



SAN FRANCISCO PLANNING DEPARTMENT

March 25, 2013

Mayor Edwin Lee, 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 2012.1381U**
BF No. 12-1162:

Recommendation: Approval

Dear Mayor Lee, and Ms. Calvillo,

On March 21, 2013, 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 12-1162.

At the March 21st hearing, the Commission voted 6-0 to recommend approval with modifications of the proposed Ordinance which would amend the Planning Code to reflect the changes already approved in the Housing Trust Fund legislation and its companion ordinance that changed the threshold of inclusionary housing.

The attached resolution provides more detail about the Commission's action. Please advise the City attorney if you wish to incorporate the Commission recommendations. 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", followed by a horizontal line.

AnMarie Rodgers
Manager of Legislative Affairs

Cc: City Attorneys Jon Givner, Clerk Allisa Miller and Susan Cleveland-Knowles

Attachments (one copy of the following): Planning Commission Resolution No. 18831

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

Reception:
415.558.6378

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415.558.6409

Planning
Information:
415.558.6377



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HEARING DATE: MARCH 21ST, 2013

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Project Name: **Inclusionary Affordable Housing Program, Reduction of On-Site Requirements, Updates, and Clarifications**

Case Number: 2012.1381U [Board File No. 121162]

Initiated by: Mayor Edwin Lee / Introduced December 6, 2012

Staff Contact: Kimia Haddadan, Legislative Affairs
Kimia.haddadan@sfgov.org, 415-557-9068

Reviewed by: AnMarie Rodgers, Manager Legislative Affairs
anmarie.rodgers@sfgov.org, 415-558-6395

Recommendation: **Recommend Approval**

RECOMMENDING THAT THE BOARD OF SUPERVISORS PASS AN ORDINANCE WITH AMENDMENTS TO THE SAN FRANCISCO PLANNING CODE BY AMENDING SECTION 401, AND PROVISIONS OF THE INCLUSIONARY AFFORDABLE HOUSING ORDINANCE, SECTIONS 415 ET SEQ., TO UPDATE AND CLARIFY PROVISIONS OF THE INCLUSIONARY AFFORDABLE HOUSING PROGRAM ("PROGRAM") BY 1) REDUCING CERTAIN ON-SITE REQUIREMENTS UNDER CHARTER SECTION 16.110; (2) PROVIDING A CAP ON RENT INCREASES; (3) CLARIFYING THE TIMING OF OFF-SITE DEVELOPMENTS; (4) REQUIRING RENTAL UNITS THAT CONVERT TO OWNERSHIP TO SELL AT LESS THAN THE PRICE FOR OWNERSHIP UNITS UNDER CERTAIN CIRCUMSTANCE; (5) ESTABLISHING PRICING FOR AFFORDABLE SINGLE ROOM OCCUPANCY UNITS; (6) CHANGING THE STATUS OF PROJECTS USING CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE TAX EXEMPT BONDS SO THAT SUCH PROJECTS ARE SUBJECT TO THE PROGRAM, BUT THAT UNITS MAY QUALIFY AS ON- OR OFF-SITE UNITS UNDER CERTAIN CIRCUMSTANCES; (7) ALLOWING INCOME LEVELS OF QUALIFYING HOUSEHOLDS TO EXCEED THOSE SPECIFIED IN CERTAIN SITUATIONS; (8) CLARIFYING THAT THE THRESHOLD APPLICATION OF THE PROGRAM TO PROJECTS OF 10 UNITS OR MORE APPLIES TO THE SOUTH OF MARKET YOUTH AND FAMILY SPECIAL USE DISTRICT AND ALL OTHER AREAS OF THE CITY; AND (9) MAKING TECHNICAL CLARIFICATIONS AND CORRECTIONS; AND (10) MAKING ENVIRONMENTAL FINDINGS AND FINDINGS OF CONSISTENCY WITH GENERAL PLAN. PRELIMINARY RECOMMENDATION: APPROVAL.

PREAMBLE

Whereas, on December 6, 2012 Mayor Edwin Lee introduced an Ordinance under Board File Number 12-1162 that would amend Planning Code by making amendments to the San Francisco Planning Code to update and to clarify provisions of the Inclusionary Affordable Housing Program ; and

Whereas, the Planning Commission approved the Ordinance on December 13, 2012 under the Resolution number 18771; and

Whereas, on March 18th, 2013 Mayor Edwin Lee introduced a revised version of this Ordinance to make additional amendments to the Planning Code to implement the Housing Trust Fund; and

Whereas, the San Francisco Housing Trust Fund Charter amendments became effective on January 1st, 2013; and

Whereas, a companion legislation to the Housing Trust Fund to change the threshold of project units for the Inclusionary Housing program became effective on January 15, 2013; and

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

Whereas, on March 21, 2013 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 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* of the proposed Ordinance including the four substantive changes below:

- Amending the Planning Code text to reflect the 20% reduction of on-site inclusionary housing requirements approved by the Housing Trust Fund Charter Amendment
- Changing the threshold of inclusionary housing in the SoMa Youth and Family SUD from projects with 5 units or more to projects with 10 units or more. This change is consistent with the ordinance companion to the Housing Trust Fund legislation which changed the threshold of

inclusionary housing requirement in all zoning district but inadvertently neglected to make this change in the SoMa Youth and Family SUD.

- Making a reference in the Planning Code to the Housing Trust Fund provisions for already approved projects when reducing their on-site inclusionary requirement.
- Changing the height threshold for inclusionary housing in the SoMa Youth and Family SUD from 40' to 45' to reflect the 5' feet height bonus applied within the Eastern Neighborhoods Plan Area.

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. Ordinance No. 0291-12 approved on November 22, 2012, effective on January 15, 2013 changed the unit threshold of the Inclusionary Housing requirement from 5 units or more to 10 units or more. The intention of this Ordinance was to modify the threshold across all zoning districts. However, the SoMa Youth and Family SUD threshold for inclusionary housing was inadvertently overlooked.
2. Beginning January 1, 2013 when the Housing Trust Fund became effective, a 20% reduction in all on-site inclusionary housing requirements went into effect. The 20% reduction cannot make the on-site inclusionary requirement lower than 12%. This means that if the existing requirement in the Planning Code is 12%, the 20% reduction would not apply. While such reductions have already become effective, the Planning Code text does not reflect the reduced percentages.
3. The proposed Ordinance would amend the Planning Code only to reflect the changes that have already been approved through the Housing Trust Fund and its companion legislation.
4. **General Plan Compliance.** The proposed Ordinance is, on balance, consistent with the following Objectives and Policies of the General Plan:

OBJECTIVE 7

Secure funding and resources for permanently affordable housing, including innovative programs that are not solely reliant on traditional mechanisms or capital.

POLICY 7.1

Expand the financial resources available for permanently affordable housing, especially permanent sources.

The proposed Ordinance would advance this Objective and Policy by implementing the Housing Trust Fund as an innovative source of funding for affordable housing.

5. **Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

6. **Planning Code Section 101 Findings.** 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 implement the Housing Trust Fund, which would significantly enhance affordable housing finance in the City. Over 30 years, the Housing Trust Fund is estimated to provide approximately \$1.2 billion for affordable housing production.

- 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 August 16th, 2012.

Jonas Ionin
Acting Commission Secretary

AYES: Antonini, Borden, Fong, Moore, Sugaya, Wu

NAYS:

ABSENT:

ADOPTED: