

1 [Special Use District to eliminate certain zoning requirements for residential uses in the
2 Downtown consistent with a proposed ordinance to facilitate housing in the Downtown.]

3 **Ordinance amending the San Francisco Planning Code by adding Section 249.25 to**
4 **create the Downtown Housing Demonstration Special Use District encompassing the**
5 **property zoned Downtown Office District (C-3-O) at the corner of Market Street, Kearny**
6 **Street and Geary Avenue (690 Market Street, Assessor's Block 0311, Lot 006). The**
7 **proposed Special Use District would eliminate floor area restrictions and maximum**
8 **dwelling unit densities and would allow exceptions to the open space requirement and**
9 **dwelling unit exposure requirements for new residential uses be granted through the**
10 **process outlined in Planning Code Section 309. The proposed Special Use District**
11 **would also increase the maximum height and bulk allowed in the district to 285-S,**
12 **would require that residential projects be subject to the Inclusionary Housing**
13 **Requirements found in Section 315(a)(2).**

14
15 Note: Additions are single-underline italics Times New Roman;
16 deletions are ~~strikethrough italics Times New Roman~~.
17 Board amendment additions are double underlined.
18 Board amendment deletions are ~~strikethrough normal~~.

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

20 Section 1.

21 **Findings.** The Board of Supervisors makes the following findings:

22 1. The population of California has grown by more than 11 percent since 1990.

23 During the next twenty years, California is expected to add more than five million new jobs to
24 its economy. This economic growth is expected to be accompanied by the addition of more
25 than 20 million new residents, a population increase equal to that experienced during the
boom years of the 1950's, 1960's and 1970's combined. As California grows, the State

1 Legislature and local governments will need to determine where to locate additional housing
2 in a fiscally, socially and environmentally sustainable manner consistent with sound urban
3 planning practices.

4 2. The preferred sustainable way to accommodate future regional population
5 growth is to encourage new housing close to jobs in existing cities that are well-served by
6 transit infrastructure, such as San Francisco. Directing future growth to urban centers like
7 San Francisco will help protect the region's greenbelt and reduce over-dependence on the
8 private automobile for commuting.

9 3. The production of new market-rate and subsidized below market-rate housing in
10 San Francisco has continually fallen far short of the level needed to meet housing demand.
11 According to the 2000 Census, San Francisco added approximately 53,000 new residents
12 between 1990 and 2000 but added only 11,200 net housing units during the same 10-year
13 period. The Association of Bay Area Governments (ABAG) forecasts that San Francisco's
14 population will reach approximately 810,000 by 2010, further increasing the need for
15 increasing housing supply.

16 4. Between 1990 and 2000, approximately 1,130 units per year have been added
17 to the City's housing stock. ABAGs' Regional Housing Needs Determination calls for
18 construction of 2,717 units of housing annually through 2006 to meet the needs of the City's
19 anticipated household growth and to house at least half of the City's new workers. Because
20 annual housing production has already fallen short of this target, more than 3,200 new units a
21 year must be built between 2003 and 2006 to meet regional housing goals.

22 5. A 2001 study commissioned by the City and prepared by The Sedway Group
23 concluded that steadily increasing the supply of housing can serve to increase the availability
24 of residential product at a range of price levels and that policies designed to increase housing
25 production in the City will indirectly increase the supply of affordable housing.

1 6. The Planning Department’s Citywide Action Plan (CAP) strongly encourages
2 developing new housing in the Downtown Office (C-3-O) District and adjacent areas.

3 7. California Government Code 65583 requires that cities like San Francisco
4 demonstrate “efforts to remove governmental constraints that hinder the locality from meeting
5 its share of the regional housing need.”

6 8. Constraints that hinder increased housing production in the Downtown core
7 include certain zoning impediments to residential development contained in the City’s
8 Planning Code. These impediments include restrictive floor area ratio and density limits on
9 residential uses in certain C-3 and C-2 zoning Districts which are located in some of the most
10 transit-intensive sections of the City in or adjacent to the Downtown. Requirements regarding
11 open space and dwelling unit exposure further constrain the increase in housing in the
12 Downtown Core.

13 9. Without certain amendments to the Planning Code to remove these unintended
14 and unnecessary zoning impediments to residential development in the Downtown, the supply
15 of new market-rate and subsidized below market-rate housing will continue to fall short of that
16 needed to meet demand.

17 10. Amendments to the Planning Code are among the tools available to the City to
18 encourage new housing production in a manner that enhances existing neighborhoods and
19 creates new residential and mixed-use neighborhoods.

20 11. On August 8, 2002, the Board of Supervisors introduced a draft ordinance that
21 would amend the Planning Code to encourage housing development in the Downtown zoning
22 districts by eliminating floor area restrictions and maximum dwelling unit densities for new
23 residential uses in certain C-3 and C-2 Districts, in addition to other Code changes that would
24 protect historic structures (the “C-3 Housing Ordinance”).
25

1 12. Before the Board of Supervisors can make a final decision on the C-3 Housing
2 Ordinance, the C-3 Housing Ordinance needs review under the California Environmental
3 Quality Act (CEQA) and requires an inventory of the status Transferable Development Rights
4 (“TDRs”) in C-3 Districts.

5 13. If the C-3 Housing Ordinance could be adopted by the end of 2003, the current
6 owner of the 11,000-sf lot at the corner of Market Street, Kearny Street and Geary Avenue, on
7 which is located the former offices of the Chronicle (690 Market Street, Assessor’s Block
8 0311, Lot 006), could proceed with the seismic retrofit, historic rehabilitation and conversion of
9 the existing commercial office tower into a mixed-use residential project.

10 14. To illustrate the benefit of the C-3 Housing Ordinance, the proposed Downtown
11 Housing Demonstration Special Use District would apply several Planning Code amendments
12 proposed in the C-3 Housing Ordinance to the proposed historic rehabilitation and conversion
13 of 690 Market Street to residential use. These amendments would eliminate existing floor
14 area restrictions and maximum dwelling unit densities, and would allow exceptions to open
15 space requirements and dwelling unit exposure requirements to proceed under Planning
16 Code Section 309.

17 15. The proposed seismic upgrade, historic rehabilitation and residential conversion
18 of 690 Market would provide an important demonstration of the potential public benefits of
19 enacting the generally applicable C-3 Housing Ordinance. In addition, as part of the
20 demonstration project, the owner of 690 Market has proposed converting another historic
21 office building located at 942 Market Street to residential use. The proposed conversion of
22 942 Market Street will provide up to 28 units of permanently affordable, for-sale housing, a
23 number well in excess of the minimum off-site requirements for 690 Market as set forth in the
24 City’s Inclusionary Affordable Housing Program.

1 16. For all of the reasons above, the Board hereby finds that implementation of this
2 Special Use District would advance the general welfare by supporting the City's efforts to
3 improve the downtown as a place to live and work.

4 Section 2. The San Francisco Planning Code is hereby amended by adding Section
5 249.25 to read as follows:

6 **Sec. 249.25 DOWNTOWN HOUSING DEMONSTRATION SPECIAL USE DISTRICT.**

7 In order to provide a demonstration of the effects of reducing the constraints placed on
8 residential housing in the Downtown Core, there shall be a special use district known as the
9 Downtown Housing Demonstration Special Use District encompassing the approximately
10 11,000-sf lot at the corner of Market Street, Kearny Street and Geary Avenue (Assessor's
11 Block 0311, Lot 006), as designated on Section Map 1SU of the Zoning Map of the City and
12 County of San Francisco.

13 (a) **Special controls.** The following controls shall apply in this Special Use District.

14 (1) **Floor Area Ratio:** The floor area ratio limits set forth in Sections 123 and 124 of
15 this Code for C-3-O Districts shall not apply to dwellings or other residential uses.

16 (2) **Density:** The density of dwelling units shall be determined by the allowable
17 building envelope of the lot to be developed. The maximum density ratio for dwelling units in
18 C-3-O Districts set forth in Section 215 shall not apply.

19 (3) **Open Space:** Exceptions to the open space provisions of Section 135 and 138
20 of this Code may be granted through the process set forth in Section 309(a) in lieu of the
21 process set forth in Section 305 of this Code.

22 (4) **Exposure of Dwelling Units:** Exceptions to the provisions of Planning Code
23 Section 140 may be granted through the process set forth in Section 309(a) in lieu of the
24 process set forth in Section 305 of this Code. An exception shall only be granted upon a
25

1 determination that the proposed design provides adequate access to air and light consistent
2 with the intent of Section 140 of this Code.

3 (b) **Height and Bulk Restrictions.** The applicable Height and Bulk for this Special
4 Use District shall be 285-S.

5 (c) **Residential Inclusionary Affordable Housing Program.** For purposes of
6 determining the number of units required pursuant to Section 315 of this Code, any residential
7 project shall be subject to the requirements set forth in Section 315(a)(2).

8 (d) **Limited Scope.** The creation of this Special Use District shall not limit the
9 discretion vested in the Planning Commission to review projects and impose conditions
10 pursuant to Section 309 or any other applicable section of this Code.

11 (f) **Sunset Provision.** Except for the Height and Bulk Restrictions set forth in
12 Section (b) above, this Special Use District shall expire within four years of the effective date
13 of this Ordinance or when the proposed Downtown Housing Ordinance or a similar ordinance
14 that would eliminate floor area restrictions and maximum density ratios for dwelling units in C-
15 3 Districts is enacted, whichever is earlier.

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

18 By: _____
19 Deputy City Attorney

20
21
22
23
24
25