



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 20712

HEARING DATE: MAY 21, 2020

Project Name: **Market and Octavia Area Plan Amendment: Hub Housing Sustainability District**

Case Number: **2015-000940PCA-02**

Initiated by: **Planning Commission**

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RESOLUTION APPROVING A PROPOSED ORDINANCE THAT WOULD AMEND THE BUSINESS AND TAX REGULATIONS CODE AND THE PLANNING CODE TO CREATE THE HUB HOUSING SUSTAINABILITY DISTRICT; AND MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE EIGHT PRIORITIES OF THE PLANNING CODE, SECTION 101.1, AND FINDINGS OF PUBLIC NECESSITY, CONVENIENCE, AND WELFARE UNDER PLANNING CODE SECTION 302, AND FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

WHEREAS, Section 4.105 of the Charter of the City and County of San Francisco mandates that the Planning Commission shall periodically recommend proposed amendments to the Planning Code to the Board of Supervisors; and the San Francisco Planning Department is proposing to amend the Planning Code as part of the Market and Octavia Area Plan Amendment; and

WHEREAS, The Commission, at a duly noticed public hearing on February 13, 2020 and in accordance with Planning Code Section 340(c), initiated the Business and Tax Regulations Code and the Planning Code for Hub Housing Sustainability District by Planning Commission Resolution No. 20655.

WHEREAS, Assembly Bill 73 (hereinafter "AB 73"), California Government Code Sections 66200 et seq., which took effect January 1, 2018, authorizes local municipalities to designate by ordinance one or more Housing Sustainability Districts (hereinafter "HSD") to provide a streamlined, ministerial approval process for residential and mixed-use developments meeting certain requirements. AB 73 requires local agencies to prepare an Environmental Impact Report (hereinafter "EIR") to identify and mitigate the environmental impacts of designating an HSD. Projects approved under an HSD ordinance must implement applicable mitigation measures identified in the EIR.

WHEREAS, The Planning Code and Business and Tax Regulation Code Amendments would establish the Hub Housing Sustainability District (hereinafter "Hub HSD") which would provide a streamlined, ministerial process for approval by the Planning Department of developments in the Market and Octavia Plan Area meeting the requirements of AB 73 and other eligibility criteria. The Amendments propose to

remove the requirement to hold a Planning Commission hearing to consider discretionary review of these development proposals, in order to meet the streamlining requirements of AB 73.

WHEREAS, These Amendments contain proposals for changes to standards from those currently established by the Planning Code and Business and Tax Regulations Code, including but not limited to those for review and approval of residential and mixed-use developments and appeals of permit decisions to the Board of Appeals.

WHEREAS, This Resolution adopting and recommending that the Board of Supervisors approve the Planning Code and Business and Tax Regulation Code is a companion to other legislative approvals relating to amendments to the Market and Octavia Area Plan, including amendments to the General Plan, Planning Code, Zoning Map and implementation program.

WHEREAS, These Planning Code and Business and Tax Regulations Code Amendments, together with the proposed General Plan, Planning Code, and Zoning Map Amendments and the Implementation Program document, provide a comprehensive set of policies and implementation programming to realize the vision of the Plan. The Planning Code and Business and Tax Regulations Code Amendments help to implement the vision for the Hub area as described in the Market and Octavia Area Plan by streamlining approval of residential and mixed-use development projects meeting certain eligibility criteria and thereby encouraging construction of on-site, permanently affordable housing units in the Plan Area.

WHEREAS, The Planning Code governs permitted land uses and planning standards in the City. The Business and Tax Regulations Code provides the legislative basis for, direction to, and limitations on the review, approval, denial, and revocation of permits by executive agencies of the City. Thus, conforming amendments to the Planning Code and Business and Tax Regulations Code are required in order to establish and implement the Hub HSD. An ordinance, approved as to form by the City Attorney and attached hereto as Exhibit IV-2, has been drafted in order to make revisions to the Business and Tax Regulations Code and Planning Code necessary to implement the proposed Hub HSD. This ordinance amends Business and Tax Regulations Code Section 8 and 26 and adds Planning Code Section 344 to establish and implement the Hub HSD.

WHEREAS, On May 21, 2020, after a duly noticed public hearing, the Commission reviewed and considered the Final Environmental Impact Report for the Hub Plan, 30 Van Ness Avenue Project, 98 Franklin Street Project, and Hub Housing Sustainability District (HSD) ("FEIR") and found the FEIR to be adequate, accurate, and objective, thus reflecting the independent analysis and judgment of the Department and the Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and by Motion No. 20707 certified the FEIR for the Hub Plan, 30 Van Ness Avenue Project, 98 Franklin Street Project, and Hub Housing Sustainability District (HSD) as accurate, complete, and in compliance with the California Environmental Quality Act ("CEQA"), the regulations implementing CEQA ("the CEQA Guidelines"), and the local law implementing CEQA, Chapter 31 of the San Francisco Administrative Code.

WHEREAS, On May 21, 2020, by Motion No. 20708 the Commission approved CEQA Findings, including a statement of overriding considerations, and adoption of a Mitigation Monitoring and Reporting Program ("MMRP"), under Case No. 2015-000940ENV, for approval of the amendments to the Market and Octavia Area Plan.

WHEREAS, the Final EIR analyzes the creation of a Housing Sustainability District in the Market and Octavia Area Plan. The Planning Code and Business and Tax Regulations Code Amendments are within the scope of the Project evaluated in Final EIR.

WHEREAS, the Planning Code and Business and Tax Regulations Code Amendments would require developments approved under the Hub HSD to implement applicable mitigation measures identified in the Final EIR.

WHEREAS, the Planning 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 Department staff and other interested parties; and

WHEREAS, 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 Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

NOW, THEREFORE, BE IT RESOLVED, that the Commission hereby delegates its authority to the Planning Department to review applications for development eligible for streamlined review under the Hub HSD. The Planning Commission would not hold a public hearing for discretionary review of applications for eligible development under the Hub HSD if the legislation is adopted substantially as proposed.

MOVED, that the Planning Commission hereby **adopts** the proposed ordinance.

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 Market and Octavia Area Plan Amendment would**
 - Enable construction of new housing including new on-site affordable units and generate additional affordable housing resources for the City.
 - Create new parks and improve existing recreational opportunities.
 - Provide safe and convenient transportation by funding capital projects that will improve conditions for people walking, bicycling, and taking transit.
 - Incorporates policy direction to support sustainability and climate resilience and advance racial and social equity.

2. **General Plan Compliance.** The proposed Ordinance is consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT:

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.

The proposed Ordinance will require 10% of units in any HSD project to be affordable to households of very low or low income. HSD projects subject to San Francisco's Section 415 inclusionary requirements must satisfy this requirement through the on-site option, and then may choose to provide the rest of the requirement on-site (affordable units at AMI levels required in 415) or through payment of the off-site fee option.

Policy 1.2

Focus housing growth and infrastructure necessary to support growth according to community plans. Complete planning underway in key opportunity areas.

Policy 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

OBJECTIVE 2

Retain existing housing units, and promote safety and maintenance standards, without jeopardizing affordability.

Policy 2.1

Discourage the demolition of sound existing housing, unless the demolition results in a net increase in affordable housing.

Policy 2.2

Retain existing housing by controlling the merger of residential units, except where a merger clearly creates new family housing.

The proposed Ordinance will not allow projects to participate in the Hub HSD if they propose demolishing or merging any existing residential units.

OBJECTIVE 3

Protect the affordability of the existing housing stock, especially rental units.

Policy 3.1

Preserve rental units especially rent controlled units, to meet the City's affordable housing needs.
The proposed Ordinance will not allow projects to participate in the Hub HSD if they propose demolishing or merging any existing residential units, including rental units subject to Rent Control.

OBJECTIVE 4

Foster a housing stock that meets the needs of all residents across lifecycles.

Policy 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

The proposed Ordinance will require 10% of units in any HSD project, whether it consist of rental or ownership units, to be permanently affordable to households of very low or low income

Policy 4.5

Ensure that new permanently affordable housing is located in all of the city's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

100% affordable housing projects of any height will be eligible to participate in the proposed HSD and receive ministerial approval, if they meet all criteria of Section 344. All mixed income housing projects developed pursuant to the proposed Ordinance will be required to provide 10% of units on-site permanently affordable to very low or low income households.

OBJECTIVE 7

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

Policy 7.5

Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval process.

100% affordable housing projects of any height will be eligible to participate in the proposed HSD and receive ministerial approval, if they meet all criteria of Section 344. All mixed income housing projects developed pursuant to the proposed Ordinance will be required to provide 10% of units on-site permanently affordable to very low or low income households.

OBJECTIVE 10

Ensure a streamlined, yet thorough, and transparent decision-making process.

Policy 10.1

Create certainty in the development entitlement process, by providing clear community parameters for development and consistent application of these regulations.

The proposed Ordinance will offer ministerial approval to projects meeting the clear, consistent requirements of proposed Section 344. Ministerial approvals offer an increased degree of certainty in the entitlement process.

Policy 10.2

Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.

In addition to offering ministerial approval to qualifying projects, reducing project delay, the proposed Section 344 would require all HSD projects undergo a publicly noticed informational hearing prior to receiving approval. This hearing, which would be held in accordance with the Brown Act, would provide an opportunity for community review of the HSD project.

Policy 10.4

Support state legislation and programs that promote environmentally favorable projects. The proposed Ordinance would implement locally a State Law (AB73) intended to promote environmentally favorable projects, and streamline environmental and entitlement review of such projects.

Policy 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

The proposed Ordinance would require all HSD projects to undergo design review and comply with all adopted design standards in the Urban Design Guidelines as well as the Market and Octavia Area Plan.

Policy 11.7

Respect San Francisco's historic fabric, by preserving landmark buildings and ensuring consistency with historic districts.

The proposed Ordinance would not allow any project on a parcel containing a building listed in Articles 10 or 11 to participate in the HSD and receive ministerial approvals.

Policy 12.1 Encourage new housing that relies on transit use and environmentally sustainable patterns of movement.

OBJECTIVE 13

Prioritize sustainable development in planning for and constructing new housing.

Policy 13.1

Support "smart" regional growth that locates new housing close to jobs and transit.

The proposed Ordinance will accelerate entitlements of certain qualifying housing projects in the Market and Octavia Plan Area. The proposed zoning would allow for primarily residential land uses in close proximity to transit.

Policy 13.2

Promote sustainable land use patterns that integrate housing with transportation in order to increase transit, pedestrian and bicycle mode share

The proposed Ordinance will accelerate entitlements of certain qualifying housing projects in the Market and Octavia Plan Area. The Market and Octavia Area Plan envisions the Hub as a high-density mixed use residential neighborhood. Existing transit nodes on Market Street and Van Ness Avenue and a future

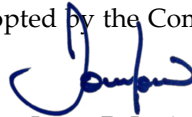
planned improvements to Market Street and Van Ness Avenue will improve transit connections to and from this area. The Area Plan also calls for large scale investments in pedestrian and bicycle infrastructure.

3. **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.
4. **CEQA Findings.** The Planning Commission adopts and incorporates by reference as though fully set forth herein the CEQA Findings set forth in Planning Commission Motion No. 20708.
5. **Mitigation Monitoring and Reporting Plan.** The Planning Commission adopts and incorporates by reference as though fully set forth herein the Mitigation Monitoring and Reporting Plan, the requirements of which are made conditions of approval.

AND BE IT FURTHER RESOLVED, that the Commission finds the Planning Code and Business and Tax Regulations Code Amendments are in general conformity with Planning Code Section 101.1 as set forth in Planning Commission Resolution No. 20709

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on May 21, 2020.



Jonas P. Ionin
Commission Secretary

AYES: Koppel, Diamond, Fung, Johnson
NOES: Imperial, Moore
ABSENT: None
ADOPTED: May 21, 2020