



SAN FRANCISCO PLANNING DEPARTMENT

July 16, 2015

Ms. Angela Calvillo, Clerk
Honorable Supervisor Christensen
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

**Re: Transmittal of Planning Department Case Number 2015.007459PCA:
Construction of Accessory Dwelling Units in Supervisor District 3
Board File No. 15-0585
Planning Commission Recommendation: Approval with Modification**

Dear Ms. Calvillo and Christensen,

On July 16, 2015, the San Francisco Planning Commission conducted duly noticed public hearing at a regularly scheduled meeting to consider the proposed amendments to the Planning Code introduced by Supervisors Christensen. At the hearing, the Planning Commission recommended approval with modification of this Ordinance.

The proposed amendments is covered as an Addendum to the 2004 and 2009 Housing Element Final Environmental Impact Report under Case No. 2015-005350ENV, pursuant to California Environmental Quality Act(CEQA) Guidelines Section 15164.

Please find attached documents relating to the actions by the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron D. Starr", written over a horizontal line.

Aaron D. Starr
Manager of Legislative Affairs

cc:
Andrea Ausberry, Assistant Clerk, Land Use and Economic Development Committee of the Board of Supervisors
Judith Boyajian, City Attorney
Kanishka Burns, Legislative aid to Supervisor Julie Christensen
www.sfplanning.org



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 19419 Planning & Administrative Code Text Change

HEARING DATE: JULY 16, 2015

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CA 94103-2479

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Project Name: **Construction of Accessory Dwelling Units in
Supervisory District Three**

Case Number: 2015-007459PCA [Board File No. 15-0585]

Initiated by: Supervisor Christenson / Introduced June 2, 2015

Staff Contact: Kimia Haddadan, Legislative Affairs
Kimia.haddadan@sfgov.org, 415-575-9068

Reviewed by: Aaron Starr, Manager Legislative Affairs
aaron.starr@sfgov.org, 415-558-6362

Recommendation: **Recommend Approval with Modification**

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE AMENDING THE PLANNING CODE TO ALLOW THE CONSTRUCTION OF ACCESSORY DWELLING UNITS (ALSO KNOWN AS SECONDARY OR IN-LAW UNITS) WITHIN THE BOUNDARIES OF BOARD OF SUPERVISORS DISTRICT 3; AMENDING THE ADMINISTRATIVE CODE TO CORRECT SECTION REFERENCES; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1; AND DIRECTING THE CLERK OF THE BOARD OF SUPERVISORS TO SEND A COPY OF THIS ORDINANCE TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AFTER ADOPTION.

WHEREAS, on Jun 2, 2015, Supervisor Christensen introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 150585, which would amend the Planning Code to allow accessory dwelling units in residential buildings within the boundaries of District 3; and,

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on July 16, 2015; and,

WHEREAS, the proposed Ordinance is covered as an Addendum to the 2004 and 2009 Housing Element Final Environmental Impact Report under Case No. 2015-005350ENV, pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15164.

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

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors **approve with modification** of the proposed ordinance. Specifically, the Commission recommends the following modifications:

1. Prohibit conversion of retail on the ground floor to ADUs.

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. Allowing ADUs within existing residential buildings is a pragmatic infill strategy to create more housing. This strategy is crucial for San Francisco's housing market in multiple aspects. First, adding apartments to existing, older housing stock complements the current housing development trends in San Francisco, which primarily occurs on lots that are significantly underdeveloped or vacant. Second, this existing housing stock provides limited available rental housing to the market as many of these buildings are also under rent control where the turnover rate of units for rental is generally low. Lastly, this infill strategy would create more apartments in the areas of the city that are already built-out without changing the neighborhood character, increasing building heights or altering the built form. Such small-scale residential infill could create additional homes for existing and future San Franciscans spread throughout the city.
2. ADUs are usually located on the ground floor in space that was previously used for parking or storage, and as a result typically have lower ceilings heights. These units will also likely have less light exposure due to smaller windows or windows facing smaller open areas, and side entrances due to location of the unit on the lot. Such subordinate characteristics of ADUs result in lower rents compared to the rental rates of a unit in a newly developed building. Further, the lower rents would accommodate populations that are not adequately being served by the market: younger households, small families, senior and elderly individuals and so forth. Estimated rents for ADUs in District 3 or 8 would provide more rental housing affordable to these households earning 130% to 145% AMI.
3. The proposed Ordinance would allow ADUs throughout Districts 3; a right step to the right direction of small scale infill housing. Expanding the geographies where ADUs are allowed can potentially provide thousands of units in areas of the city that currently have very low available rental housing on the market.

4. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are consistent with the 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 1.5

Consider secondary units in community plans where there is neighborhood support and when other neighborhood goals can be achieved, especially if that housing is made permanently affordable to lower-income households.

The proposed Ordinance would allow Accessory Dwelling units within the boundaries of District 3. San Francisco is in deer need for more housing due to high demand pressures. Allowing ADUs within the existing residential buildings is an infill housing strategy and would provide one housing option among many options needed for San Francisco. This change in land use controls is not part of a community planning effort led by the Planning Department. However, the Commission listened to the public comment and considered the outreach completed by the Board Member and finds that there is sufficient community support and potential to achieve goals in the public interest of the neighborhood, to warrant the undertaking of this change in this these areas;

OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

POLICY 7.7

Support housing for middle income households, especially through programs that do not require a direct public subsidy.

ADUs are subordinate to the original unit due to their size, location of the entrance, lower ceiling heights, etc. ADUs are anticipated to provide a lower rent compared to the residential units developed in newly constructed buildings and therefore the proposed Ordinance would support housing for middle income households.

1. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative impact on neighborhood serving retail uses and will not impact opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would not have a negative effect on housing or neighborhood character. The new units would be built within the existing building envelope and therefore would impose minimal impact on the existing housing and neighborhood character.

3. That the City's supply of affordable housing be preserved and enhanced;

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing and aims to create units affordable to middle income households. The ordinance would, if adopted, increase the number of rent-controlled units in San Francisco.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The proposed Ordinance would not have an impact on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have a negative impact on the City's Landmarks and historic buildings as the new units would be added under the guidance of local law and policy protecting historic resources, when appropriate. Further, the additional income that may be gained by the property owner may enable the property owner to pursue a higher standard of maintenance for the building.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance would not have an impact on the City's parks and open space and their access to sunlight and vistas.

- 8. 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.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance with modifications as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on July 16, 2015.

Jonas P. Ionin
Commission Secretary

AYES: Fong, Antonini, Richards, Johnston,

NOES: Wu, Moore

ABSENT: Hillis

ADOPTED:



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning and Administrative Code Text Change HEARING DATE: JULY 16, 2015

Project Name: Construction of Accessory Dwelling Units in Supervisorial Districts Three and Eight

Case Number: 2015-005464PCA [Board File No. 15-0365] & 2015-007459PCA [Board File No. 15-0585]

Initiated by: Supervisor Weiner and Supervisor Christenson / Introduced June 2, 2015

Staff Contact: Kimia Haddadan, Legislative Affairs
Kimia.haddadan@sfgov.org, 415-575-9068

Reviewed by: Aaron Starr, Manager Legislative Affairs
aaron.starr@sfgov.org, 415-558-6362

Recommendation: **Recommend Approval with Modification**

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PLANNING & ADMINISTRATIVE CODE AMENDMENTS

The two proposed Ordinances would amend the Planning Code to allow the construction of Accessory Dwelling Units (also known as Secondary or In-Law Units) within the boundaries of Board of Supervisors Districts 3, and District 8 excluding any lot within 500 feet of Block 2623 Lots 116 through 154; amending the Administrative Code to correct section references; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and directing the Clerk of the Board of Supervisors to send a copy of this ordinance to the California Department of Housing and Community Development after adoption.

The Way It Is Now:

1. Currently, San Francisco allows new ADUs in and within 1,750 feet of the Castro NCD, and also in buildings that are undergoing voluntary or mandatory seismic retrofitting, subject to the following conditions:
 - ADUs can only be built within the existing built envelope and cannot use space from an existing unit.
 - ADUs are exempt from certain provisions of the Planning Code such as rear yard, open space, partial exposure, and parking through an administrative waiver.
 - If the original building is subject to rent control, the AUD(s) would also be subject to the rent control.

- For ADUs in buildings undergoing a seismic retrofit, buildings with four or fewer units are permitted to have one ADU and buildings with 5 or more are permitted to have an unlimited number of ADUs.
 - For ADUs in or within 1,750 feet of the Castro NC District, buildings of 10 units or less can add one ADU, and buildings with 11 or more units can add up to two ADUs.
2. In zoning districts with density controls in District 3, new ADUs are not permitted.
 3. The Definition of an ADU is located in Section 207.
 4. When adding an ADU in buildings undergoing seismic retrofitting, the building can be raised three feet to create the height suitable for residential use.

The Way It Would Be:

1. ADUs would be permitted throughout District 8 subject to the same controls listed above; depending on whether or not it was a seismic retrofit building.
2. ADUs would be permitted throughout District 3 subject to the same controls for ADUs in seismic retrofit buildings.
3. The definition of an ADUs would be moved to Section 102 of the Planning Code
4. For ADUs in buildings undergoing seismic retrofitting, it would be clarified that in cases of raising the building for a maximum of three feet: a) notification requirements of Section 311 and 312 would not apply, and b) a variance is not required if expanding a noncomplying structure.

Exhibit A shows the areas affected by the two Proposed Ordinances.

BACKGROUND

In his State of the City speech in January 2014, Mayor Lee acknowledged a housing shortage and established a seven point plan for housing, one of which focuses on building “more affordable housing, faster”. In the midst of this crisis for housing affordable to low or middle income households, a variety of housing policies are needed to achieve the City’s housing goals.

ADUs within existing residential buildings have been an idea promoted by the State and employed by many local jurisdictions¹ in California to meet affordable housing needs. Academic research and published reports have identified the benefits of ADUs for more than two decades. The California Department of Housing and Community Development identifies multiple potential benefits that ADUs can offer to communities, including: an important source of affordable housing, easing a rental housing deficit, maximizing limited land resources and

¹ Examples are Santa Cruz, Berkeley, Los Angeles, San Luis Obispo.

existing infrastructure, and assisting low and moderate-income homeowners with supplemental income².

What is an Accessory Dwelling Unit?

An ADU is a residential unit added to an existing building or lot with an existing residential use that is subordinate to the other residential units due to its smaller size, location, location of the entrance, low ceiling heights, less light exposure, and so forth. Also known as secondary units, in-law units, or granny flats, ADUs are generally developed using uninhabited spaces within a lot, whether a garage, storage, rear yard, or an attic. These units are entirely independent from the primary unit or units, with independent kitchen, bathroom, sleeping facilities, and access to the street; however, they may share laundry facilities, yards, and other traditional types of common spaces with the primary unit(s).

In 2014, Ordinance 0049-14 created a definition in the Planning Code for an ADU. This definition aligns with the concept of an ADU described above, with a specific restriction that an ADU is a unit added within the existing built envelope as it existed three years prior to application of building permit for the ADU.

San Francisco's Policy for Adding Dwelling Units in Existing Residential Buildings

Many residential properties in the city include fewer units than the zoning controls already allow (Exhibit B). Property owners of these lots can simply apply for a permit to add a unit. Since these units are added to an existing building, it is likely that they were created as an infill of an existing unused space: smaller in size, subordinate location on the lot, potential lower ceiling. Also, in late 2000s after many years of community planning, the City rezoned large areas of the City as a result of the Eastern Neighborhoods, Market Octavia, and Balboa Area Plans. These efforts removed numerical density limits that restrict the number of units per lot in these districts. Instead, the number of units is controlled through height, FAR, and open space, rear yard, and exposure requirements. In the absence of traditional density limits, property owners are now able to add units to the existing buildings as long as other Planning Code requirements are met. Many of these units seek variances from some Planning Code requirements such as open space, rear yard, and exposure. In the past five years, only about 300 units were added through one-unit additions.

The City has also allowed the addition of new units beyond density limits. In 1978, the City created a new zoning district, RH-1(S), to allow secondary units limited to 600 square feet in single-family homes; however, only about 40 parcels fall under this zoning category. More than three decades later, the City expanded on this effort. First was the legalization of illegal units: units built without the benefit of permit and may be in excess of density limits. The Asian Law Caucus carried out a report on such units in the Excelsior Neighborhood in San Francisco. This report suggested that "secondary units are home to tens of thousands of San Francisco residents", while acknowledging the uncertainty of this statement due to the hidden nature of the units as

² California Department of Housing and Community Development, Memorandum for Planning Directors and Interested Parties, August 6, 2003; http://www.hcd.ca.gov/hpd/hpd_memo_ab1866.pdf retrieved on January 29, 2014.

illegal units³. As a response to this issue, Supervisor Chu sponsored an ordinance (Ordinance 0043-14) that created a path for owners to legalize existing units built without permits beyond the density limits. Since the start of this voluntary program in May 2014, the City has received over 200 permit applications for the legalization program. Also in 2014, two other new programs related to ADUs were adopted. Ordinance 0049-14 allowed new ADUs in the Castro District over the existing density limit, followed by Ordinance 003-15 that expanded this provision to buildings undergoing voluntary or mandatory seismic retrofitting (Exhibit B). These Ordinances signify a turning point in the City's housing policy towards ADUs, a major change from previously requiring removal of illegal units to allowing additional units beyond the established density.

ISSUES AND CONCERNS

ADUs: An Infill Housing Strategy

Allowing ADUs within existing residential buildings is a pragmatic infill strategy to create more housing. This strategy is crucial for San Francisco's housing market in multiple aspects. First, adding apartments to existing, older housing stock complements the current housing development trends in San Francisco, which primarily occurs on lots that are significantly underdeveloped or vacant. ADUs would allow more efficient use of land within our existing housing stock as the majority of the city's residential properties are already developed and are unlikely to be redeveloped in near or long-term future. Second, this existing housing stock provides limited available rental housing to the market as many of these buildings are also under rent control where the turnover rate of units for rental is generally low. Exhibit C shows the concentration of rental listings in the past year⁴ indicating low volumes of units available on the market for rent in most of the city except for areas in, SoMa, lower Nob Hill, or parts of the Mission. New ADUs would provide more rental units on the market in these areas with low availability. Lastly, this infill strategy would create more apartments in the areas of the city that are already built-out without changing the neighborhood character, increasing building heights or altering the built form. Such small-scale residential infill could create additional homes for existing and future San Franciscans spread throughout the city.

The proposed Ordinances would allow ADUs throughout Districts 3 and 8; a right step to the right direction of small scale infill housing. Expanding the geographies where ADUs are allowed can potentially provide thousands of units in areas of the city that currently have very low available rental housing on the market.

ADUs: Middle Income Housing

Despite the boom in development with about 7,000 units currently under construction, the city's rental market remains the most expensive in the nation. Trulia, an online real estate service,

³ Asian Law Caucus, Our Hidden Communities: Secondary unit households in the Excelsior Neighborhood of San Francisco, March 22, 2013.

⁴ Data scraping from Padmapper from January to June 2015

publishes a trend report that puts San Francisco rents as the highest in the nation, easily out pricing New York⁵. Trulia also published a map of median asking rents in recent listings by neighborhoods, which ranges up to about \$3,750 per bedroom⁶. The median rent price for a 1 bedroom apartment in San Francisco has been reported as high as \$3,500 by Zumper.⁷ Within District 8 the median price for a 1 bedroom ranges from \$2,810 in Glen Park to \$3,650 in the Castro. In District 3, the median rent for a one bedroom ranges from \$3,040 in North Beach to \$3,995 in financial district. However, the rental listings on this website primarily rely on units in new development projects which are different than what an ADU would look like.

ADUs are usually located on the street level, potentially behind the garage, or a side entrance, possibly low ceiling heights or less light exposure. Looking at Craigslist rental listings for comparable units to an ADU indicates a lower average of \$2,600 for such units in District 3 and \$2,700 in District 8.⁸ Staff estimates that a one bedroom ADU created as a result of the two proposed Ordinances would rent between \$2,600 to \$2900 rent for a new one-bedroom apartment. Assuming that rent is affordable to a household if they are spending less than 30% of their gross income, such apartment would be affordable to a two-person household with a combined income of between \$104K to \$116K equivalent to 130% to 145% of AMI^{9,10}. For San Francisco, this income level represents middle-income households who are today, more than ever, feeling the pressure to leave the city for lower-rental markets in the Bay Area; therefore ADUs can serve this section of the population who are currently poorly served by the new development.

Density Limits Waivers

Similar to previous Ordinances allowing ADUs, the proposed Ordinances allow waivers from density limits. Ordinance 0049-14, allowing ADUs in the Castro, provided waivers from density for one ADU in buildings of 10 units or less and for two ADUs in buildings of more than 10 units. The proposed Ordinance for District 8 expands the same proposal to all parcels within District 8. The proposed Ordinance for District 3, however, allows waivers from density for one ADU in buildings of four units or less, and a complete waiver from density in buildings of five units or more. This proposal aligns with the ADU controls in buildings undergoing seismic retrofitting

⁵ Kolko, Jed; Chief Economist; Trulia trends, January 8th, 2015 Retrieved from <http://www.trulia.com/trends/category/price-rent-monitors/> on January 8, 2015.

⁶ Trulia, San Francisco Real Estate Overview, Retrieved at http://www.trulia.com/real_estate/San_Francisco-California/ on January 27, 2015

⁷ Zumper National Rent Report: June 2015, Retrieved from <https://www.zumper.com/blog/2015/06/zumper-national-rent-report-june-2015/> July 1st, 2015.

⁸ These averages are based on a limited pool of listing pulled at one time from Craigslist.

⁹ Area Median Income (AMI) is the dollar amount where half the population earns less and half earns more.

¹⁰ San Francisco Mayor's Office of Housing, *Maximum Rent by Unit Type: 2015*, <http://www.sf-moh.org/modules/showdocument.aspx?documentid=8829>

where a complete waiver from density limits is allowed. The seismic retrofit program applies only to buildings of five units or more.

The Planning Code imposes density limits in many areas of the city through either an absolute maximum number of units per parcel (RH 1, RH-2, and RH-3) or limits based on the size of the lot (RM-1-, RM-2, RM-3, etc). Waivers from density in these areas cannot currently be obtained through any mechanism. However, removing density limits has been a strategy implemented in San Francisco. In certain areas of city (most of the mixed use districts in the Mission, SoMA, Potrero Hill, etc), the Planning Code does not maintain density limits through such variables. Instead the number of units per lot is controlled by height, bulk, rear yard, open space, and bedroom count requirements.

Ordinance 003-15, allowing ADUs in buildings undergoing seismic retrofitting, struck a balance in the City's policy towards density, in that under certain conditions the density limits on a lot is removed. Those conditions include: 1) if new units are added within the existing built envelope without taking space from existing units, and 2) if the buildings is mid to large scale (5 or more units).

Feasibility of ADUs

Adding an ADU within an existing building requires existing uninhabited space, typically on the ground floor, usually a garage or storage space. Such space is not always available in San Francisco buildings, especially the older buildings without any garage. Other owners may not favor removing garage spaces to add an apartment. Other factors can also prohibit owners from deciding to add a unit: lengthy and complex permitting process, lack of familiarity with the construction process, costs of construction, lack of interest for managing a rental apartment, and so forth.

Based on these challenges, unit additions are not very common in San Francisco, despite the already existing vast potential for adding units within existing buildings throughout the city. Over 37,000 parcels¹¹ can add at least on unit within the allowable density in residential buildings in San Francisco (Exhibit D). However, the Department receives unit additions permits for only a very small fraction of that each year. Since 2014 when the two ADU programs were established, only three applications have been received: two ADUs in the Castro and one in a seismic retrofit program.

To encourage more ADUs, the Department has recently published an ADU handbook developed by a consultant. It is the Department's hope that this handbook will help guide and encourage homeowners that may have the ability to add an ADU to their building, but have been discouraged in the past to do so. This handbook includes six prototypes of adding a unit to an existing building and summarizes the City regulations that govern such permits. The Department will publish this handbook in the coming weeks. This handbook also includes costs analysis for adding a unit to a building. It found that on average an ADU could cost from \$150,000 to

¹¹ This number includes that are density controlled lots that are underbuilt by at least one unit to a maximum of five units, as well as residential lots without density controls throughout the city; it does not include the ADUs allowed beyond the density limits per the new Ordinances since 2014.

\$200,000. While this cost could make adding a unit financially infeasible to many, it indicates that with some investment a property owner could add a unit to their building that would pay for itself within about five years.

Given many factors contributing to the feasibility of an ADU, it is uncertain how many ADUs could potentially result from the two proposed Ordinances. Despite this, staff used a methodology to approximate such a number in Exhibit E. ADUs resulting from these two Ordinances or any unit additions throughout the city would be added incrementally and spread out in different residential blocks.

Application of Rent Control Regulations

San Francisco Residential Rent Stabilization and Arbitration Ordinance¹² (Rent Control Law) regulates the existing housing stock in San Francisco, establishing rent increase constraints for rental units in residential buildings built prior to 1979. The Rent Control Law also protects the tenants residing in these units against no-fault evictions, restricting evictions of these tenants to only fourteen specified just causes. Similar to the previous ADU Ordinances, the two proposed Ordinances require that any new ADU constructed in a building with units currently subject to rent control would also be subject to rent control. Given that most of the buildings in these districts eligible for adding ADUs were all built before 1979 it is safe to assume that the overwhelming majority¹³ of these buildings are subject to the Rent Control law.

This change would create the opportunity to increase the approximately 170,000 units currently protected under Rent Control¹⁴. It would apply the annual rent increase limits to these units at a regulated reasonable rate—helping to ensure tenants won't become priced out of their unit during an economic upturn. The rent stabilization strategy of the City's rent control law limits the amount that the rent can be increased in rent-controlled units, stabilizing rental prices for the tenants of such units, especially during economic booms like the one we are currently in.

The Planning Code already outlines the procedure through which an ADU would legally be subject to the Rent Control law. This procedure includes an agreement between the City and the property owner that would waive the unit from the Costa Hawkins Act, a State law that prohibits municipal rent control ordinances for buildings built after 1995. Under the Costa Hawkins Act, for buildings built after 1995, the property owner may establish the initial and all subsequent rental rates. This agreement represents a condition for permitting an ADU, which is also being used when on-site inclusionary rental units are provided within a project.

Quality of Life Regulations

The Building, Fire, Housing, and Planning Codes all regulate quality of life standards in housing units in order to ensure habitability of residential units. While earthquake and fire safety

¹² Chapter 37 of the Administrative Code

¹³ Condominiums and tenancy in Common buildings are ownership units and not subject to the Rent Control Ordinance.

¹⁴ San Francisco Rent Board. <http://www.sfrb.org/index.aspx?page=940> Retrieved on 2/1/14.

measures along with access to light and air standards represent the minimum life and safety standards, Planning Code requirements regarding open space, exposure, and parking define the quality of life beyond minimum habitation standards. Historically, applications for adding a unit in areas that are already allowed sought variance from some of the Planning Code requirements such as open space, rear yard, exposure, and parking. The two recent Ordinances that allowed ADUs in the Castro or buildings undergoing seismic retrofitting provided a streamlined waiver process from these requirements under the condition that the unit is within the existing built envelope. Similarly, the proposed Ordinances allow the Zoning Administrator (ZA) to waive open space, rear yard, and parking requirements for these ADUs in District 3 or 8. Other City policies such as street trees and provision of bicycle parking remain applicable to these units. Below is a summary discussion of how such provision would facilitate ADUs without compromising the quality of life for ADUs.

Rear Yard- The existing rear yard in a building where an ADU is added would remain unchanged. In cases where the existing buildings are already non-conforming to the rear yard requirements, this Ordinance would allow the new units to also be exempt from complying with the rear yard requirements as well. These buildings were built prior to establishment of rear yard requirements and any added unit would offer similar quality of life levels as the existing units in the building.

Exposure- Exposure requirements contribute significantly to quality of life as they regulate light and air into residential space. While the Building Code regulates the size of windows, the Planning Code regulates the size and quality of the open area to which the windows face. In existing buildings built prior to the Planning Code exposure requirements, it is usually infeasible to provide a code compliant open area for exposure purposes. Allowing flexibility in the size of the open area would not harm livability of ADUs and may be critical to ensuring these units are built. The two most recent ADU ordinances allowed such open area to be 15' by 15'.

Parking- The provision to waive parking requirements would facilitate ADUs in two ways: First, it would allow removing an existing required parking space to provide space for an ADU. Second, if two or more ADUs are proposed on a lot, the parking requirement can also be waived. It is important to note that currently, the Planning Code does not require parking space if only one unit is being added to an existing building.

In a typical new construction project, an average cost of a podium parking spot has been reported nearly \$30,000 per space¹⁵. In the case of new ADUs, while this cost can be lower due to the existing structure, maintaining a parking requirement for these units would still likely render new ADUs as infeasible. Given the goal of streamlining and facilitating earthquake resilience in this Ordinance, parking waivers are appropriate and necessary. San Francisco has advanced a transit first policy that aligns with providing housing without off-street parking.

¹⁵ Seifel Consulting Inc, Inclusionary Housing Financial Analysis, December 2012, Report prepared for San Francisco Mayor's Office of Housing, page 15.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The proposed modifications are as follows:

1. Create consistency in number of ADUs allowed per lot across different geographies.
2. Expand the eligible geography within District 8 to include the buffer areas around the associated Supervisor's residences.

BASIS FOR RECOMMENDATION

The Department supports the recommendations of these two Ordinances. San Francisco and the Bay Area region is in dire need for more housing given the significant increase in number of jobs in the region. ADUs represent one housing strategy among many that the City is promoting to facilitate a variety of housing options. Allowing ADUs represent a small-scale infill housing strategy that complements current development. This strategy would create potential to add new homes to properties that otherwise would not have any development potential, efficiently using unoccupied space in existing buildings as a resource to provide more housing.

ADUs are usually located on the ground floor in space that was previously used for parking or storage, and as a result typically have lower ceilings heights. These units will also likely have less light exposure due to smaller windows or windows facing smaller open areas, and side entrances due to location of the unit on the lot. Such subordinate characteristics of ADUs result in lower rents compared to the rental rates of a unit in a newly developed building. Further, the lower rents would accommodate populations that are not adequately being served by the market: younger households, small families, senior and elderly individuals and so forth. Estimated rents for ADUs in District 3 or 8 would provide more rental housing affordable to these households earning 130% to 145% AMI.

The following is the basis for the Department's recommended modifications:

1. **Create consistency in number of ADUs allowed per lot across different geographies-** Staff recommends that the controls for ADUs in District 8 be modified to align with District 3 controls: For buildings with 4 units or less only one ADU per lot would be allowed, and for buildings with more than four units, density controls would not apply. As proposed, the controls for ADUs in District 8 differ from ADUs in District 3 in terms of number of ADUs allowed per lot. The same difference exists in the existing regulations for ADUs in buildings undergoing seismic retrofitting compared to ADUs in the Castro. Staff finds that the density controls for ADUs in seismic retrofit buildings are further aligned with the City's overall policy towards density controls. In many areas of the City, a combination of form and unit type related requirements (height, bulk, rear yard, open space, and bedroom count requirements) control the number of units allowed per lot as opposed to a certain square footage per unit. Similarly, the ADU controls in buildings

undergoing seismic retrofitting establish form and unit size related requirements in mid to large size buildings (five or more units): that the ADU should stay within the existing built envelope, and it should not take space from existing units. The proposed Ordinance in District 3 already reflects this strategy for buildings with 5 or more units. For smaller buildings (4 or less units) however, recognizing the smaller scale and character of these buildings and the neighborhoods, it would only allow one ADU. Staff supports these controls and recommends that District 8 ADU control also be modified to adopt the more balanced density control strategies.

2. **Expand the eligible geography within District 8 to incorporate the buffer areas around the associated Supervisor's residences currently excluded from the program.** The proposed Ordinance in District 8 excludes properties within a 500' buffer around the residence of Supervisor Wiener sponsoring the legislation. These areas were excluded due to the California Political Reform Act that precludes the ability of officials to participate in decisions that affect their financial interests. Staff finds that applying the ADU controls to the entirety of the district would serve the broader public interest. Expanding the ADU controls to include this area would enable application of the proposed provisions fairly and consistently throughout the District.

ENVIRONMENTAL REVIEW

The proposed ordinance is covered as an Addendum to the 2004 and 2009 Housing Element Final Environmental Impact Report under Case No. 2015-005350ENV, pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15164.

PUBLIC COMMENT

As of the date of this report, the Planning Department has not received any comments about this Ordinance.

RECOMMENDATION:	Recommendation of Approval with Modification
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Attachments:

- Exhibit A: Affected Properties in the two Proposed Ordinances
- Exhibit B: Areas where ADUs are already allowed
- Exhibit C: Concentration of Rental Listings in 2015
- Exhibit D: Potential number of new ADUs
- Exhibit E: Draft Planning Commission Resolution for BF No. 15-0365
- Exhibit F: Draft Planning Commission Resolution for BF No. 15-0585
- Exhibit G: Draft Ordinance [Board of Supervisors File No. 15-0365]
- Exhibit H: Draft Ordinance [Board of Supervisors File No. 15-0585]

Exhibit A

 Residential Buildings in District 8 (excluding RH-1(D))

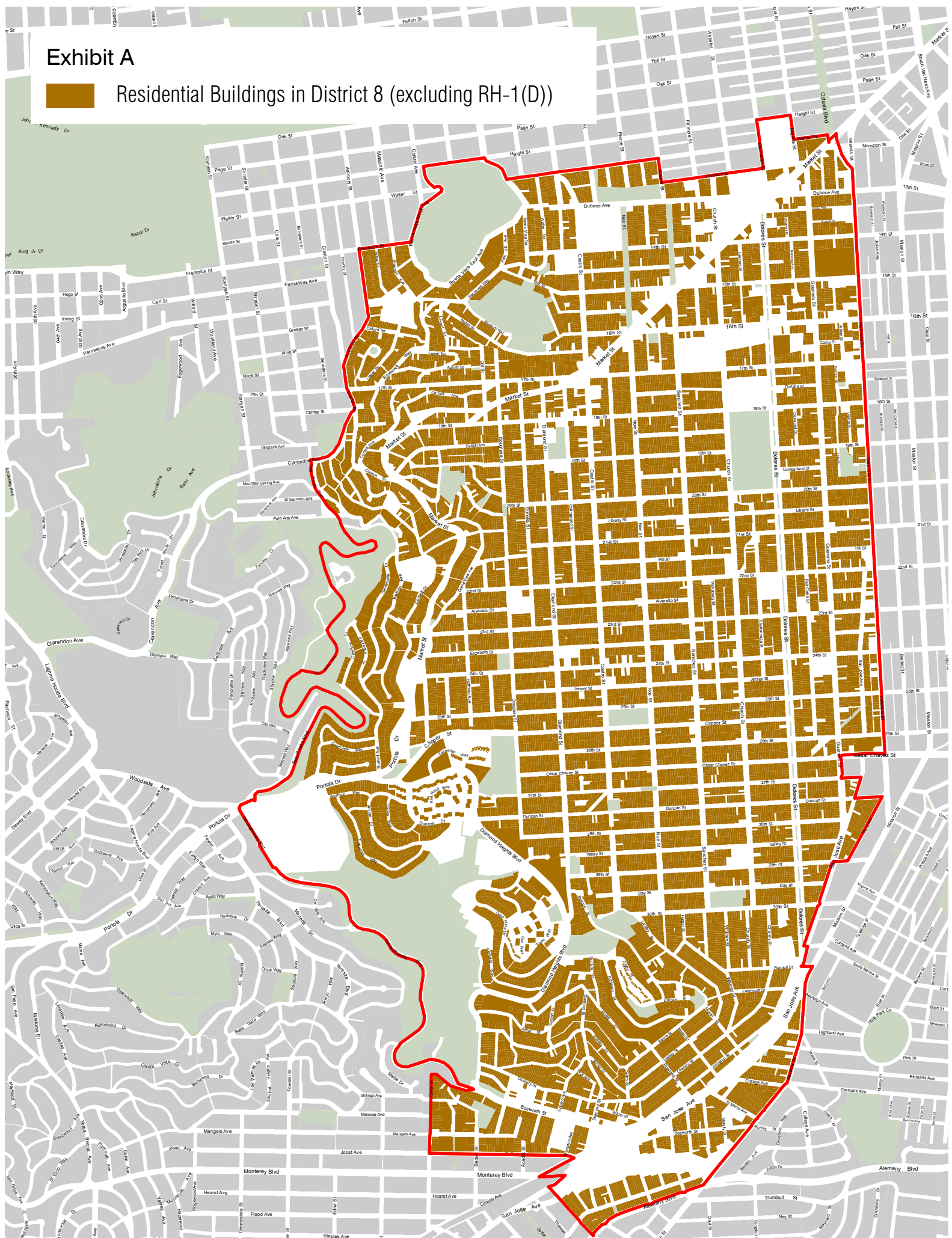


Exhibit A



Residential Buildings in District 3

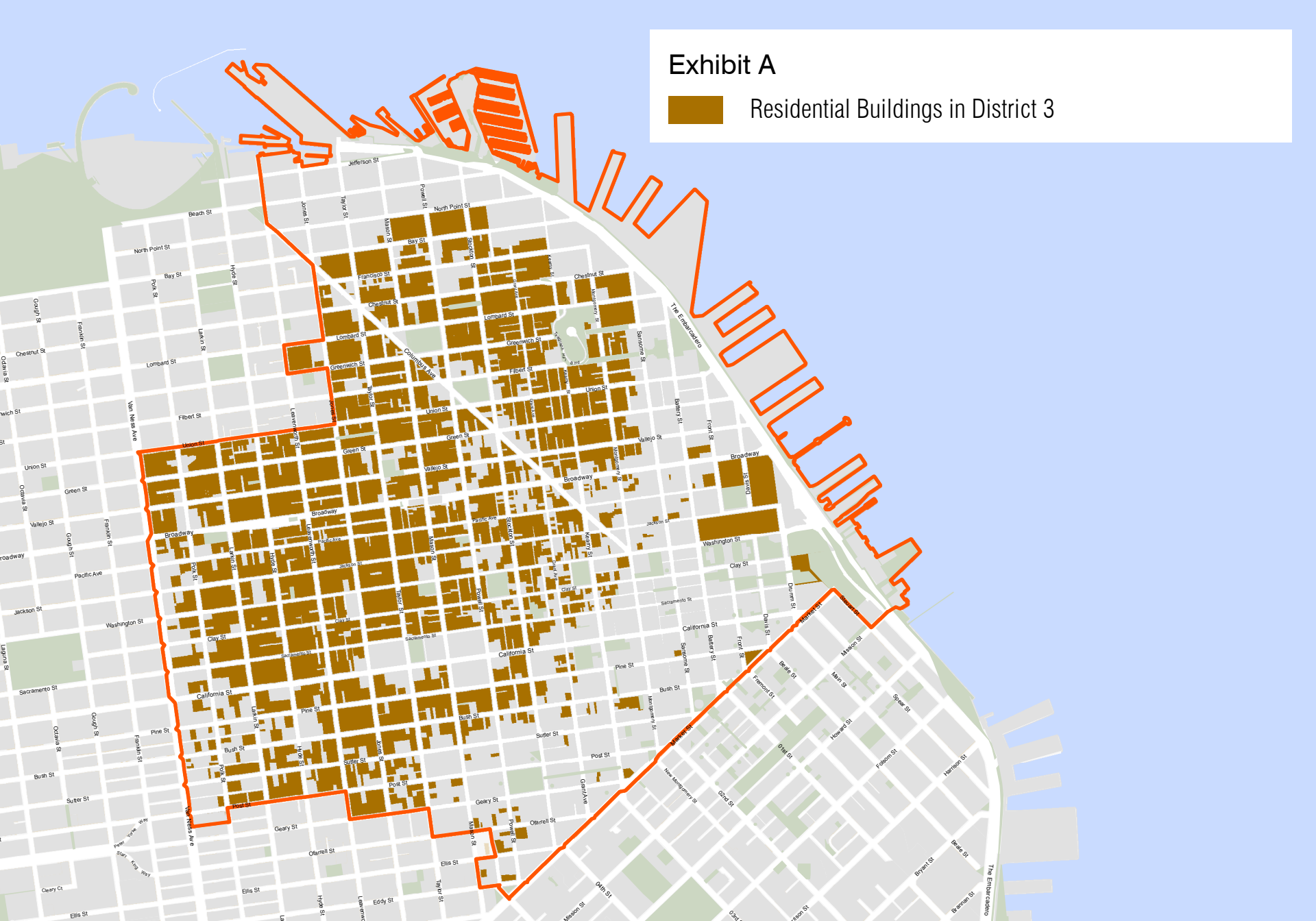


Exhibit B

ELIGIBLE PARCELS FOR ADDING AT LEAST ONE UNIT

- Supervisor District
- ADU Program in Mandatory Seismic Retrofit Building
- ADU Program in the Castro Area
- Residential Parcel with no density limits
- Parcel that can add a unit under exiting zoning
- Open Space

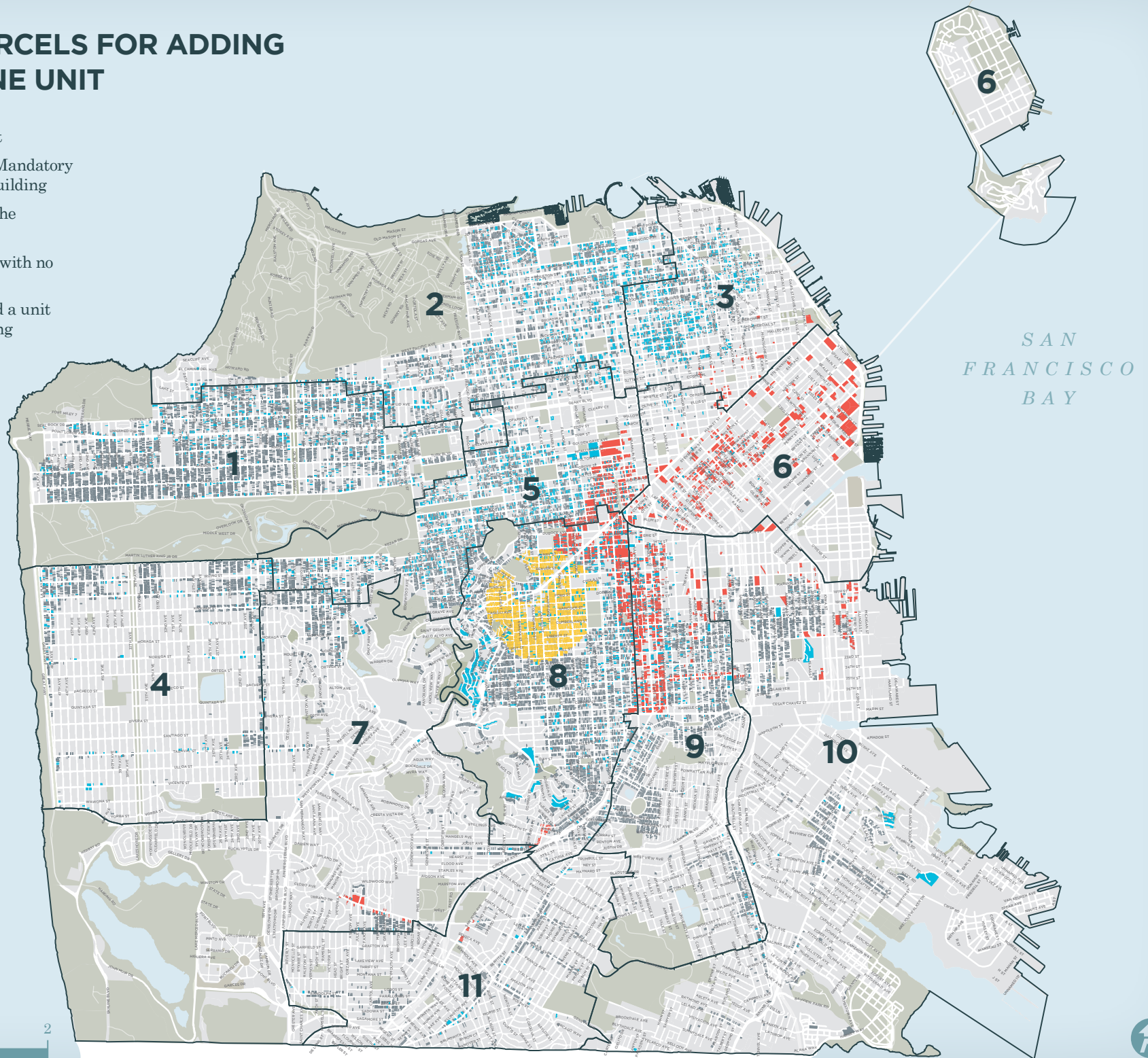
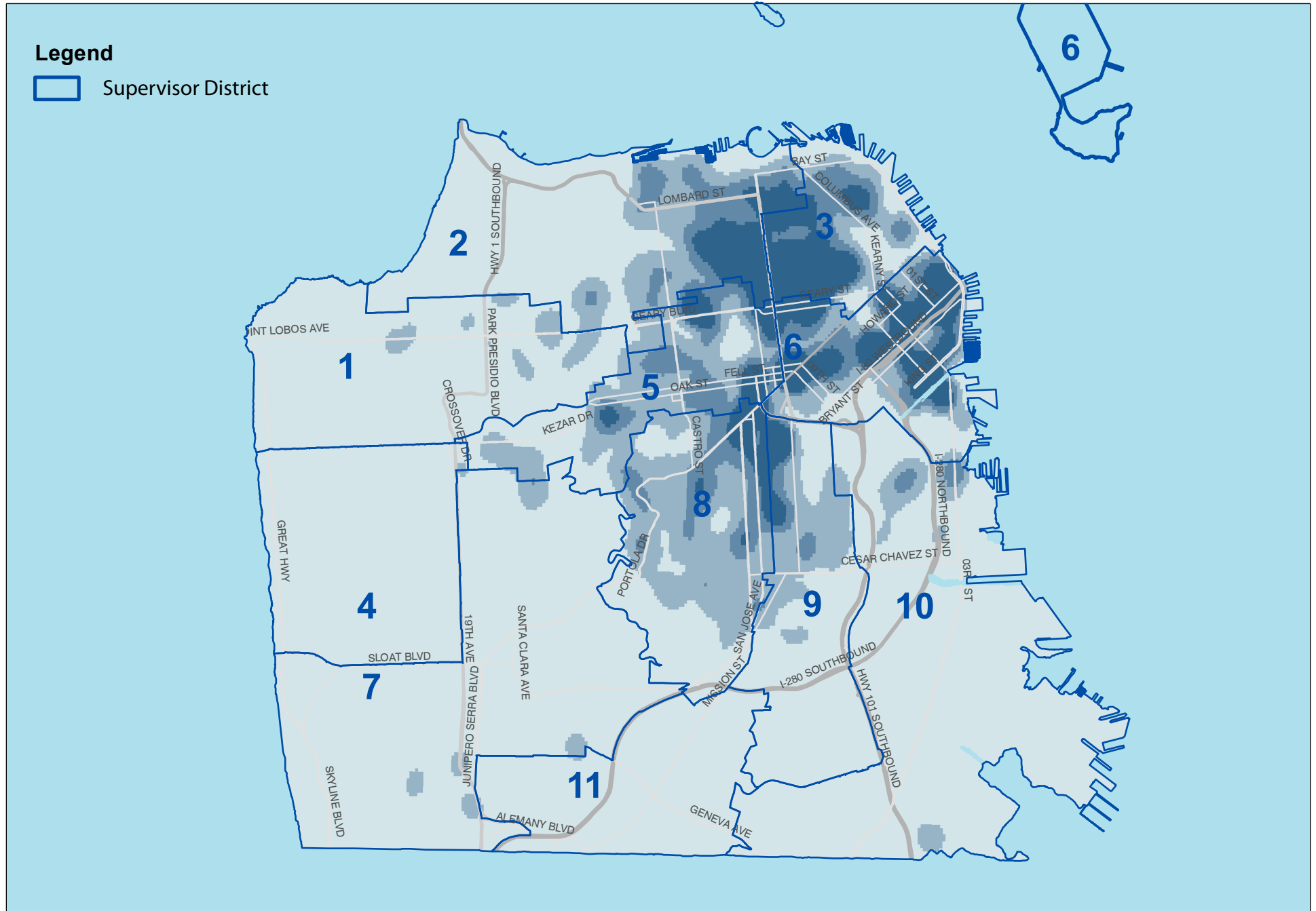


Exhibit C: Concentration of Rental Listings from January to June 2015 (Source: Padmapper)



0 2,750 5,500 11,000 Feet

Exhibit D- Potential number of new ADUS

Total Number of Parcels in <u>District 3</u>	5,780
Number of non-residential parcels	-1,350
Number of parcels that may create ADUs under other ordinances ¹	-570
Number of parcels with condominiums ²	-390
Estimate number of remaining parcels with no garages ³	-1,300
Estimate Number of Potential ADU Parcels in District 3	2,170
Approximate number of remaining 4 or less units buildings	1,224
Approximate number of remaining five or more unit buildings ⁴	946
Theoretical Maximum Potential of ADUs in District 3 (1,224 + 946*2)	3,116
Estimate Number of Potential New ADUs in District 3 (3,116 x 0.25 = 779)	779

¹ ADUs allowed in buildings undergoing seismic retrofitting

² Due to the ownership structure for condominiums in a building, staff anticipates that such buildings would not add ADUs.

³ Based on field survey in the Castro Area in 2014

⁴ Based on past trends it is anticipated that buildings of five or more units would on average add a maximum of two ADUs.

Total Number of Parcels in <u>District 8</u>	16,700
Number of non-residential parcels	-540
Number of parcels that may create ADUs under other ordinances ⁵	-3,800
Number of parcels with condominiums	-1,560
Estimate number of remaining parcels with no garages	-3,870
Estimate Number of Potential ADU Parcels in District 8	6,930
Approximate number of remaining 10 or less unit buildings	6,750
Approximate number of remaining 11 or more unit buildings ⁶	180
Theoretical Maximum Potential of ADUs in District 8 (6,750 + 180*2)	7,110
Estimate Number of Potential New ADUs in District 8 (7,110 x 0.25 = 1,775)	1,778

⁵ ADUs allowed in buildings undergoing seismic retrofitting, or the Castro area.

⁶ Based on past trends it is anticipated that buildings of five or more units would on average add a maximum of two ADUs.



SAN FRANCISCO PLANNING DEPARTMENT

Addendum 2 to Environmental Impact Report

Addendum Date: July 14, 2015

Case No.: 2015-005350ENV

Project Title: **BOS 150365 – Accessory Dwelling Units**
BOS 150585 – Accessory Dwelling Units

EIR: San Francisco 2004 and 2009 Housing Element, 2007.1275E
SCL No. 2008102033, certified March 24, 2011, re-certified April 24, 2014

Project Sponsor: San Francisco Board of Supervisors

Sponsor Contact: Kimia Haddadan, (415) 558-9068

Lead Agency: San Francisco Planning Department

Staff Contact: Jenny Delumo – (415) 575-9146
Jenny.Delumo@sfgov.org

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

REMARKS

The purpose of this Addendum to the 2004 and 2009 Housing Element Final Environmental Impact Report (EIR) is to substantiate the Planning Department's determination that no supplemental environmental review is required for the proposed legislation, as the environmental effects of amending the locations in which an Accessory Dwelling Unit ("ADU") may be created has been adequately analyzed pursuant to the California Environmental Quality Act ("CEQA") in a Final Environmental Impact Report ("2004 and 2009 Housing Element Final EIR" or "Final EIR") previously prepared for the 2004 and 2009 Housing Elements. Nor would the proposed project result in new or heightened environmental impacts than those analyzed in the Final EIR. This memorandum describes the proposed ADU legislation, analyzes the project in context of the 2004 and 2009 Housing Element Final EIR, and summarizes the potential environmental effects that may occur as a result of implementing the proposed project.

Background

The 2009 Housing Element was adopted by the San Francisco Board of Supervisors ("Board") as the Housing Element of the San Francisco General Plan on June 21, 2011. However, pursuant to the San Francisco Superior Court's direction in *San Franciscans for Livable Neighborhoods v City and County of San Francisco* (San Francisco Superior Court Case No. 513-077), the San Francisco Planning Department ("Planning Department" or "Department") recirculated for public review a revised Chapter VII Alternatives of the Final EIR (Revised EIR) on December 18, 2013. The public hearing on the Revised EIR occurred before the San Francisco Planning Commission

Table 1: 2004 and 2009 Housing Element Policies and Implementation Measures that Promote Increased Density-Related Development Standards for the Creation of ADUs

Policies & Implementation Measures	2004 Housing Element	2009 Housing Element	2014 Housing Element
Policies	<p>Policy 1.8 – Allow secondary units in areas where their effects can be dealt with and there is neighborhood support, especially if that housing is made permanently affordable to lower income households.</p>	<p>Policy 1.5 – Consider secondary units in community plans where there is neighborhood support and when other neighborhood goals can be achieved, especially if that housing is made permanently affordable to lower-income households.</p> <p>Policy 1.6 – Consider greater flexibility in the number and size of units within established building envelopes in community plan areas, especially if it can increase the number of affordable units in multi-family structures.</p>	<p>Policy 1.5 – Consider secondary units in community planning processes where there is neighborhood support and when other neighborhood goals can be achieved, especially if that housing is made permanently affordable to lower-income households.</p>
Implementation Measures	<p>Implementation Measure 1.8.1 – The Board has introduced <i>Planning Code</i> amendments to allow secondary units in new buildings that are in close proximity to neighborhood commercial districts and public transit.</p> <p>Measure 1.8.3 –</p>	<p>Implementation Measure 13 – When considering legalization of secondary units within a community planning process, Planning should develop design controls that illustrate how secondary units can be developed to be sensitive to the surrounding neighborhood, to ensure</p>	<p>Implementation Measure 13 – When considering legalization of secondary units within a community planning process, Planning should develop design controls that illustrate how secondary units can be developed to be sensitive to the surrounding</p>

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partial waiver from the Zoning Administrator for density limits and parking, rear yard, exposure, and open space standards in the *Planning Code*.

In 2004 the Board passed legislation allowing the creation of ADUs on lots in the Castro Street Neighborhood Commercial District and within 1,750 feet of the District's boundaries (excluding lots within 500 feet of Assessor's Block 2623, Lots 116 through 154) under Board File No. 13103.² The proposed ordinance would remove the requirement that creation of an ADU within the boundaries of District 8 is restricted to lots in the Castro Street Neighborhood Commercial District and within 1,750 feet of the District's boundaries. Proposed amendments to Section 207 of the *Planning Code* would authorize ADUs, as defined in Section 207(c)(4)(A) of the *Planning Code*, throughout District 8 (excluding any lot within 500 feet of Assessor's Block 2623, Lots 116 through 154) and District 3. The development of ADUs in Districts 3 and 8 beyond the density limits within the project area would be subject to the following conditions:

- New units must be constructed within the existing building envelope; no building expansion would be allowed.
- New units cannot be created using space from existing dwelling units; however, existing required parking spaces can be removed to provide space to create an ADU.
- In District 3, one ADU would be permitted in buildings with four existing dwelling units or fewer; more than one ADU would be permitted in buildings with five or more units.
- In District 8, one ADU would be permitted in buildings with 10 existing dwelling units or fewer; two ADUs would be permitted in buildings with 11 or more units.
- If the existing building or any dwelling unit therein is subject to the San Francisco Rent Stabilization and Arbitration Ordinance ("Rent Ordinance"), the new ADU would be subject to the Rent Ordinance.
- The proposed legislation would not apply to buildings on lots zones RH-1(D) (Residential Housing – One Family, Detached Dwellings).

Pursuant to Section 207(c)(4)(C)(iii) of the *Planning Code*, ADUs may be created in buildings implementing seismic retrofits, and the height of those building may be raised up to three feet in order to provide adequate ceiling height for residential uses on the ground floor. The proposed legislation would clarify that the height increase is permitted within a noncomplying structure without requiring a variance from the Zoning Administrator and is exempt from the notification requirements in Sections 311 and 312 of the *Planning Code*.

In addition, the proposed legislation would define Accessory Dwelling Units in Section 102 of the *Planning Code*, amend incorrect cross references in Section 37.2 of the *Administrative Code*, affirm environmental findings, and adopt findings of consistency with the General Plan and the eight priority policies of Section 101.1 of the *Planning Code*.

The Planning Department is recommending the following modification to the legislation:³

² San Francisco Planning Department, Certificate of Determination: Exclusion/exemption from Environmental Review. Case No. 2013.1674E for Board of Supervisors File No. 131063, Addition of Dwelling Units in the Castro NCD and Surrounding Areas. February 25, 2014, The document, and all other documents herein, is available for review at 1650 Mission Street, Suite 400 as part of Case No. 2015-005350ENV.

³ San Francisco Planning Department, Executive Summary: Planning and Administrative Code Text Change, Construction of

- There is no limit on the number of new units that may be added.

The Planning Department has received one permit application for the creation of an ADU under the Seismic Retrofit Ordinance.

In 2008, through the Market-Octavia and Eastern Neighborhoods community planning processes, parts of the City were rezoned to Residential, Transit Oriented (“RTO”) and Residential, Transit Oriented-Mission Neighborhood (“RTO-M”). The RTO zoning district removed density limits on residential parcels, and therefore allowed existing residential buildings to add new units to their existing building as long as other *Planning Code* requirements (open space, parking, rear yard, and exposure) were fulfilled. There are about 1,120 RTO and 1,110 RTO-M parcels in the City, for a total of approximately 2,230 parcels. Since 2008, 15 RTO- and RTO-M-zoned parcels with existing buildings on them have added secondary dwelling units, 8 of which were added within the existing building envelope.

Development Constraints

In order to determine the likely number of new units that would be constructed under the proposed ordinance, the Planning Department identified which constraints would limit the development of ADU units. Constraints on the creation of new ADUs fall under three general categories: *ownership, costs, and opportunity spaces.*

Ownership. Residential buildings which would be under common ownership, such as condominiums or tenancies in commons (“TIC”), are unlikely to convert space to an ADU. Construction of an ADU requires the conversion of unused space to a new unit. Unused spaces that are currently used as common areas with multiple owners may be less likely to be developed into an ADU as it would require consensus among multiple owners. While the City does not maintain a comprehensive database of the number of TICs, there are approximately 1,950 parcels (390 in District 3 and 1,560 in District 8) with condominium units on them. As parcels with condominium units would not likely develop an ADU, the Planning Department subtracted those parcels from the total number of parcels that could take advantage of the proposed legislation. The subtraction of all parcels with condominiums would still result in an over estimate of the number of new units that are likely to be created, as it does not take into account existing TICs, which would face similar constraints as condominiums.

Costs. Construction of new units may prove costly to property owners, further limiting the number of new units created by the proposed legislation. The Planning Department estimates it would cost approximately \$150,000-\$200,000 to develop an ADU,⁵ excluding any excavation, foundation, or façade work. For example, if excavation is necessary to convert the space to an ADU, the cost of such conversion could increase by approximately \$100 per square foot of plan

CEQA.

⁵ San Francisco Planning Department, Executive Summary: Planning and Administrative Code Text Change, Construction of Accessory Dwelling Units in Supervisorial District Three and Eight, Kimia Haddadan, Hearing Date July 16, 2015. The document, and all other documents herein, is available for review at 1650 Mission Street, Suite 400 as part of Case No. 2015-005350ENV.

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- **District 3:** 1,224 parcels are estimated to have buildings with four or fewer residential units and each parcel could add one ADU. The remaining 946 parcels would have buildings with five or more residential units and could add an unlimited number of ADUs. Based on the development constraints discussed above, including the proposed condition that would restrict creation of ADUs to within the existing building envelope, the Planning Department estimates lots in District 3 developed with buildings with five or more residential dwelling units would likely only add two ADUs under the proposed ordinance. Thus, the Department anticipates a maximum of approximately 3,116 ADUs could be created on those parcels.
- **District 8:** 180 parcels are expected to have eleven or more unit buildings, and could potentially add two ADUs, for an anticipated total of 360 parcels; the remaining 6,750 parcels could only each add one ADU. Therefore, the Department anticipates a maximum of approximately 7,110 ADUs could be created on those parcels.

Based on the above, the Planning Department estimates that a theoretical maximum number of approximately 10,226 units could potentially be created in the project area under the ordinance as proposed. While past trends indicate a very limited number of property owners would create an ADU under the proposed legislation, the Department conservatively assumes 25 percent of parcels would take advantage of the legislation and build an ADU. The Department assumes a conservative estimate due to the *Planning Code* waivers the proposed legislation would permit in order to facilitate the expeditious development of ADUs in the project area. Although the 25 percent estimate is higher than historical trends, a conservative measure allows for an analysis of the likely greatest extent of development that could result from implementation of the proposed legislation. In addition, a highly conservative estimate would allow for any unintended variance between the estimates and the actual number of property owners that might add ADUs under the proposed legislation. Therefore, by applying this factor to the theoretical maximum number of potential ADUs in the project area (approximately 10,226 units), the Planning Department estimates the proposed legislation could result in the creation of approximately 2,557 ADUs (779 in District 3 and 1,778 in District 8) across the project area.¹⁰

Tables 3 and 4 illustrate how the Planning Department generated an estimate number of potential ADUs that could be created as a result of the implementation of the proposed legislation. However, should the Board adopt the Planning Department's recommendations, additional ADUs could be created in District 8 as a result of implementation of the proposed legislation.

¹⁰ Twenty-five percent of 10,226 units is approximately 2,556.5 new ADUs. However, the Department is using 2,557 for conservative purposes. This number of new ADUs represents the total maximum number the Department anticipates would be ever constructed as a result of this legislation.

Approximate number of remaining 10 or less unit buildings	6,750
Approximate number of remaining 11 or more unit buildings	180
Theoretical Maximum Potential of ADUs in District 8 (6,750 + 180*2)	7,110
Estimate Number of Potential New ADUs in District 8 (7,110 x 0.25 = 1,777.5)	1,778

The estimated 2,557 potential new ADUs is based on a conservative analysis of the potential development that could occur as a result of the proposed ordinance and likely over estimates the number of units, as discussed in the Past Trends and Development Constraints sections.

In addition to the cost, ownership, and opportunity space constraints previously discussed, general constraints on housing production would limit the number of new ADUs created under the proposed legislation. These factors may include the availability of financing, location and ownership of lots, the real estate market, regional housing market, regional economy and job market, labor pool, entitlement permit process, personal preference, and neighborhood opposition.

The Final EIR evaluated the City's ability to meet the Regional Housing Needs Assessment ("RHNA") under existing zoning. The analysis included a review of additional housing units that could be provided on undeveloped and underdeveloped parcels (e.g. "soft sites"), on parcels where zoning controls were recently changed, on parcels where rezoning efforts were already underway at the time of the analysis, and residential development projects in the pipeline at the time the analysis. The Final EIR found that approximately 149,330 additional residential dwelling units could be provided on these sites under existing zoning controls.

In addition to the analysis of housing capacity under zoning, the Final EIR also considered projected household growth in the City and used these projections as the basis for the analysis of growth-related impacts. The Final EIR used ABAG projections for the period of 2009-2025 and found that an additional 39,568 households would be added to the City by the year 2025.

Although the Final EIR identified residential development capacity based on existing zoning, the analysis did not associate potential development with any specific sites within the City. Thus, this Addendum reasonably assumes the new ADUs that could be created due to implementation of the proposed legislation would be within overall Housing Element projections. While any growth enabled by the proposed legislation would occur on sites other than those discussed in the Final EIR, the total number of residential units would be within the amount projected and analyzed in the Final EIR.

For these reasons, the proposed project would not result in growth beyond that analyzed in the Final EIR with Addendum 1. Therefore, new ADUs created as a result of implementation of the proposed legislation, including additional units that could be developed in District 8 should the

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(CCB): Chinatown Community Business District	✓	
(CR/NC): Chinatown Residential/Neighborhood Commercial District	✓	
(CVR): Chinatown Visitor Retail District	✓	
(NC-1): Neighborhood Commercial Cluster District	✓	
(NC-2): Small-Scale Neighborhood Commercial District		✓
(NC-3): Moderate-Scale Neighborhood Commercial District		✓
(North Beach NCD): North beach Neighborhood Commercial District	✓	
(P): Public Use	✓	
(Pacific Ave. NCD): Pacific Avenue Neighborhood Commercial District	✓	
(Polk NCD): Polk Street Neighborhood Commercial District	✓	
(RC-3): Residential-Commercial, Medium Density	✓	
(RC-4): Residential-Commercial, High Density	✓	
(RH-1): Residential House, One-Family	✓	✓
(RH-1(D)): Residential, House, One-Family Detached		✓
(RH-1(S)): Residential House, One-Family with Minor Second Unit		✓
(RH-2): Residential House, Two-Family	✓	✓
(RH-3): Residential House, Three-Family	✓	✓
(RM-1): Residential, Mixed, Low Density	✓	✓
(RM-2): Residential, Mixed, Moderate Density	✓	✓
(RM-3): Residential, Mixed, Medium Density	✓	
(RM-4): Residential, Mixed, High Density	✓	✓
(RSD): Residential Service District		✓
(RTO): Residential Transit-Oriented		✓
(Upper Market NCD): Upper Market Neighborhood Commercial District		✓

Analysis of Potential Environmental Effects

Section 31.19(c)(1) of the San Francisco *Administrative Code* states that a modified project must be reevaluated and that, “if, on the basis of such reevaluation, the Environmental Review Officer determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons therefor shall be noted in writing in the case record, and no further evaluation shall be required by this Chapter.” CEQA Guidelines Section

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or reduced to a less-than-significant level with mitigation, and a mitigation measure addressing the issue was incorporated into the adopted Housing Element as an implementation measure. The Final EIR also found that adoption of the 2004 or 2009 Housing Element would potentially result in significant environmental effects on the transit network that could not be mitigated to a less-than-significant level with implementation of feasible mitigation measures.

There have been revisions to the *Planning Code*, General Plan and other city policies and regulations since the certification of the Final EIR. However, those changes are independent from this addendum to the 2004 and 2009 Housing Element, and have either been determined to not be a project as defined under CEQA or have undergone separate environmental impact analysis, pursuant to CEQA. These revisions have not substantially changed the circumstances under which the 2004 and 2009 Housing Elements were prepared. Nor has new information emerged that would significantly alter the analysis or conclusions reached within the Final EIR.

Moreover, the 2014 Housing Element,¹² which was evaluated as an addendum to the 2004 and 2009 Housing Element Final EIR, continued most of the 2009 Housing Element policies, introducing only minor changes. The changes found in Addendum 1 were primarily revisions to the regulatory environment and were not expected to affect the severity of impacts discussed in the Final EIR.

2004 Housing Element Policy 1.8 and its associated Implementation Measures, 1.8.1 and 1.8.3, promote the provision of ADUs in the City. Policies and implementation measures that promote the creation of ADUs can also be found in the 2009 Housing Element (Policy 1.5 and Implementation Measure 13) and the 2014 Housing Element (Policy 1.5 and Implementation measure 13). The proposed legislation would specify the conditions under which these policies and implementation measures would be established. As such the proposed legislation would result in similar development activities as described in the 2004, 2009, and 2014 Housing Elements. Therefore, potential effects for the modified project with respect to aesthetics, cultural and paleontological resources, greenhouse gas emissions, wind and shadow, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, hazards and hazardous materials, mineral and energy resources, and agricultural and forest resources would remain similar to the project as analyzed in the Final EIR and Addendum 1, and would not change the findings of less-than-significant impact for these topics.

Changes to Housing Projections

The population and housing projections analyzed in the Final EIR were updated in the 2014 Housing Element. As noted in the 2014 Housing Element, the 2012 American Community Survey estimated San Francisco's population to be about 807,755. The Association of Bay Area Governments ("ABAG") projects continued population growth to 981,800 by 2030 or an overall

p.m. – 7:00 a.m.) by applying a 10 dB penalty to noise levels recorded during those hours.

12 Addendum to the 2004 and 2009 Housing Element. 2014 Housing Element, January 22, 1015. Case No. 2014.1327

existing buildings; limiting any disruption or division to the established development pattern within the project area. The potential new units would be distributed throughout the 3,461-acre project area (1,211 acres in District 3 and 2,250 acres in District 8), resulting in an incremental intensification of residential density in the project area. Moreover, new units would be subject to the City's established plans, such as the Urban Design Element of the General Plan. Therefore, the proposed project would not change or alter any of the Final EIRs findings with respect to land use and land use planning. In addition, there are no changed circumstances or new information that would change the Final EIR's impact findings with respect to land use and land use planning.

Population and Housing

The Final EIR found that the 2004 Housing Element contains policies and implementation measures that promote increased density in certain areas of the City and the creation of secondary dwelling units, with the express intention of increasing the number of residential units that could be provided on parcels. The Final EIR notes that residential development would take place regardless of the implementation of 2004 Housing Element policies. Rather, Housing Element policies are developed to accommodate projected housing needs by providing guidance on where development should take place and what measures can be used to increase housing affordability.

The Final EIR also found that the City had the capacity to meet 2009-2014 RHNA goals, and 2009 Housing Element policies and implementation measures designed to encourage housing growth, as projected by ABAG, could be employed to stimulate residential development where it can best be accommodated. As such, the Final EIR found that the 2009 Housing Element would not induce a substantial amount of population growth not otherwise anticipated by the ABAG regional projections, and impacts on population growth under the 2009 Housing Element would be less-than-significant.

Therefore, the Final EIR found that implementation of the 2004 and 2009 Housing Elements would result in less-than-significant population and housing impacts.

Addendum 1 found that the 2014 Housing Element would continue all of the policies and most of the implementation measures provided for in the 2009 Housing Element, with respect to directing growth to specific areas of the City, increasing density standards, and the preservation of existing housing stock. As noted in Addendum 1, the 2014 Housing Element included an updated calculation of the City's regional housing need. However, Addendum 1 found that any new development that could result from implementation of the 2014 Housing Element would be subject to applicable federal, state and local regulations, including project-specific CEQA review. Moreover, the 2014 Housing Element would not result in population increases or residential growth. This is because, as discussed above, Housing Element policies are designed to guide projected growth with a focus on affordability. Addendum 1 also found that the 2014 Housing

incremental increase in housing density; particularly given the rate of development of ADUs under previously enacted legislation, as discussed in the Past Trends section.

As with the 2004, 2009, and 2014 Housing Elements, the proposed project would not change population and housing projections. Rather, the proposed legislation would influence the location and type of residential development that would be constructed to meet projected demand. Therefore the proposed project would not change the analysis or conclusions reached in the Final EIR and would have less-than-significant population and housing impacts.

Transportation

The Final EIR found that the 2004 and 2009 Housing Elements would affect the transportation and circulation network through the implementation of policies that: (1) increase residential density; (2) address off-street vehicle parking requirements for new development; and (3) direct growth to certain areas of the City.

The Final EIR found that the 2004 Housing Element includes policies and implementation measures that promote an increase in residential density within individual development projects, within specific areas of the city, through density bonuses for projects that reduce on-site parking and/or provide senior and affordable housing, and through the development of secondary dwelling units. The Final EIR also found that the 2009 Housing Element generally promotes an increase in residential density through policies that support additional affordable housing and through creation of secondary units undertaken as part of the community planning process. The Final EIR found that an overall doubling of residential density can lower car ownership and vehicles miles traveled (“VMT”) by approximately 16 percent. In addition, the Final EIR found that future residential development provided for within existing building envelopes could shrink the demand for new residential buildings, thereby reducing the incremental increase in temporary traffic and parking demand associated with new construction projects.

The Final EIR found that 2004 and 2009 Housing Element policies that address off-street vehicle parking requirements for new development would result in an incremental reduction in new parking spaces. As noted in the Final EIR, these policies would make driving a less attractive option, thereby reducing VMT and promoting the use of bicycle, public transit, and pedestrian options and generally providing for greater efficiency of the overall traffic system. The Final EIR found that 2004 Housing Element Implementation Measure 1.8.3 commits the Planning Department to reviewing parking requirements for secondary dwelling units. However, as discussed in the Final EIR, the City does not consider changes to parking conditions to be an environmental impact under CEQA as parking supply does not constitute a permanent physical environmental feature.

Regarding 2004 and 2009 Housing Element policies that would direct growth to certain areas of the City, the Final EIR found that such policies could place stress on already congested or underserved areas, but could also create opportunities for new development to access

As such, Addendum 1 found that pedestrian, bicycle, loading, construction, emergency access, and traffic-related impacts identified in the Final EIR would continue to be less-than-significant under the implementation of the 2014 Housing Element. Addendum 1 also found that because the 2014 Housing Element continues policies included in the 2009 Housing Element, transit-related impacts under the 2014 Housing Element would remain significant and unavoidable.

Modified Project

The ADUs that could be created as a result of implementation of the proposed legislation are not expected to exceed the housing growth already analyzed in the Final EIR and Addendum 1. However, the following discussion is provided for informational purposes.

In order to evaluate whether the proposed project would result in an adverse environmental impact on traffic conditions within the project area the Planning Department used the San Francisco Transportation Impact Analysis Guidelines for Environmental Review (the "Transportation Guidelines").

Using the conservative development scenario described in the Anticipated Development of ADUs section, the Department determined that implementation of the proposed legislation would not result in transportation-related impacts. The following summarizes the findings of a Transportation Memorandum prepared in support of this determination.¹³

Trip Generation. The Transportation Impacts Memorandum found that the estimated 2,557 new Accessory Dwelling Units would result in approximately 7,526 new vehicle trips per day, of which roughly 1,302 would be during the p.m. peak hour, based on the calculation methodology included in the Transportation Guidelines. These trips would occur throughout the approximately 3,461-acre project area that is comprised of District 3 (1,211 acres) and District 8 (2,250 acres). As such, it is not possible to predict the precise direction of travel or determined the exact roadway networks that would be utilized by these trips. However, in its analysis of level of service (LOS) impacts, the Planning Department generally considered whether the 523 p.m. peak-hour auto trips inbound to the project site from the greater downtown area could result in a LOS impact.

The 5.4-mile project area consists of both signalized and unsignalized, mostly stop-sign controlled intersections. Development under the ordinance would be distributed throughout the project area at a low intensity since the majority of parcels would only be allowed one additional unit, and the remainder only two. For this reason, local unsignalized intersections are not likely to be affected.

A higher concentration of new vehicle trips could occur at major (signalized) intersections in the project area, such as:

- Filbert/Columbus
- Columbus/Mason
- Market/Kearny/Third
- Market/Church/14th

¹³San Francisco Planning Department, Board File No. 15365 and 15085 – Transportation Impacts, Lana Russell-Hurd.

Transit. The creation of additional units under the proposed legislation would result in approximately 6,220 daily transit trips, roughly 1,076 of which would occur during the p.m. peak hour. Of the estimated 1,076 p.m. peak-hour transit trips, about 430 would be inbound trips to the project area from the greater downtown area.

Transit service within the study area is provided by the Muni. Analysis of transit impacts focuses on the increase in transit patronage across “screenlines” during the p.m. peak hour. Four screenlines have been established in the City to analyze potential impacts of projects on Muni service. The project area encompasses two Muni screenlines in the Northeast and Southeast, and of those screenlines, only the Mission corridor was found to exceed the 85 percent capacity utilization standard within the project area.

Given that the 430 p.m. peak hour inbound transit trips would be dispersed among several different transit lines within the northeast and southeast Muni screenlines, it is unlikely that any one particular line or corridor would be overly burdened as a result of development under the ordinance. The peak-hour capacity utilization would not be substantially increased and the impact from this project on Muni screenlines would be less-than-significant.

While the Final EIR determined that a capacity utilization of 85 percent or greater on Muni could result in a potentially significant effect, for the purposes of transit planning and operations, a capacity utilization of 85 percent or slightly higher could represent desirable operating conditions since it reflects efficient resource allocation of transit service. Typically, if development projects have a transit impact on the screenlines or corridors, the developer would be expected to contribute their share of the provision of additional service. However, as a public transit agency, the SFMTA has an ongoing responsibility of monitoring and increasing or decreasing citywide transit service to meet their service goals and in response to City and transit system service needs. In addition, Muni Forward proposes improvements to these lines (and other throughout the City), including new routes and route extensions, more service on busy routes and elimination or consolidation of certain routes or route segments with low ridership.

Pedestrians. The proposed project would result in approximately 4,654 daily pedestrian trips, about 805 of which would occur during the p.m. peak hour. Given that these trips would be dispersed throughout a 5.4-square-mile project area, that existing pedestrian facilities have not been identified as deficient, no pedestrian impacts would occur as a result of ADUs created under the proposed legislation.

Bicycles. The proposed project would result in approximately 947 daily and 164 p.m. peak-hour ‘other’ person trips. ‘Other’ person trips include taxi, motorcycle, and other means, including trips made by bicycle. The project area is currently served by bike lanes and the following bike routes:

- Route 2
- Route 5
- Route 10
- Route 11
- Route 16
- Route 17
- Route 25
- Route 30

parking caused by a project that creates hazardous conditions or significant delays to traffic, transit, bicycles or pedestrians could adversely affect the physical environment. Whether a deficit in parking creates such conditions will depend on the magnitude of the shortfall and the ability of drivers to change travel patterns or switch to other travel modes. If a substantial deficit in parking caused by a project creates hazardous conditions or significant delays in travel, such a condition could also result in secondary physical environmental impacts (e.g., air quality or noise impacts caused by congestion), depending on the project and its setting.

The absence of a ready supply of parking spaces, combined with available alternatives to auto travel (e.g., transit service, taxis, bicycles or travel by foot) and a relatively dense pattern of urban development, induces many drivers to seek and find alternative parking facilities, shift to other modes of travel, or change their overall travel habits. Any such resulting shifts to transit service or other modes (walking and biking), would be in keeping with the City's "Transit First" policy and numerous San Francisco General Plan Policies, including those in the Transportation Element. The City's Transit First Policy, established in the City's Charter Article 8A, Section 8A.115, provides that "parking policies for areas well served by public transit shall be designed to encourage travel by public transportation and alternative transportation."

The secondary effects of drivers searching for parking is typically offset by a reduction in vehicle trips due to others who are aware of constrained parking conditions in a given area, and thus choose to reach their destination by other modes (i.e. walking, biking, transit, taxi). If this occurs, any secondary environmental impacts that may result from a shortfall in parking in the vicinity of the project area would be minor, as well as in the associated air quality, noise and pedestrian safety effects.

According to the Transportation Guidelines, parking demand is about one parking space per studio or one-bedroom residential unit and about 1.5 spaces per unit with two or more bedrooms. However, the proposed legislation would allow for an administrative variance from off-street parking requirements and many of the units would be constructed in the place of existing garages, further reducing the off-street parking supply.

There are three off-street paid parking facilities in the project area, and three just outside the project area boundary:

District 3

- 123 O'Farrell Street (Ellis – O'Farrell Garage) – 950 spaces
- 250 Clay Street (Golden Gateway Garage) – 1,095 spaces
- 735 Vallejo Street (North Beach Garage) – 203 spaces
- 1399 Bush Street (Polk-Bush Garage) – 129 spaces
- 733 Kearny Street (Portsmouth Square Garage) – 504 spaces
- 433 Kearny Street (St. Mary's Square Garage) – 414 spaces
- 444 Stockton Street (Sutter-Stockton Garage) – 1,865 spaces
- 333 Post Street (Union Square Garage) – 985 spaces
- 766 Vallejo Street (Vallejo Street Garage) – 163 spaces

Given that the capacity of local signalized intersections is high and a vehicle trips would be dispersed, the proposed project would not create a volume of trips that could reduce intersection LOS to LOS D, LOS E or LOS F or contribute significantly to a LOS F conditions.

In addition, existing transit capacity is adequate on some local lines and over capacity on others; however, planned Muni Forward improvements would reduce capacity utilization on key lines. Further, the transit trips associated with development under the ordinance would be dispersed and would not result in a volume of trips that could result in a significant impact or a significant contribution to an existing or future impact.

Moreover, adequate facilities exist to accommodate pedestrian and bicycle trips and incidental loading operations throughout the project area. The transit, pedestrian and bicycle environment would be further enhanced through the implementation of the Polk Streetscape Project, Better Market Street project, Safer Market Street project, and Better Streets Plan. Finally, while off-street parking would be constrained, no hazardous conditions would result from limited parking availability.

For these reasons, the proposed project would not change or alter the Final EIR findings with respect to transportation and circulation impacts and would not require new mitigation measures. In addition, there are no changed circumstances or new information that would change the Final EIR's impact findings with respect to the transportation and circulation network.

Noise

The Final EIR determined that implementation of the 2004 and 2009 Housing Elements would result in a significant impact with respect to exposure of persons to or generation of noise levels in excess of established standards, such as the City's General Plan, local noise ordinances, and noise standards set by other federal, state, and local agencies. The Final EIR found that future growth within the City could be located in areas with noise levels above 60 Ldn, which is the maximum satisfactory exterior noise level for residential areas pursuant to the Environmental Protection Element of the City's General Plan. Although, interior noise levels are typically addressed during the project-specific design review process through mandatory compliance with City's Noise Ordinance (Article 29 of the San Francisco *Police Code*) and Title 24 California Code of Regulations requirements. However, some areas of the City are especially noisy. Thus, the Final EIR Mitigation Measure M-NO-1, which is included in this Addendum in the Mitigation Measures section, was developed to reduce the 2009 Housing Element's impact on noise sensitive receptors to a less-than-significant level.

The Final EIR found that the 2004 and 2009 Housing Elements contain policies and implementation measures that discourage demolition through the preservation of existing housing stock. These policies would offset other policies contained within the 2004 and 2009 Housing Elements that would direct new construction to areas of the City with existing ambient noise in excess of established standards and incrementally increase average construction

Air Quality

The growth factors used in the Final EIR are based on the same growth projections used in the Bay Area 2005 Ozone Strategy (“BAOS”), the most recent regional air quality plan available at the time of the Final EIR analysis. In addition, the Final EIR used the BAOS’s Transportation Control Measures (“TCM”) to evaluate the 2004 and 2009 Housing Elements. Thus the Final EIR found that the 2009 Housing Element would not conflict with applicable air quality plans.

The Final EIR found those policies within the 2004 and 2009 Housing Elements which discourage the demolition of existing housing stock and, subsequently, the construction of new housing; which would reduce air quality impacts. However, any new construction would be required to comply with the City’s Construction Dust Ordinance (Article 22B of the *Health Code*), which would address any air quality impacts resulting from construction-related activities. Therefore, the Final EIR found that the 2004 and 2009 Housing Elements would not violate air quality standards or contribute substantially to an existing or projected air quality violation.

Additional housing development along transit corridors could increase some pollutants, including, PM_{2.5} NO₂, and TACs, on some roadways within San Francisco. However, increased density and associated shifts from vehicle trips to alternative modes of transportation (such as transit, bicycling, and walking) could reduce overall expected growth of vehicle trips and VMT, as discussed in the Transportation and Circulation section. Overall, future growth will continue to contribute some additional air pollutant emissions, albeit less than would be expected from a Housing Element without policies encouraging increased density and housing that is supportive of alternative modes of transportation. Therefore, the Final EIR also found that the 2004 and 2009 Housing Elements would have a less-than-significant impact with respect to exposing sensitive receptors to substantial pollutants.

In addition, the 2004 and 2009 Housing Elements would not result in a cumulatively considerable net increase in air quality standards established for non-attainment criteria pollutants. Therefore, the Final EIR determined that implementation of the 2004 and 2009 Housing Elements would result in less-than-significant impacts with respect to air quality.

Addendum 1, found that the 2014 Housing Element would continue all of the policies and most of the implementation measures provided for in the 2009 Housing Element, with respect to directing growth to specific areas of the City, increasing density standards, and the preservation of existing housing stock. Thus any new development that could result from implementation of the 2014 Housing Element would be subject to the federal, state, and local air quality controls discussed in the Final EIR. In addition, Addendum 1 noted that on December 8, 2014 the Board approved amendments to the City’s *Building Code and Health Code* in order to establish the Enhanced Ventilation Required for Urban Infill Sensitive Use Development procedures, also known as Article 38 of the *Health Code*. As discussed in Addendum 1, implementation of the 2014 Housing Element could result in residential development occurring within areas with existing elevated levels of toxic air contaminants, potentially exposing residents to existing elevated levels of TACs, PM_{2.5}, and NO₂. These areas, which are known as the Air Quality Exposure Zone (“AQZ”), can be found within the project area. The AQZ is defined in Article 38 of City’s

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

Date of Determination:

July 14, 2015


Sarah Jones
Environmental Review Officer

cc: San Francisco Board of Supervisors

Bulletin Board / Master Decision File

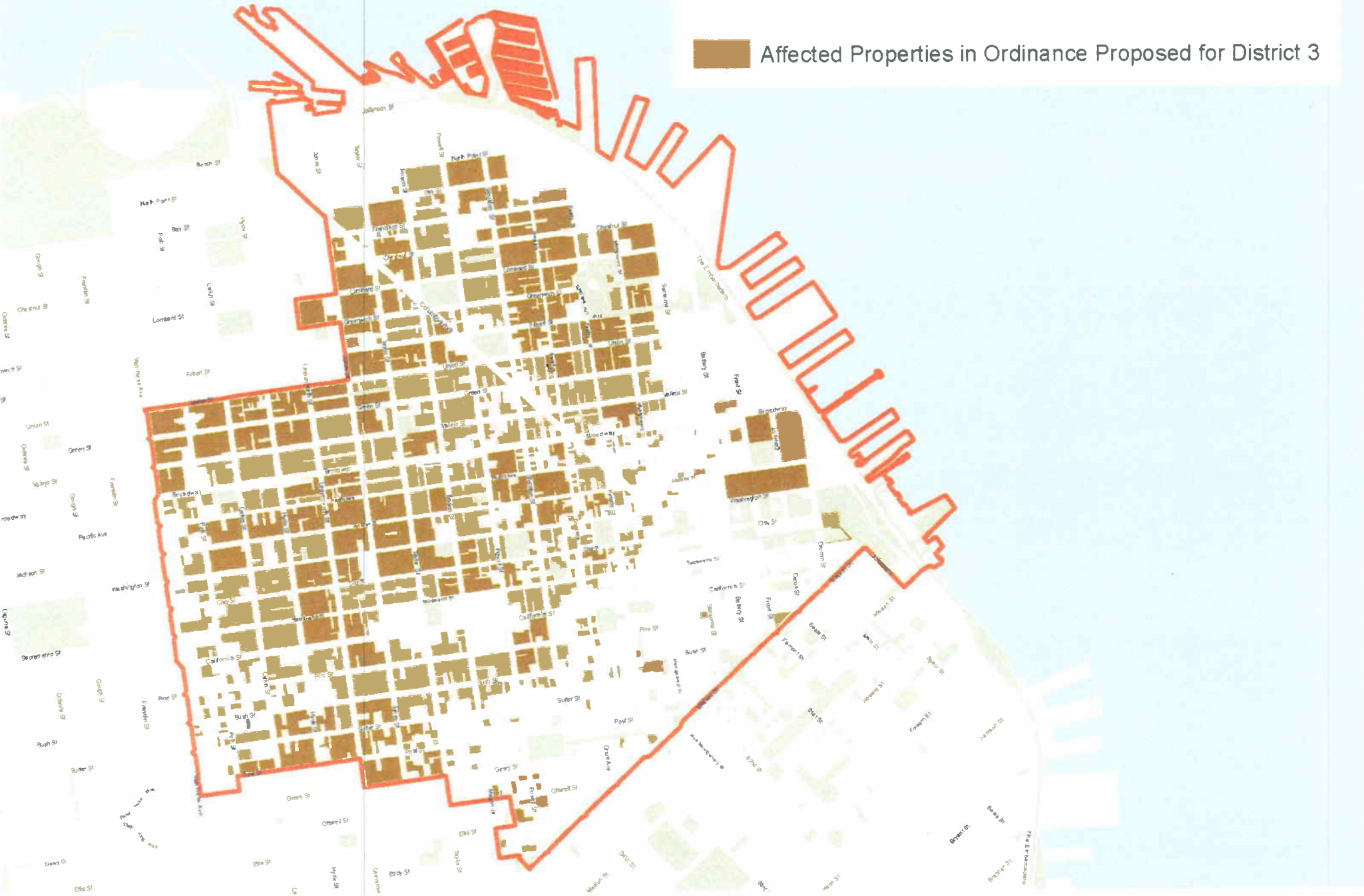
Kimia Haddadan

Distribution List

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Affected Properties in Ordinance Proposed for District 3





Affected Properties in Ordinance Proposed for District 8

