

BOARD of SUPERVISORS



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MEMORANDUM

TO: Eric D. Shaw, Director, Mayor's Office of Housing and Community Development
Robert Collins, Executive Director, Rent Board

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: August 3, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Mandelman on July 27, 2021:

File No. 210866

Ordinance amending the Planning Code to provide a density limit exception to permit up to four dwelling units per lot in RH (Residential, House) zoning districts; 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 findings 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: erica.major@sfgov.org.

cc: Eugene Flannery, Mayor's Office of Housing and Community Development
Amy Chan, Mayor's Office of Housing and Community Development

1 [Planning Code - Four-Unit Density Exception for Residential Districts]

2

3 **Ordinance amending the Planning Code to provide a density limit exception to permit**
 4 **up to four dwelling units per lot in RH (Residential, House) zoning districts; affirming**
 5 **the Planning Department's determination under the California Environmental Quality**
 6 **Act; and making findings of consistency with the General Plan, and the eight priority**
 7 **policies of Planning Code, Section 101.1, and findings of public necessity,**
 8 **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 ~~*italics Times New Roman font*~~.
 12 **Board amendment additions** are in Arial font.
 13 **Board amendment deletions** are in ~~Arial font~~.
 14 **Asterisks (* * * *)** indicate the omission of unchanged Code
 15 subsections or parts of tables.

13

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

15

16 Section 1. CEQA and Land Use Findings.

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

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

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. _____, and is incorporated herein by reference.

3 (c) Pursuant to Planning Code Section 302, this Board finds that these Planning Code
4 amendments will serve the public necessity, convenience, and welfare for the reasons set
5 forth in Planning Commission Resolution No. _____, and the Board adopts such
6 reasons as its own. A copy of said resolution is on file with the Clerk of the Board of
7 Supervisors in File No. _____ and is incorporated herein by reference.

8
9 Section 2. Background and Findings.

10 (a) San Francisco faces a severe crisis of housing affordability and availability,
11 characterized by dramatic increases in rent and home sale prices over recent years and
12 historic underproduction of new housing units across income levels, particularly in the City’s
13 western neighborhoods and RH (Residential, House) zoning districts.

14 (b) According to the Planning Department’s 2020 Housing Inventory, the cost of
15 housing in San Francisco has increased dramatically since the Great Recession of 2008-
16 2009, with the median sale price for a two-bedroom house more than tripling from 2011 to
17 2021, from \$493,000 to \$1,580,000. This includes a 9% increase from 2019 to 2020 alone,
18 even in the face of the COVID-19 pandemic. The median rental price for a two-bedroom
19 apartment saw similar although slightly smaller increases, nearly doubling from \$2,570 to
20 \$4,500 per month, from 2011 to 2019, before declining in 2020 due to the pandemic.

21 (c) These housing cost trends come after decades of underproduction of housing in
22 San Francisco, with only 600 net new units on average added per year from 1960 to 1990,
23 compared with 37,000 per year in the Bay Area as a whole, and fewer than 1,000 units per
24 year in the 1990s, before increasing to an average of roughly 2,500 net new units per year
25

1 from 2000 to 2019, according to the Planning Department’s 2019 Housing Affordability
2 Strategies Report.

3 (d) The City’s Chief Economist has estimated that approximately 5,000 new market-
4 rate housing units per year would be required to keep housing prices constant with inflation
5 generally, rather than greatly exceeding general rates of inflation.

6 (e) Housing opportunities have not kept pace with population growth at the State level
7 either, with a 2016 report by the McKinsey Institute finding that California ranks 49th out of 50
8 states in the number of housing units per person.

9 (f) San Francisco will be challenged to meet increased Regional Housing Needs
10 Allocation (“RHNA”) goals in the upcoming 2023-2031 Housing Element cycle, which are
11 expected to be at least 72,000 units over eight years, more than 2.5 times the goal of the
12 previous eight-year cycle. At the same time, relatively new State laws like Senate Bill 35
13 (2017) would limit San Francisco’s local zoning control and discretion if the City does not meet
14 these RHNA housing production goals.

15 (g) San Francisco’s new housing production in recent years has been heavily
16 concentrated in the eastern and southeastern parts of the City, with 90% of all new housing
17 produced in just 10 eastside and central neighborhoods, according to the Housing
18 Affordability Strategies Report. These neighborhoods are home to many of the City’s most
19 established communities of color and communities most vulnerable to displacement
20 pressures.

21 (h) The majority, roughly 60%, of San Francisco’s developable land area is in the RH
22 zoning districts, with 38% zoned exclusively for single-family homes in the Residential, House,
23 One Family (RH-1) and Residential, House, One Family, Detached Dwellings (RH-1(D))
24 zoning districts, concentrated almost entirely on the City’s west side. In spite of the expansive
25

1 geographic coverage of these zoning districts throughout the City, only 10% of the total new
2 housing units in 2020 were built in these districts.

3 (i) Neighborhoods zoned for RH encompass a wide variety of housing and building
4 typologies, with a distinct historic pattern of taller, higher-density buildings routinely located on
5 corner lots throughout residential neighborhoods in the City, which predate RH zoning
6 established in the 1970s.

7 (j) The City’s COVID-19 Economic Recovery Task Force included a recommendation
8 in its October 2020 report to support construction of small multifamily buildings in low density
9 areas to support “missing middle” housing opportunities.

10
11 Section 3. Article 2 of the Planning Code is hereby amended by revising Sections 207
12 and 209.1, to read as follows:

13
14 **SEC. 207. DWELLING UNIT DENSITY LIMITS.**

15 * * * *

16 (c) **Exceptions to Dwelling Unit Density Limits.** An exception to the calculations
17 under this Section 207 shall be made in the following circumstances:

18 * * * *

19 (8) Residential Density in RH Districts. For projects located in RH Districts that are
20 not seeking or receiving a density bonus under the provisions of Planning Code Sections 206.5 or
21 206.6, residential density limits shall be waived for up to four dwelling units per lot, not inclusive of
22 any Accessory Dwelling Units as permitted under this Section 207. Projects utilizing the density
23 exception of this subsection (c)(8) shall be subject to the building standards applicable to RH-3 zoning
24 districts as set forth in Section 209.1.

SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.

These Districts are intended to recognize, protect, conserve, and enhance areas characterized by dwellings in the form of houses, usually with one, two, or three units with separate entrances, and limited scale in terms of building width and height. Such areas tend to have similarity of building styles and predominantly contain large units suitable for family occupancy, considerable open space, and limited nonresidential uses. The RH Districts are composed of five separate classes of districts, as follows:

* * * *

**Table 209.1
ZONING CONTROL TABLE FOR RH DISTRICTS**

Zoning Category	§ References	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
RESIDENTIAL STANDARDS AND USES						
* * * *						
Residential Uses						
Residential Density, Dwelling Units (6)(10)	§§ 102, 207	One unit per lot.	P up to one unit per lot. C up to one unit per 3,000 square feet of lot area, with no more than three units per lot.	P up to two units per lot, if the second unit is 600 sq. ft. or less. C up to one unit per 3,000 square feet of lot area, with no more than three units per lot.	P up to two units per lot. C up to one unit per 1,500 square feet of lot area.	P up to three units per lot. C up to one unit per 1,000 square feet of lot area.
* * * *						

1 * Not listed below.

2 * * * *

3 (10) P for up to four dwelling units pursuant to Section 207(c)(8).

4
5 Section 4. Effective Date. This ordinance shall become effective 30 days after
6 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
7 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
8 of Supervisors overrides the Mayor's veto of the ordinance.

9
10 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
11 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
12 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
13 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
14 additions, and Board amendment deletions in accordance with the "Note" that appears under
15 the official title of the ordinance.

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19 By: /s/ Andrea Ruiz-Esquide
20 ANDREA RUIZ-ESQUIDE
21 Deputy City Attorney

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LEGISLATIVE DIGEST

[Planning Code - Four-Unit Density Exception for Residential Districts]

Ordinance amending the Planning Code to provide a density limit exception to permit up to four dwelling units per lot in RH (Residential, House) zoning districts; 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 findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Existing Law

The Planning Code sets forth different zoning districts throughout the City, where different uses are permitted, conditionally permitted, or prohibited, and where various controls (such as height, bulk, setbacks, etc.) apply. Residential, House (RH) districts are “intended to recognize, protect, conserve and enhance areas characterized by dwellings in the form of houses, usually with one, two or three units with separate entrances, and limited scale in terms of building width and height. Such areas tend to have similarity of building styles and predominantly contain large units suitable for family occupancy, considerable open space, and limited nonresidential uses.” (Section 209.1). The RH districts are composed of five separate classes of districts, depending on the number of units permitted in each:

- RH-1(D) Districts: One-Family (Detached Dwellings); RH-1 Districts: One-Family; and RH-1(S) Districts: One-Family with Minor Second Unit, which are generally characterized by single-family houses;
- RH-2 Districts: Two-Family, which generally consist of one-family and two-family houses;
- RH-3 Districts: Three-Family, in which structures with three units are common in addition to one-family and two-family houses.

Amendments to Current Law

This Ordinance would create a density limit exception to permit up to four units per lot in all RH districts, for projects that are not seeking or receiving a density bonus under Planning Code Sections 206.5 or 206.6. These four units would be permitted in addition to any Accessory Dwelling Units permitted under the Code. All building standards that are applicable to RH-3 Districts would be applicable to projects that take advantage of this density limit exception.

Background Information

The Ordinance contains ample findings setting forth the need to promote housing development in San Francisco. It states that the City faces a severe crisis of housing affordability and availability, characterized by dramatic increases in rent and home sale prices over recent years and historic underproduction of new housing units across income levels, particularly in the City's western neighborhoods and RH zoning districts. It further explains that adopting policies that promote construction of small multifamily buildings in low density areas to support "missing middle" housing opportunities was one of the recommendations of the City's COVID-19 Economic Recovery Task Force.

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Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Mandelman

Subject:

[Planning Code - Four-Unit Density Exception for Residential Districts]

The text is listed:

Ordinance amending the Planning Code to provide a density limit exception to permit up to four dwelling units per lot in RH (Residential, House) zoning districts; 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 findings of public necessity, convenience, and welfare under Planning Code, Section 302.

Signature of Sponsoring Supervisor:

For Clerk's Use Only