



SAN FRANCISCO PLANNING DEPARTMENT

Planning Department Report

Date: March 30, 2023
Report Name: Interim Controls – Conditional Use Authorization for Parcel Delivery Service Uses
Case Number: 2022-002847PCA
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STATEMENT OF PURPOSE

This report was prepared in response to a resolution (BF 220159), introduced by Supervisor Walton on February 15, 2022, and enacted into law on April 1, 2022 (enactment number 109-22). This resolution imposes interim zoning controls for 18 months to require a Conditional Use Authorization (CUA) and specified findings for proposed Parcel Delivery Service uses. These interim controls will be in effect until September 30, 2023, at which point they may be extended for an additional six months, or until the adoption of permanent controls requiring CUAs for Parcel Delivery Service Uses, whichever occurs first.

The resolution directs the Planning Department to submit a written report to the Clerk of the Board six months after the effective date, and every six months thereafter the resolution is in effect. The report should describe the measures taken to alleviate the conditions that led to the adoption of resolution 109-22. Upon receipt of the report, the resolution directs the Clerk of the Board to calendar a motion for the full Board of Supervisors (Board) to consider and approve this report.

BACKGROUND

A Parcel Delivery Service is defined in Planning Code Section 102 as follows:

A Non-Retail Automotive Use limited to facilities for the unloading, sorting, and reloading of local retail merchandise for deliveries, including but not limited to cannabis and cannabis products, where the operation is conducted entirely within a completely enclosed building, including garage facilities for local delivery trucks, but excluding repair shop facilities. Where permitted in PDR Districts, this use is not required to be operated within a completely enclosed building.

Historically, Parcel Delivery Service Uses have been clustered in the southeast sector of the city, especially in Supervisorial District 10. The Parcel Delivery Service industry has grown in recent years in response to more online shopping. The interim controls were introduced to assess the ways the Parcel Delivery Service industry has evolved and to better understand the most appropriate performance standards for them. The

interim controls also recognizes that the growing Parcel Delivery Service industry may preclude other types of uses, which may create more job opportunities.

Supervisor Walton expressed concerned about the size of and additional trucks and trips generated by Parcel Delivery Service uses in the city. The interim controls do not prohibit businesses from opening a new Parcel Delivery Service, but they do require a CUA application and public hearing to learn more about the specific proposal and discuss any community concerns.

The interim controls also allow for temporary Parcel Delivery Service Uses for a period of up to 60-days within a 12-month period. This provision benefits short-term, seasonal uses. For example, the United States Postal Service (USPS) may temporarily expand their sorting and storage facilities during the holiday season to accommodate additional cards and packages. The temporary Parcel Delivery Service Use provision allows them to temporarily expand without having to officially establish a new Parcel Delivery Service Use. USPS would still be able to operate a temporary, seasonal Parcel Delivery Service Use in this case without a CUA.

AFFECTED PROJECTS

Prior to the interim controls, Amazon filed a building permit for a “last mile” Parcel Delivery Service use at 900-7th Street (2021-012250PRJ). After the Board passed the interim controls, they put their building application on hold; however, they have not formally withdrawn their application. As of the date of this report, Amazon has not filed for the CUA for Parcel Delivery Service required by the interim controls.

Since the Board passed the interim controls, several other applicants filed building permit applications that trigger the interim controls; however, after being informed that their proposed project would require a CUA due to the interim controls, only two applicants have decided to move forward. One is a proposed Parcel Delivery Service use and Private Parking Lot at 290 San Bruno Avenue. As of the publishing of this report the CUA application is still in progress. The other project is proposing a Parcel Delivery use in addition to other PDR, accessory office, and accessory parking uses. Although the project at 1313 Armstrong is subject to the interim controls, other aspects of the proposal require a CUA for a curb cut; making the effects of the interim controls less consequential for this project.

The interim controls also impact cannabis delivery businesses because this use is included in the Parcel Delivery Service use definition. The Office of Cannabis will start their review of Tier 6 applications soon. In the previous report, the Department found over two dozen of these applications were considered Parcel Delivery Service uses. Over the course of the last six months, this number has been reduced to 15 operators. The reduction is due to some businesses being reclassified as Business Services due to their location in an Article 8 zoning district (where Parcel Delivery is not a land use), and due to the OOC cancelling many inactive applications. Tier 6 are applicants that were previously operating in compliance with the Compassionate Use Act of 1996 or that hold a Temporary Cannabis Business Permit; therefore, these are cannabis businesses that were operating prior to adult use cannabis being legalized. The Department is not aware of any land use conflicts or enforcement complaints generated by these existing businesses; however, we are concerned that requiring a CUA for these businesses would put their business and the jobs they provide in jeopardy.

REQUIRED BOARD ACTION

The Board may approve or disapprove this report.

ENVIRONMENTAL REVIEW

This Report was determined not to be a project per State CEQA Guidelines, Sections 15378 and 15060(c)(2), because it does not result in a physical change to the environment.

RECOMMENDATION

The Planning Department is recommending that the Board accept this report. Additionally, the Planning Department recommends:

- Amend the interim controls to only apply to Parcel Delivery Service uses greater than 10,000 square feet.

BASIS FOR RECOMMENDATION

Limiting the interim controls to businesses that are over 10,000 sq. ft. will exempt all pending cannabis delivery businesses from the interim controls, while still providing additional review for larger more intense facilities. The adoption resolution expresses concern over understanding emerging Parcel Delivery Services and the competition for space with more job-dense uses. Cannabis delivery is a use that has been in San Francisco for several years now, and they tend to have a lighter footprint than traditional Parcel Delivery Services. Further, cannabis-related Parcel Delivery Service businesses have been complying with all Building Code and Police Code requirements since the filing of their applications. They are small business owners who have been waiting many years to have their applications processed and subjecting them to the CUA process will only add delays and costs.