



# SAN FRANCISCO PLANNING DEPARTMENT

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July 12, 2012

Supervisors Olague, Kim, Campos, Mar, and  
Ms. Angela Calvillo, Clerk  
Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: Transmittal of Planning Case Number 2012.0604T  
BF No. 12-0352: Housing Production Reports**

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

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

**Recommendation: Approval with Modifications**

Dear Supervisors and Ms. Calvillo,

On June 28th, 2012, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance under Board of Supervisors File Number 12-0352.

At the June 28<sup>th</sup> Hearing, the Commission voted 6-0 to recommend approval with modifications of the proposed Ordinance which would codify Planning Department reports on Housing Production trends and how they compare with Regional Housing Needs Assessment projections.

Supervisor, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission. The attached resolution and exhibits provides more detail about the Commission's action. 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 "AnMarie Rodgers", with a horizontal line extending to the right.

AnMarie Rodgers  
Manager of Legislative Affairs

Cc: City Attorneys Cheryl Adams and Judith Boyajian

Attachments (one copy of the following):

Planning Commission Resolution No. 18656  
Department Executive Summary  
Exhibit B- Recommended modifications to the  
Administrative Code



# SAN FRANCISCO PLANNING DEPARTMENT

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## Planning Commission Resolution

HEARING DATE: JUNE 28<sup>TH</sup> , 2012

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*Project Name:* **Housing Production Reports**  
*Case Number:* 2012.0604T [Board File No. 120352]  
*Initiated by:* Supervisors Olague, Kim, Campos, and Mar  
*Introduced on:* April 10, 2012  
*Staff Contact:* Kimia Haddadan, 415.575.9068  
[kimia.haddadan@sfgov.org](mailto:kimia.haddadan@sfgov.org)  
*Reviewed by:* AnMarie Rodgers, Manager Legislative Affairs  
[anmarie.rodgers@sfgov.org](mailto:anmarie.rodgers@sfgov.org), 415.558.6395  
*90-Day Deadline:* July 16<sup>th</sup>  
  
*Recommendation:* **Recommend Approval with Modifications**

RECOMMENDING THAT THE BOARD OF SUPERVISORS PASS AN ORDINANCE WITH MODIFICATIONS THAT WOULD INITIATE AMENDMENTS TO THE SAN FRANCISCO PLANNING CODE BY 1) ADDING ARTICLE 5 TO IMPLEMENT SAN FRANCISCO'S HOUSING PRESERVATION AND PRODUCTION POLICIES AND GOALS; AND 2) MAKING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

### PREAMBLE

Whereas, on April 10, 2012 Supervisor Chiu introduced a proposed Ordinance under Board File Number 12-0352 that would amend Planning Code by 1) adding Article 5 to implement San Francisco's housing preservation and production policies and goals; and 2) making environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the Priority Policies of Planning Code Section 101.1; and

Whereas, since the introduction of the proposed Ordinance, the Planning Department recommended modifications to the proposed Ordinance; and

Whereas, on June 28th, 2012 the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance and the proposed modification; and

Whereas, the proposed Ordinance have been found exempt from the California Environmental Quality Act per sections 15060 (c) (3) and 15378.

Whereas, the Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented by Department staff, and other interested parties; and

Whereas, the 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 Commission has reviewed the proposed Ordinance; and

**MOVED**, that the Commission hereby recommends that the Board of Supervisors recommend *approval with modifications* of the proposed Ordinance. The Commission further moves that these future reports should also contain the specific comments listed below and adopts the attached Draft Resolution to that effect.

- **MODIFICATIONS TO PROPOSED ORDINANCE.** The recommended modifications include 1) codification through Administrative law that three reports would be mandated including: The Housing Production Summary Attachment, the Quarterly Housing Production Report, and the Annual Housing Inventory 2) Including the analysis on how residential projects at any stage of housing production contribute to RHNA projections in all these three reports, 3) codifying that these reports along with the Annual Housing Element Progress Report be presented at the first hearing of the Planning Commission in April of each year and sent to the Board of Supervisors; and **Exhibit B to this resolution presents the modifications to the legislation language;** and 3) allowing this Commission resolution to establish the specific contents of the reports as listed below.
  - **CONTENT OF FUTURE REPORTS.** The Housing Production Summary be provided for both private development projects and area plans under Commission review as presented in Exhibit A.
  - The Quarterly Housing Production Report should contain a geographic presentation of all projects entitled, permitted, and completed with an overlay of the Area Plans. Map graphics would better visualize where projects are being proposed or built relative to the Area Plans.
  - Housing Element Progress Report should continue analyzing how the housing production trend has met the RHNA projections. Planning Department staff should also analyze both inclusionary housing and below market rate housing production trends as part of this report.

## FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The California state law has declared availability of decent housing for every Californian a vital statewide importance and priority. This law has vested power in local and state governments to facilitate the improvement and development of housing to accommodate meeting the housing needs of all economic segments of the community. In order to achieve this goal, the state law has mandated that local jurisdictions adopt a Housing Element as a part of their General Plans. In addition to providing goals and policies for enhancing housing production and preservation, the Housing Element should identify and analyze the existing and projected housing needs of the locality. The California Department of Housing and Community Development (HCD) determine the total housing need for a region, and the Association of Bay Area Governments distributes this need to local governments, through the Regional Housing Need Allocation (RHNA) process. RHNA projects the number of units across four household income segments that each locality should accommodate in order to fulfill the projected housing needs.
2. RHNA projections focus on *planning* for housing rather than *producing* housing. The private market forces drive housing production; while local governments can exert influence on how and where development occurs, they cannot control these market forces and decisions about if housing actually gets built. Additionally, RHNA numbers are usually high compared to the market's capacity and therefore, given market constraints, RHNA goals cannot be completely fulfilled. Based on these concerns, RHNA projections do not always mirror realistic housing production targets in localities. They only represent estimates of housing needs at each income level.
3. Section 10.E in the Administrative Code regulates the Department's Area Plan Monitoring reports. In order to maintain consistency of the content of the entirety of San Francisco City Code, staff proposes to include the new law in the Administrative Code, where similar regulations regarding Planning Department reports exist.
4. The new Housing Production Summary attachment represents the Department's ongoing effort to provide Commissioners and the public with more information. This attachment is also as part of the implementation of the 2009 Housing Element. The Housing Production Summary report would serve only as information for the Commission and would not be a basis for recommendation for projects.
5. **General Plan Compliance.** The proposed Ordinance is, on balance, consistent with the following 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 1.1**

**Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.**

San Franciscans are a diverse population, with a diverse set of housing needs. Future housing policy and planning efforts must take into account the diverse needs for housing. The RHNA projections indicate housing goals for various income levels, these provide basic planning goals for housing affordability. San Francisco's housing policies and programs should provide strategies that promote housing at each income level, and furthermore identify sub-groups, such as middle income and extremely low income households that require specific housing policy. In addition to planning for affordability, the City should plan for housing that serves a variety of household types and sizes.

*The proposed Ordinance would help advance this policy by providing consistent information for the public and before the Planning Commission regarding how the current housing production trends contribute towards RHNA projections. The mandated frequent and consistent reporting would help Department's analysis at the end of each Housing Element statutory period.*

6. The proposed replacement project is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:
  - A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

*The proposed Ordinance will have no adverse impact on the neighborhood-serving retail uses.*
  - B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

*The proposed Ordinance will have no adverse effect on existing housing and neighborhood character.*
  - C) The City's supply of affordable housing will be preserved and enhanced:

*The proposed Ordinance will have no adverse effects on the City's supply of affordable housing.*
  - D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

*The proposed Ordinance will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.*
  - E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

*The proposed Ordinance will not result in displacement of industrial or service sectors.*

- F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*The proposed Ordinance would not affect the preparedness against injury and loss of life in an earthquake.*

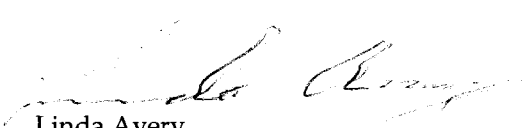
- G) That landmark and historic buildings will be preserved:

*The proposed Ordinance would not adversely affect landmark and historic buildings.*

- H) Parks and open space and their access to sunlight and vistas will be protected from development:

*The proposed Ordinance would not adversely affect parks and open spaces in terms their access to sunlight and vistas.*

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on June 28, 2012.



Linda Avery  
Commission Secretary

AYES: Commissioners Fong, Wu, Antonini, Borden, Miguel, Moore, and Sugaya

NAYS: None

ABSENT: None

ADOPTED: 6/28/2012



# SAN FRANCISCO PLANNING DEPARTMENT

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

## Housing Production Summary Report

2007 TO PRESENT

Reception:  
**415.558.6378**

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State law requires each city and county to adopt a Housing Element as a part of its general plan. The State Department of Housing and Community Development (HCD) determines a Regional Housing Need (RHNA) that the Housing Element must address. The need is the minimum number of housing units that a region must plan for in each RHNA period.

This table represents completed units and development projects in the current residential pipeline. The total number of entitled units is tracked by the San Francisco Planning Department and is updated quarterly in coordination with the *Pipeline Report*. Subsidized housing units, including moderate and low income units, are tracked by the Mayor's Office of Housing, and are also updated quarterly.

Household Income Category	2007-2014 RHNA Production Targets	HOUSING PRODUCTION SUMMARY				TOTALS	TOTALS as % of RHNA Targets
		Completed, 2007 to 2011 and Q1 2012	Under Construction, as of Q1 2012	Building Permits Issued, as of Q1 2012	Entitled by Planning* as of Q1 2012		
Very Low (< 50% AMI)†	6,589	2,836	661	170	771	4,438	67.4%
Low (50-79% AMI)	5,535	736	124	-	105	965	17.4%
Moderate (80-120% AMI)	6,754	957	187	197	361	1,702	25.2%
Above Moderate (over 120% AMI)	12,315	8,029	3,136	1,085	4,741	16,991	138.0%
<b>TOTALS</b>	<b>31,193</b>	<b>12,558</b>	<b>4,108</b>	<b>1,452</b>	<b>5,978</b>	<b>24,096</b>	<b>77.2%</b>

\*This total does not include entitled major development projects such as Candlestick Hunters' Point, Treasure Island, and ParkMerced. While entitled, these projects are not expected to be completed within the current RHNA reporting period (2007 through June 2014).

## **Exhibit B- Planning Department's Recommended Modifications to the Administrative Code**

Note: The Department recommends adding a new Section 10E.4 and modifying the title chapter of 10E.

All additions are shown in *italic, underline font*.

Deletions are shown in ~~*strikethrough italic font*~~.

### **CHAPTER 10E: ~~NEIGHBORHOOD AREA PLAN~~ PLANNING MONITORING**

#### **10E.4 Housing Production Reports and Hearings.**

##### **(a) Findings.**

A. In Section 65580 of the California Government Code, the State Legislature declared that: 1) the availability of decent housing and a suitable living environment for every Californian is of vital statewide importance and a priority of the highest order, (2) attainment of the State's housing goal requires the cooperative participation of government and the private sector to expand housing opportunities and accommodate housing needs at all economic levels, (3) the provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government, (4) local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community, (5) in carrying out this responsibility, each local government also has the responsibility to consider, among other things, community goals set forth in the general plan, and (6) each local government has a responsibility to cooperate with the state in addressing regional housing needs.

B. The State of California has enacted several laws to implement the State 's housing goals. Among these is a requirement that a local jurisdiction have a Housing Element as part of its General Plan that, among other things, contains an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and schedule programs for the preservation, improvement, and development of housing that meets the existing projected needs of all economic segments of the community. (Gov. Code Section 65583 et seq.)

C. Pursuant to Government Code Section 65584, the Association of Bay Area Governments



(ABAG), in coordination with the California State Department of Housing and Community Development (HCD), determines the Bay Area's regional housing need based on regional trends, projected job growth, and existing needs. ABAG calculates San Francisco's fair share of the regional housing need for each statutory period of the Housing Element. The regional housing needs assessment (RHNA) determination includes production targets addressing housing needs of a range of household income categories. Because the median income in San Francisco is lower than the regional median income, the Mayor's Office of Housing publishes a local AMI standard.

D. In 1996, San Francisco enacted a Jobs-Housing Linkage Program in an effort to increase amount of affordable housing being built in the City. In 2002, San Francisco enacted an inclusionary housing ordinance in a further attempt to increase the supply of affordable housing. Housing affordability continues to be a major concern as San Francisco has one of the least affordable housing markets in the nation.

E. In January 2012, the San Francisco Budget and Legislative Analyst published a Performance Audit of San Francisco's Affordable Housing Policies and Programs, which was prepared at the request of the Board of Supervisors. Table 1 of the Performance Audit shows that between 1999 and 2006, San Francisco met 153.4% of its production goal for market-rate housing, 82.8% of its goal for very low income housing, 52.4% of its goal for low income housing, and 12.9% of its goal for moderate income housing. In Table 2 of the Performance Audit, San Francisco's housing production goals for 2007-2014 are: 10.6% of all new housing for extremely low income households, 10.6% for very low income households, 17.7% for low income households, 21.7% for moderate income households, and 39.5% for market rate housing.

F. Among other things, the Performance Audit concluded that the Planning Commission does not receive a sufficiently comprehensive evaluation of the City's achievement of its housing goals and that the Board of Supervisors does not receive consistent information on the overall impact of the City's housing policies on the development of affordable housing in San Francisco.

**(b) Planning Department Reports to the Planning Commission.**

(1) Housing Production Summary Attachment. Beginning within 30 days after the effective date of this Article, Planning Department staff reports to the Planning Commission on a proposed project containing residential units or area plan shall include a total number of units at all stages of the housing production process, within the current Housing Element statutory period, as it contributes towards meeting San Francisco's regional housing needs allocation for

different household income levels as determined in the General Plan's Housing Element. Baseline data on housing production for this reporting shall be updated quarterly

**(2) Quarterly Housing Production Reports.** Planning Department staff shall provide the Planning Commission with a Quarterly Housing Production Report that contains at a minimum comparative analysis of current housing production and regional housing needs allocation for San Francisco for different household income levels as determined in the General Plan's Housing Element.

**(3) Annual Housing Inventory Reports.** The Planning Department shall publish an annual Housing Inventory on April 1<sup>st</sup> of each year that contains at a minimum: (i) an evaluation of how residential projects at any stage of the housing production process during the preceding calendar year contribute to the City's regional housing needs allocation for different household income levels as determined in the General Plan's Housing Element and (ii) how residential projects in the housing production process met inclusionary housing requirement as on-site below market-rate (BMR) units, off-site BMR units, or payment of an in-lieu fee.

**(c) Annual Commission Housing Hearing and Annual Report to the Board of Supervisors.**

**(1) Commission Hearing.** The Planning Commission shall hold an annual public hearing subsequent to publishing the Housing Inventory. This hearing shall provide at minimum information on: (i) Findings of the annual Housing Inventory regarding how housing production trends match with San Francisco's regional housing needs allocation for different income levels as determined in the General Plan's Housing Element. (ii) Findings of the state mandated annual Housing Element Progress Report regarding how housing production trends advance the Housing Elements policies and goals.

**(2) Annual Report to Board.** The Planning Department shall provide an annual report to the Board of Supervisors concerning the results of the Commission's hearing and any Commission recommendations.