

BOARD of SUPERVISORS



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MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller

FROM: Victor Young, Assistant Clerk, Rules Committee
Board of Supervisors

A handwritten signature in cursive script that reads "Victor Young".

DATE: June 25, 2019

SUBJECT: INITIATIVE ORDINANCE INTRODUCED
November 5, 2019 Election

The Board of Supervisors' Rules Committee has received the following Initiative Ordinance for the November 5, 2019, Election. This matter is being referred to you in accordance with Rules of Order 2.22.3.

File No. 190719

Hearing to consider the proposed Initiative Ordinance submitted by the Mayor to the voters for the November 5, 2019, Election, entitled "Ordinance amending the Planning Code to create the Accelerating Affordable Housing and Affordable Teacher Housing Program; and to allow affordable housing and affordable teacher housing in Public zoning districts."

Please review and prepare a financial analysis of the proposed measure prior to the first Rules Committee hearing.

If you have any questions or concerns, please call me at (415) 554-7723 or email: victor.young@sfgov.org. To submit documentation, please email or forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Deputy City Controller
Peg Stevenson, City Performance Director
Natasha Mihal, City Services Auditor

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BY *[Signature]*
**PROPOSED INITIATIVE ORDINANCE TO BE SUBMITTED BY THE
MAYOR TO THE VOTERS AT THE NOVEMBER 5, 2019 ELECTION.**

[Under Charter Sections 3.100(16) and 2.113(b), this measure must be submitted to the Board of Supervisors and filed with the Department of Elections no less than *45 days prior* to deadline for submission of such initiatives to the Department of Elections set in Municipal Elections Code Section 300(b).]

[Initiative Ordinance - Planning Code - Accelerating Affordable Housing and Affordable Teacher Housing Program]

Ordinance amending the Planning Code to create the Accelerating Affordable Housing and Affordable Teacher Housing Program; and to allow affordable housing and affordable teacher housing in Public zoning districts.

NOTE: **Unchanged Code text and uncodified text** are in plain font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in *strikethrough italics Times New Roman font*.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Findings.

(a) San Francisco is in a severe housing crisis. The shortage of affordable housing has forced lower-income and middle-class families out of San Francisco. There is a need to make it easier to build affordable and middle-income housing to keep our city diverse, and provide homes for lower- and middle-income workers, including teachers. In the midst of this severe housing shortage and affordability crisis, the City and County of San Francisco (“the City”) must immediately remove barriers to building housing for low and middle-income residents and working families, including for our teachers.

(b) San Francisco has one of the highest housing costs in the nation. San Francisco has been reported to have the highest median rent in the United States with a one-bedroom apartment asking monthly rent of \$3,700 according to the April 2019 National Rent Report on the rental listing website Zumper. Likewise, San Francisco is also one of the highest-priced home ownership markets in the United States with a median home sales price of \$1.353 million, a 3% increase from the previous year according to the April 2019 report by real estate website Zillow. These high housing costs in the local housing market inhibit San Francisco from ensuring that economic diversity is maintained, and inhibit healthy and balanced economic growth in our region.

(c) Teachers and other employees of the San Francisco Unified School District ("SFUSD") and San Francisco Community College District ("SFCCD") suffer acutely from the City's severe housing shortage. Due to high housing costs and the escalating cost of living in San Francisco, hundreds of teachers leave the school district every year. However, when it comes to providing quality public education for our students, it is far preferable for teachers to live in San Francisco and in the district in which they teach.

(d) Many teachers and employees of SFUSD and SFCCD are rent burdened, meaning that they pay more than 30% of household income toward rent, and have cited housing affordability as their top concern affecting their ability to continue working in San Francisco. As of August 2018, 54% of surveyed SFUSD teachers and nearly 64% of surveyed SFUSD paraprofessionals reported that it was "somewhat difficult" or "very difficult" to afford housing costs each month, and 69% of surveyed SFUSD teachers paid 30% or more of their income towards housing costs.

(e) San Francisco's economy and culture rely on a diverse workforce at all income levels. It is the policy of the City to enable workers to afford housing in San Francisco and to ensure that they pay a reasonably proportionate share of their incomes to live in adequate

housing, and to not have to commute ever-increasing distances to their jobs. The failure to build affordable housing close to job centers such as San Francisco results in long commutes, road congestion, and environmental harm as people seek affordable housing at greater distances from where they work.

(f) The Association of Bay Area Governments determined that San Francisco's share of the Regional Housing Need for January 2015 to June 2022 was the provision of 28,870 new housing units, with 6,234 (or 21.6%) as very low, 4,639 (or 16.1%) as low, and 5,460 (or 18.9%) as moderate income units.

(g) The City updated its Surplus Public Lands ordinance in November 2015, with the passage of Proposition K. The Surplus Public Lands ordinance prioritizes the use of public lands for affordable housing. The housing need in San Francisco is also particularly acute for middle-income households, for whom there are no federal and limited state financing programs that San Francisco can leverage with its own subsidies. Consistent with the intent of Proposition K, this ordinance optimizes the City's ability to use public lands for affordable housing. Publicly-owned land offers unique opportunities for development of affordable housing, consistent with the City's housing goals.

(h) The purpose of the Accelerating Affordable Housing and Affordable Teacher Housing Program Initiative Ordinance is to facilitate the development and construction of 100% affordable housing and affordable teacher housing in San Francisco. The ordinance will allow such housing where feasible and in additional zoning districts within San Francisco, while at the same time protecting neighborhood character.

(i) This Accelerating Affordable Housing and Affordable Teacher Housing Program Initiative Ordinance is consistent with the City's development policies set forth in the General Plan and elsewhere in the Planning Code. Facilitating the development and construction of 100% affordable housing and affordable teacher housing enhances the supply of affordable

housing and helps preserve the cultural and economic diversity of our neighborhoods. Likewise, allowing limited development on public lands, while preserving our parks, appropriately balances the need for affordable housing and housing for teachers with the need to preserve and maintain San Francisco's open space.

Section 2. Article 2 of the Planning Code is hereby amended by adding Section 206.9, to read as follows:

SEC. 206.9. THE ACCELERATING AFFORDABLE HOUSING AND AFFORDABLE TEACHER HOUSING PROGRAM.

(a) Purpose. This Section 206.9 establishes the Accelerating Affordable Housing and Affordable Teacher Housing Program (or "Program"). The purpose of the Program is to facilitate the construction and development of projects in which residential units are affordable to households earning up to 140% of the Area Median Income, including households with teachers. Projects developing housing under this Program would help enable the City's housing goals that 50% of new housing constructed or rehabilitated in the City be within the reach of working middle class San Franciscans, and at least 33% affordable for low and moderate income households.

(b) Definitions. The definitions in Section 102, and the definitions in Section 401 for "Area Median Income" or "AMI," "Housing Project," "Life of the Project," and "MOHCD," shall apply to this Section 206.9. The following definitions shall also apply, and shall prevail if there is a conflict with other sections of the Planning Code, including Section 206.2.

"100% Affordable Housing." Residential units that are deed-restricted for the Life of the Project or a minimum of 55 years, whichever is longer and consistent with any applicable tax credit regulatory requirements, to be affordable to households with an income up to 140% of the unadjusted area median family income (AMI) for the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco, as published annually by MOHCD.

"100% Affordable Housing Project." A residential project where all residential uses are restricted as 100% Affordable Housing. In the alternative, a 100% Affordable Housing Project also is a mixed use development consisting of residential and non-residential uses where the ground floor contains non-residential uses, and where all residential use are restricted as 100% Affordable Housing. Notwithstanding the foregoing, the maximum affordable rent or sales price for a unit in such a project may be no higher than 20% below median market rents or sales prices for the neighborhood in which the 100% Affordable Housing Project is located, which neighborhood shall be defined in accordance with the American Community Survey Neighborhood Profile Boundaries Map. MOHCD shall determine the allowable rents and sales prices, and the eligible households for such units accordingly.

"Affordable Teacher Housing Project." A project for the development of residential units, where no less than two-thirds of the units are deed-restricted for the Life of the Project or a minimum of 55 years, whichever is longer and consistent with any applicable tax credit regulatory requirements, to occupancy by at least one employee of the San Francisco Unified School District or San Francisco Community College District, as verified by the Planning Department or MOHCD, and where the ground floor may contain non-residential uses. The residential units that are deed-restricted to occupancy by at least one employee of the Unified School District or Community College District shall also be deed-restricted for the Life of the Project or a minimum of 55 years, whichever is longer and consistent with any applicable tax credit regulatory requirements, to be affordable to households with an income up to 140% of the unadjusted area median family income (AMI) for the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco, as published annually by MOHCD. Notwithstanding the foregoing income restrictions, the maximum affordable rent or sales price for a deed-restricted unit in such a project may be no higher than 20% below median market rents or sales prices for the neighborhood in which the Affordable Teacher Housing Project is located, which neighborhood shall be defined in accordance with the American Community Survey Neighborhood

Profile Boundaries Map. MOHCD shall determine the allowable rents and sales prices, and the eligible households for such units accordingly.

All references in this Section 206.9 to other sections of the Planning Code shall refer to those other sections as they may be amended from time to time after the effective date of the initiative measure enacting this Section 206.9.

(c) **Applicability.** An Accelerating Affordable Housing and Affordable Teacher Housing Program Project under this Section 206.9 shall be a housing project that:

(1) contains three or more Residential Units; not including any additional units permitted by this Section 206.9 through a zoning modification;

(2) is located

(A) on one or more lots equal to or greater than 10,000 square feet in any zoning district that allows residential uses, except for RH-1 and RH-1(D) zoning districts; or

(B) in a P District not under the jurisdiction of the Recreation and Park Department;

(3) meets the definition of a "100% Affordable Housing Project" or "Affordable Teacher Housing Project" in Section 206.9;

(4) does not cause any removal or demolition of a designated state or national landmark, or designated City landmark or contributory building in a designated historic district as provided in the Planning Code, or a Significant Building designated as Category I or II as provided in Planning Code Article 11;

(5) does not demolish, remove, or convert any Residential Units, and does not include any other parcel that has any Residential Units that would be demolished, removed, or converted as part of the project;

(6) includes active neighborhood-serving uses, or services or programs affiliated with the 100% Affordable Housing Project or Affordable Teacher Housing Project, for any proposed non-residential uses at the ground floor; and

(7) does not include office uses.

(d) Zoning Modifications. An Accelerating Affordable Housing and Affordable Teacher Housing Program Project shall, at the project sponsor's request, receive any or all of the following:

(1) Priority Processing.

(2) Form Based Density. Notwithstanding any zoning designation to the contrary, density of the 100% Affordable Housing Project or Affordable Teacher Housing Project shall not be limited by lot area or zoning district maximums but rather by the applicable requirements and limitations set forth here or elsewhere in this Code, including consistency with the Affordable Housing Bonus Program Design Guidelines, referenced in Section 315.1, as determined by the Planning Department.

(3) Height. Accelerating Affordable Housing and Affordable Teacher Housing Program Projects shall be granted the following additional height consistent with this subsection

(d)(3). Projects located entirely or partially on a parcel or parcels designated on the San Francisco Zoning Map as open space (OS) that are not under the jurisdiction of the Recreation and Park Department shall be deemed to have a height limit of 40 feet and a bulk designation of X.

(A) Projects located on a parcel or parcels with a height limit of 40 feet shall be allowed up to 10 additional feet, not including allowed exceptions per Section 260(b), above the parcel's height district limit in order to provide one additional story of Residential Use;

(B) Projects located on a parcel or parcels with a height limit of less than 40 feet shall be allowed up to 20 additional feet, not including allowed exceptions per Section 260(b), above the parcel's height district limit in order to provide two additional stories of residential use.

(4) Notwithstanding any other provision of this Code, except for Residential Uses meeting the requirements of subsection (c)(3), no other uses shall be required in an Affordable Housing or Affordable Teacher Housing Program Project.

(e) Implementation.

(1) Application. The following procedures shall govern the processing of a request for a project to qualify under the Accelerating Affordable Housing and Affordable Teacher Housing Program. An application to participate in the Program shall be submitted with the first application for approval of the project. The application shall be submitted on a form prescribed by the City.

(2) Conditions. Entitlements of Accelerating Affordable Housing and Affordable Teacher Housing Program Projects approved under this Section 206.9 shall be valid for 10 years from the date of approval.

(3) Controls. Notwithstanding any other provision of this Code, no conditional use authorization shall be required for an Accelerating Affordable Housing and Affordable Teacher Housing Program Project including any conditional use requirement previously adopted by the voters.

(4) Notice and Hearing. Accelerating Affordable Housing and Affordable Teacher Housing Program Projects shall comply with Section 315.1 for review and approval, except no exceptions under Section 315.1(d) shall be granted, and no findings under Section 315.1(e) shall be required. Any references in Section 315.1 to "100% Affordable Housing Bonus Projects" shall also include Accelerating Affordable Housing and Affordable Teacher Housing Program Projects under this section 206.9.

(5) Amendment by the Board of Supervisors. . No sooner than three years after the effective date of this Section 206.9, the Board of Supervisors by no less than two-thirds vote of all its members may by ordinance amend this Section if the amendment furthers the purpose of this Section. This subsection (e)(5) shall not be construed to authorize any amendment that would impose conditions or restrict development of a 100% Affordable Housing Project or an Affordable Teacher Housing

Project, including, but not limited to, amendments that would reduce the feasibility of a 100% Affordable Housing Project or an Affordable Teacher Housing Project, or limit the affordability or limit the income levels set forth in this Section.

Section 3. Article 2 of the Planning Code is hereby amended by revising Section 211.1, to read as follows:

SEC. 211.1. PRINCIPAL USES PERMITTED, P DISTRICTS.

The following uses are principally permitted in all P Districts when found to be in conformity with the General Plan:

* * * *

(i) Residential Uses in 100% Affordable Housing Projects, as defined in Section 206.9 and elsewhere in this Code. Except for modifications otherwise allowed by this Code, any such Residential Uses shall comply with controls and notification requirements for RM-3 districts.

(j) Residential Uses in Affordable Teacher Housing Projects, as defined in Section 206.9 and elsewhere in this Code. Except for modifications otherwise allowed by this Code, any such Residential Uses shall comply with controls and notification requirements for RM-3 districts.

Section 4. Additional findings. The People of the City and County of San Francisco specifically find that, for the reasons set forth in Section 1, this ordinance is consistent with the San Francisco General Plan and the Priority Policies set forth in San Francisco Planning Code Section 101.1, and the actions in this ordinance will serve the public necessity, convenience, and welfare pursuant to San Francisco Planning Code Section 302.

Section 5. Scope of Ordinance. In enacting this ordinance, the People of the City and County of San Francisco intend to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions or deletions, in accordance with the "Note" that appears under the official title of the ordinance.

Section 6. Amendment by the Board of Supervisors. No sooner than three years after the effective date of this measure the Board of Supervisors by no less than two-thirds vote of all its members may by ordinance amend this measure if the amendment furthers the purpose of this measure. This section shall not be construed to authorize any amendment that would impose conditions or restrict development of a 100% Affordable Housing Project or an Affordable Teacher Housing Project, including, but not limited to, amendments that would reduce the feasibility of a 100% Affordable Housing Project or an Affordable Teacher Housing Project, or limit the affordability or limit the income levels set forth in this measure.

Section 7. Conflicting Measures. In the event that this initiative ordinance and another measure or measures regarding zoning modifications and streamlined approval for 100% affordable housing and housing for teachers and other employees of the San Francisco Unified School District and San Francisco Community College District, or the regulation of uses in Public (P) zoning districts, in any respect shall appear on the same Citywide election ballot, the provisions of such other measures shall be deemed to be in conflict with this ordinance. In the event that this initiative ordinance shall receive a greater number of affirmative votes, the provisions of this ordinance shall prevail in their entirety and each and every provision of the other measure or measures shall be null and void in their entirety. In

the event that the other measure or measures shall receive a greater number of votes, the provisions of this initiative ordinance shall take effect to the extent permitted by law.

SUBMITTED.



Date:

6/18/19

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