

1 [Initiative Ordinance - Planning Code - Requiring Conditional Use Authorization for  
2 Replacement of Production, Distribution, Repair, Institutional Community, and Arts Activities  
3 Uses]

4 **Motion ordering submitted to the voters an Ordinance amending the Planning Code to**  
5 **require Conditional Use authorization for conversion of Production, Distribution, and**  
6 **Repair Use, Institutional Community Use, and Arts Activities Use and replacement**  
7 **space; and affirming the Planning Department’s determination under the California**  
8 **Environmental Quality Act, at an election to be held November 8, 2016.**

9  
10 MOVED, That the Planning Department has determined that the actions contemplated  
11 in this ordinance comply with the California Environmental Quality Act (California Public  
12 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the  
13 Board of Supervisors in File No. 160698 and is incorporated herein by reference.  
14 The Board affirms this determination; and be it

15 MOVED, That the Board of Supervisors hereby submits the following ordinance to the  
16 voters of the City and County of San Francisco, at an election to be held on November 8,  
17 2016.

18  
19 **Ordinance amending the Planning Code to require Conditional Use authorization for**  
20 **conversion of Production, Distribution, and Repair Use, Institutional Community Use,**  
21 **and Arts Activities Use and replacement space.**

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

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

2 Section 1. Findings.

3 (a) While San Francisco’s growing population and severe housing crisis require the  
4 development of new housing, the Eastern Neighborhoods community planning process began  
5 in 2001 with the goal of developing new zoning controls for the industrial portions of these  
6 neighborhoods.

7 (b) At one time, land zoned for industrial uses covered almost the entire eastern  
8 bayfront of San Francisco, from the southern county line to well north of Market Street. As the  
9 city’s economy has transformed over time, away from traditional manufacturing and “smoke-  
10 stack” industry toward tourism, service and “knowledge-based” functions, the city’s industrial  
11 lands have shrunk steadily.

12 (c) By the 1990s, land zoned for industrial uses stood at about 12% of the city’s total  
13 usable land (i.e. not including parks and streets). This period was one of strong economic  
14 growth in which the city gained thousands of new jobs and residents. As a result, capital,  
15 business and building activity surged into the industrial and residential Eastern  
16 Neighborhoods, south of Downtown. While this wealth brought needed resources, it also  
17 created conflicts around the use of land. San Francisco’s industrial zoning has historically  
18 been permissive – allowing residences, offices and other uses, in addition to industrial  
19 businesses.

20 (d) As part of the Eastern Neighborhoods planning process, the Planning Department  
21 conducted a series of workshops where stakeholders articulated goals for their neighborhood,  
22 considered how new land use regulations (zoning) might promote these goals, and created  
23 several rezoning options representing variations on the amount of industrial land to retain for  
24 employment and business activity.

1 (e) Starting in 2005, the community planning process expanded to address other  
2 issues critical to these communities including affordable housing, transportation, parks and  
3 open space, urban design and community facilities. The Planning Department began working  
4 with the neighborhood stakeholders to create Area Plans for each neighborhood to articulate  
5 a vision for the future.

6 (d) Based on several years of community input and technical analysis, the Eastern  
7 Neighborhoods Program calls for transitioning about half of the existing industrial areas in  
8 these four neighborhoods to mixed use zones that encourage new housing. The other  
9 remaining half would be reserved for Production, Distribution and Repair zoning districts,  
10 where a wide variety of functions such as Muni vehicle yards, caterers, and performance  
11 spaces can continue to thrive.

12 (e) The initial Eastern Neighborhoods Area Plans were adopted in 2008.

13 (f) At their core, the Eastern Neighborhoods Plans try to accomplish two key policy  
14 goals: 1) They attempt to ensure a stable future for Production, Distribution and Repair (PDR)  
15 uses in the city, mainly by reserving a certain amount of land for this purpose; and 2) they  
16 strive to provide a significant amount of new housing affordable to low, moderate, and middle  
17 income families and individuals, along with “complete neighborhoods” that provide appropriate  
18 amenities for these new residents.

19 (g) Because San Francisco has very limited land available, it is important to evaluate  
20 the current state of land available for PDR use and to protect PDR uses because of  
21 competing pressure from residential and office uses, which can afford to pay far more to buy  
22 and develop land.

23 (h) Office tenants are willing to pay well over twice what PDR commands — creative  
24 tech space goes for \$70 a square foot in SoMa or the Inner Mission. This leads to the loss of  
25 space critical for PDR activities and therefore the loss of jobs that result from these activities.

1 (i) The Planning Department prepared a report in April 2005, on the demand for and  
2 supply of PDR in the City. This report is known as the EPS PDR Study. To alleviate the  
3 impact of loss of PDR uses and to revitalize PDR uses and to attract technology and biotech  
4 businesses to the City, it is necessary for the City to aggressively pursue retention of PDR  
5 and its associated job sectors. Development that removes PDR use should have the option of  
6 replacing the lost space at a one-to-one ratio. To accomplish this, a PDR replacement  
7 program should be established.

8  
9 Section 2. The Planning Code is hereby amended by adding a new Section 202.8, to  
10 read as follows:

11 SEC. 202.8 LIMITATION ON CONVERSION OF PRODUCTION, DISTRIBUTION, AND  
12 REPAIR USE, INSTITUTIONAL COMMUNITY USE, AND ARTS ACTIVITIES USE.

13 Notwithstanding any other provision of this Code, conversion of a Production, Distribution, and  
14 Repair (PDR) use, an Institutional Community use, or an Arts Activities use, all as defined in Section  
15 102, through change in use or any other removal, including but not limited to demolition, shall require  
16 Conditional Use authorization pursuant to Section 303 and shall be subject to the following additional  
17 requirements:

18 (a) To preserve the existing stock of building space suitable for PDR, Institutional Community,  
19 and Arts Activities uses, if a project would result in conversion of building space, where the prior use in  
20 such space was PDR, Institutional Community, or Arts Activities use, through removal, including  
21 through demolition of a building that is not unsound, or through change of use, such space shall be  
22 replaced in compliance with the following criteria:

23 (1) In the areas that, as of July 1, 2016, are zoned SALI, PDR, C-3-G, or M, the  
24 replacement space shall be located on the same property or in the same area plan area as the property  
25

1 and shall include one square foot of PDR, Institutional Community, or Arts Activities use for each  
2 square foot of such use proposed for conversion.

3 (2) In the areas that, as of July 1, 2016, are zoned UMU, MUO, MUG, or MUR, the  
4 replacement space shall be located on the same property or in the same area plan area as the property  
5 and shall include 0.75 square foot of PDR, Institutional Community, or Arts Activities use for each  
6 square foot of such use proposed for conversion.

7 (3) In all other areas that, as of July 1, 2016, are zoned to permit PDR, Institutional  
8 Community, or Arts Activities uses, the replacement space shall be located on the same property or in  
9 the same area plan area as the property and shall include 0.25 square foot of PDR, Institutional  
10 Community, or Arts Activities use for each square foot of such use proposed for conversion.

11 (b) For the purpose of this Section 202.8, “unsound” shall mean a building for which  
12 rehabilitation would cost 50% or more of the cost to construct a comparable building.

13 (c) The amount of replacement space required under subsection (a)(1) may be reduced by the  
14 amount that is necessary to provide building entrances and exits; maintenance, mechanical, and  
15 utilities facilities; and on-site open space and bicycle facilities required under this Code; provided that  
16 no reduction shall be permitted for non-car-share vehicle parking spaces.

17 (d) In determining whether to grant Conditional Use authorization, in addition to making the  
18 required findings under Section 303, the Planning Commission shall consider the suitability of the  
19 replacement space for the use proposed for conversion.

20 (e) Projects in the following areas are exempt from the requirements of this Section 202.8: any  
21 area zoned C-3-O or R as of July 1, 2016; any property under the jurisdiction of the Port of San  
22 Francisco; all special use districts and Redevelopment Plan Areas in effect as of July 1, 2016.

23 (f) Grandfathering Provision. Any project that has received final Planning Commission  
24 approval by June 14, 2016 shall not be subject to the requirements of this Section 202.8 for the  
25 conversion of PDR use.

1            (g) This Section 202.8 shall not authorize a change in use if the new use or uses are otherwise  
2 prohibited.

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5 APPROVED AS TO FORM:

6 DENNIS J. HERRERA, City Attorney

7  
8 By: \_\_\_\_\_  
9        MARLENA BYRNE  
       Deputy City Attorney

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