

1 [Administrative Code - Housing Preservation and Production]

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3 **Ordinance amending the San Francisco Administrative Code by 1) amending the title of**
4 **Chapter 10E and adding Section 10E.4 to monitor San Francisco's housing**
5 **preservation and production policies and goals; and 2) making environmental findings.**

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7 NOTE: Additions are *single-underline italics Times New Roman*;
8 deletions are ~~*strike-through italics Times New Roman*~~.
9 Board amendment additions are double-underlined;
10 Board amendment deletions are ~~strike through normal~~.

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

11 Section 1. Environmental Finding. The Planning Department has determined that the
12 actions contemplated in this ordinance comply with the California Environmental Quality Act
13 (California Public Resources Code Section 21000 et seq.). Said determination is on file with
14 the Clerk of the Board of Supervisors in File No. 120352 and is incorporated herein by
15 reference.

16 Section 2. The San Francisco Administrative Code is hereby amended by amending
17 the title of Chapter 10E and adding Section 10E.4, to read as follows:

18 **CHAPTER 10E ~~NEIGHBORHOOD AREA PLAN~~ PLANNING MONITORING**

19 **SEC. 10E.4. HOUSING ELEMENT PRODUCTION REPORTS AND HEARINGS**

20 **(a) Findings.**

21 (1) In Section 65580 of the California Government Code, the State Legislature declared that:

22 (A) the availability of decent housing and a suitable living environment for every Californian is of vital
23 statewide importance and a priority of the highest order, (B) attainment of the State's housing goal
24 requires the cooperative participation of government and the private sector to expand housing
25 opportunities and accommodate housing needs at all economic levels, (C) the provision of housing

1 affordable to low- and moderate-income households requires the cooperation of all levels of
2 government, (D) local and state governments have a responsibility to use the powers vested in them to
3 facilitate the improvement and development of housing to make adequate provision for the housing
4 needs of all economic segments of the community, (E) in carrying out this responsibility, each local
5 government also has the responsibility to consider, among other things, community goals set forth in
6 the general plan, and (F) each local government has a responsibility to cooperate with the state in
7 addressing regional housing needs.

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

14 (3) Pursuant to Government Code Section 65584, the Association of Bay Area Governments
15 (ABAG), in coordination with the California State Department of Housing and Community
16 Development (HCD), determines the Bay Area's regional housing need based on regional trends,
17 projected job growth, and existing needs. ABAG has calculated San Francisco's fair share of the
18 regional housing need for January 2007 through 2014 – the implementation period for the current
19 Housing Element – as 31,390 units, or about 4,160 units per year.

20 (4) The regional housing needs assessment (RHNA) determination includes production targets
21 addressing housing needs of a range of household income categories. ABAG has projected that at least
22 39% of new housing demands will be from low and very low income households (households earning
23 under 80% of area median income), and another 22% should be affordable to households of moderate
24 means (earning between 80% and 120% of area median income). Market-rate housing is considered
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1 housing that is generally available to households making at or above 120% of median income. Because
2 the median income in San Francisco is lower than the regional median income, the Mayor's Office of
3 Housing publishes a local AMI standard.

4 (5) In 1996, San Francisco enacted a Jobs-Housing Linkage Program in an effort to increase
5 the amount of affordable housing being built in the City. In 2002, San Francisco enacted an
6 inclusionary housing ordinance in a further attempt to increase the supply of affordable housing.
7 Nonetheless, although over 4,920 new affordable housing units were added to the City's housing stock
8 between 2000 and 2008, the City did not meet its fair share of the regional housing needs production
9 targets, especially for low and moderate income housing.

10 (6) Housing affordability continues to be a major concern as San Francisco has one of the least
11 affordable housing markets in the nation. Under the heading "Why is Housing an Issue," Part II:
12 Objectives & Policies of the Housing Element's introduction says:

13 "Based on the growing population, and smart growth goals of providing housing in central
14 areas like San Francisco, near jobs and transit, the State Department of Housing and Community
15 Development (HCD), with the Association of Bay Area Governments (ABAG), estimates that San
16 Francisco must plan for the capacity for roughly 31,000 new units, 60% of which should be suitable for
17 housing for the extremely low, very low, low and moderate income households, in the 2007-2014
18 Housing Element period to meet its share of the region's projected housing demand."

19 Objective 1 of the San Francisco Housing Element states that the City should "identify and
20 make available for development adequate sites to meet the City's housing needs, especially permanently
21 affordable housing." Objective 7 states that San Francisco's projected affordable housing needs far
22 outpace the capacity for the City to secure subsidies for new affordable units. Therefore, the City needs
23 to look for creative ways to facilitate affordable housing development.

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

10 (8) Among other things, the Performance Audit concluded that the Planning Commission does
11 not receive a sufficiently comprehensive evaluation of the City's achievement of its housing goals and
12 that the Board of Supervisors does not receive consistent information on the overall impact of the City's
13 housing policies on the development of affordable housing in San Francisco. Among other things, the
14 Budget and Legislative Analyst recommended that: (A) Planning Department staff reports to the
15 Planning Commission include data on the expected unit type and income level of any proposed projects
16 or area plans under review, including how such units would address the City's fair share of the
17 regional housing need, (B) the Planning Department resume providing the Commission with a
18 Quarterly Housing Production Report, and (C) the Planning Department include in the annual
19 Housing Inventory an evaluation of (i) how residential projects entitled in the preceding calendar year
20 contributed to the City's housing goals for each income level and to the Housing Element's policies and
21 objectives, (ii) how entitled housing projects met inclusionary housing or affordable housing fee
22 requirements, and their expected impact on achieving the City's housing goals for each income level,
23 (iii) whether entitled housing projects advanced various Area Plan goals and objectives, and (iv) the
24 current and projected status of housing development in the City compared to the City's housing goals.

1 **(b) Planning Department Reports.**

2 **(1) Housing Production Summary Attachment.** *Beginning within 30 days after the effective*
3 *date of this Section, Planning Department staff reports on all proposed projects of five residential units*
4 *or more shall include data on the total number of units at all stages of the housing production process,*
5 *within the current Housing Element statutory period, as it contributes towards meeting San Francisco's*
6 *quantified production goals for different household income levels as determined in the General Plan's*
7 *Housing Element, and including data on middle income households (households earning*
8 *approximately 120% to 150% of area median income); senior housing units; the number of*
9 *efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when the*
10 *ability to collect this data exists); and data tracking revenue generated from the Affordable*
11 *Housing Fee under Planning Code Section 415 et seq. Baseline data on housing production for*
12 *this reporting shall be updated quarterly.*

13 **(2) Quarterly Housing Production Reports.** *Planning Department staff shall provide the*
14 *Planning Commission with a quarterly Housing Production Report every ~~six~~ three months that*
15 *contains, at a minimum, a comparative analysis of current housing production and regional housing*
16 *needs allocation for San Francisco for different household incomes as determined in the General*
17 *Plan's Housing Element, and including data on middle income households (households earning*
18 *approximately 120% to 150% of area median income); senior housing units; the number of*
19 *efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when the*
20 *ability to collect this data exists); and data tracking revenue generated from the Affordable*
21 *Housing Fee under Planning Code Section 415 et seq. This report should also include*
22 *information regarding the approval process for newly entitled housing. Specifically, the report should*
23 *show which projects were considered at a public hearing before the Planning Commission, including*
24 *Conditional Use or Mandatory Discretionary Review.*

1 **(3) Annual Housing Inventory Reports.** The Planning Department shall publish an annual
2 Housing Inventory on April 1st of each year that contains at a minimum:

3 (A) an evaluation of how residential projects entitled or at any other stage of the housing
4 production process during the preceding calendar year contribute to the City's quantified regional
5 housing needs allocation for different household income levels as determined in the General Plan's
6 Housing Element, and including data on middle income households (households earning
7 approximately 120% to 150% of area median income); senior housing units; and the number
8 of efficiency, studio, one bedroom, two bedroom and three bedroom and above units (when
9 the ability to collect this data exists).

10 (B) how residential projects in the housing production process met inclusionary housing
11 requirements as on-site below-market-rate (BMR) units, off-site BMR units, or payment of an in-lieu
12 fee, including data tracking revenue generated from the Affordable Housing Fee under
13 Planning Code Section 415 et seq.; and

14 (C) the number of residential projects at any stage of the housing production process during the
15 preceding calendar year within the City's Planning Districts and Plan Areas for different housing
16 income levels as determined in the General Plan's Housing Element, and including data on middle
17 income households (households earning approximately 120% to 150% of area median
18 income); senior housing units; and the number of efficiency, studio, one bedroom, two
19 bedroom and three bedroom and above units (when the ability to collect this data exists).

20 **(c) Annual Planning Commission Housing Hearing; Report to the Board of Supervisors.**

21 (1) **Commission Hearing.** The Planning Commission shall hold an annual public hearing
22 subsequent to publishing the Housing Inventory. This hearing shall provide, at a minimum, information
23 on: (A) Findings of the annual Housing Inventory regarding how housing production trends match with
24 San Francisco's quantified regional housing needs allocation for different income levels as determined

1 in the General Plan's Housing Element, and including data on middle income households
2 (households earning approximately 120% to 150% of area median income); senior housing
3 units; and the number of efficiency, studio, one bedroom, two bedroom and three bedroom
4 and above units (when the ability to collect this data exists); and (B) Findings of the state
5 mandated annual Housing Element Progress Report regarding how housing production trends advance
6 the Housing Element's policies and goals.

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

10 Section 3. Effective Date. This ordinance shall become effective 30 days from the
11 date of passage.

12 Section 4. This section is uncodified. In enacting this Ordinance, the Board intends to
13 amend only those words, phrases, paragraphs, subsections, sections, articles, numbers,
14 punctuation, charts, diagrams, or any other constituent part of the Administrative Code that
15 are explicitly shown in this legislation as additions, deletions, Board amendment additions,
16 and Board amendment deletions in accordance with the "Note" that appears under the official
17 title of the legislation.

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19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

21 By: SUSAN CLEVELAND-KNOWLES
22 Deputy City Attorney