



SAN FRANCISCO PLANNING DEPARTMENT

Memorandum to the Board of Supervisors

Project Name: Market and Octavia Area Plan Amendment

Subject: *Summary of the 5/21/2020 Planning Commission Adoption Hearing - Discussion from Commissioners*

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On May 21, 2020, the Planning Commission recommended approval of the Market and Octavia Area Plan Amendment. The approval of this plan amendment includes four ordinances that will be before the Board of Supervisors in July. These include General Plan Amendments, Planning Code Amendments, Zoning Map Amendments, and Planning Code and Business and Tax Regulations Code Amendments. To supplement the full video transcript of the hearing and the official Commission Minutes, this memo provides a brief summary of the Commissioner comments during the adoption hearing. This memo groups together the main issues and comments raised by individual Planning Commissioners, and in a few instances includes staff clarification and context where necessary. The full Planning Commission video transcript can be viewed [here](#).

Project Overall

Overall the Planning Commission expressed support for the Market Octavia Area Plan Amendment. The Commission expressed the project would provide more housing, including affordable housing, additional impact fees and public benefits for the City. The Commissioners confirmed that the Hub area is an appropriate place for density and transit-oriented development. The Commission also expressed their support for more two- and three-bedrooms units as a way to support housing for families with children. There was also support for the attention given to improving the streets, alleys and open spaces, as detailed in the [Hub Public Realm Plan](#). Commissioners also expressed a desire to increase the amount of open space.

Racial and Social Equity

Commissioners acknowledged the Department's application of the Equity Assessment Tool on the project. Some Commissioners also acknowledged more racial and social equity analysis could be done. This comment was also expressed during the February 13th Planning Commission Initiation Hearing. In response, Planning staff structured portions of the staff presentation to provide an overview of the Department's broader Racial and Social Equity work and Community Stabilization efforts. The

presentation also clarified proposed legislative changes to advance racial and social equity in the Hub area and adjacent neighborhoods. Commissioners expressed interest in providing funding for staff efforts to continue to deepen our analysis.

Community Engagement

Commissioners main feedback regarding community engagement was first, a concern that there wasn't significant outreach to adjacent neighborhoods and secondly, support for involving the community in the prioritization of future public realm projects.

Staff Clarification: The proposed legislation would broaden the membership of the Market and Octavia Citizen Advisory Committee (CAC) to include two people that live or work in or within 1,250' of the plan area boundary, with a specific intent to get a more diverse CAC. There will also be an opportunity for future community engagement around the design of public realm projects and the prioritization of projects.

Community Facilities Fee

Based on input from a coalition of advocates from the Mission and SoMa, the Commission directed the Department to study the addition of a new fee to fund community facilities, with potential inclusion in the legislation considered at the Board. This fee would specifically apply to projects in the Van Ness & Market Residential Special Use District and could fund design, engineer, and develop community facilities, including cultural/arts facilities, social welfare facilities, and community health facilities, similar to that adopted in the Central SoMa Plan. This fee was requested by the community to support a "community realm plan". There was concern raised by a Commissioner about adding more fees to housing projects and clarification if the community facility fee could be offset by a commensurate reduction of other impact fees (see clarification below). During the final vote to approve the motion pertaining to the Planning Code Ordinance, the Commissioners requested the addition of a new clause asking the Department and the Board to "pursue a nexus study for the Community Facilities Fee". This motion was passed unanimously 6-0.

Staff Clarifications: The Central SoMa Plan does not include a "Community Realm Plan". It does have a Community Facilities Fee, that can fund new community facilities. Substitute legislation introduced by the Mayor on June 23, 2020 includes a new Community Facilities Fee as an additional fee without a reduction of other impact fees.

Housing Sustainability District

The Planning Commission approved an ordinance that would amend the Business and Tax Regulations Code and create new Planning Code Section 344 establishing the Hub Housing Sustainability District (Hub HSD). There is currently one other HSD, and this is within the Central SoMa Plan area. The proposed Hub HSD, which would expire 10 years after adoption, would meet all requirements of AB 73, the state law adopted in 2017 enabling the creation of Housing Sustainability Districts (California Government Code Sections 66200 et seq.), including specifying eligibility requirements for projects wishing to participate in the Hub HSD and establishing procedures for application, review, and approval.

Eligible housing projects in the Hub HSD would be able to pursue a ministerial approval process. The HSD would apply to projects up to 120' in height and would not apply to any projects seeking or requiring any discretionary approvals or exceptions by the Planning Commission. The proposed Hub HSD does not change any height, bulk, land use, or density standards proposed in the plan area. Projects seeking approval under the HSD must demonstrate compliance with all applicable zoning and design review standards and will be required to implement any mitigation measures identified in the Hub EIR that the Planning Department determines are applicable to the project. The Hub EIR analyzed the potential creation of the Hub HSD. The Commission approved the HSD ordinance by a vote of 4-2

There were a few concerns that were expressed by Commissioners during the hearing. The first was a concern that 10 years isn't insufficient to deliver 18 projects. The second concern was pertaining to the ministerial design review and approval process of the Housing Sustainability District. Lastly, there was a concern expressed that an appeal on a HSD project is directed to the Board of Appeals instead of to the Board of Supervisors.

Staff Clarifications: Any project in the Hub that is seeking additional height through Planning Code Section 309 could not be approved under the HSD.

State Density Bonus

The California State Density Bonus Law (State Density Bonus) offers development incentives to projects that provide on-site affordable housing. This current state law allows a project to seek up to 35% additional residential density.

Some Commissioners needed clarification on how the State Density Bonus would apply to sites within the Van Ness & Market Residential Special Use District. Staff confirmed that if the Plan Amendment is not approved, projects could still seek State Density Bonus and receive additional height, but the city would receive fewer public benefits. In addition, staff confirmed projects can seek State Density Bonus on top of the existing height limits or seek Commission approval for the additional heights analyzed in the Hub EIR via the discretionary Section 309 exception process. Projects cannot seek State Density Bonus on top of the proposed higher Hub heights.

Parking and Transportation

The Commissioners discussed several issues related to the general topic of parking and transportation. Commissioners discussed reducing and eliminating parking requirements. The Commission noted that any attempt to reduce parking requirements needs to take into consideration the needs for families with children. Some commissioners thought it would be better if parking regulations could be determined on a project by project basis rather than through a district wide approach. The Commission ultimately approved the Planning Code ordinance as proposed (by a vote of 6-0), which reduces the maximum parking ratio in the NCT-3 district from 0.5 to 0.25 and eliminates the option to receive additional parking with a conditional use authorization.

Other comments related to transportation included interest from a Commissioner in expanding a future “car-free” Market Street westward from 12th Street to Gough Street, and also looking at the entire Hub as being a zero-car zone. This same Commissioner also inquired about further transportation analysis which includes future population growth, transit capacity, and route analysis, and whether this analysis would result in the need to increase transit services. Finally, a Commissioner repeated a comment from a member of the public to consider studying the further demolition of the Central Freeway, noting the potential for creating future housing opportunities that might be created by doing so.

Clarification: The Better Market Street EIR studied an option referred to as the “western variant” which would restrict private vehicles traveling eastbound on Market Street beginning at 12th Street. The Hub EIR didn't analyze concepts that included a car-free Market Street or the Central Freeway Demolition. To pursue this would require a subsequent analysis outside the scope of the Hub. Furthermore, the Hub EIR analyzed the transportation impacts of future growth and transit delay, however per direction from the State, CEQA does not analyze transit capacity. This is currently reviewed by SFMTA as part of their citywide Fleet Plan and through the City's Connect SF Transportation vision project. The Streets and Freeways Study as part of the Connect SF project is looking at some freeway concepts including the Central Freeway.

Annual Reporting of Impact Fees/Public Benefits

Commissioners expressed support for the automatic annual indexing of public benefit fees and affordable housing fees (mirrors the annual indexing of Planning Code 415)

Clarification: All fees are automatically indexed annually. Annual indexing of development fees is codified in Planning Code Section 409. The annual construction cost inflation index is adopted each year by the Capital Planning Committee, and the fees go up by that percentage. Note, that the inclusionary requirements are not annually indexed, rather the inclusionary percentage requirements themselves increase annual by 0.5% until the rate reaches 24% (for rental) or 26% (for ownership). The inclusionary monetary fee rate (as opposed to the on-site or off-site percentage requirements) is indexed annually similar to other impact fees to account for inflation, though the percentage inclusionary rate represented by that fee amount is intended to remain at a constant 30% for rental and 33% for condo.

Post COVID -19 Recovery

Given the ongoing COVID-19 global pandemic and economic uncertainty, a Commissioner expressed concern that the proposed plan amendments didn't address current demand for housing and/or office space, future transit ridership, social distancing requirements for parks and open space, or travel patterns in considering the recovery related COVID-19. A Commissioner also expressed desire for the Department to incorporate public health in transit development, especially in terms of social distancing, and also architectural design, and streetscape design.

There was also additional dialogue regarding the quality of open spaces given the need for social and physical distancing in the City. As such, there was a request to see a broader discussion on limiting shadow impacts on public open spaces and expand the discussion on shadow to include health criteria for protecting sunlight and public open spaces and look at the positive health effects of the sun.

Use it or Lose it Fee

A Commissioner would like to apply the “use it or lose it fee” similar to Central SoMa Plan.

Clarification: Planning staff clarified during the hearing that this was in reference to a provision in Central SoMa’s Housing Sustainability District which has a 30-month clause of entitlement with a maximum one-time 6-month extension. There is not a general use it or lose it clause in the Central SoMa Plan.

Urban Design Guidelines

A Commissioner expressed some difficulty supporting rezoning the 15 sites in the absence of SUD specific design guidelines. They suggested that the Western SoMa Design Standards and the Market Octavia Area Plan could be a basis for design area guidelines.

Clarification: The Market and Octavia Area Plan includes Design Principles to guide the design for all projects in the plan area. The Residential Design Guidelines (RDGs) and the Urban Design Guidelines (UDGs) are applicable to all projects in the plan area unless they are historic resources (a condition for UDGs only).