housing Production trends and how they compare with Regional Housing Needs Assessment projections.

Supervisor, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission. The attached resolution and exhibits provides more detail about the Commission's action. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

AnMarie Rodgers
Manager of Legislative Affairs

Cc: City Attorneys Cheryl Adams and Judith Boyajian

Attachments (one copy of the following): Planning Commission Resolution No. 18656
Department Executive Summary
Exhibit B- Recommended modifications to the Administrative Code

SAN FRANCISCO
PLANNING DEPARTMENT

Planning Commission Resolution

HEARING DATE: JUNE 28TH , 2012

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Project Name:	**Housing Production Reports**
Case Number:	2012.0604T [Board File No. 120352]
Initiated by:	Supervisors Olague, Kim, Campos, and Mar
Introduced on:	April 10, 2012
Staff Contact:	Kimia Haddadan, 415.575.9068 kimia.haddadan@sfgov.org
Reviewed by:	AnMarie Rodgers, Manager Legislative Affairs anmarie.rodgers@sfgov.org, 415.558.6395
90-Day Deadline:	*July 16th*
Recommendation:	**Recommend Approval with Modifications**

RECOMMENDING THAT THE BOARD OF SUPERVISORS PASS AN ORDINANCE WITH MODIFICATIONS THAT WOULD INITIATE AMENDMENTS TO THE SAN FRANCISCO PLANNING CODE BY 1) ADDING ARTICLE 5 TO IMPLEMENT SAN FRANCISCO'S HOUSING PRESERVATION AND PRODUCTION POLICIES AND GOALS; AND 2) MAKING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

PREAMBLE

Whereas, on April 10, 2012 Supervisor Chiu introduced a proposed Ordinance under Board File Number 12-0352 that would amend Planning Code by 1) adding Article 5 to implement San Francisco's housing preservation and production policies and goals; and 2) making environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the Priority Policies of Planning Code Section 101.1; and

Whereas, since the introduction of the proposed Ordinance, the Planning Department recommended modifications to the proposed Ordinance; and

Whereas, on June 28th, 2012 the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance and the proposed modification; and

Whereas, the proposed Ordinance have been found exempt from the California Environmental Quality Act per sections 15060 (c) (3) and 15378.

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 by Department staff, and other interested parties; and

Whereas, the all 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

Whereas, the Commission has reviewed the proposed Ordinance; and

MOVED, that the Commission hereby recommends that the Board of Supervisors recommend ***approval with modifications*** of the proposed Ordinance. The Commission further moves that these future reports should also contain the specific comments listed below and adopts the attached Draft Resolution to that effect.

- MODIFICATIONS TO PROPOSED ORDINANCE. The recommended modifications include 1) codification through Administrative law that three reports would be mandated including: The Housing Production Summary Attachment, the Quarterly Housing Production Report, and the Annual Housing Inventory 2) Including the analysis on how residential projects at any stage of housing production contribute to RHNA projections in all these three reports, 3) codifying that these reports along with the Annual Housing Element Progress Report be presented at the first hearing of the Planning Commission in April of each year and sent to the Board of Supervisors; and **Exhibit B to this resolution presents the modifications to the legislation language**; and 3) allowing this Commission resolution to establish the specific contents of the reports as listed below.
    - CONTENT OF FUTURE REPORTS. The Housing Production Summary be provided for both private development projects and area plans under Commission review as presented in Exhibit A.
    - The Quarterly Housing Production Report should contain a geographic presentation of all projects entitled, permitted, and completed with an overlay of the Area Plans. Map graphics would better visualize where projects are being proposed or built relative to the Area Plans.
    - Housing Element Progress Report should continue analyzing how the housing production trend has met the RHNA projections. Planning Department staff should also analyze both inclusionary housing and below market rate housing production trends as part of this report.

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. The California state law has declared availability of decent housing for every Californian a vital statewide importance and priority. This law has vested power in local and state governments to facilitate the improvement and development of housing to accommodate meeting the housing needs of all economic segments of the community. In order to achieve this goal, the state law has mandated that local jurisdictions adopt a Housing Element as a part of their General Plans. In addition to providing goals and policies for enhancing housing production and preservation, the Housing Element should identify and analyze the existing and projected housing needs of the locality. The California Department of Housing and Community Development (HCD) determine the total housing need for a region, and the Association of Bay Area Governments distributes this need to local governments, through the Regional Housing Need Allocation (RHNA) process. RHNA projects the number of units across four household income segments that each locality should accommodate in order to fulfill the projected housing needs.

2. RHNA projections focus on *planning* for housing rather than *producing* housing. The private market forces drive housing production; while local governments can exert influence on how and where development occurs, they cannot control these market forces and decisions about if housing actually gets built. Additionally, RHNA numbers are usually high compared to the market's capacity and therefore, given market constraints, RHNA goals cannot be completely fulfilled. Based on these concerns, RHNA projections do not always mirror realistic housing production targets in localities. They only represent estimates of housing needs at each income level.

3. Section 10.E in the Administrative Code regulates the Department's Area Plan Monitoring reports. In order to maintain consistency of the content of the entirety of San Francisco City Code, staff proposes to include the new law in the Administrative Code, where similar regulations regarding Planning Department reports exist.

4. The new Housing Production Summary attachment represents the Department's ongoing effort to provide Commissioners and the public with more information. This attachment is also as part of the implementation of the 2009 Housing Element. The Housing Production Summary report would serve only as information for the Commission and would not be a basis for recommendation for projects.

5. **General Plan Compliance.** The proposed Ordinance is, on balance, consistent with the following Objectives and Policies of the General Plan:

   OBJECTIVE 1
   Identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing.

POLICY 1.1
Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

San Franciscans are a diverse population, with a diverse set of housing needs. Future housing policy and planning efforts must take into account the diverse needs for housing. The RHNA projections indicate housing goals for various income levels, these provide basic planning goals for housing affordability. San Francisco's housing policies and programs should provide strategies that promote housing at each income level, and furthermore identify sub-groups, such as middle income and extremely low income households that require specific housing policy. In addition to planning for affordability, the City should plan for housing that serves a variety of household types and sizes.

The proposed Ordinance would help advance this policy by providing consistent information for the public and before the Planning Commission regarding how the current housing production trends contribute towards RHNA projections. The mandated frequent and consistent reporting would help Department's analysis at the end of each Housing Element statutory period.

6. 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 the 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.

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

The proposed Ordinance will have no adverse effects on the City's supply of affordable housing.

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 June28, 2012.

Linda Avery
Commission Secretary

AYES: Commissioners Fong, Wu, Antonini, Borden, Miguel, Moore, and Sugaya

NAYS: None

ABSENT: None

ADOPTED: 6/28/2012

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Housing Production Summary Report

2007 TO PRESENT

State law requires each city and county to adopt a Housing Element as a part of its general plan. The State Department of Housing and Community Development (HCD) determines a Regional Housing Need (RHNA) that the Housing Element must address. The need is the minimum number of housing units that a region must plan for in each RHNA period.

This table represents completed units and development projects in the current residential pipeline. The total number of entitled units is tracked by the San Francisco Planning Department and is updated quarterly in coordination with the *Pipeline Report*. Subsidized housing units, including moderate and low income units, are tracked by the Mayor's Office of Housing, and are also updated quarterly.

Household Income Category	2007-2014 RHNA Production Targets	HOUSING PRODUCTION SUMMARY				TOTALS	TOTALS as % of RHNA Targets
		Completed, 2007 to 2011 and Q1 2012	Under Construction, as of Q1 2012	Building Permits Issued, as of Q1 2012	Entitled by Planning* as of Q1 2012		
Very Low (< 50% AMI)†	6,589	2,836	661	170	771	4,438	67.4%
Low (50-79% AMI)	5,535	736	124	-	105	965	17.4%
Moderate (80-120% AMI)	6,754	957	187	197	361	1,702	25.2%
Above Moderate (over 120% AMI)	12,315	8,029	3,136	1,085	4,741	16,991	138.0%
TOTALS	**31,193**	**12,558**	4,108	1,452	5,978	24,096	77.2%

**This total does not include entitled major development projects such as Candlestick Hunters' Point, Treasure Island, and ParkMerced. While entitled, these projects are not expected to be completed within the current RHNA reporting period (2007 through June 2014).*

Exhibit B- Planning Department's Recommended Modifications to the Administrative Code

Note: The Department recommends adding a new Section 10E.4 and modifying the title chapter of 10E.

All additions are shown in *italic, underline font.*

Deletions are shown in ~~*strikethrough italic font.*~~

CHAPTER 10E: ~~*NEIGHBORHOOD AREA PLAN*~~ *PLANNING* MONITORING

10E.4 Housing Production Reports and Hearings.

(a) Findings.

A. In Section 65580 of the California Government Code, the State Legislature declared that: 1) the availability of decent housing and a suitable living environment for every Californian is of vital statewide importance and a priority of the highest order, (2) attainment of the State's housing goal requires the cooperative participation of government and the private sector to expand housing opportunities and accommodate housing needs at all economic levels, (3) the provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government, (4) local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community, (5) in carrying out this responsibility, each local government also has the responsibility to consider, among other things, community goals set forth in the general plan, and (6) each local government has a responsibility to cooperate with the state in addressing regional housing needs.

B. The State of California has enacted several laws to implement the State's housing goals. Among these is a requirement that a local jurisdiction have a Housing Element as part of its General Plan that, among other things, contains an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and schedule programs for the preservation, improvement, and development of housing that meets the existing projected needs of all economic segments of the community. (Gov. Code Section 65583 et seq.)

C. Pursuant to Government Code Section 65584, the Association of Bay Area Governments

(ABAG), in coordination with the California State Department of Housing and Community Development (HCD), determines the Bay Area's regional housing need based on regional trends, projected job growth, and existing needs. ABAG calculates San Francisco's fair share of the regional housing need for each statutory period of the Housing Element. The regional housing needs assessment (RHNA) determination includes production targets addressing housing needs of a range of household income categories. Because the median income in San Francisco is lower than the regional median income, the Mayor's Office of Housing publishes a local AMI standard.

D. *In* 1996, *San Francisco enacted a Jobs-Housing Linkage Program in an effort to increase amount of affordable housing being built in the City. In 2002, San Francisco enacted an inclusionary housing ordinance in a further attempt to increase the supply of affordable housing. Housing affordability continues to be a major concern as San Francisco has one of the least affordable housing markets in the nation.*

E. *In January 2012, the San Francisco Budget and Legislative Analyst published a Performance Audit of San Francisco's Affordable Housing Policies and Programs, which was prepared at the request of the Board of Supervisors. Table 1 of the Performance Audit shows that between 1999and 2006, San Francisco met 153.4% of its production goal for market-rate housing, 82.8% of its goal for very low income housing, 52.4% of its goal for low income housing, and 12.9% of its goal for moderate income housing. In Table 2 of the Performance Audit, San Francisco's housing production goals for 2007-2014 are: 10.6% of all new housing for extremely low income households, 10.6% for very low income households, 17.7% for low income households, 21.7% for moderate income households, and 39.5% for market rate housing.*

F. *Among other things, the Performance Audit concluded that the Planning Commission does not receive a sufficiently comprehensive evaluation of the City's achievement of its housing goals and that the Board of Supervisors does not receive consistent information on the overall impact of the City's housing policies on the development of affordable housing in San Francisco.*

(b) Planning Department Reports to the Planning Commission.

(1) Housing Production Summary Attachment. *Beginning within 30 days after the effective date of this Article, Planning Department staff reports to the Planning Commission on a proposed project containing residential units or area plan shall include a total number of units at all stages of the housing production process, within the current Housing Element statutory period, as it contributes towards meeting San Francisco's regional housing needs allocation for*

different household income levels as determined in the General Plan's Housing Element. Baseline data on housing production for this reporting shall be updated quarterly

(2) ***Quarterly Housing Production Reports.*** *Planning Department staff shall provide the Planning Commission with a Quarterly Housing Production Report that contains at a minimum comparative analysis of current housing production and regional housing needs allocation for San Francisco for different household income levels as determined in the General Plan's Housing Element.*

(3) ***Annual Housing Inventory Reports.*** *The Planning Department shall publish an annual Housing Inventory on April 1st of each year that contains at a minimum: (i) an evaluation of how residential projects at any stage of the housing production process during the preceding calendar year contribute to the City's regional housing needs allocation for different household income levels as determined in the General Plan's Housing Element and (ii) how residential projects in the housing production process met inclusionary housing requirement as on-site below market-rate (BMR) units, off-site BMR units, or payment of an in-lieu fee.*

(c) Annual Commission Housing Hearing and Annual Report to the Board of Supervisors.

(1) ***Commission Hearing.*** *The Planning Commission shall hold an annual public hearing subsequent to publishing the Housing Inventory. This hearing shall provide at minimum information on: (i) Findings of the annual Housing Inventory regarding how housing production trends match with San Francisco's regional housing needs allocation for different income levels as determined in the General Plan's Housing Element. (ii) Findings of the state mandated annual Housing Element Progress Report regarding how housing production trends advance the Housing Elements policies and goals.*

(2) ***Annual Report to Board.*** *The Planning Department shall provide an annual report to the Board of Supervisors concerning the results of the Commission's hearing and any Commission recommendations.*

Member, Board of Supervisors
District 5

City and County of San Francisco

Christina Olague

April 10, 2012

Angela Calvillo, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Dear Ms. Calvillo:

Attached please find an original and four copies of proposed ordinance for Board of Supervisors approval, amending the San Francisco Planning Code by adding article 5 to implement San Francisco's housing preservation and production policies and goals.

The goal of this legislation is to create require planning staff to provide quarterly updates on Housing Element production targets.

The following is a list of accompanying documents:

- Introduction Form
- Draft Legislation
- Legislative Digest

The following person may be contacted regarding this matter:
Chris Durazo, (415) 554-7687.

Signed,

Supervisor Christina Olague

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Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

☐ 1. For reference to Committee: _____
An ordinance, resolution, motion, or charter amendment.

☐ 2. Request for next printed agenda without reference to Committee.

☐ 3. Request for hearing on a subject matter at Committee: _____

☐ 4. Request for letter beginning "Supervisor _____ inquires"

☐ 5. City Attorney request.

☐ 6. Call File No. _____ from Committee.

☐ 7. Budget Analyst request (attach written motion).

☒ 8. Substitute Legislation File No. 120352

☐ 9. Request for Closed Session (attach written motion).

☐ 10. Board to Sit as A Committee of the Whole.

☐ 11. Question(s) submitted for Mayoral Appearance before the BOS on _____

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.

Sponsor(s):

Olague, Kim, Campos, Mar

Subject:

Housing Preservation and Production

The text is listed below or attached:

Ordinance amending the San Francisco Administrative Code by 1) amending the title of Chapter 10E and adding Section 10E.4 to monitor San Francisco's housing preservation and production and goals; and 2) making environemental

Signature of Sponsoring Supervisor: Christina Olague

For Clerk's Use Only:

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp or meeting date

I hereby submit the following item for introduction (select only one):

☒ 1. For reference to Committee: Land Use Committee

An ordinance, resolution, motion, or charter amendment.

☐ 2. Request for next printed agenda without reference to Committee.

☐ 3. Request for hearing on a subject matter at Committee:

☐ 4. Request for letter beginning "Supervisor inquires"

☐ 5. City Attorney request.

☐ 6. Call File No. from Committee.

☐ 7. Budget Analyst request (attach written motion).

☐ 8. Substitute Legislation File No.

☐ 9. Request for Closed Session (attach written motion).

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Sponsor(s):

Olague, Kim, Campos, MAR

Subject:

Planning Code – Housing Preservation and Production

The text is listed below or attached:

Ordinance amending the San Francisco Planning Code by 1) adding Article 5 to implement San Francisco's housing preservation and production policies and goals; and 2) making environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the Priority Policies of Planning Code Section 101.1.

Signature of Sponsoring Supervisor: Christina Olague

For Clerk's Use Only:

120352