

File No. 161157

Committee Item No. 3

Board Item No. 30

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation

Date December 15, 2016

Board of Supervisors Meeting

Date December 13, 2016

#### Cmte Board

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|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Memorandum of Understanding (MOU)            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 - Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 700                                     |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Vacancy Notice                               |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Information Sheet                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER

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|-------------------------------------|-------------------------------------|---------------------------|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Notice of Hearing</u>  |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CEQA Determination</u> |
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Completed by: Victor Young

Date December 2, 2016

Completed by: Alisa Somera 1787

Date December 8, 2016

1 [Planning Code - Inclusionary Housing Small Sites Program]

2  
3 **Ordinance amending the Planning Code to create an alternative for project sponsors of**  
4 **smaller market rate projects to direct the Affordable Housing Fee to Small Sites**  
5 **Projects; affirming the Planning Department's determination under the California**  
6 **Environmental Quality Act; making findings of consistency with the General Plan, the**  
7 **eight priority policies of Planning Code, Section 101.1; and making a finding of public**  
8 **necessity, convenience, and welfare under Planning Code, Section 302.**

9 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
11 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
12 **Board amendment additions** are in double-underlined Arial font.  
13 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
14 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
15 subsections or parts of tables.

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

17 Section 1. Findings.

18 (a) The Planning Department has determined that the actions contemplated in this  
19 ordinance comply with the California Environmental Quality Act (California Public Resources  
20 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of  
21 Supervisors in File No. 161157 and is incorporated herein by reference. The Board affirms  
22 this determination.

23 (b) On November 17, 2016, the Planning Commission, in Resolution No. 19778,  
24 adopted findings that the actions contemplated in this ordinance are consistent, on balance,  
25 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The

1 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of  
2 the Board of Supervisors in File No. 161157, and is incorporated herein by reference.

3 (c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that the  
4 proposed Planning Code amendments will serve the public necessity, convenience, and  
5 welfare for the reasons set forth in Planning Commission Resolution No. 19778, and the  
6 Board incorporates such reasons herein by reference.

7  
8 Section 2. The Planning Code is hereby amended by revising Section 415.2 and 415.5  
9 and adding Section 415.7-1, to read as follows:

10 **SEC. 415.2. DEFINITIONS.**

11 See Section 401 of this Article. For purposes of Sections 415.3et seq., "low income"  
12 households shall be defined as households whose total household income does not exceed  
13 55% of Area Median Income for purposes of renting an affordable unit, or 80% of Area  
14 Median Income for purposes of purchasing an affordable unit, and "moderate income" and  
15 "middle income" households shall mean households whose total household income does not  
16 exceed 100% of Area Median Income for purposes of renting an affordable unit, or 120% of  
17 Area Median Income for purposes of purchasing an affordable unit. The Small Sites Fund,  
18 defined in Section 415.5(f)(2), and the Small Sites Program, including any program established  
19 pursuant to Section 415.7-1, may use Affordable Housing Fees to acquire sites and buildings  
20 consistent with the income parameters of the Programs, as periodically updated and  
21 administered by MOHCD.

22  
23 **SEC. 415.5. AFFORDABLE HOUSING FEE.**

24 The fees set forth in this Section 415.5 will be reviewed when the City completes an  
25 Economic Feasibility Study. Except as provided in Section 415.5(g), all development projects

1 subject to this Program shall be required to pay an Affordable Housing Fee subject to the  
2 following requirements:

3 \* \* \* \*

4 (f) **Use of Fees.** All monies contributed pursuant to the Inclusionary Affordable  
5 Housing Program shall be deposited in the Citywide Affordable Housing Fund ("the Fund"),  
6 established in Administrative Code Section 10.100-49. The Mayor's Office of Housing and  
7 Community Development ("MOHCD") shall use the funds collected under this Section 415.5 in  
8 the following manner:

9 \* \* \* \*

10 (2) **"Small Sites Funds."**

11 (A) **Designation of Funds.** MOHCD shall designate and separately  
12 account for 10% ~~percent~~ of all fees that it receives under Section 415.1 et seq. that are  
13 deposited into the Citywide Affordable Housing Fund, established in Administrative Code  
14 Section 10.100-49, excluding fees that are geographically targeted such as those referred to  
15 in Sections 415.5(b)(1) and 827(b)(1), to support acquisition and rehabilitation of Small Sites  
16 ("Small Sites Funds"). MOHCD shall continue to divert 10% ~~percent~~ of all fees for this purpose  
17 until the Small Sites Funds reach a total of \$15 million at which point, MOHCD will stop  
18 designating funds for this purpose. At such time as designated Small Sites Funds are  
19 expended and dip below \$15 million, MOHCD shall start designating funds again for this  
20 purpose, such that at no time the Small Sites Funds shall exceed \$15 million. When the total  
21 amount of fees paid to the City under Section 415.1 et seq. totals less than \$10 million over  
22 the preceding 12-month period, MOHCD is authorized to temporarily divert funds from the  
23 Small Sites Fund for other purposes. MOHCD must keep track of the diverted funds, however,  
24 such that when the amount of fees paid to the City under Section 415.1 et seq. meets or  
25 exceeds \$10 million over the preceding 12-month period, MOHCD shall commit all of the

1 previously diverted funds and 10% ~~percent~~ of any new funds, subject to the cap above, to the  
2 Small Sites Fund.

3 (B) **Use of Small Sites Funds.** The funds shall be used exclusively to  
4 acquire or rehabilitate "Small Sites" defined as properties consisting of 2-25 units. Units  
5 supported by monies from the fund shall be designated as housing affordable to qualified  
6 households as set forth in Section 415.2 for no less than 55 years. Properties supported by  
7 the Small Sites Funds must be:

- 8 (i) rental properties that will be maintained as rental properties;  
9 (ii) vacant properties that were formerly rental properties as long  
10 as those properties have been vacant for a minimum of two years prior to the effective date of  
11 this legislation;  
12 (iii) properties that have been the subject of foreclosure; or  
13 (iv) a Limited Equity Housing Cooperative as defined in  
14 Subdivision Code Sections 1399.1 et seq. or a property owned or leased by a non-profit entity  
15 modeled as a Community Land Trust.

16 \* \* \* \*

17 (E) **Intent.** In establishing guidelines for Small Sites Funds, the Board of  
18 Supervisors does not intend to preclude MOHCD from expending other eligible sources of  
19 funding on Small Sites as described in this Section 415.5, or from allocating or expending  
20 more than \$15 million of other eligible funds on Small Sites.

21 \* \* \* \*

22 (g) **Alternatives to Payment of Affordable Housing Fee.**

23 (1) **Eligibility:** A project sponsor must pay the Affordable Housing Fee unless it  
24 qualifies for and chooses to meet the requirements of the Program through an Alternative  
25

1 provided in this ~~S~~subsection (g). The project sponsor may choose one of the following  
2 Alternatives:

3 (A) **Alternative #1: On-Site Units.** Project sponsors may elect to  
4 construct units affordable to qualifying households on-site of the principal project pursuant to  
5 the requirements of Section 415.6.

6 (B) **Alternative #2: Off-Site Units.** Project sponsors may elect to  
7 construct units affordable to qualifying households at an alternative site within the City and  
8 County of San Francisco pursuant to the requirements of Section 415.7.

9 (C) **Alternative #3: Small Sites.** Qualifying project sponsors may elect to fund  
10 buildings as set forth in Section 415.7-1.

11 (D) **Alternative #34: Combination.** Project sponsors may elect any  
12 combination of payment of the Affordable Housing Fee as provided in Section 415.5,  
13 construction of on-site units as provided in Section 415.6, or construction of off-site units as  
14 provided in Section 415.7, provided that the project applicant constructs or pays the fee at the  
15 appropriate percentage or fee level required for that option.

16 \* \* \* \*

17  
18 **SEC. 415.7-1. SMALL SITES AFFORDABLE HOUSING ALTERNATIVE.**

19 A project sponsor of a principal project comprised of up to 24 or fewer residential units may  
20 elect under Section 415.5(g) to meet its Inclusionary Affordable Housing requirement by designating its  
21 payment of the Affordable Housing Fee due under Section 415.5 into for a Small Sites program that  
22 MOHCD shall establish for this purpose. Affordable Housing Fees designated for this program shall  
23 not be considered part of the designated funds specified by Section 415.5(f). MOHCD shall expend the  
24 program funds from a principal project on a Small Sites Project that meets the requirements set forth  
25 in Section 415.5(f)(2)(B) and that is within the same neighborhood as the principal project. The

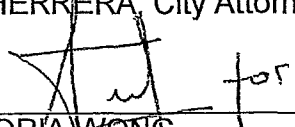
1 neighborhood of the principal project shall be determined by the Planning Department's  
2 Neighborhood Groups Map ~~the geographic area described in Section 415.7. If MOHCD is~~  
3 unable to identify a qualifying Small Sites Project and apply the fee to a qualifying Small Sites  
4 Project within the geographic area required in Section 415.7 same neighborhood as the  
5 principal project within two years of the payment of the fee, such fee shall be released into the  
6 Affordable Housing Fund to fund other qualifying Small Sites Projects in San Francisco.  
7

8 Section 3. Effective Date. This ordinance shall become effective 30 days after  
9 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
10 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
11 of Supervisors overrides the Mayor's veto of the ordinance.  
12

13 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
14 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
15 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
16 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
17 additions, and Board amendment deletions in accordance with the "Note" that appears under  
18 the official title of the ordinance.  
19

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

23 By:

24   
VICTORIA WONG  
Deputy City Attorney

25 n:\legana\as2016\1700199\01154909.docx

**REVISED LEGISLATIVE DIGEST**  
(12/5/2016, Amended in Committee)

[Planning Code - Inclusionary Housing Small Sites Program]

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1, and a finding of public necessity, convenience, and welfare under Planning Code Section 302.**

Existing Law

Under the City's Inclusionary Affordable Housing Program, Planning Code Sections 415 et seq., a project sponsor of a residential development must pay an Affordable Housing Fee or, in the alternative, choose to provide On-site or Off-site units, or a combination thereof. (Planning Code § 415.5(g).)

The City's existing Small Sites Fund consists of 10% of all fees deposited into the Citywide Affordable Housing Fund, excluding fees that are geographically targeted such as those referred to in Sections 415.5(b)(1) and 827(b)(1), up to a total of \$15 million. These funds are designated to support acquisition and rehabilitation of Small Sites, defined as properties consisting of 2-25 units. Units supported by monies from the fund are to be designated as housing affordable to qualified households as set forth in Section 415.2 for no less than 55 years. Properties supported by the Small Sites Funds must be:

- (i) rental properties that will be maintained as rental properties;
- (ii) vacant properties that were formerly rental properties as long as those properties have been vacant for a minimum of two years prior to the effective date of this legislation;
- (iii) properties that have been the subject of foreclosure; or
- (iv) a Limited Equity Housing Cooperative as defined in Subdivision Code Sections 1399.1 et seq. or a property owned or leased by a non-profit entity modeled as a Community Land Trust. (Planning Code § 415.5(f)(2)(B).)

Amendments to Current Law

This ordinance would create a third alternative to payment of the Affordable Housing Fee for sponsors of projects comprised of 24 or fewer residential units. These project sponsors may elect to meet their Inclusionary Affordable Housing requirement by designating their payment of the Affordable Housing Fee into a Small Sites program, pursuant to which the funds would be used to acquire or rehabilitate Small Sites. Affordable Housing Fees designated for the



FILE NO. 161157

new Small Sites program would be expended on a Small Sites Project that meets the existing requirements for the City's Small Sites Program (Section 415.5(f)(2)(B)) and that is located in the same neighborhood as the principal project, as determined by the Planning Department's Neighborhood Groups Map. If MOHCD is unable to identify and apply the fee to a qualifying Small Sites Project within the same neighborhood as the principal project within two years of the payment of the fee, such fee shall be released into the Affordable Housing Fund to fund other qualifying Small Sites Projects in San Francisco. The funds would not be considered part of the designated funds specified by Section 415.5(f).

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BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

November 1, 2016

File No. 161157

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

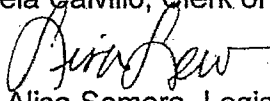
On October 25, 2016, Mayor Lee introduced the following proposed legislation:

**File No. 161157**

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.**

This legislation is being transmitted to you for environmental review.

Angela Galvillo, Clerk of the Board

*for* By:   
Alisa Somera, Legislative Deputy Director  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.

Joy Navarrete 11/10/16



# SAN FRANCISCO PLANNING DEPARTMENT

---

November 29, 2016

Ms. Angela Calvillo, Clerk  
Honorable Mayor Lee and Supervisor Campos  
Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

Re: Transmittal of Planning Department Case Number 2016-013420PCA:  
Inclusionary Housing Small Sites Program  
Board File No. 161157  
Planning Commission Recommendation: Approval with Modification

Dear Ms. Calvillo, Mayor Lee and Supervisor Campos,

On November 17, 2016, the Planning Commission conducted duly noticed public hearings at regularly scheduled meetings to consider the proposed Ordinance that would amend Planning Code Section 415, introduced by Mayor Lee and Supervisor Campos. At the hearing the Planning Commission recommended approval with modification.

The Commission's proposed modifications were as follows:

- Modify the Ordinance to require designated Affordable Housing Fees to be used to acquire Small Sites within the neighborhood that the principal project incurring the Fee is located.

A project sponsor of a principal project comprised of up to 24 residential units may elect under Section 415.5(g) to meet its Inclusionary Affordable Housing requirement by designating its payment of the Affordable Housing Fee due under Section 415.5 into a Small Site program that MOHCD shall establish for this purpose. Affordable Housing Fees designated for this program shall not be considered part of the designated funds specified by Section 415.5(f). MOHCD shall expend the funds from a principal project on a Small Sites Project that meets the requirements set forth in Section 415.5(f)(2)(B) within the geographic area described in Section 415.7 same neighborhood as the principal project, as determined by the Planning Department and MOHCD and using a definition of "neighborhood" in common use by the Planning Department, such as the Planning Department's 37-neighborhood notification map. If MOHCD is unable to identify a qualifying Small Sites Project and apply the fee to a Small Sites Project within the geographic area required in Section 415.7 same neighborhood as the Principal Project within two years of the payment of the fee, such fee shall be released into the Affordable Housing Fund to fund other qualifying Small Sites Projects in San Francisco.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

Mayor Lee or Supervisor Campos, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,



Aaron D. Starr  
Manager of Legislative Affairs

cc:

Victoria Wong, Deputy City Attorney  
Mawuli Tugbenyoh, Office of Mayor Lee  
Maria Benjamin, Mayor's Office of Housing and Community Development  
Sheila Chung Hagen, Aide to Supervisor Campos  
Alisa Somera, Office of the Clerk of the Board

Attachments:

Planning Commission Resolution  
Planning Department Executive Summary



# SAN FRANCISCO PLANNING DEPARTMENT

## Planning Commission Resolution No. 19778 HEARING DATE NOVEMBER 17, 2016

*Project Name:* Inclusionary Housing Small Sites Program  
*Case Number:* 2016-013420PCA [Board File No. 161157]  
*Initiated by:* Mayor Lee, Supervisor Campos / Introduced October 25, 2016  
*Staff Contact:* Diego R Sánchez, Legislative Affairs  
diego.sanchez@sfgov.org, 415-575-9082  
*Reviewed by:* Aaron Starr, Manager of Legislative Affairs  
aaron.starr@sfgov.org, 415-558-6362

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Planning  
Information:  
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**RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD CREATE AN ALTERNATIVE FOR PROJECT SPONSORS OF SMALLER MARKET RATE PROJECTS TO DIRECT THE AFFORDABLE HOUSING FEE TO SMALL SITES PROJECTS; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.**

WHEREAS, on October 25, 2016 Mayor Lee and Supervisor Campos introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 161157, which would create an alternative for Project Sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites projects;

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on November 17, 2016; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c)(2) and 15378; and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, 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 Planning Commission has reviewed the proposed Ordinance; and

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors approve with modifications the proposed ordinance.

The modifications include:

1. Modify the Ordinance to require designated Affordable Housing Fees to be used to acquire Small Sites within the neighborhood that the principal project incurring the Fee is located.

A project sponsor of a principal project comprised of up to 24 residential units may elect under Section 415.5(g) to meet its Inclusionary Affordable Housing requirement by designating its payment of the Affordable Housing Fee due under Section 415.5 into a Small Site program that MOHCD shall establish for this purpose. Affordable Housing Fees designated for this program shall not be considered part of the designated funds specified by Section 415.5(f). MOHCD shall expend the funds from a principal project on a Small Sites Project that meets the requirements set forth in Section 415.5(f)(2)(B) within the geographic area described in Section 415.7 same neighborhood as the principal project, as determined by the Planning Department and MOHCD and using a definition of "neighborhood" in common use by the Planning Department, such as the Planning Department's 37-neighborhood notification map. If MOHCD is unable to identify a qualifying Small Sites Project and apply the fee to a Small Sites Project within the geographic area required in Section 415.7 same neighborhood as the principal project within two years of the payment of the fee, such fee shall be released into the Affordable Housing Fund to fund other qualifying Small Sites Projects in San Francisco.

## 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 Inclusionary Affordable Housing Program, which requires Project Sponsors to pay the Affordable Housing Fee or elect one of three alternatives, can help the City meet its goals for affordable housing production.
2. Project Sponsors of smaller market rate projects with 24 residential units or less should have the option of designating the Affordable Housing Fee for the purpose of acquiring and rehabilitating smaller residential buildings within the same neighborhood as their project.
3. Smaller residential buildings comprise a significant number of all residential buildings in the City. Owing to this, the City's affordable housing portfolio should include this building type.
4. Acquiring, rehabilitating and making permanently affordable this housing stock is a worthy goal as the City strives to address its shortage of affordable housing. Amending the Inclusionary Affordable Housing Program to facilitate this goal is therefore imperative.
5. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

## HOUSING ELEMENT

**OBJECTIVE 3**

PROTECT THE AFFORDABILITY OF THE EXISTING HOUSING STOCK, ESPECIALLY RENTAL UNITS.

**Policy 3.2**

Promote voluntary housing acquisition and rehabilitation to protect affordability for existing occupants.

*The proposed Ordinance will create a new source of financing that will aid in the acquisition and rehabilitation of affordable housing for existing occupants.*

**OBJECTIVE 4**

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

**Policy 4.1**

Develop new housing, and encourage the remodeling of existing housing, for families with children.

**Policy 4.4**

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

*The proposed Ordinance will generate new resources for the acquisition and renovation of existing rental housing that will remain affordable to households for at least 55 years.*

**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.

**Policy 7.6**

Acquire and rehabilitate existing housing to maximize effective use of affordable housing resources.

*The proposed Ordinance will expand the City's financial resources allowing the acquisition and rehabilitation of existing housing and require that it be affordable to households for at least 55 years.*

6. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

*The proposed Ordinance may help preserve neighborhood serving retail uses by having the City acquire the buildings in which they are located and extend their tenancies*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The proposed Ordinance will have a beneficial effect on housing and neighborhood character because it seeks to improve the delivery of affordable housing. This improves the diversity of the City's neighborhoods.*

3. That the City's supply of affordable housing be preserved and enhanced;

*The proposed Ordinance will help to enhance the City's supply of affordable housing by facilitating the acquisition of smaller rental buildings that will be made affordable to households for at least 55 years.*

4. That commuter traffic 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 as it deals with creating a new method of compliance with the City's Inclusionary Affordable Housing Program.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The proposed Ordinance will not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired because the Ordinance deals creating a new method of compliance with the City's Inclusionary Affordable Housing Program.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

*The proposed Ordinance will not have an adverse effect on City's preparedness against injury and loss of life in an earthquake because it deals with the Inclusionary Affordable Housing Program.*

7. That the landmarks and historic buildings be preserved;

*The proposed Ordinance will not have an adverse effect on the preservation of the City's Landmarks and historic buildings as the Ordinance seeks to acquire and rehabilitate small residential buildings and make them affordable to households.*



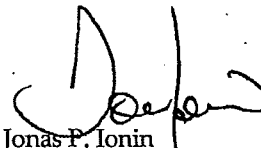
8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The proposed Ordinance will not have an adverse effect on the City's parks and open space and their access to sunlight and vistas because it seeks to amend the City's Inclusionary Affordable Housing Program.*

7. **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.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance with modifications as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on November 17, 2016.



Jonas P. Ionin  
Commission Secretary

AYES: Hillis, Johnson, Koppel, Melgar, Moore, Richards, Fong

NOES: None

ABSENT: None

ADOPTED: November 17, 2016





# SAN FRANCISCO PLANNING DEPARTMENT

## Executive Summary Planning Code Text Amendment

HEARING DATE: NOVEMBER 17, 2016

EXPIRATION DATE: JANUARY 30, 2017

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Project Name:* Inclusionary Housing Small Sites Program  
*Case Number:* 2016-013420PCA [Board File No. 161157]  
*Initiated by:* Mayor Lee, Supervisor Campos / Introduced October 25, 2016  
*Staff Contact:* Diego R Sánchez, Legislative Affairs  
 diego.sanchez@sfgov.org, 415-575-9082  
*Reviewed by:* Aaron Starr, Manager of Legislative Affairs  
 aaron.starr@sfgov.org, 415-558-6362  
*Recommendation:* **Recommend Approval with Modifications**

### PLANNING CODE AMENDMENT

The proposed Ordinance would amend Planning Code Section 415 to create an alternative for project sponsor of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects.

#### The Way It Is Now:

A Project Sponsor may elect to pay the Affordable Housing Fee in compliance with Planning Code Section 415.5, Affordable Housing Fee, or select one of three alternatives.

#### The Way It Would Be:

Projects Sponsors of principal projects with no more than 25 residential units may elect to direct their Affordable Housing Fee to the new Small Sites Program. If the Affordable Housing Fee is not used within two years of payment within the eligible area it would be released to the Affordable Housing Fund.

### BACKGROUND

San Francisco's Inclusionary Affordable Housing Program (Program) dates back to 2002.<sup>1</sup> The Program has required Project Sponsors of certain market rate projects to either pay an Affordable Housing Fee (Fee) or provide Inclusionary Housing Units. Since its inception the Program has been frequently amended to address a variety of policy goals and concerns. One example is the creation of the Small Sites Fund.

<sup>1</sup> BF001262 <https://sfgov.legistar.com/View.ashx?M=F&ID=2607162&GUID=834416F9-DCED-42CF-A972-81D26DED2D9F>

Ordinance 63-09 established the Small Sites Fund.<sup>2</sup> This 2009 Ordinance directs the Mayor's Office of Housing and Community Development (MOHCD) to set aside 10% of collected Fees for acquiring and rehabilitating rental properties with no more than 25 units. These "Small Sites" are typically rental properties subject to the Rent Ordinance that are occupied by long-term tenants at risk of eviction and displacement. Some Small Sites also have street level retail or commercial uses. When these properties are acquired and brought into the MOHCD portfolio they become permanently affordable housing.

Since launching in 2014, 12 Small Sites properties have been acquired, totaling 68 units. These properties are found in a number of neighborhoods, including the Mission, SOMA, Bernal Heights, North Beach and North of Panhandle, among others. As with any new construction of affordable housing using Fees, there is no required geographic connection to the principal project that incurred the Fees. Properties in the Small Sites portfolio are generally renter occupied buildings of four to six units when acquired and less than half have ground floor retail uses. The typical household residing in these properties has an income between 40% to 80% of the Area Median Income. MOHCD reports that there are 10 additional properties with pending applications and that there is enormous interest in acquiring additional Small Sites.

The Housing Working Group, convened by Mayor Edwin M Lee in February 2014, is another example of the continual effort to improve affordable housing production. The Housing Working Group was comprised of multiple subcommittees, including the Legislative Subcommittee. The Legislative Subcommittee was tasked with exploring legislative changes to the Program. Market rate and affordable housing developers, advocates, property managers, and City staff involved in administering the Program formed the Legislative Subcommittee. The Legislative Subcommittee vetted and discussed possible amendments over the course of 12 meetings beginning in the spring of 2014. Amending the Small Sites Fund was one proposal developed from this effort.

## **ISSUES AND CONSIDERATIONS**

### **The Existing Small Sites Fund**

#### The Importance of Acquiring Small Sites

As mentioned above, the existing Small Sites Fund is administered by MOHCD for the purpose of acquiring and renovating Small Sites. Acquiring this building type is important for a number of reasons. First, this residential building type contains a significant share of the City's residential units (see Table 1 below). Given the steady number of "No-Fault" eviction notices over the last five years<sup>3</sup> it is important, and is City policy,<sup>4</sup> that the City help acquire this building type and protect tenants from eviction.

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<sup>2</sup> BF081249 <https://sfgov.legistar.com/View.ashx?M=F&ID=712557&GUID=6EF3D361-7BC9-4684-B35A-66672A8AEE75>

<sup>3</sup> The Rent Board provides data on the number of No-Fault eviction notices, which can serve as a proxy for tenant displacement. <https://housing.datasf.org/data-browser/rent-control/eviction-notices-impacting-supply>. Referenced November 1, 2016

<sup>4</sup> 2014 Housing Element

Objective 3 Protect the Affordability of the Existing Housing Stock, Especially Rental Units, Policy 3.2: Promote voluntary housing acquisition and rehabilitation to protect affordability for existing occupants  
Objective 6: Reduce Homelessness and the Risk of Homelessness

Second, when the MOHCD helps acquire multifamily properties it provides stability not only for existing and future tenants but for the neighborhood as well. The Planning Commission has recognized the effect new market rate housing can have on neighborhood affordability and acquiring Small Sites in the same neighborhood can off-set those effects.<sup>5</sup> Third, acquiring Small Sites diversifies the City’s affordable housing portfolio. When MOHCD finances the construction of new 100% affordable housing projects they contain upwards of 45 units. Augmenting the City’s holdings with Small Sites helps it serve a different, yet equally important, population. As the Table 1 indicates, buildings with 2 – 25 units comprise a significant portion of the City’s housing stock. It is important that the City’s affordable housing stock also include this building type. Last, acquiring Small Sites immediately increases the City’s stock of affordable housing. In light of protracted affordable housing production timelines, Small Site acquisition is especially advantageous.

TABLE 1: RESIDENTIAL BUILDING TYPES

Building Size	No. of Buildings	No. of Units	% of Buildings	% of Units
1 Unit	97,342	97,342	70%	27%
2 -25 Units	40,010	164,831	29%	46%
26+ Units	1,356	97,062	1%	27%
TOTAL	138,708	359,235	100%	100%

Limited Funding

MOHCD allocates 10% of collected Fees towards the Small Sites Fund, as required by the Planning Code. However, these resources are capped and demand for them exceeds their source. When the Small Sites Fund reaches a total of \$15 million, MOHCD stops allocating Fees to this purpose. When less than \$10 million in Fees is collected in any 12 month period, MOHCD may temporarily divert existing Small Sites funds to other purposes. During the last economic downturn, the Small Sites Fund was not adequately funded which delayed the launch of the program to 2014. In this light, and given the importance of the Small Sites acquisition effort, it is reasonable to amend existing regulations to help direct resources to this end.

**Potential Improvements to the Small Sites Acquisition Effort**

Additional Financing Source

Creating an additional source of financing for Small Site acquisition is one way to improve the Small Sites effort. Project Sponsors of smaller market rate buildings could be allowed to designate 100% of their Fee

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<sup>5</sup> San Francisco City Planning Commission Motion 13052:

Whereas, New market rate development can increase the rents and property values in a surrounding neighborhood. Low cost rental units become vacant and are rented at higher market rates. The value of owner occupied units increases and the units are sold at a higher price. While the upgrading of city neighborhoods is a valid and desirable objective, it has to be balanced with negative impacts on the ability of lower-income households to secure affordable housing, through appropriate mitigations. A certain amount of affordable housing in relation to the use of residential land will help provide needed affordable housing development.

toward this effort. This would augment the existing resources dedicated to the Small Sites Fund as well as any other future resources dedicated to this end.

#### Increased Connection between Market Rate and Small Sites Projects

Another improvement to the Small Sites effort would be to restrict designated Fee for acquiring Small Sites in proximity to the market rate project incurring the Fee. This could take the form of requiring that Small Sites are located within the same "neighborhood" as the market rate project. The Planning Department (Department) maintains a Neighborhood Groups Map which is used as a tool for neighborhood groups to receive notification of projects within their neighborhoods.<sup>6</sup> This map, in conjunction with input from the Department and MOHCD, could serve as the tool to define "neighborhood." This creates a geographic connection between both projects, which is lacking in the Small Sites Fund but is a fundamental principle of the Affordable Housing Program. It is also preferable to a radius restriction because it assures that Small Sites are located in the same neighborhood as the market rate project. Under a radius restriction a Small Site project could be located in a different neighborhood if the market rate project is near or along a neighborhood boundary.

Imposing time limits on the use of designated Fees would also be a valuable feature to incorporate. A time limit would ensure that designated Fees do not sit idle but are actively used. It would also create a temporal connection between the market rate project and the Small Site.

## RECOMMENDATION

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Modify the Ordinance to require designated Affordable Housing Fees to be used to acquire Small Sites within the neighborhood that the principal project incurring the Fee is located.

*A project sponsor of a principal project comprised of up to 25 residential units may elect under Section 415.5(g) to meet its Inclusionary Affordable Housing requirement by designating its payment of the Affordable Housing Fee due under Section 415.5 into a Small Site program that MOHCD shall establish for this purpose. Affordable Housing Fees designated for this program shall not be considered part of the designated funds specified by Section 415.5(f). MOHCD shall expend the funds from a principal project on a Small Sites Project that meets the requirements set forth in Section 415.5(f)(2)(B) within the geographic area described in Section 415.7 same neighborhood as the principal project, as determined by the Planning Department and MOHCD and using a definition of "neighborhood" in common use by the Planning Department, such as the Planning Department's 37-neighborhood notification map. If MOHCD is unable to identify a qualifying Small Sites Project and apply the fee to a Small Sites Project within the geographic area required in Section 415.7 same neighborhood as the Principal Project within two years of the payment of the fee, such fee shall be released into the Affordable Housing Fund to fund other qualifying Small Sites Projects in San Francisco.*

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<sup>6</sup> <http://sf-planning.org/neighborhood-groups-map>

## BASIS FOR RECOMMENDATION

The Department is in support of the proposed Ordinance because it creates another source of acquisition financing for smaller renter occupied buildings, helps diversify the City's affordable housing stock and addresses community stabilization concerns. Because the Small Sites Fund's resources are capped and constrained by the collection of Fee, establishing another source of financing will bolster the continued acquisition of Small Sites. The continued acquisition of Small Sites diversifies and augments the City's affordable housing stock while providing residents a large measure of housing stability. It also helps stabilize existing communities, which is increasingly important in neighborhoods experiencing rapid demographic change.

**Recommendation 1: Modify the Ordinance to require designated Affordable Housing Fees to be used to acquire Small Sites within the neighborhood that the principal project incurring the Fee is located.** Staff recommends this change because it furthers the Department's goal of addressing community stabilization concerns, maintains the connection between market rate and Inclusionary Housing and increases the City's affordable housing stock. Locating Small Sites in the same neighborhood as a market rate project helps foster the connection between projects. It also helps offset effects of the market rate project by creating a new supply of affordable housing. These are foundational concepts of the City's Affordable Housing Program. The time limits on the use of designated Fee assure that the City actively uses Affordable Housing Fees for affordable production where they are needed.

## REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

## IMPLEMENTATION

The Department determined that this ordinance will not impact our current implementation procedures.

## ENVIRONMENTAL REVIEW

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

## PUBLIC COMMENT

As of the date of this report, the Planning Department has not received any public comment regarding the proposed Ordinance.

<b>RECOMMENDATION:</b> Recommendation of Approval with Modification
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### Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 161157

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

November 1, 2016

File No. 161157

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On October 25, 2016, Mayor Lee introduced the following proposed legislation:

**File No. 161157**

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.**

This legislation is being transmitted to you for environmental review.

Angela Galvillo, Clerk of the Board

*for* By: *Alisa Somera*, Legislative Deputy Director  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning



BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

November 1, 2016

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

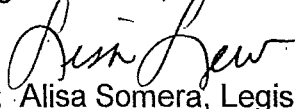
On October 25, 2016, Mayor Lee introduced the following legislation:

**File No. 161157**

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.**

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

*for* By:  Alisa Somera, Legislative Deputy Director  
Land Use and Transportation Committee

- c: John Rahaim, Director of Planning
- Aaron Starr, Acting Manager of Legislative Affairs
- Scott Sanchez, Zoning Administrator
- Lisa Gibson, Acting Environmental Review Officer
- AnMarie Rodgers, Senior Policy Advisor
- Jeanie Poling, Environmental Planning
- Joy Navarrete, Environmental Planning

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Olson Lee, Director, Mayor's Office of Housing and Community Development  
Tiffany Bohee, Executive Director, Office of Community Investment and Infrastructure  
Tom Hui, Director, Department of Building Inspection

FROM: *ll for* Alisa Somera, Legislative Deputy Director  
Land Use and Transportation Committee

DATE: November 1, 2016

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Mayor Lee on October 25, 2016:

**File No. 161157**

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.**

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org).

c: Eugene Flannery, Mayor's Office of Housing and Community Development  
Sophie Hayward, Mayor's Office of Housing and Community Development  
Claudia Guerra, Office of Community Investment and Infrastructure  
Natasha Jones, Office of Community Investment and Infrastructure  
William Strawn, Department of Building Inspection  
Carolyn Jayin, Department of Building Inspection

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
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## NOTICE OF PUBLIC HEARING

### BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

**Date:** Monday, December 5, 2016

**Time:** 1:30 p.m.

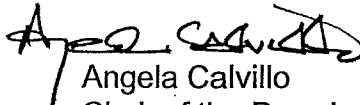
**Location:** Legislative Chamber, Room 250, located at City Hall  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

**Subject:** File No. 161157. Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.

If the legislation passes, a new third alternative would be established for the Affordable Housing Fee that project sponsors for residential developments of up to 25 units are subject to pay, in order to satisfy the Inclusionary Affordable Housing Program requirement. The project sponsor may elect to designate their payment of the Affordable Housing Fee into a "Small Sites" program that would be used to acquire or rehabilitate "Small Sites" projects within one mile of the principal project. If no "Small Site" project is identified within the required geographic area by the Mayor's Office of Housing and Community Development within two years of the payment of the fee, the fee shall be released into the Affordable Housing Fund to qualify for other projects throughout San Francisco.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton

B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, December 2, 2016.

  
Angela Calvillo  
Clerk of the Board

DATED: November 23, 2016  
PUBLISHED/POSTED: November 25 and December 1, 2016

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SAN FRANCISCO, CA 94102

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Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description AS - 12.05.16 Land Use - 161157 Fee Ad

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11/25/2016 , 12/01/2016

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

EXM# 2950273

NOTICE OF PUBLIC HEARING
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
LAND USE AND TRANSPORTATION COMMITTEE
MONDAY, DECEMBER 5, 2016 - 1:30 PM
CITY HALL, LEGISLATIVE CHAMBER, ROOM 250
1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 161157. Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302. If the legislation passes, a new third alternative would be established for the Affordable Housing Fee that project sponsors for residential developments of up to 25 units are subject to pay, in order to satisfy the Inclusionary Affordable Housing Program requirement. The project sponsor may elect to designate their payment of the Affordable Housing Fee into a "Small Sites" program that would be used to acquire or rehabilitate "Small Sites" projects within one mile of the principal project. If no "Small Sites" project is identified within the required geographic area by the Mayor's Office of Housing and Community Development within two years of the payment of the fee, the fee shall be released into the Affordable Housing Fund to qualify for other projects throughout San Francisco. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to

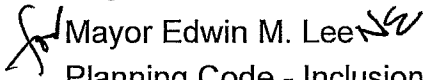
the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, December 2, 2016. - Angela Calvillo, Clerk of the Board



OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE


TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM:  Mayor Edwin M. Lee  
RE: Planning Code - Inclusionary Housing Small Sites Program  
DATE: October 25, 2016

Attached for introduction to the Board of Supervisors is an ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1, and a finding of public necessity, convenience, and welfare under Planning Code Section 302.

Please note that this legislation is co-sponsored by Supervisor Campos.

I respectfully request that these items be calendared in Land Use Committee on December 5, 2016 and sent forward as a Committee Report to the full Board on December 6, 2016.

Should you have any questions, please contact Nicole Elliott at (415) 554-7940.

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**NOTICE OF PUBLIC HEARING**  
**BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO**  
**LAND USE AND TRANSPORTATION COMMITTEE**  
**MONDAY, DECEMBER 5, 2016 - 1:30 PM**  
**CITY HALL, LEGISLATIVE CHAMBER, ROOM 250**  
**1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA**  
 NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: **File No. 161157.** Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section

101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302. If the legislation passes, a new third alternative would be established for the Affordable Housing Fee that project sponsors for residential developments of up to 25 units are subject to pay, in order to satisfy the Inclusionary Affordable Housing Program requirement. The project sponsor may elect to designate their payment of the Affordable Housing Fee into a "Small Sites" program that would be used to acquire or rehabilitate "Small Sites" projects within one mile of the principal project. If no "Small Site" project is identified within the required geographic area by the Mayor's Office of Housing and Community Development within two years of the payment of the fee, the fee shall be released into the Affordable Housing Fund to qualify for other projects throughout San Francisco. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, December 2, 2016. - Angela Calvillo, Clerk of the Board



**Somera, Alisa (BOS)**

---

**From:** melinda\_vazquez@dailyjournal.com  
**Sent:** Tuesday, November 22, 2016 2:27 PM  
**To:** Somera, Alisa (BOS)  
**Subject:** Confirmation of Order 2950273 for AS - 12.05.16 Land Use - 161157 Fee Ad

Dear Customer:

The order listed below has been received and processed. If you have any questions regarding this order, please contact your ad coordinator or the phone number listed below.

Customer Account Number: 120503  
Type of Notice : GPN - GOVT PUBLIC NOTICE  
Ad Description : AS - 12.05.16 Land Use - 161157 Fee Ad  
Our Order Number : 2950273  
Newspaper : SAN FRANCISCO EXAMINER 10%  
Publication Date(s) : 11/25/2016,12/01/2016

Thank you.

MELINDA VAZQUEZ  
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Fax: (800) 540 4089 / (213)229-5481

## Lew, Lisa (BOS)

---

**From:** Lew, Lisa (BOS)  
**Sent:** Tuesday, November 01, 2016 9:55 AM  
**To:** Lee, Olson (MYR); Bohee, Tiffany (CII); Hui, Tom (DBI)  
**Cc:** Flannery, Eugene (MYR); Hayward, Sophie (MYR); Guerra, Claudia (CII); Jones, Natasha (ADM); Strawn, William (DBI); Jayin, Carolyn (DBI); Somera, Alisa (BOS)  
**Subject:** BOS Referral: File No. 161157 - Planning Code - Inclusionary Housing Small Sites Program  
**Attachments:** 161157 FYI.pdf

Hello,

The following legislation is being referred to your department for informational purposes:


**File No. 161157**

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.**

Sent on behalf of Alisa Somera, Land Use and Transportation Committee. Please forward any comments or reports to Alisa Somera.

Regards,

**Lisa Lew**  
Board of Supervisors  
San Francisco City Hall, Room 244  
San Francisco, CA 94102  
P 415-554-7718 | F 415-554-5163  
[lisa.lew@sfgov.org](mailto:lisa.lew@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

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## Lew, Lisa (BOS)

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**From:** Lew, Lisa (BOS)  
**Sent:** Tuesday, November 01, 2016 9:54 AM  
**To:** Ionin, Jonas (CPC)  
**Cc:** Rahaim, John (CPC); Starr, Aaron (CPC); Sanchez, Scott (CPC); Gibson, Lisa (CPC); Rodgers, AnMarie (CPC); Poling, Jeanie (CPC); Navarrete, Joy (CPC); Somera, Alisa (BOS)  
**Subject:** BOS Referral: File No. 161157 - Planning Code - Inclusionary Housing Small Sites Program  
**Attachments:** 161157 PC.pdf

Hello,

The following legislation is being referred to your department pursuant to Planning Code Section 302(b) for public hearing and recommendation:

**File No. 161157**

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.**

Sent on behalf of Alisa Somera, Land Use and Transportation Committee. Please respond to Alisa Somera.

Regards,

**Lisa Lew**  
Board of Supervisors  
San Francisco City Hall, Room 244  
San Francisco, CA 94102  
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## Lew, Lisa (BOS)

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**From:** Lew, Lisa (BOS)  
**Sent:** Tuesday, November 01, 2016 9:54 AM  
**To:** Gibson, Lisa (CPC)  
**Cc:** Navarrete, Joy (CPC); Poling, Jeanie (CPC); Somera, Alisa (BOS)  
**Subject:** BOS Referral: File No. 161157 - Planning Code - Inclusionary Housing Small Sites Program  
**Attachments:** 161157 CEQA.pdf

Hello,

The following proposed legislation is being transmitted to you for environmental review:

**File No. 161157**

**Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1; and making a finding of public necessity, convenience, and welfare under Planning Code, Section 302.**

Sent on behalf of Alisa Somera, Land Use and Transportation Committee. Please respond directly to Alisa Somera.

Regards,

**Lisa Lew**  
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