

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



February 1, 2023

Rich Hillis, Director
San Francisco Planning Department
City and County of San Francisco
49 South Van Ness Avenue
San Francisco, CA 94103

Dear Rich Hillis:

RE: San Francisco's 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City and County of San Francisco's (City) housing element, adopted and received for review on January 31, 2023. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from several individuals and organizations throughout the housing element review, including but not limited to the Council of Community Housing Organizations (CCHO), Race and Equity in all Planning Coalition, SF YIMBY, and Kevin Burke.

HCD is pleased to find the adopted housing element in full compliance with State Housing Element Law (Article 10.6 of the Gov. Code). The adopted element was found to be substantially the same as the revised draft element that HCD's January 20, 2023, review determined met statutory requirements.

The City has made great strides in developing a housing element that addresses systematic practices that have stunted housing production, including efforts to address the City's largely discretionary approval process and exclusionary zoning and land use practices. HCD applauds the City for many of these efforts. However, the City must continue timely and effective implementation of all programs, including but not limited to 1) addressing and removing constraints to housing development 2) rezoning and making available adequate sites to accommodate the regional housing needs allocation (RHNA) and 3) fostering equitable communities. HCD will be closely monitoring the City's housing element implementation efforts throughout the planning period including key milestones, deadlines, and annually for compliance with housing element law. For example:

- *Affirmatively Furthering Fair Housing (AFFH)* – The City's housing element has been centered on addressing decades of discriminatory land use and zoning

practices that have led to disinvested communities and unequal access to neighborhoods of opportunity. These actions or lack thereof have further exacerbated racial and income segregation across the City. In response, the element has set forth bold and meaningful strategies that promote housing choices and create truly accessible and equitable communities throughout the City. These actions include but are not limited to rezoning and targeting 25 to 50 percent of the City's RHNA in well-resourced neighborhoods, and reinvesting and prioritizing resources for parks, schools, infrastructure, and other community serving uses in historically disinvested communities while simultaneously preserving and conserving neighborhoods rich in cultural history and resources through anti-displacement programs and other community stabilization efforts. Programs implementing these efforts include but are not limited to actions under Programs 4, 5, 7, 8, and 9.

- *Adequate Sites to Accommodate the RHNA* – The element includes programs that commit to accommodating the City's regional housing needs allocation (RHNA) of 82,069 units, including a shortfall of 32, 282 units, through existing pipeline projects, development agreements, and rezoning by monitoring production, providing incentives to developers, and facilitating development through zoning and land use changes, among other actions. These programs include but are not limited to Programs 7.1-7.3, and actions under Program 8, notably Programs 8.1.5, 8.1.10, and 8.7. These programs commit to permitting owner-occupied and rental multifamily uses by-right for developments in which 20 percent or more of the units are affordable to lower-income households. For your information, by-right means local government review must not require a conditional use permit, planned unit development permit, or other discretionary review or approval.

The City has proposed various scenarios in the element to implement its rezoning efforts. In addition, HCD is aware that the City is considering other strategies such as adopting Housing Sustainable Districts (HSD). Please note that these approaches or other ordinances do not substitute the City's obligation to complete its rezone program. As stated in HCD's prior reviews, as the City begins implementation of these rezoning efforts, the City should adopt the most aggressive rezoning strategies to ensure that adequate sites are available throughout the planning period, especially for lower- and moderate-income households. For your information, HCD found that the City's proposed rezoning approaches addressed the City's requirement to demonstrate adequate sites to accommodate the RHNA and assisted in fulfilling the City's AFFH obligations. Any changes, modifications, or lesser approaches to rezoning can jeopardize the City's ability to meet both these requirements, also triggering an immediate review of the housing element for compliance with State Housing Element Law.

- *Efforts to Remove Governmental Constraints to Production* – The element, in addition to public comments and HCD's ongoing investigations, have

demonstrated that the City has a long, complex, and cumbersome approval process for housing developments and is not complying with all state housing laws. These delays have often led to projects becoming infeasible, further exacerbating the housing crisis in San Francisco. The element proposes several strategies to reduce governmental constraints to development and create a more streamlined and expeditious approval process. These efforts include eliminating unnecessary requirements and steps for projects, adopting the recommendations from HCD's forthcoming Policy and Practice review, and complying with all state housing laws. Examples of these actions are listed under Programs 8 and 9.

Reporting on these and other efforts must be conducted as part of program implementation, including key milestones and implementation deadlines, and as part of the annual progress report on implementation of the general plan pursuant to Government Code section 65400. The report must be considered at an annual public meeting before the legislative body where members of the public shall be allowed to provide oral testimony and written comments. The City should conduct meaningful outreach, including but not limited to stakeholders and representatives of the City's cultural districts, priority equity areas, and neighborhoods with high displacement risks, and provide adequate time prior to the public meeting to provide comments. Any lack of effective implementation or actions inconsistent with the housing element, at any time, will trigger an immediate review of the housing element for compliance with State Housing Element Law.

Government Code section 65585, subdivision (i), grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or Housing Element Law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local government's actions do not comply with state law.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For more information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criterion. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City meets housing element requirements for these and other funding sources.

HCD appreciates the hard work and cooperation of the entire housing element team and most notably Miriam Chion, Community Equity Director, and James Pappas, Senior Housing and Land Use Planner, provided throughout the housing element review. HCD wishes the City success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code section 65400. If HCD can provide assistance in implementing the housing element, please contact Sohab Mehmood, of our staff, at sohab.mehmood@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall
Senior Program Manager