File No1	160698	Committee Item No		
		Board Item No		
C	COMMITTEE/BOARI AGENDA PACKET	O OF SUPERVIST CONTENTS LIST	SORS	
Committee:	Rules Committee	Date _	July 21, 2016	
Board of Supervisors Meeting		Date _		
Cmte Board				
	Motion Resolution Ordinance Legislative Digest Budget and Legislative A Legislative Analyst Repo Youth Commission Repo Introduction Form (for he Department/Agency Cove MOU Grant Information Form Grant Budget Subcontract Budget Contract/Agreement Form 126 – Ethics Comm Award Letter Application Public Correspondence	rt rt earings) er Letter and/or Repo	ort	
OTHER (Use back side if additional space is needed)				
	Information Sheet Vacancy Notice			

Completed by:Derek EvansDateJuly 18, 2016Completed by:Date

AMENDED IN COMMITTEE 7/18/2016

FILE NO. 160698

MOTION NO.

1				
1	[Initiative Ordinance - Planning Code - Conditional Use Requiring Replacement of Production Distribution, Repair, Institutional Community, and Arts Activities Uses]			
2	Distribution,	Repail, Institutional Community, and Arts Activities Caes		
3	Motion orde	ering submitted to the voters an Ordinance amending the Planning Code to		
4	require repl	acement space and Conditional Use authorization for conversion of		
5	Production	Distribution, and Repair Use, Institutional Community Use, and Arts		
6	Activities U	se"; and affirming the Planning Department's determination under the		
7	California E	nvironmental Quality Act, at an election to be held November 8, 2016.		
8				
9	MOV	ED, That the Planning Department has determined that the actions contemplated		
10	in this ordinance comply with the California Environmental Quality Act (California Public			
11	Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the			
12	Board of Su	Board of Supervisors in File No. <u>160698</u> and is incorporated herein by reference.		
13	The Board affirms this determination; and be it			
14	MOV	ED, That the Board of Supervisors hereby submits the following ordinance to the		
15	voters of the	City and County of San Francisco, at an election to be held on November 8,		
16	2016.			
17				
18	Ordinance a	amending the Planning Code to require replacement space and Conditional		
19	Use authori	zation for conversion of Production, Distribution, and Repair Use,		
20	Institutiona	l Community Use, and Arts Activities Use .		
21 N	NOTE:	Unchanged Code text and uncodified text are in plain font.		
22		Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in strikethrough italics Times New Roman font. Actorisks (* * * * *) indicate the emission of unabanged Code subsections or		
23		Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.		
24				

25

Be it ordained by the People of the City and County of San Francisco: Section 1. Findings.

- (a) San Francisco is a unique city and its character is made up of the diversity of its people and its businesses.
- (b) As outlined in San Francisco's General Plan, its density creates a rich variety of experiences and encounters on every street. The City is cosmopolitan and affable, easily traversed by foot or by bus, and offers an intriguing balance of urban architecture. San Francisco is the center and the soul of the region and cooperative efforts to maintain the area's quality of life are imperative. The City has long been a magnet for business, culture, retailing, tourism and education. Its rich 150 year history reflects the cultures of the world and gives energetic diversity to its neighborhoods. The residents strive to maintain this tradition, welcoming people from around the world to participate in the promise of a healthy city.
- (c) In recent years, this diversity is threatened because of the high cost of commercial real estate.
- (d) Steady increases in commercial real estate rental rates have pushed office prices to 122% above where they were five years ago to about \$70 per square foot.
 - (e) The Bay Area commercial real estate markets are now the toughest in the nation.
- (f) This threatens organizations and businesses that are important to the City but find themselves unable to compete for limited commercial space in this real estate market.

 Nonprofits organizations, arts organizations, and spaces for people to work in jobs that do not require high educational attainment find themselves pushed out of this market.
- (g) In a recent report commissioned by the Northern California Grantmakers

 Association, "Status of Nonprofit Space and Facilities", in March 2016, two out of every three nonprofits surveyed say they will have to make a decision about moving within the next five years.

- (h) Many nonprofits fear they will have to abandon part of their mission because of the economic pressure created by high real estate costs or move to new locations.
- (i) The report identifies that some of this pressure can be addressed at the local government level by using zoning to create space suitable for arts and other community organizations, turning to publicly owned property for space, and including nonprofit space in affordable housing development.
- (j) These pressures, although City-wide, are felt acutely in San Francisco's South of Market neighborhoods. Because of this, the Eastern Neighborhoods community planning process began in 2001 with the goal of developing new zoning controls for the industrial portions of these neighborhoods.
- (k) At one time, land zoned for industrial uses covered almost the entire eastern bayfront of San Francisco, from the southern county line to well north of Market Street. As the city's economy has transformed over time, away from traditional manufacturing and "smoke-stack" industry toward tourism, service, and "knowledge-based" functions, the city's industrial lands have shrunk steadily.
- (I) By the 1990s, land zoned for industrial uses stood at about 12% of the city's total usable land (i.e., not including parks and streets). This period was one of strong economic growth in which the city gained thousands of new jobs and residents. As a result, capital, business, and building activity surged into the industrial and residential Eastern

 Neighborhoods, south of Downtown. While this wealth brought needed resources, it also created conflicts around the use of land. San Francisco's industrial zoning has historically been permissive allowing residences, offices, and other uses, in addition to industrial businesses.
- (m) As part of the Eastern Neighborhoods planning process, the Planning Department conducted a series of workshops where stakeholders articulated goals for their neighborhood,

considered how new land use regulations (zoning) might promote these goals, and created several rezoning options representing variations on the amount of industrial land to retain for employment and business activity.

- (n) Starting in 2005, the community planning process expanded to address other issues critical to these communities including affordable housing, transportation, parks and open space, urban design, and community facilities. The Planning Department began working with the neighborhood stakeholders to create Area Plans for each neighborhood to articulate a vision for the future.
- (o) Based on several years of community input and technical analysis, the Eastern Neighborhoods Program calls for transitioning about half of the existing industrial areas in these four neighborhoods to mixed use zones that encourage new housing. The other remaining half would be reserved for Production, Distribution and Repair zoning districts, where a wide variety of functions such as Muni vehicle yards, caterers, and performance spaces can continue to thrive.
 - (p) The initial Eastern Neighborhoods Area Plans were adopted in 2008.
- (q) At their core, the Eastern Neighborhoods Plans try to accomplish two key policy goals: 1) to ensure a stable future for Production, Distribution and Repair (PDR) uses in the city, mainly by reserving a certain amount of land for this purpose; and 2) to provide a significant amount of new housing affordable to low, moderate, and middle income families and individuals, along with "complete neighborhoods" that provide appropriate amenities for these new residents.
- (r) Because San Francisco has very limited land available, it is important to evaluate the current state of land available for PDR use and to protect PDR uses because of competing pressure from residential and office uses, which can afford to pay far more to buy and develop land.

- (s) Office tenants are willing to pay well over twice what PDR commands creative tech space goes for \$70 a square foot in SoMa or the Inner Mission. This leads to the loss of space critical for PDR activities and therefore the loss of jobs that result from these activities.
- (t) The Planning Department prepared a report in April 2005,on the demand for and supply of PDR in the City. This report is known as the EPS PDR Study. To alleviate the impact of loss of PDR uses and to revitalize PDR uses and to attract technology and biotech businesses to the City, it is necessary for the City to aggressively pursue retention of PDR and its associated job sectors. Development that removes PDR use should have the option of replacing the lost space at a one-to-one ratio. To accomplish this, a PDR replacement program should be established.

Section 2. The Planning Code is hereby amended by adding a new Section 202.8, to read as follows:

SEC. 202.8. LIMITATION ON CONVERSION OF PRODUCTION, DISTRIBUTION, AND REPAIR USE, INSTITUTIONAL COMMUNITY USE, AND ARTS ACTIVITIES USE.

The following controls shall apply in the following Eastern Neighborhoods Plans Areas:

Mission; Eastern SoMa; Western SoMa; and, if adopted, Central SoMa. Notwithstanding any other

provision of this Code, conversion of building space where the prior use in such space was a

Production, Distribution, and Repair (PDR) use of at least 5,000 square feet, an Institutional

Community use of at least 2,500 square feet, or an Arts Activities use, all as defined in Section 102,

through change in use or any other removal, including but not limited to demolition of a building that is

not unsound, shall require Conditional Use authorization pursuant to Section 303 and shall be subject

to the following additional requirements:

(a) To preserve the existing stock of building space suitable for PDR, Institutional Community, and Arts Activities uses, if a project would result in conversion of building space, where the prior use in

such space was PDR of at least 5,000 square feet, Institutional Community of at least 2,500 square feet, or Arts Activities use, through removal, including through demolition of a building that is not unsound, or through change of use, such space shall be replaced in compliance with the following criteria:

- (1) In the areas that, as of July 1, 2016, are zoned SALI, PDR, or C-3-G, the replacement space shall include one square foot of PDR, Institutional Community, or Arts Activities use for each square foot of the use proposed for conversion.
- (2) In the areas that, as of July 1, 2016, are zoned UMU, MUO, or SLI, the replacement space shall include 0.75 square foot of PDR, Institutional Community, or Arts Activities use for each square foot of the use proposed for conversion if replaced on the same property or shall include one square foot of PDR, Institutional Community, or Arts Activities use for each square foot of the use proposed for conversion if replaced off-site.
- (3) In the areas that, as of July 1, 2016, are zoned MUG or MUR, the replacement space shall include 0.50 square foot of PDR, Institutional Community, or Arts Activities use for each square foot of the use proposed for conversion if replaced on the same property or shall include one square foot of PDR, Institutional Community, or Arts Activities use for each square foot of the use proposed for conversion if replaced off-site.
- (4) The replacement space may be space for PDR, Institutional Community, or Arts

 Activities use, regardless of which of those uses is proposed for conversion. The replacement space

 shall be located on the same property or, if located off-site, shall be in the same area plan area or

 within 1/4 mile of the property, or, if replacing PDR space off-site, in any area that is zoned for PDR as
 a principally permitted use.
- (5) The replacement requirements of this subsection (a) may be reduced by 0.25 for any project subject to a development agreement approved by the City under California Government Code Section 65864 et seq. if, as part of the terms of such development agreement, the required replacement space is rented, leased, or sold at 50% below market rate for such commercial space.

1	(5) Any public transportation project.
2	(6) Any project that receives affordable housing credits associated with retention of
3	affordable units at the South Beach Marina Apartments, pursuant to Board of Supervisors Resolution
4	<u>No. 197-16.</u>
5	(f) This Section 202.8 shall not authorize a change in use if the new use or uses are otherwise
6	prohibited.
7	(g) In Lieu Fee. The Board of Supervisors may enact an ordinance adopting an in lieu fee to
8	meet the replacement requirements set forth in subsection (a). The proceeds from any such in lieu fee
9	shall be used for the preservation and rehabilitation of existing PDR, Institutional Community, and
10	Arts Activities spaces in the area plan area where the project paying the fee is located.
11	(h) The Board of Supervisors may amend this Section 202.8 at any time after its effective date
12	to promote or better achieve the underlying goal of protecting and enhancing these PDR, Institutional
13	Community, and Arts Activities uses.
14	
15	APPROVED AS TO FORM:
16	DENNIS J. HERRERA, City Attorney
17	D
18	By: MARLENA BYRNE Deputy City Attempty
19	Deputy City Attorney
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LEGISLATIVE DIGEST

(Amended in Committee - 7/18/2016)

[Initiative Ordinance – Planning Code – Conditional Use Requiring Replacement of Production, Distribution, Repair, Institutional Community, and Arts Activities Uses]

Motion ordering submitted to the voters, at an election to be held November 8, 2016, "Ordinance amending the Planning Code to require replacement space and Conditional Use authorization for conversion of Production, Distribution, and Repair Use, Institutional Community Use, and Arts Activities Use"; and affirming the Planning Department's determination under the California Environmental Quality Act.

Existing Law

The Planning Code contains various provisions for conversion of Production, Distribution and Repair (PDR) uses, depending on where such uses are located. There is no general requirement for conditional use authorization for conversion of an Institutional Community use or an Arts Activities use.

Amendments to Current Law

If this motion is approved, this measure would be placed on the November 2016 general election ballot as an initiative ordinance.

The measure would require conditional use authorization for any conversion of a PDR use of at least 5,000 square feet, an Institutional Community use of at least 2,500 square feet, or an Arts Activities use of any size within the following Eastern Neighborhoods Plans Areas: Mission; Eastern SoMa, and Western SoMa. Such spaces would be replaced in compliance with the following criteria:

- (1) In the areas that, as of July 1, 2016, are zoned SALI, PDR, C-3-G, or M, the replacement space shall include one square foot of PDR, Institutional Community, or Arts Activities use for each square foot of such use proposed for conversion.
- (2) In the areas that, as of July 1, 2016, are zoned UMU, MUO, MUG, or MUR, the replacement space shall include 0.75 square foot of PDR, Institutional Community, or Arts Activities use for each square foot of such use proposed for conversion if the use is replaced on the same property. If the use is replaced off-site, then it must be replaced at a 1:1 ratio.

The measure allows the replacement space to be used for PDR, Institutional Community, or Arts Activities, regardless of which use is proposed for conversion.

If the replacement space is located off-site, it must be located in the same plan area or within 1/4 mile of the property, or, if replacing PDR space off-site, in any area that is zoned for PDR as a principally permitted use.

If the proposed project is the subject of a development agreement, the required replacement space may be reduced by 0.25 if the development agreement also requires the replacement space be rented, leased, or sold at 50% below market rate.

In order to approve any conversions, the Planning Commission must make findings required under Planning Code Section 303 for conditional use authorization, and shall consider the suitability of the replacement space for the use proposed.

Certain property is exempt from the requirements of this ordinance, specifically: any property under the jurisdiction of the Port of San Francisco or the Recreation and Park Commission; Redevelopment Plan Areas in effect as of July 1, 2016; any undeveloped property or portions of a property; any site where the use that is subject to conversion commenced after June 14, 2016; any project that has received final Planning Commission approval by June 14, 2016; and any public transportation project.

The measure states that the Board of Supervisors may adopt an in lieu fee to meet the replacement requirements, which fee would be used for the preservation and rehabilitation of existing PDR, Institutional Community, and Arts Activities uses.

The measure provides that the Board of Supervisors may amend it at any time to promote or better achieve its goal of protecting and enhancing these uses.

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Ben Rosenfield Controller

Todd Rydstrom Deputy Controller

July 13, 2016

Ms. Angela Calvillo Clerk of the Board of Supervisors 1 Dr. Carlton B. Goodlett Place Room 244 San Francisco, CA 94102-4689

RE: File 160698 – Ordinance requiring conditional use authorization for replacement of production, distribution, repair, institutional community, and arts activities uses (first draft)

Dear Ms. Calvillo,

Should the proposed ordinance be approved by the voters, in my opinion, it would have a minimal impact on the cost of government.

The proposed amendment would require conditional use authorization for conversion of production, distribution, and repair use; institutional community use; or arts activities use. The proposed amendment also provides criteria for when these spaces could be replaced. The Planning Department has an existing process for conditional use authorization. If the ordinance is passed, these authorization requirements would be incorporated into the existing approval process.

Sincerely, Nation Wilh

Ben Rosenfield

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.



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

June 27, 2016

File Nos. 160698

Sarah Jones Environmental Review Officer Planning Department 1650 Mission Street, 4th Floor San Francisco, CA 94103

Dear Ms. Jones:

On June 14, 2016, Supervisor Kim introduced the following Motion to consider the proposed Initiative Ordinance for submission by the full Board, for the November 8, 2016, Election:

File No. 160698 Initiative Ordinance - Planning Code - Requiring Conditional Use Authorization for Replacement of Production, Distribution, Repair, Institutional Community, and Arts Activities Uses

Motion ordering submitted to the voters an Ordinance amending the Planning Code to require Conditional Use authorization for conversion of Production, Distribution, and Repair Use, Institutional Community Use, and Arts Activities Use and replacement space; and affirming the Planning Department's determination under the California Environmental Quality Act, at an election to be held November 8, 2016.

These matters are being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By: Derek Evans, Clerk Rules Committee

Attachment

c: Joy Navarrete, Environmental Planner Jeanie Poling, Environmental Planner 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. Individual physical projects would require environmental review.



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Motion ordering submitted to the voters an Ordinance amending the Planning Code to require Conditional Use authorization for conversion of Production, Distribution, and Repair Use, Institutional Community Use, and Arts Activities Use and replacement space; and affirming the Planning Department's determination under the California Environmental Quality Act, at an election to be held November 8, 2016.

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Angela Calvillo, Clerk of the Board

By: Derek Evans, Clerk Rules Committee

Attachment

c: Joy Navarrete, Environmental Planner Jeanie Poling, Environmental Planner 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. Individual physical projects would require environmental review.

Joy Navarrete

DN: cn=Joy Navarrete, o=Planning, ou=Environmental Planning, email=Joy.navarrete@sfgov.org, c=



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:

Ben Rosenfield, City Controller

FROM: M Derek Evans, Clerk, Rules Committee

Board of Supervisors

DATE:

June 27, 2016

SUBJECT:

INITIATIVE ORDINANCE MOTION INTRODUCED

November 8, 2016, Election

The Board of Supervisors' Rules Committee has received the following Motion to consider the proposed Initiative Ordinance for submission by the full Board, for the November 8, 2016, Election, introduced by Supervisor Kim on June 14, 2016.

File No. 160698 Initiative Ordinance - Planning Code - Requiring Conditional Use Authorization for Replacement of Production. Distribution, Institutional Repair, Community, and Arts Activities Uses

Motion ordering submitted to the voters an Ordinance amending the Planning Code to require Conditional Use authorization for conversion of Production, Distribution, and Repair Use, Institutional Community Use, and Arts Activities Use and replacement space; and affirming the Planning Department's determination under the California Environmental Quality Act, at an election to be held November 8, 2016.

This matter is being referred to you in accordance with Elections Code, Section 305(B)(2) and Rules of Order 2.22.3. Please review and prepare a financial analysis on the proposed measures prior to the first Rules Committee hearing.

If you have any questions or concerns please call me at (415) 554-7702 or email derek.evans@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Todd Rydstrom, Deputy City Controller C: Peg Stevenson, City Performance Director



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

MEMORANDUM

TO:

Nicole Elliott, Mayor's Office

Jon Givner, Office of the City Attorney

Naomi Kelly, City Administrator

LeeAnn Pelham, Executive Director, Ethics Commission

John Arntz, Director, Department of Elections John Rahaim, Director, Planning Department

FROM: Derek Evans, Clerk, Rules Committee

Board of Supervisors

DATE:

June 27, 2016

SUBJECT:

INITIATIVE ORDINANCE MOTION INTRODUCED

November 8, 2016, Election

The Board of Supervisors' Rules Committee has received the following Motion to consider the proposed Initiative Ordinance for submission by the full Board, for the November 8, 2016, Election, introduced by Supervisor Kim on June 14, 2016.

File No. 160698

Initiative Ordinance - Planning Code - Requiring Conditional Replacement of Authorization for Production. Distribution, Repair, Institutional Community, and Arts **Activities Uses**

Motion ordering submitted to the voters an Ordinance amending the Planning Code to require Conditional Use authorization for conversion of Production, Distribution, and Repair Use, Institutional Community Use, and Arts Activities Use and replacement space; and affirming the Planning Department's determination under the California Environmental Quality Act, at an election to be held November 8, 2016.

This matter is being referred to you in accordance with Board Rules of Order 2.22.4. Please review and submit any reports or comments you wish to be considered with the legislative files.

If you have any questions or concerns, please call me at (415) 554-7702 or email derek.kevans@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Scott Sanchez, Planning Department C: AnMarie Rodgers, Planning Department Aaron Starr, Planning Department



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June 27, 2016

File Nos. 160698

Sarah Jones Environmental Review Officer Planning Department 1650 Mission Street, 4th Floor San Francisco, CA 94103

Dear Ms. Jones:

On June 14, 2016, Supervisor Kim introduced the following Motion to consider the proposed Initiative Ordinance for submission by the full Board, for the November 8, 2016, Election:

File No. 160698 Initiative Ordinance - Planning Code - Requiring Conditional Use Authorization for Replacement of Production, Distribution, Repair, Institutional Community, and Arts Activities Uses

Motion ordering submitted to the voters an Ordinance amending the Planning Code to require Conditional Use authorization for conversion of Production, Distribution, and Repair Use, Institutional Community Use, and Arts Activities Use and replacement space; and affirming the Planning Department's determination under the California Environmental Quality Act, at an election to be held November 8, 2016.

These matters are being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By: Derek Evans, Clerk Rules Committee

Attachment

c: Joy Navarrete, Environmental Planner Jeanie Poling, Environmental Planner **Print Form**

For Clerk's Use Only:

Introduction Form

By a Member of the Board of Supervisors or the Mayor

or meeting date I hereby submit the following item for introduction (select only one): X 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. inquires" 4. Request for letter beginning "Supervisor 5. City Attorney request. 6. Call File No. from Committee. 7. Budget Analyst request (attach written motion). 8. Substitute Legislation File No. 9. Reactivate File No. 10. Question(s) 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 a Imperative Form. Sponsor(s): Supervisor Kim Subject: Antidisplacement Initiative Ordinance The text is listed below or attached: Please see attached. Signature of Sponsoring Supervisor:

D--- 1 of 1

Time stamp