

File No. 220446 Committee Item No. 6
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date June 6, 2022

Board of Supervisors Meeting Date _____

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 type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input 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 type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | 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 |
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OTHER

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral CEQA 080321 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral PC 080321 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral FYI 080321 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | BOS Reso No. 495-21 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PC Transmittal 010722 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PC Response 021622 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral FYI 022322 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral CEQA 022322 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Hearing Notice 030722 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PLN PPT 030722 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Hearing Notice 040422 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PLN Feasibility Analysis Rpt 042122 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PLN Memo Updated Analysis of Financial Feasibility 050622 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | PLN Group Housing Memo 060122 |

Completed by: Erica Major Date June 2, 2022

Completed by: Erica Major Date _____

[Planning, Administrative, Subdivision Codes; Zoning Map - Density Exception in Residential Districts]

Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts, except for Residential. One Family, Detached (RH-1(D)) districts, to Residential, Two Family (RH-2) zoning districts; to rezone the RH-1(D) districts to a new class of residential district called Residential, Two Family, Detached (RH-2(D)) districts; and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Administrative Code to require new dwelling units constructed pursuant to the density limit exception to be subject to the rent increase limitations of the Rent Ordinance; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the existing dwelling units and the new dwelling units that constitute the project; 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.

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

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

1 Section 1. CEQA and Land Use Findings.

2 (a) The Planning Department has determined that the actions contemplated in this
3 ordinance comply with the California Environmental Quality Act (California Public Resources
4 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
5 Supervisors in File No. 220246 and is incorporated herein by reference. The Board affirms
6 this determination.

7 (b) On November 18, 2021, the Planning Commission, in Resolution No. 21031,
8 adopted findings that the actions contemplated in this ordinance are consistent, on balance,
9 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The
10 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of
11 the Board of Supervisors in File No. 220446 and is incorporated herein by reference.

12 (c) Pursuant to Planning Code Section 302, this Board finds that these Planning Code
13 amendments will serve the public necessity, convenience, and welfare for the reasons set
14 forth in Planning Commission Resolution No. 21031, and the Board adopts such reasons as
15 its own. A copy of said resolution is on file with the Clerk of the Board of Supervisors in File
16 No. 220446 and is incorporated herein by reference.

17
18 Section 2. Background and Findings.

19 (a) California faces a severe crisis of housing affordability and availability, prompting
20 the Legislature to declare, in Section 65589.5 of the Government Code, that the state has "a
21 housing supply and affordability crisis of historic proportions. The consequences of failing to
22 effectively and aggressively confront this crisis are hurting millions of Californians, robbing
23 future generations of a chance to call California home, stifling economic opportunities for
24 workers and businesses, worsening poverty and homelessness, and undermining the state's
25 environmental and climate objectives."

1 (b) This crisis of housing affordability and availability is particularly severe in San
2 Francisco. It is characterized by dramatic increases in rent and home sale prices over recent
3 years and historic rates of underproduction of new housing units across income levels,
4 particularly in the City's western neighborhoods and RH (Residential, House) zoning districts.

5 (c) According to the Planning Department's 2020 Housing Inventory, the cost of
6 housing in San Francisco has increased dramatically since the Great Recession of 2008-
7 2009, with the median sale price for a two-bedroom house more than tripling from 2011 to
8 2021, from \$493,000 to \$1,580,000. This includes a 9% increase from 2019 to 2020 alone,
9 even in the face of the COVID-19 pandemic. The median rental price for a two-bedroom
10 apartment saw similar although slightly smaller increases, nearly doubling from \$2,570 to
11 \$4,500 per month, from 2011 to 2019, before declining in 2020 due to the pandemic.

12 (d) These housing cost trends come after decades of underproduction of housing in
13 San Francisco, with only 600 net new units on average added per year from 1960 to 1990,
14 compared with 37,000 per year in the Bay Area as a whole, and fewer than 1,000 net new
15 units on average per year in San Francisco in the 1990s, before increasing to an average of
16 roughly 2,500 per year from 2000 to 2019, according to the Planning Department's 2019
17 Housing Affordability Strategies Report.

18 (e) The City's Chief Economist has estimated that approximately 5,000 new market-
19 rate housing units per year would be required to keep housing prices in San Francisco
20 constant with inflation generally, rather than greatly exceeding general rates of inflation.

21 (f) Moreover, San Francisco will be challenged to meet increased Regional Housing
22 Needs Allocation ("RHNA") goals in the upcoming 2023-2031 Housing Element cycle, which
23 total 72,000 units over eight years, more than 2.5 times the goal of the previous eight-year
24 cycle. At the same time, relatively new State laws like Senate Bill 35 (2017) would limit San
25

1 Francisco's local zoning control and discretion if the City does not meet these RHNA housing
2 production goals.

3 (g) San Francisco's new housing production in recent years has been heavily
4 concentrated in the eastern and southeastern parts of the City, with 90% of all new housing
5 produced in just ten eastside and central neighborhoods, according to the Housing
6 Affordability Strategies Report. These neighborhoods are home to many of the City's most
7 established communities of color and communities most vulnerable to displacement
8 pressures.

9 (h) Roughly 60% of San Francisco's developable land area is in the RH (Residential,
10 House) zoning districts, concentrated primarily on the City's west side, with 38% of the City's
11 developable land area zoned exclusively for single-family homes in RH-1 (Residential, House,
12 One Family) and RH-1(D) (Residential, House, One Family, Detached Dwellings) zoning
13 districts. In spite of the expansive geographic coverage of RH zoning districts throughout the
14 City, only 10% of the total new housing units in 2020 were built in these districts.

15 (i) Neighborhoods zoned for RH encompass a wide variety of housing and building
16 typologies, with a distinct historic pattern of taller, higher-density buildings often located on
17 corner lots throughout residential neighborhoods in the City, which predate the advent of RH
18 zoning, in the 1970s.

19 (j) The City's COVID-19 Economic Recovery Task Force included a recommendation
20 in its October 2020 report to support construction of small multifamily buildings in low density
21 areas to support "missing middle" housing opportunities.

22 (k) This ordinance allows the development of up to four units, and up to six units in
23 Corner Lots, in all RH districts throughout the City (as shown on the Zoning Maps ZN 01
24 through ZN 14), at the heights currently specified in the City's Zoning Maps (Height Maps HT
25 01 through HT 14). All parcels affected by this ordinance are considered urban infill sites

1 under California Government Code Section 65913.5(e)(3). This Board therefore declares that
2 this ordinance is enacted pursuant to California Government Code Section 65913.5.

3 (l) This Board acknowledges that new housing developments approved under this
4 ordinance will be subject to the requirements of California Government Code Section
5 66300(d), such as the obligation to replace all existing or demolished protected units and
6 protections for existing occupants, including, for lower income occupants of protected units,
7 relocation benefits and a right of first refusal for a comparable unit available in the new
8 housing development at an affordable rent or cost, as provided by state law.

9 (m) This Board finds that this ordinance is consistent with San Francisco's obligation to
10 affirmatively further fair housing pursuant to California Government Code Section 8899.50, by
11 increasing density in a manner that meaningfully addresses significant disparities in housing
12 needs and access to opportunity. The ordinance achieves the increase in density by
13 increasing the principally permitted residential density in areas subject to historically
14 exclusionary density limits, by providing an additional density exception for projects that
15 comply with the requirements of Section 66300(d) of the California Government Code and
16 enter into regulatory agreements with the City acknowledging that, in consideration for the
17 density exception, the new units shall be subject to local rent control notwithstanding the
18 Costa-Hawkins Rental Housing Act (California Civil Code Sections 1954.50 et seq.).

19 (n) This Board finds that it is in the public interest to encourage the production of a
20 variety of unit types and sizes to accommodate people in different types of living conditions,
21 including a mix of smaller units that can help young adults secure housing or seniors to
22 downsize, and larger units that can help growing or multi-generational families stay
23 adequately housed.

24 (o) This Board finds that it is in the public interest to support San Francisco
25 homeowners in developing their properties while continuing to reside on the property as a key

1 means of building intergenerational wealth, particularly for first-generation or historically
2 marginalized homeowners. Because the regulatory and development process, combined with
3 escalating home prices and construction costs, presents specific challenges to homeowners
4 distinct from those faced by development and construction professionals, this ordinance
5 applies certain provisions to property owners who intend to continue residing on the property
6 after construction.

7 (p) This Board recognizes that additional development opportunities may lead to
8 speculative real estate investments that may seek to maximize profits by displacing current
9 residents, demolishing existing housing stock, building new units, and quickly selling those
10 units. To discourage ~~prevent~~ such speculation, demolition of existing units, and displacement
11 of current residents, this ordinance makes the benefit of the density exception available only
12 to persons who have owned their properties for five years prior to the date of their application
13 to obtain the exception, including the ownership duration of their Eligible Predecessor, as
14 defined herein ~~person or entity from whom they may have inherited the lot.~~

15 (q) This Board recognizes the importance of facilitating opportunities for
16 intergenerational transfer of wealth among members of a family through property ownership.
17 Therefore, property owners who have inherited their property may be deemed eligible to seek
18 a density exception by applying the duration of ownership of their Eligible Predecessor ~~person~~
19 ~~or entity from whom they inherited the lot~~ to their own duration of ownership, for the purposes
20 of satisfying this ordinance's ownership requirement.

21 ~~(pqr)~~ This ordinance allows for a density exception where the project does not cause a
22 substantial adverse change in the significance of an historic resource, as defined. This Board
23 recognizes that prior to submitting a development application, property owners may apply to
24 the Planning Department for a pre-application Historic Resource Assessment to determine
25 whether a historic resource is present on the lot. To support homeowners in using this density

1 exception to develop their properties, this ordinance waives permit fees for the Historic
2 Resource Assessment under certain conditions.

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

6
7 **SEC. 207. DWELLING UNIT DENSITY LIMITS.**

8 * * * *

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

11 * * * *

12 **(8) Residential Density Exception in RH Districts.**

13 **(A) Density Exception.** *Projects located in RH Districts that are not seeking or*
14 *receiving a density bonus under the provisions of Planning Code Sections 206.5 or 206.6 shall receive*
15 *an exception from residential density limits for up to four dwelling units per lot, excluding Corner Lots,*
16 *or up to six dwelling units per lot in Corner Lots, not inclusive of any Accessory Dwelling Units as*
17 *permitted under this Section 207, provided that the dwelling units meet the requirements set forth in*
18 *this subsection (c)(8).*

19 **(B) Eligibility.** To receive the density exception authorized under this
20 subsection (c)(8), property owners must demonstrate that they have owned the lot for which
21 they are seeking the density exception for a minimum of five years prior to the time of the
22 submittal of their application. For the purposes of establishing eligibility to receive a density
23 exception according to this subsection (8)(B), a property owner who has inherited the subject
24 lot from a blood, adoptive, or step family relationship, specifically from a grandparent, parent,
25 sibling, child, or grandchild, or the spouse or registered domestic partner of such relations, or

1 the property owner's spouse or registered domestic partner (each an "Eligible Predecessor"),
2 may add an Eligible Predecessor's duration of ownership of the subject lot to the property
3 owner's duration of ownership of the same lot.~~may add to their duration of ownership the~~
4 ~~duration of ownership of the person or entity from whom they inherited the lot.~~

5 (~~BC~~) **Eligibility of Historic Resources.** To receive the density exception
6 authorized under this subsection (c)(8), a project must demonstrate to the satisfaction of the
7 Environmental Review Officer that it does not cause a substantial adverse change in the significance of
8 an historic resource as defined by California Code of Regulations, Title 14, Section 15064.5, as may be
9 amended from time to time. Permit fees for pre-application Historic Resource Assessments shall
10 be waived for property owners who apply to obtain a density exception under this subsection
11 (c)(8), if they sign an affidavit stating their intent to reside on the property for a period of three
12 years after the issuance of the Certificate of Final Completion and Occupancy for the new
13 dwelling units. Permit fees for Historic Resource Determinations shall not be waived.

14 (~~CD~~) **Applicable Standards.** Projects utilizing the density exception of this
15 subsection (c)(8) and that provide at least four dwelling units shall be subject to a minimum Rear Yard
16 requirement of the greater of 30% of lot depth or 15 feet. All other building standards shall apply in
17 accordance with the applicable zoning district as set forth in Section 209.1.

18 (~~DE~~) **Unit Replacement Requirements.** Projects utilizing the density exception
19 of this subsection (c)(8) shall comply with the requirements of Section 66300(d) of the California
20 Government Code, as may be amended from time to time, including but not limited to requirements to
21 produce at least as many dwelling units as the projects would demolish; to replace all protected units;
22 and to offer existing occupants of any protected units that are lower income households relocation
23 benefits and a right of first refusal for a comparable unit, as those terms are defined therein.

24 (~~EF~~) **Applicability of Rent Ordinance; Regulatory Agreements.**
25 Project sponsors of projects utilizing the density exception of this subsection (c)(8) shall enter

1 into a regulatory agreement with the City, as a condition of approval of the density exception
2 ("Regulatory Agreement"). At a minimum, the Regulatory Agreement shall contain the
3 following: (i) a statement that the new units created pursuant to the density exception are not
4 subject to the Costa-Hawkins Rental Housing Act (California Civil Code Sections 1954.50 et
5 seq.) because, under Section 1954.52(b), the property owner has entered into and agreed to
6 the terms of this agreement with the City in consideration of an exception from residential
7 density limits of up to four dwelling units per lot, or up to six units per lot in Corner Lots, or
8 other direct financial contribution or other form of assistance specified in California
9 Government Code Sections 65915 et seq.; (ii) a description of the exception of residential
10 density or other direct financial contribution or form of assistance provided to the property
11 owner; and (iii) a description of the remedies for breach of the agreement and other provisions
12 to ensure implementation and compliance with the agreement. The property owner and the
13 Planning Director (or the Director's designee), on behalf of the City, will execute the
14 Regulatory Agreement, which shall be reviewed and approved by the City Attorney's Office.
15 The Regulatory Agreement shall be executed prior to the City's issuance of the First
16 Construction Document for the project, as defined in Section 107A.13.1 of the San Francisco
17 Building Code. Following execution of the Regulatory Agreement by all parties and approval
18 by the City Attorney, the Regulatory Agreement or a memorandum thereof shall be recorded
19 to the title records in the Office of the Assessor-Recorder against the property and shall be
20 binding on all future owners and successors in interest.

21 (FG) **Unit Sizes.** At least one of the dwelling units resulting from the
22 density exception shall have two or more bedrooms or shall have a square footage equal to
23 no less than 1/3 of the floor area of the largest unit on the lot.

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

2 These Districts are intended to recognize, protect, conserve, and enhance areas
3 characterized by dwellings in the form of houses and small multi-family buildings, usually with
4 one, two, or three units with separate entrances, and limited scale in terms of building width
5 and height, and characterized by rear yards and a pattern of mid-block open spaces. Such areas
6 tend to have similarity of building styles and predominantly contain large units suitable for
7 family occupancy, considerable open space, and limited nonresidential uses. The RH
8 Districts are composed of ~~five separate~~ two three classes of districts, as follows:

9 ~~*RH-1(D) Districts: One Family (Detached Dwellings). These Districts are characterized by lots*~~
10 ~~*of greater width and area than in other parts of the City, and by single-family houses with side yards.*~~
11 ~~*The structures are relatively large, but rarely exceed 35 feet in height. Ground level open space and*~~
12 ~~*landscaping at the front and rear are usually abundant. Much of the development has been in sizable*~~
13 ~~*tracts with similarities of building style and narrow streets following the contours of hills. In some*~~
14 ~~*cases private covenants have controlled the nature of development and helped to maintain the street*~~
15 ~~*areas.*~~

16 ~~*RH-1 Districts: One Family. These Districts are occupied almost entirely by single-family*~~
17 ~~*houses on lots 25 feet in width, without side yards. Floor sizes and building styles vary, but tend to be*~~
18 ~~*uniform within tracts developed in distinct time periods. Though built on separate lots, the structures*~~
19 ~~*have the appearance of small-scale row housing, rarely exceeding 35 feet in height. Front setbacks are*~~
20 ~~*common, and ground level open space is generous. In most cases the single-family character of these*~~
21 ~~*Districts has been maintained for a considerable time.*~~

22 ~~*RH-1(S) Districts: One Family with Minor Second Unit. These Districts are similar in*~~
23 ~~*character to RH-1 Districts, except that a small second dwelling unit has been installed in many*~~
24 ~~*structures, usually by conversion of a ground-story space formerly part of the main unit or devoted to*~~
25 ~~*storage. The second unit remains subordinate to the owner's unit, and may house one or two persons*~~

1 ~~related to the owner or be rented to others. Despite these conversions, the structures retain the~~
2 ~~appearance of single-family dwellings.~~

3 **RH-2 (D) Districts: Two-Family (Detached Dwellings).** These Districts are
4 characterized by lots of greater width and area than in other parts of the City, and by one or
5 two houses with side yards. The structures are relatively large, but rarely exceed 35 feet in
6 height. Ground level open space and landscaping at the front and rear are usually abundant.
7 Much of the development has been in sizable tracts with similarities of building style and
8 narrow streets following the contours of hills. In some cases, private covenants have
9 controlled the nature of development and helped to maintain the street areas.

10 **RH-2 Districts: Two-Family.** These Districts are devoted to one-family and two-family
11 houses, with the latter commonly consisting of two large flats, one occupied by the owner and
12 the other available for rental. Structures are finely scaled and usually do not exceed 25 feet in
13 width or 40 feet in height. Building styles are often more varied than in historically single-family
14 areas, but certain streets and tracts are quite uniform. Considerable ground-level open space
15 is available, and it frequently is private for each unit. The Districts may have easy access to
16 shopping facilities and transit lines. In some cases, Group Housing and institutions are found
17 in these areas, although nonresidential uses tend to be quite limited.

18 **RH-3 Districts: Three-Family.** These Districts have many similarities to RH-2
19 Districts, but structures with three units are common in addition to one-family and two-family
20 houses. The predominant form is large flats rather than apartments, with lots 25 feet wide, a
21 fine or moderate scale, and separate entrances for each unit. Building styles tend to be varied
22 but complementary to one another. Outdoor space is available at ground level, and also on
23 decks and balconies for individual units. Nonresidential uses are more common in these areas
24 than in RH-2 Districts.

Table 209.1
ZONING CONTROL TABLE FOR RH DISTRICTS

Zoning Category	§ Referen ces	RH-1(D)	RH-1	RH-1(S)	<u>RH-2(D)</u>	RH-2	RH-3
BUILDING STANDARDS							
Massing and Setbacks							
Height and Bulk Limits	§§ 102, 105, 106, 250-252, 253, 260, 261, 261.1, 270, 271. See also Height and Bulk District Maps.	No portion of a Dwelling may be taller than 35 feet. Structures with uses other than Dwellings may be constructed to the prescribed height limit, which is generally 40 feet. Per § 261 the height limit may be decreased or increased based on the slope of the lot.			<u>No portion of a Dwelling may be taller than 35 feet. Structures with uses other than Dwellings may be constructed to the prescribed height limit, which is generally 40 feet. Per § 261 the height limit may be decreased or increased based on the slope of the lot.</u>	No portion of a Dwelling may be taller than 40 feet. Structures with uses other than Dwellings may be constructed to the prescribed height limit. Per § 261 the height limit may be decreased based on the slope of the lot.	Varies, but generally 40 feet. Height sculpting on Alleys per § 261.1.
Front Setback	§§ 130, 131, 132	Required. Based on average of adjacent properties or if subject property has a Legislated Setback. When front setback is based on adjacent properties, in no case shall the required setback be greater than 15 feet.					
Rear Yard <u>(10)</u>	§§ 130, 134	30% of lot depth, but in no case less than 15 feet.			<u>30% of lot depth, but in no case less than 15 feet.</u>	45% of lot depth or average of adjacent neighbors. If averaged, no less than 25% or 15 feet, whichever is greater.	
Side Yard	§§ 130, 133	Required for lots 28 feet and wider. Width of side setback depends on width of lot.			<u>Required for lots 28 feet and wider. Width of side setback depends on width of lot.</u>	Not Required.	

1	Residential Design Guidelines	§ 311	Subject to the Residential Design Guidelines. Other design guidelines that have been approved by the Planning Commission may also apply.					
2	Street Frontage and Public Realm							
3	Front Setback	§ 132	Required. At least 50% of Front Setback shall be permeable so as to increase storm water infiltration and 20% of Front Setback shall be unpaved and devoted to plant material.					
4	Landscaping and Permeability Requirements							
5	Streetscape and Pedestrian Improvements (Street Trees)	§ 138.1	Required.					
6	Street Frontage Requirements	§ 144	§ 144 applies generally. Additional requirements apply to Limited Commercial Uses, as specified in § 186.					
7	Street Frontage, Parking and Loading Access Restrictions	§ 155(r)	As specified in § 155(r)					
8	Miscellaneous							
9	Large Project Review	§ 253	C required for projects over 40 feet in height.					
10	Planned Unit Development	§ 304	€	€	€	<u>C</u>	C	C
11	Awning	§ 136.1	<i>P (1)</i>	<i>P (1)</i>	<i>P (1)</i>	<u>P (1)</u>	P (1)	P (1)
12	Canopy or Marquee	§ 136.1	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u>NP</u>	NP	NP
13	Signs	§ 606	As permitted by Section § 606					
14	RESIDENTIAL STANDARDS AND USES							
15	Development Standards							
16	Usable Open Space [Per Dwelling Unit]	§§ 135, 136	<i>At least 300 square feet if private, and 400 square feet if common.</i>	<i>At least 300 square feet if private, and 400 square feet if common.</i>	<i>At least 300 square feet for the first unit and 100 square feet for the minor second unit if private,</i>	<u>At least 300 square feet if private, and 400 square feet if common.</u>	At least 125 square feet if private, and 166 square feet if common.	At least 100 square feet if private, and 133 square feet if common.

1					and 400			
2					square			
3					feet for			
4					the first			
5					unit			
6					and 133			
7					square			
8					feet for			
9					the			
10					second			
11					unit if			
12					common.			
13	Parking Requirements	§§ 151, 161	None required. Maximum permitted per § 151.					
14	Residential Conversion, Demolition, or Merger	§ 317	C for Removal of one or more Residential Units or Unauthorized Units.					
15	Use Characteristics							
16	Intermediate Length Occupancy	§§102, 202.10	P(9)	P(9)	P(9)	<u>P(9)</u>	P(9)	P(9)
17	Single Room Occupancy	§ 102	P	P	P	<u>P</u>	P	P
18	Student Housing	§ 102	P	P	P	<u>P</u>	P	P
19	Residential Uses							
20	Residential Density, Dwelling Units (6)(11)	§§ 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	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	<u>P up to two units per lot.</u>	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.
21								
22								
23								
24								
25								

1				units	feet of			
2				per lot.	lot			
3					area,			
4					with no			
5					more			
					than			
					three			
					units			
					per lot.			
6	Senior Housing	§§ 102, 202.2(f)	P up to twice the number of dwelling units otherwise permitted as a principal use in the district and meeting all the requirements of § 202.2(f)(1).					
C up to twice the number of dwelling units otherwise permitted as a principal use in the district and meeting all requirements of Section § 202.2(f)(1) except for § 202.2(f)(1)(D)(iv), related to location.								
10	Residential Density, Group Housing	§ 208	NP	NP	NP	NP	C, up to one bedroom for every 415 square feet of lot area.	C, up to one bedroom for every 275 square feet of lot area.
11								
12								
13								
14								
15	Homeless Shelter	§§ 102, 208	NP	NP	NP	NP	C	C
16	NON-RESIDENTIAL STANDARDS AND USES							
17	Development Standards							
18	Floor Area Ratio	§§ 102, 123, 124	1.8 to 1	1.8 to 1	1.8 to 1	<u>1.8 to 1</u>	1.8 to 1	1.8 to 1
19	Off-Street Parking	§§ 150, 151, 161	None required. Maximum permitted per § 151.					
21	Limited Commercial Uses	§§ 186, 186.3	Continuing nonconforming uses are permitted, subject to the requirements of § 186. Limited Commercial Uses may be conditionally permitted in historic buildings subject to § 186.3.					
22	Agricultural Use Category							
23	Agricultural Uses*	§§ 102, 202.2(c)	€	€	€	C	C	C
24								
25	Agriculture, Industrial	§§ 102, 202.2(c)	NP	NP	NP	NP	NP	NP

1	Agriculture, Neighborhood	§§ 102, 202.2(c)	<i>P</i>	<i>P</i>	<i>P</i>	<u><i>P</i></u>	P	P
2	Automotive Use Category							
3	Automotive Uses*	§ 102	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u><i>NP</i></u>	NP	NP
4	Parking Garage, Private	§ 102	€	€	€	<u>C</u>	C	C
5	Parking Lot, Private	§ 102	€	€	€	<u>C</u>	C	C
6	Parking Lot, Public	§§ 102, 142, 156	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u><i>NP</i></u>	NP (8)	NP
7	Entertainment, Arts and Recreation Use Category							
8	Entertainment, Arts and Recreation Uses*	§ 102	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u><i>NP</i></u>	NP	NP
9	Open Recreation Area	§ 102	€	€	€	<u>C</u>	C	C
10	Passive Outdoor Recreation	§ 102	<i>P</i>	<i>P</i>	<i>P</i>	<u><i>P</i></u>	P	P
11	Industrial Use Category							
12	Industrial Uses*	§ 102	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u><i>NP</i></u>	NP	NP
13	Institutional Use Category							
14	Institutional Uses*	§ 102	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u><i>NP</i></u>	NP	NP
15	Child Care Facility	§ 102	<i>P</i>	<i>P</i>	<i>P</i>	<u><i>P</i></u>	P	P
16	Community Facility	§ 102	€	€	€	<u>C</u>	C	C
17	Hospital	§ 102	€	€	€	<u>C</u>	C	C
18	Post-Secondary Ed. Institution	§ 102	€	€	€	<u>C</u>	C	C
19	Public Facilities	§ 102	<i>P</i>	<i>P</i>	<i>P</i>	<u><i>P</i></u>	P	P
20	Religious Institution	§ 102	€	€	€	<u>C</u>	C	C
21	Residential Care Facility	§ 102	<i>P</i>	<i>P</i>	<i>P</i>	<u><i>P</i></u>	P	P
22	School	§ 102	€	€	€	<u>C</u>	C	C
23	Sales and Service Category							
24	Retail Sales and Service Uses*	§ 102	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u><i>NP</i></u>	NP	NP
25	Hotel	§ 102	<i>NP</i>	<i>NP</i>	<i>NP</i>	<u><i>NP</i></u>	C (4)	C (4)

1	Mortuary	§ 102	€ (5)	€ (5)	€ (5)	<u>C (5)</u>	C (5)	C (5)
2	Non-Retail Sales and Service_	§ 102	NP	NP	NP	<u>NP</u>	NP	NP
3	Utility and Infrastructure Use Category							
4	Utility and Infrastructure_	§ 102	NP	NP	NP	<u>NP</u>	NP	NP
5	Internet Service Exchange	§ 102	€	€	€	<u>C</u>	C	C
6	Utility Installation	§ 102	€	€	€	<u>C</u>	C	C
7	Wireless Telecommunications Services Facility	§ 102	€ or P (7)	€ or P (7)	€ or P (7)	<u>C or P (7)</u>	C or P (7)	C or P (7)

* Not listed below.

* * * *

(10) Projects utilizing the density exception of Section 207(c)(8) and that provide at least four dwelling units shall be subject to a minimum Rear Yard requirement of 30% of lot depth, but in no case less than 15 feet.

(11) P for up to four dwelling units per lot, excluding Corner Lots, and P for up to six dwelling units in Corner Lots, pursuant to Section 207(c)(8).

Section 4. The Planning Code is hereby amended by revising Sheets ZN01, ZN02, ZN03, ZN04, ZN05, ZN06, ZN07, ZN08, ZN09, ZN10, ZN11, ZN12, and ZN13 of the Zoning Map of the City and County of San Francisco, as follows:

<u>Zoning Districts to be Superseded</u>	<u>Zoning Districts Hereby Approved</u>
RH-1(D) ; RH-1; RH-1(S)	RH-2
<u>RH-1(D)</u>	<u>RH-2(D)</u>

1 Section 5. Chapter 37 of the Administrative Code is hereby amended by revising
2 Sections 37.2 and 37.3, to read as follows:

3
4 **SEC. 37.2. DEFINITIONS.**

5 * * * *

6 (r) **Rental Units.** All residential dwelling units in the City and County of San Francisco
7 together with the land and appurtenant buildings thereto, and all housing services, privileges,
8 furnishings, and facilities supplied in connection with the use or occupancy thereof, including
9 garage and parking facilities.

10 * * * *

11 The term "rental units" shall not include:

12 * * * *

13 (4) Except as provided in subsections (A)-(DE), dwelling units whose rents are
14 controlled or regulated by any government unit, agency, or authority, excepting those
15 unsubsidized and/or unassisted units which are insured by the United States Department of
16 Housing and Urban Development; provided, however, that units in unreinforced masonry
17 buildings which have undergone seismic strengthening in accordance with Building Code
18 Chapters 16B and 16C shall remain subject to the Rent Ordinances to the extent that the
19 ordinance is not in conflict with the seismic strengthening bond program or with the program's
20 loan agreements or with any regulations promulgated thereunder;

21 * * * *

22 (E) The term "rental units" shall include any new dwelling units created
23 pursuant to the density exception set forth in Section 207(c)(8) of the Planning Code.

1 **SEC. 37.3. RENT LIMITATIONS.**

2 (a) Rent Increase Limitations for Tenants in Occupancy. Landlords may impose rent
3 increases upon tenants in occupancy only as provided below and as provided by subsections
4 37.3(d) and 37.3(g):

5 * * * *

6 (d) **Costa-Hawkins Rental Housing Act (Civil Code Sections 1954.50. et seq.).**
7 Consistent with the Costa-Hawkins Rental Housing Act (Civil Code Sections 1954.50. et seq.)
8 and regardless of whether otherwise provided under Chapter 37:

9 (1) **Property Owner Rights to Establish Initial and All Subsequent Rental**
10 **Rates for Separately Alienable Parcels.**

11 (A) An owner or residential real property may establish the initial and all
12 subsequent rental rates for a dwelling or a unit which is alienable separate from the title to any
13 other dwelling unit or is a subdivided interest in a subdivision as specified in subdivision (b),
14 (d), or (f) of Section 11004.5 of the California Business and Professions Code. The owner's
15 right to establish subsequent rental rates under this paragraph shall not apply to a dwelling or
16 unit where the preceding tenancy has been terminated by the owner by notice pursuant to
17 California Civil Code Section 1946 or has been terminated upon a change in the terms of the
18 tenancy noticed pursuant to California Civil Code Section 827; in such instances, the rent
19 increase limitation provisions of Chapter 37 shall continue to apply for the duration of the new
20 tenancy in that dwelling or unit.

21 * * * *

22 (D) An owner's right to establish subsequent rental rates under
23 subsection 37.3(d)(1) shall not apply to a dwelling or unit that is a new dwelling unit created
24 pursuant to the density exception set forth in Section 207(c)(8) of the Planning Code.

25 * * * *

1 **(g) New Construction and Substantial Rehabilitation.**

2 (1) An owner of a residential dwelling or unit which is newly constructed and
3 first received a certificate of occupancy after the effective date of Ordinance No. 276-79 (June
4 13, 1979), or which the Rent Board has certified has undergone a substantial rehabilitation,
5 may establish the initial and all subsequent rental rates for that dwelling or unit, except:

6 (A) where rent restrictions apply to the dwelling or unit under
7 Sections 37.3(d) or 37.3(f);

8 (B) where the dwelling or unit is a replacement unit under
9 Section 37.9A(b);

10 (C) as provided for certain categories of Accessory Dwelling Units under
11 Section 37.2(r)(4)(D); ~~and~~

12 (D) as provided in a development agreement entered into by the City
13 under Administrative Code Chapter 56-; and

14 (E) as provided for certain categories of new dwelling units under Section
15 37.2(r)(4)(E).

16
17 Section 56. Article 9 of the Subdivision Code is hereby amended by revising Sections
18 1396.2, 1396.4 and 1396.5 and adding Section 1396.6, to read as follows:

19
20 **SEC. 1396.2. PROHIBITION ON CONDOMINIUM CONVERSIONS FOR CERTAIN**
21 **BUILDINGS.**

22 (a) Notwithstanding any provisions in this Code to the contrary, including
23 Section 1359, the Department of Public Works shall not sell residential condominium
24 conversion lottery tickets to; shall not accept a residential condominium conversion
25 subdivision application from; and shall deny a tentative subdivision or tentative parcel map for

1 residential condominium conversion submitted by the owner(s) of a building that meets all of
2 the following conditions:

3 (1) the building had two or more evictions with each eviction associated with a
4 separate unit(s);

5 (2) issuance of each eviction notice occurred on or after May 1, 2005; and,

6 (3) issuance of the eviction notice(s) occurred pursuant to San Francisco
7 Administrative Code Sections 37.9(a)(8), 37.9(a)(10), or 37.9(a)(11); ~~or 37.9(a)(13).~~

8
9 **SEC. 1396.4. CONDOMINIUM CONVERSION FEE AND EXPEDITED CONVERSION**
10 **PROGRAM.**

11 * * * *

12 (b) Any building may be exempted from the annual lottery provisions of Section 1396
13 if the building owners for said building comply with either: (1) Section 1396.3 (g)(1) and all the
14 requirements of this Section 1396.4 or (2) all the requirements of Section 1396.6.

15 Notwithstanding the foregoing sentence, no property or applicant subject to any of the
16 prohibitions on conversions set forth in Section 1396.2, in particular a property with the
17 eviction(s) set forth in Section 1396.2 (b), is eligible for the Expedited Conversion program
18 under this Section 1396.4. Eligible buildings as set forth in this subsSection (b) may exercise
19 their option to participate in this program according to the following requirements:

20 * * * *

21 **SEC. 1396.5. SUSPENSION OF THE LOTTERY PENDING PRODUCTION OF**
22 **REPLACEMENT UNITS FOR EXPEDITED CONVERSION UNITS.**

23 * * * *

24 (c) Except as otherwise authorized under Section 1396.6, F~~the~~ Department shall not accept
25 an application for the conversion of residential units under Section 1396 nor conduct a lottery

1 under this Article prior to January 1, 2024. Thereafter, the lottery shall resume upon the
2 earlier of the following: (1) the first February following the Mayor's Office of Housing and
3 Community Development report pursuant to ~~S~~subsection (b) showing that the total number of
4 Conversion Replacement Units produced in the City of San Francisco exceeded the total
5 number of units converted as identified in the Department's report prepared pursuant to
6 subsection (a); or (2) completion of the "Maximum Suspension Period" as defined below.

7 * * * *

8 **1396.6. CONDOMINIUM CONVERSION ASSOCIATED WITH PROJECTS THAT**
9 **UTILIZE THE RESIDENTIAL DENSITY EXCEPTION IN RH DISTRICTS TO CONSTRUCT**
10 **NEW DWELLING UNITS PURSUANT TO PLANNING CODE SECTION 207(C)(8).**

11 (a) Findings. The findings of Planning Code Section 415.1 concerning the City's inclusionary
12 affordable housing program are incorporated herein by reference and support the basis for charging
13 the fee set forth herein as it relates to the conversion of dwelling units into condominiums.

14 (b) Definition. "Existing Dwelling Units" shall refer to the dwelling units in existence on a lot
15 at the time of the submittal of an application to construct a new dwelling unit pursuant to Planning
16 Code Section 207(c)(8).

17 (c) Notwithstanding Section 1396.4 and Ordinance No. 117-13, ~~the a~~ a subdivider of a one unit
18 building that has obtained a permit to build one or more new dwelling units by utilizing the exception
19 to residential density in RH districts set forth in Planning Code Section 207(c)(8), which results in a
20 greater number of dwelling units than the number of Existing Dwelling Units two or more
21 dwelling units, and that has signed an affidavit stating the subdivider's intent to reside in one
22 of those resulting dwelling units, or in the Existing Dwelling Unit, for a period of three years
23 after the approval of Certificate of Final Completion and Occupancy for the new dwelling units,
24 shall (1) be exempt from the annual lottery provisions of Section 1396 with respect to the dwelling units
25 built as part of the Project Units and (2) be eligible to submit a condominium conversion application

1 for ~~such the~~ Existing Dwelling Units and/or include ~~the~~ Existing Dwelling Units in a condominium
2 map application for the project approved pursuant to Planning Code Section 207(c)(8).

3 Notwithstanding the foregoing sentence, no property or applicant subject to any of the prohibitions on
4 conversions set forth in Section 1396.2, in particular a property with the eviction(s) set forth in Section
5 1396.2(b), shall be eligible for condominium conversion under this Section 1396.6. Eligible buildings
6 as set forth in this subsection (c) may exercise their option to participate in this program according to
7 the following requirements:

8 (1) The applicant(s) for the subject building seeking to convert dwelling units to
9 condominiums or subdivide dwelling units into condominiums under this subsection shall pay the fee
10 specified in Section 1315.

11 (2) In addition to all other provisions of this Section 1396.6, the applicant(s) comply
12 with all of the following:

13 (A) The requirements of Subdivision Code Article 9, Sections 1381, 1382, 1383,
14 1386, 1387, 1388, 1389, 1390, 1391(a) and (b), 1392, 1393, 1394, and 1395.

15 (B) The applicant(s) must certify that within the 60 months preceding the date of
16 the subject application, no tenant resided at the property.

17 (C) The applicant(s) must certify that to the extent any tenant vacated their unit
18 after March 31, 2013, and before recordation of the final parcel or subdivision map, such tenant did so
19 voluntarily or if an eviction or eviction notice occurred it was not pursuant to Administrative Code
20 Sections 37.9(a)(8)-(12) and 37.9(a)(14). If an eviction has taken place under Sections 37.9(a)(11) or
21 37.9(a)(14), then the applicant(s) shall certify that the original tenant reoccupied the unit after the
22 temporary eviction.

23 (3) If the Department finds that a violation of this Section 1396.6 occurred prior to
24 recordation of the final map or final parcel map, the Department shall disapprove the application or
25 subject map. If the Department finds that a violation of this Section occurred after recordation of the

1 final map or parcel map, the Department shall take such enforcement actions as are available and
2 within its authority to address the violation.

3 (4) This Section 1396.6 shall not prohibit a subdivider who has lawfully
4 exercised the subdivider's rights under Administrative Code Section 37.9(a)(13) from
5 submitting a condominium conversion application under this Section 1396.6.

6 (d) Decisions and Hearing on the Application.

7 (1) The applicant shall obtain a final and effective tentative map or tentative parcel
8 map approval for the condominium subdivision or parcel map within one year of paying the fee
9 specified in subsection (e). The Director of the Department of Public Works or the Director's designee
10 is authorized to waive the time limits set forth in this subsection (d)(1) as it applies to a particular
11 building due to extenuating or unique circumstances. Such waiver may be granted only after a public
12 hearing and in no case shall the time limit extend beyond two years after submission of the application.

13 (2) No less than 20 days prior to the Department's proposed decision on a tentative
14 map or tentative parcel map, the Department shall publish the addresses of buildings being considered
15 for approval and post such information on its website. During this time, any interested party may file a
16 written objection to an application and submit information to the Department contesting the eligibility
17 of a building. In addition, the Department may elect to hold a public hearing on said tentative map or
18 tentative parcel map to consider the information presented by the public, other City department, or an
19 applicant. If the Department elects to hold such a hearing it shall post notice of such hearing and
20 provide written notice to the applicant, all tenants of such building, any member of the public who
21 submitted information to the Department, and any interested party who has requested such notice. In
22 the event that an objection to the conversion application is filed in accordance with this subsection
23 (d)(2), and based upon all the facts available to the Department, the Department shall approve,
24 conditionally approve, or disapprove an application and state the reasons in support of that decision.

1 (3) Any map application subject to a Departmental public hearing on the subdivision
2 or a subdivision appeal shall have the time limit set forth in subsection (d)(1) extended for another six
3 months.

4 (e) Should the subdivision application be denied or be rejected as untimely in accordance with
5 the dates specified in subsection (d)(1), or the tentative subdivision map or tentative parcel map
6 disapproved, the City shall refund the entirety of the application fee.

7 (f) Conversion of buildings pursuant to this Section 1396.6 shall have no effect on the terms
8 and conditions applicable to such buildings under Section 1341A , 1385A , or 1396 of this Code.

9
10 Section 67. The Planning Department, the Rent Board, and the Department of Public
11 Works are authorized to adopt regulations to implement this ordinance. The Planning
12 Department shall create a report summarizing all applicable design standards in residential
13 districts in the City, and submit such report to the Board for its consideration within six months
14 from the effective date of this ordinance.

15
16 Section 78. Conforming Amendments in the Municipal Code.

17 (a) This ordinance abolishes RH-1, RH-1(D), and RH-1(S) districts. To conform the
18 Municipal Code to these districts having been abolished, the City Attorney shall cause all
19 references to RH-1, ~~RH-1(D)~~, and RH-1(S) in the Municipal Code to be removed and replaced
20 with a reference to RH-2, and all references to RH-1(D) to be replaced with RH-2(D);
21 provided, however, that where the Municipal Code references ~~one or more of the three~~
22 ~~abolished districts~~ RH-1 or RH-1(S) districts along with a reference to RH-2, the City Attorney
23 shall cause the reference to the abolished district or districts to be removed from the Municipal
24 Code, with the reference to RH-2 retained.

1 (b) The City Attorney shall provide written notice to the Clerk of the Board of
2 Supervisors of the changes to the Municipal Code resulting from the implementation of
3 subsection (a). The Clerk shall place the City Attorney's notice in Board File No. 210866, the
4 file for the ordinance abolishing the RH-1, RH-1(D), and RH-1(S) districts.

5 (c) Any reference in the Municipal Code to RH-1, RH-1(D), or RH-1(S) districts that
6 might remain, for example, due to inadvertence or delay in implementing subsection (a), or for
7 any other reason, shall not be understood to contradict or be in conflict with this ordinance's
8 abolition of said districts.

9
10 Section ~~8~~9. No Conflict with Federal or State Law. Nothing in this ordinance shall be
11 interpreted or applied so as to create any requirement, power, or duty in conflict with any
12 federal or state law.

13
14 Section ~~9~~10. Severability. If any section, subsection, sentence, clause, phrase, or
15 word of this ordinance, or any application thereof to any person or circumstance, is held to be
16 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
17 shall not affect the validity of the remaining portions or applications of the ordinance. The
18 Board of Supervisors hereby declares that it would have passed this ordinance and each and
19 every section, subsection, sentence, clause, phrase, and word not declared invalid or
20 unconstitutional without regard to whether any other portion of this ordinance or application
21 thereof would be subsequently declared invalid or unconstitutional.

22
23 Section ~~40~~11. Effective Date. This ordinance shall become effective 30 days after
24 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
25

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor's veto of the ordinance.

3
4 Section ~~44~~12. Scope of Ordinance. Except as stated in Sections 4 and 7 of this
5 ordinance, in enacting this ordinance, the Board of Supervisors intends to amend only those
6 words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks,
7 charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly
8 shown in this ordinance as additions, deletions, Board amendment additions, and Board
9 amendment deletions in accordance with the "Note" that appears under the official title of the
10 ordinance.

11
12 APPROVED AS TO FORM:
13 DAVID CHIU, City Attorney

14 By: /s/ Andrea Ruiz-Esquide
15 ANDREA RUIZ-ESQUIDE
16 Deputy City Attorney

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REVISED LEGISLATIVE DIGEST
(Amended in Committee, 5/16/2022)

[Planning, Administrative, Subdivision Codes; Zoning Map - Density Exception in Residential Districts]

Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts, except for Residential, One Family, Detached (RH-1(D)) districts, to Residential, Two Family (RH-2) zoning districts; to rezone the RH-1(D) districts to a new class of residential district called Residential, Two Family, Detached (RH-2(D)) districts; and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Administrative Code to require new dwelling units constructed pursuant to the density limit exception to be subject to the rent increase limitations of the Rent Ordinance; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the existing dwelling unit and the new dwelling units that constitute the project; 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." (Planning Code Section 209.1.) The RH districts consist 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.

Currently, San Francisco property owners wishing to convert tenancy-in-common (“TIC”) residential units into condominium units may not convert more than two TIC units due to the conclusion and expiration of the Expedited Condominium Conversion Program, Subdivision Code Sec. 1396.4 (“ECP”), in January 2020 and the suspension of the condominium conversion lottery until January 1, 2024. While the ECP was in effect, the program had authorized property owners to convert four to six TIC units into condominium units subject to compliance with certain requirements in the Subdivision Code.

Amendments to Current Law

This ordinance amends the Planning Code and the Zoning Map to rezone all existing RH-1 districts to RH-2 (Residential, Two Family) districts, except for RH-1(D) districts, which the ordinance rezones to a new class of district called RH-2(D) – Residential, Two Family (Detached). Further, the ordinance creates a density limit exception to permit up to four units per lot in all RH-2, RH-2(D) or RH-3 (Residential, Three Family) districts, and up to six units in Corner Lots, as defined under the Planning Code, for projects that are not seeking or receiving a density bonus. These units would be permitted in addition to any Accessory Dwelling Units permitted under the Code. The ordinance makes projects utilizing the density exception and that provide at least four dwelling units subject to a minimum Rear Yard requirement of the greater of 30% of lot depth or 15 feet; otherwise, it establishes that all other building standards applicable under the Planning Code continue to apply.

The ordinance requires that to receive the density exception, property owners must demonstrate that they have owned the lot for which they are seeking the density exception for a minimum of five years prior to the time of the submittal of their application. The ordinance allows property owners to apply the duration of ownership of Eligible Predecessors from whom they may have inherited the property towards that five-year ownership requirement. It defines Eligible Predecessors to include “blood, adoptive, or step family relationship[s],” specifically, grandparents, parents, siblings, children, grandchildren, the spouse or registered domestic partner of such relations, or the property owner’s spouse or registered domestic partner.

It also provides that in order to receive this density exception, projects must demonstrate to the satisfaction of the Environmental Review Officer that they do not cause a substantial adverse change in the significance of an historic resource as defined by the California Environmental Quality Act (CEQA). Further, the ordinance incorporates state law requirements that are applicable to these projects – specifically, the requirements of Section 66300(d) of the California Government Code that projects subject to the density exception including produce at least as many dwelling units as they would demolish; replace all protected units; and offer existing occupants of any protected units that are lower income

households relocation benefits and a right of first refusal for a comparable unit, as those terms are defined under that state law. The ordinance also requires that all new units developed under the density exception be subject to rent control, and regulated under the Rent Board. The ordinance requires applicants for the density exception to enter into a regulatory agreement with the City, agreeing that the extra density they are receiving constitutes adequate consideration to waive their rights under the Costa-Hawkins Rental Housing Act. (California Civil Code Sections 1954.50 et seq.) The ordinance also establishes minimum unit sizes for the new units, providing that at least one of the dwelling units resulting from the exception must have two or more bedrooms, or a square footage equal to no less than 1/3 of the floor area of the largest unit on the lot.

The ordinance amends the Subdivision Code to authorize a subdivider of a one unit building that has obtained a permit to build one or more new dwelling units under the exception, resulting in two or more dwelling units, to submit an application for condominium conversion or a condominium map that includes the existing dwelling unit as well as the new dwelling units created under the density exception. Applicants must meet certain requirements specified in the ordinance.

The ordinance provides incentives for property owners who sign an affidavit stating their intent to reside on their properties for three years after the issuance of the Certificate of Final Completion and Occupancy ("CFCO") for the new dwelling units. It establishes that permit fees for pre-application Historic Resource Assessments shall be waived for these property owners and it also limits the condominium conversion authorization described above to these owners only.

The ordinance authorizes the Planning Department, the Rent Board, and the Department of Public Works to adopt regulations to implement it, and the City Attorney's Office to remove all remaining references to RH-1 districts from the Municipal Code. The ordinance requires the Planning Department to prepare a report summarizing all applicable design standards in residential districts in the City, and submit such report to the Board for its consideration within six months from the effective date of the ordinance.

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.

This ordinance is a substitute for the ordinance that was introduced on July 27, 2021. The ordinance includes new findings that are necessary to allow the Board to expedite its consideration and approval of the ordinance with respect to the California Environmental Quality Act ("CEQA"), as authorized under Senate Bill 10 (Wiener), which took effect on January 1, 2022 ("SB 10"). Under SB 10, an ordinance that increases the allowed zoning up to 10 units per parcel in a "transit-rich area" or an "urban infill site" (which includes all of San Francisco) would not constitute a "project" under CEQA. Such ordinances would be exempt from CEQA review. However, this exemption applies only to the ordinance, as individual housing projects proposed within a zone subject to an SB 10 ordinance still require review under CEQA.

The substitute ordinance contains other changes compared to the July 27, 2021 ordinance, such as the rezoning of RH-1 districts to RH-2, the requirements regarding historic resources under CEQA, and authorizing certain property owners who utilize the density exception to apply for condominium conversion or condominium maps that include existing residential units as well as new units created pursuant to the density exception.

This updated Legislative Digest includes amendments that were adopted at a hearing of the Land Use and Transportation Committee of the Board of Supervisors, on March 7, 2022. These amendments include:

- Rezoning all RH-1(D) districts to a new RH-2(D) class of districts, and corresponding amendments to Table 209.1;
- Requiring that all new units created under the density exception authorized under new Section 207(c)(8) be subject to rent control, and that the applicants for the exception enter into regulatory agreements with the City for purposes of memorializing the applicability of rent control;
- New findings in support of the rent control requirement;
- Clarification that only the subdivider of a one unit building that has obtained a permit to build new dwelling units utilizing the density exception shall be eligible to convert the existing unit to a condominium and/or include the existing unit in a condominium map application; and
- The requirement that the Planning Department prepare a report summarizing all applicable design standards in residential districts in the City within six months.

This updated Legislative Digest also includes descriptions of amendments that were adopted at a hearing of the Land Use and Transportation Committee on April 11, 2022. These amendments include:

- The waiver of the Historic Resource Assessment fees for owners who sign an affidavit of intent to reside on their properties, for three years after issuance of the CFOC;
- An amendment to authorize condominium conversions only for that same group of property owners;

- New requirements regarding minimum unit sizes for the new units; and
- New findings related to these amendments.

At the Land Use and Transportation Committee hearing held on April 25, 2022, the committee duplicated Board of Supervisors File No. 210866 and amended it with amendments offered by Supervisor Dean Preston. This updated Legislative Digest reflects those amendments, now in Board of Supervisors File No. 220446. These amendments include:

- The requirement that to receive the density exception property owners must demonstrate that they have owned the lot for which they are seeking the density exception for a minimum of five years prior to the time of the submittal of their application; and
- New findings related to this amendment.

This Updated Legislative Digest reflects amendments that were made at the Land Use and Transportation Committee on May 9, 2022. These amendments included:

- A provision that property owners may apply the duration of ownership of the entities or persons from whom they inherited their properties towards the five-year ownership requirement established by the ordinance; and
- New findings related to this amendment.

This Updated Legislative Digest reflects amendments that were made at the Land Use and Transportation Committee on May 15, 2022. These amendments included:

- An amendment narrowing down the set of persons or entities from whom the property owner may have inherited the property and whose duration of property the owner may count towards the ordinance five-year ownership requirement, from “persons or entities,” generally, to designated “blood, adoptive or step family relationships,” as set forth in the definition of “Eligible Predecessor.”
- Amendments to the findings related to the inheritance provision, to conform those findings to the updated inheritance provision related to Eligible Predecessors.

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MEMO TO THE BOARD OF SUPERVISORS

June 1, 2022

Subject: SB330 Analysis of Group Housing Ordinance (Board File No. 211300) and Fourplex Ordinance (Board File No. 220446)

Staff Contact: Joshua Switzky, Land Use Program Manager (628.652.7464,
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Background

California Government Code 66300, also known as the Senate Bill 330 Housing Crisis Act of 2019 ("SB330"), prohibits jurisdictions from making any regulatory changes that have the effect of reducing the housing development capacity of any parcels below what was allowed as of January 1, 2018, without concurrently adopting changes on other parcels within the jurisdiction to ensure that there is no net loss in residential capacity. (See Gov't Code 666300(b) and (i).) This memorandum summarizes and analyzes two ordinances that might be considered by the Board of Supervisors concurrently under SB330: the Group Housing Special Use District ordinance (Board File No. 211300) and the "Fourplex" Ordinance (Board File 220446). The memorandum looks at the effects of the ordinances on residential capacity in terms of "soft-sites" – the realistic development potential of existing sites assuming typical market forces.

Group Housing Special Use District Ordinance (Board File No. 211300)

This proposed ordinance would prohibit new group housing units within two geographies defined in the ordinance, generally characterized as covering large portions of the Tenderloin and Chinatown neighborhoods. The ordinance does not reduce the capacity or allowed density of dwelling unit development or change the allowed square footage or envelope of housing that can be built on any parcel, but rather only limits one specialized sub-category of residential use within that envelope. Because the proposed ordinance does not reduce the amount of housing that could be built on a parcel, it would not trigger the provisions of SB330.

Nevertheless, because group housing is presently permitted at higher densities of units per parcel area than other types of housing in most of the underlying zoning districts within the affected geographies, the Planning Department has conducted an analysis of the unit-count difference between group housing and dwelling units to produce the most conservative analysis of the proposed ordinance in light of the restrictions in SB 330. Of the potential "soft sites" for new development in the affected geographies, the



maximum reduction of unit “potential” is approximately 1,574 units across 43 parcels using a 40% softness threshold.¹

This analysis should be considered conservative for two reasons. First, Planning typically uses a maximum 30% softness threshold in estimating zoned capacity and likely development. Here, a 30% softness threshold would result in a potential reduction of fewer units (1408). Second,, though the Planning Code provides for a density allowance for group housing expressed in the form of “units”, neither the Planning Code nor the Planning Department has an equivalency or conversion factor from group housing “units” to regular dwelling units, as group housing does not necessarily always take the form of identifiable “units”. Since there is a nominal difference in the number of “units” that could be built as group housing compared to the number of regular housing units permitted, the analysis considered each group housing unit equivalent to a dwelling unit.²

“Fourplex Ordinance” (Board File No. 220446)

This proposed ordinance would rezone all RH-1 and RH-1(D) lots to RH-2 and RH-2-D respectively (thus allowing two units per lot), and create a density exception to allow up to four units per lot in all RH districts and up to six units on corner lots. The version of the ordinance currently being considered by the Land Use and Transportation Committee includes various conditions and requirements on utilizing the density exception for more than two units per parcel, including that the subject property be in the same ownership for at least five years prior to submitting an entitlement application, imposition of rent controls rules to “exception units” should they be rented, and limiting condominium subdivision of density exception projects to those where both the owner attests their intent to live in one of the units for at least three years post-construction and where there have been no tenants in any unit for the prior five years.

A development and buildout capacity analysis of a rezoning ordinance typically looks at likely development sites using traditional metrics indicating likely “softness”, or likelihood of development, which predominantly weights sites with little existing development relative to permitted zoning envelope and that typically contains no residential uses, given the strong policy and regulatory limits and discouragement of demolishing existing housing and displacement of tenants.³ Typical “soft sites”, as

¹ Softness is measured by existing built development, by square footage, as a ratio of the maximum allowed zoning envelope. Soft sites exclude properties with existing housing and those with significant historic structures.

² Note that for a number of soft sites within the affected areas, specifically within the C-3 districts, there are no density limits for either regular housing or group housing uses, and so there is no difference between the number of units currently allowed and the number of units allowed should the group housing ordinance be approved.

³ This analysis, as is typical of all buildout and capacity analyses conducted by the Planning Department, considers “residential capacity” based on a soft-site and probabilistic analysis of the practical effects of the two ordinances



evidenced by past patterns of development, thus tend to be sites with no existing housing and that are vacant or contain small non-residential buildings or no significant buildings at all (eg parking lots, gas stations). In the case of this proposed ordinance, the focus of the rezoning is districts where almost all lots have existing housing, though a very small percentage of lots are either vacant or have no housing and are developed with other uses. This analysis is therefore bifurcated into two sub-categories of lot conditions: (a) lots with no existing housing, including vacant lots and sites with not more than a 1-story non-residential structure; and (b) lots with a single dwelling unit. Lots with two or more dwelling units are not considered likely to be significant candidates for redevelopment under this ordinance. This analysis does not consider the incremental additional units added by adding one or two units to structures that already contain one or more residential units, as existing ADU laws already allow the addition of one unit to all lots in excess of density limits, and possibly more under some circumstances.

Capacity on Vacant Lots. There are approximately 735 vacant⁴ RH lots in the city. These 735 vacant lots would have a theoretical capacity under the proposed ordinance of approximately 3,000 units (i.e. 735×4). However, this assumes that all of these lots are actually developable and not otherwise encumbered by other factors unrelated to the specific amount of existing development on them, ranging from topography and natural conditions, deed restrictions, or other use or ownership characteristics that make them impossible or highly unlikely to redevelop. A more detailed and thorough individual analysis of these lots would reveal many of these conditions, though this information is not easily ascertained through high-level citywide data analysis.. Planning recommends a reasonable discount factor to account for these unknown factors of 50-75%, suggesting that the realistic housing capacity under the ordinance for vacant lots is possibly 750-1,500 units.

Capacity on Lots with One-Story structures. There are presently approximately 393 lots in RH districts that contain no residential uses and a non-residential structure that is one story in height. Lots in RH districts with non-residential structures of two or more stories are not considered soft sites as their existing structures are substantial relative to the building envelope allowed within the 40' height limit typical of these districts. The total maximum capacity of these parcels is approximately 1,600 net units (i.e. 393×4). As per the above discussion of the vacant lots, staff recommends applying a discount factor to these

and not of "raw" maximum zoning capacity which would count every net unit not currently built on each lot under the maximum zoning however unlikely those units would be to ever be constructed. Under a raw zoning capacity analysis, the fourplex ordinance would, at a minimum, increase the capacity of the City's RH lots by well over 100,000 net zoned theoretical units.

⁴ The Department's Land Use Database (LUDB) identifies more than 735 parcels as "Vacant." Two methods were used to refine this dataset. First, parcels were removed that were indicated in the Planning Department's Building Footprint 3D dataset as having any structures at all (ie. floors >0), despite the LUDB classification as "vacant". Secondly, Planning staff hand-culled the map by a simple visual check to remove "vacant" parcels that are clearly and objectively not developable because they are actually active street ROWs, parks, or similarly restricted lots that are miscellaneous artifacts of past or ongoing subdivisions or redevelopment projects and have not yet been appropriately categorized with their actual use in the LUDB or by the Assessor.



estimates to account for potential unknown constraints on development on a share of the lots. Given that these lots have existing structures on them, mostly single-story commercial structures, it is likely that a much smaller percentage have unknown factors rendering them undevelopable or highly unlikely to be developed in the long term (eg 30 years) than for the completely vacant lots. Planning recommends a reasonable discount factor to account for these unknown factors for the one-story lots of about 25%, resulting in a potential maximum capacity of about 1,200 units.

Capacity on Lots with a Single Residential Unit. Out of the 127,727 lots in the city currently zoned RH, 93,275 lots have a single residential unit on them. The major intent of the legislation and policy discussion around the Fourplex legislation is the allowance of incremental densification and redevelopment of existing single-family house lots. Even prior to considering the draft ordinance's potential additional restrictions on ownership and occupancy described above, the likelihood of any homeowner or buyer of a single family house pursuing a project to densify or redevelop their property more intensely than adding an ADU is low due to a variety of factors, including practical, financial as well as personal. The financial feasibility analyses conducted by economic consultants Century Urban, working with the Planning Department, concluded that the feasibility of demolishing a single family house and replacing it with a 3-4 unit building is very challenging given present economic conditions and cost factors, particularly the costs of construction and the high market value of single family houses. To supplement this analysis, the Planning Department conducted two data analyses of broader development patterns to look at analogous situations where single dwelling unit structures have been developed into 3-6 unit buildings over the past 10-15 years.

The first analysis looked at how many single-unit properties in the City's RTO and RTO-M districts added 2-3 net units since the RTO districts were established in 2008-2009 as part of the rezoning actions that accompanied adoption of the Market Octavia and Mission Area plans. The RTO districts have no lot-based density limits, thus allowing allow 4 or more units per parcel, consolidating and replacing the RH-2, RH-3, and RM-1 districts in significant swaths of those neighborhoods, though single-family homes are commonly mixed in with multi-unit buildings in these areas. Given that the RTO districts are largely residential-only, feature mostly small lots, and typically feature similar 40' height limits to the RH districts, that recent rezoning is a close approximation for comparison. Of the total 378 lots in the RTO and RTO-M districts that had one unit as of 2009 (i.e. at the time of rezoning to RTO/RTO-M), four (4) projects have been processed by the Planning Department that would build up to a total of 4 units per lot. In other words, in the RTO districts, 1.3% of the lots with one unit were densified or redeveloped up to 4 units since 2009. To extrapolate this pattern from the past 12 years for the 25-30 period that is considered the standard for long-term buildout capacity and CEQA analyses, it would be reasonable to multiply 1.3% by 2.1 (ie 25/12) to yield a potential of 2.73% of 1-unit lots being densified over a 25 year period, assuming the same pace of development activity from the past 12 years would continue over coming years. This means that, using this benchmark analogy, that of the 93,275 one-unit lots affected by the proposed



ordinance, this analysis would estimate that approximately 2,500 lots with one unit would add 3 units, or about 7,500 net new units, over the next 25-30 years.

The second methodology looked more broadly not at a specific zoning change that enabled more units per parcel, but simply at how many lots citywide with one unit within zoning districts that already allowed 3 or more units per parcel were redeveloped into buildings with 3-6 units over the recent 15-year period (2005-2020). Of the 2,895 lots with one dwelling unit in 2005 that are in zoning districts allowing three or more units per parcel, a total of 81 lots, or 2.8%, were redeveloped such that they had 3-6 units in 2020. Considering only lots that densified from one unit to 4-6 units, the number of lots drops to 25 lots, or 0.9% of lots over 15 years. This, like the prior methodology, would similarly suggest a range of 2-3% of the 93,275 one-unit lots affected by the proposed ordinance might be densified or redeveloped into 4-6 unit buildings over 25-30 years.

Total Capacity. Using typical buildout analysis metrics and recent past patterns of development described above, the sum total of these categories suggest a possible total buildout of around 9,500 net units over 25-30 years citywide as a result of this ordinance, of which approximately 2,000 would come from currently vacant lots and those with small non-residential structures, and the rest on existing one-unit residential properties.

There are three significant caveats to consider when looking at these analogies to estimate what might happen as a result of the proposed ordinance that must be layered on the above estimate to discount it further. *First*, the current economic and real estate conditions are not necessarily analogous to those that prevailed during the past 15 years. Construction costs have increased significantly, more than doubling during the past several years; similarly the market value of single family homes has also increased by similar or even larger margins. While these trends may change over the next two to three decades to more resemble the economics that prevailed in the late 2000s and early 2010s, the future is uncertain and current economics for such redevelopment are unfavorable for the median property. This factor alone suggests a substantial discount of the above percentages of likely redevelopment. *Second*, a key question for an analysis of this sort of zoning change is the likely maximum “saturation point” over a long period of time for existing single-family buildings to densify or redevelop given all of the factors involved. Somewhat similar to prior efforts to estimate the likely “capacity” or “buildout” of ADU ordinances, where theoretically every property can add one or more ADUs, there is the question of, economics notwithstanding, what share of the owners of all of the lots that would be enabled to add the full density allowance to existing lots with single family homes actually will, over time, seek to redevelop the property, add units, or subdivide the existing houses. *Finally*, the effects of the draft ordinance’s ownership, residency, and rent control requirements will substantially decrease both the number of eligible properties at any one time as well as limit the pool and types of parties that might be able to undertake such projects, particularly limiting the ability of professional developers with both experience and resources to undertake such projects. While long-term property owners may find ways to bring in development partners, the necessity of undertaking this sort of arrangement undoubtedly will serve to



limit the volume of projects using the ordinance. In contrast, development in the benchmark densification analogies from the past 15 years described above was not subject to such limitations on ownership, residency, and rent control.

Staff is not able as of the drafting of this analysis to develop a methodology for determining what discount factors ought to be applied to the buildout capacity based on the ordinance's ownership, residency and rent control requirements. However, for the sake of the present analysis we assume a substantial further reduction of 50-75% to the 9,500 unit estimate above to reflect the possible effects of these requirements and trends, resulting in buildout capacity estimate of 2,400 – 4,800 units.

SB 330 Findings

The estimated housing capacity increase of the proposed Fourplex ordinance (Board File No. 220446), with its wide potential range of 2,400-4,800 units would substantially exceed, even at its lowest end, the maximum reduction in housing capacity from the proposed Group Housing ordinance (Board File No. 211300) of 1,400-1,600 "units". Again, this is a conservative analysis and assumes that the Group Housing ordinance actually reduces capacity. As noted above, because group housing "units" are an alternative form of residential use not necessarily comparable to regular dwelling units, there would be no reduction in capacity as a result of the Group Housing ordinance.

MEMO TO THE BOARD OF SUPERVISORS

Supplemental

May 6, 2022

Project: Summary of Updated Analysis of Financial Feasibility of Fourplexes and Policy Levers

Case Number: 2021-005878CWP

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Recommendation: None- Informational

Background

The San Francisco Planning Department has been working with consultant Century Urban to analyze the financial feasibility for property owners and/or developers of constructing small multifamily buildings on sites currently occupied by an existing single-family home. As part of this work, Century Urban has analyzed prototypes of potential projects that may be possible under 2021 state law SB 9, summarized by Planning and Century Urban in a [January 2022 memo](#), and prototype projects that may be possible under proposed local legislation to allow up to four units (fourplexes) on parcels where currently fewer units are allowed, summarized in a [February 2022 memo](#) (submitted as Exhibit E for the February 10th, 2022 Planning Commission hearing). These memos highlight key findings and assumptions from high level financial analyses that Century Urban performed on prototype projects in selected neighborhoods representative of potential scenarios under proposed local legislation and under SB 9.

In this third memo, Planning summarizes additional work from Century Urban, attached here, including a summary of financial feasibility for the various project prototypes previously studied and analysis of potential public policy levers that could be used to affect the feasibility of these small multifamily projects. This memo also explores how existing homeowners may assess opportunities to add additional housing units to an existing single-family home with different considerations and approaches than a professional developer. Overall, the analysis from Century Urban provides information on the financial costs and benefits of small multifamily housing developments, the types of owners or developers likely to undertake them, where and under what circumstances such developments may be more likely to occur, and the barriers or challenges affecting the potential addition of this type of housing in San Francisco.

Assumptions

Century Urban analyzed potential for development of small multifamily buildings on sites with existing single-family homes. Century Urban reviewed prototype developments using general market assumptions for unit types, costs, rents, sale prices, financing, and other factors faced by parties seeking to undertake such endeavors and that shape the feasibility and likelihood of development. Initial architectural prototypes were developed working with an architect to inform the assumptions which were adapted for the analysis. Financial feasibility (discussed more below) was assessed using metrics typically used by housing developers in assessing whether projects are worth the expense and risk of undertaking and are also considered by financial institutions in considering whether to underwrite loans for housing construction. For some homeowners seeking to add units to their properties or completely redevelop them, there may be different practical and financial approaches or considerations that are discussed in more detail below.

Development Scenarios, Tenure, and Neighborhoods

Century Urban analyzed both for-sale and rental versions of each of the prototype scenarios and researched rents and sale pricing in different neighborhoods, specifically Bayview, Pacific Heights, and various transit-served neighborhoods representing the “mid-tier” of the housing market including the Inner Richmond, West Portal, Castro, Balboa Park, and Glen Park. For most of the SB 9 scenarios, the prototype scenarios retained an existing single-family home while adding units to the ground floor or rear yard. The analysis of prototype three- and fourplexes assumed that an existing single-family home would have to be demolished to construct a new triplex or fourplex covering a similar footprint to a prototypical single-family home but rising to three or four stories. Century Urban analyzed each triplex and fourplex prototype with and without parking.

Project Costs and Timing

In this analysis costs for developing housing are comprised of three broad categories:

- **Hard costs** for construction labor and materials;
- **Soft costs** for architecture and engineering, financing costs, permits and fees, etc.; and
- **Sales and Rental Costs** for selling or renting new housing such as marketing and brokerage fees and for rental properties ongoing costs of maintenance, property taxes, and insurance.

While land costs are always a major factor in financial feasibility of any development, the structure of this type of analysis is to compare the “residual value” of a project derived from a development pro forma using revenues and non-land costs of development against the current price of the land to determine if the project can afford to purchase the land at the going market rate for property.

For SB9 prototypes, the range of total project costs ranges from \$200,000 for addition of one small studio unit within the envelope of the ground level of an existing single-family house to \$1.2m for addition of 3 units in a lot split scenario that include the aforementioned studio within a house plus a new structure with two modest units in a separate 2-story rear yard structure. For the triplex and fourplex prototypes that reflect the demolition and replacement of a house with a new larger multi-unit structure containing 3-4 multi-bedroom family-sized units averaging about 1,300 square feet, the combined total of hard and soft project costs range from \$3.25m to \$4.25m. As discussed below in the feasibility section, these costs

exclude land cost, because the “residual value” of the project measured against the current value of property is the measure of feasibility.

Note that Century Urban’s analysis assumes entitlement, design, permits, financing, and construction of a triplex or fourplex development can be completed within one year, as a result, the analysis assumes no pre-construction carrying costs for the prototype projects. For this analysis Century Urban also used a simplifying assumption that a project sponsor would be able to borrow 65% of the project cost to build the new units.

Financial Return and Feasibility Findings

To assess financial feasibility for these prototype scenario projects, Century Urban calculated the **residual value**, or the amount that a purchaser of a home or land can afford to pay for that home or land and construct one of these prototype projects. Residual value is calculated by subtracting the hard and soft costs of the project, as well as developer return, from the total net sale value of the project. If the residual value is below the estimated sale price for an existing single-family home then a property owner or developer would be less financially motivated to redevelop the property, and a developer would be unable to match typical offers from other single-family home buyers.

Where there is a negative difference between the residual value of the prototype project and the market value of an existing single-family home in the respective neighborhood, this is the “**feasibility gap**.” As summarized in the [February 2022 memo](#), the analysis found that all the prototypes analyzed in all neighborhoods had a feasibility gap, indicating that at current construction costs, rental rates, and single-family prices, financial feasibility of demolishing an existing single-family home to develop new triplexes and fourplexes is challenging.

The magnitude of the “gap” between the residual value generated by prototype developments and median single family home prices in all neighborhoods analyzed ranged from \$1.3m-2m in mid-tier and lower cost neighborhoods to \$5m in Pacific Heights. The analysis also calculated whether there is a “gap” when comparing the project residual values to the typical *minimum* (rather than median) home prices in the same neighborhoods, as, by definition half of houses for sale are valued at less than the median and there may be circumstances where a home is unusually small and/or poorly maintained relative to the typical condition. While the “gap” is substantially smaller in all of those cases, a “gap” remains across all scenarios with the lowest gaps of \$300,000-\$600,000 in the mid-tier neighborhoods.

Since there is a projected feasibility gap to replace a single-family house with a multi-family building, any restriction of rent or sale prices of the resulting units will add to that gap. The addition of affordability requirements would increase the feasibility gaps across the prototypes by typically several hundred thousand dollars to over one million dollars for the fourplexes with two required below market rate (BMR) units. A recent proposal to allow a fee payment in lieu of an on-site BMR unit would result in an estimated fee of up to \$170,000 dollars, based on a maximum unit size of 740 square feet and current in lieu fee rate for the City’s Inclusionary Housing program. This in lieu fee payment option could be cheaper than on-site units in some cases, however, would still add to the financial feasibility gap for three and fourplex developments.

Homeowner Considerations

Members of the Board of Supervisors and others have asked how the circumstances, motivations, and expectations of the typical homeowner might differ from those of the professional housing developer and thus would lead to different outcomes from those in the feasibility analysis described above and in prior memos.

The feasibility analysis conducted by Century Urban assumes that people considering what to do with property, whether a professional developer or a homeowner/property owner, are making financial decisions relative to risk, time, and alternative options for their investment. A small number of property owners may be interested in using the fourplex opportunity to redevelop their properties or add units based on factors beyond just the financial considerations.

In the prior feasibility analysis, Century Urban analysis assumed a project applicant receives compensation for their substantial financial investment, effort, time, and risk involved in developing a project in the form of an industry-benchmark 18% return and a target return on cost of 5.25% for rental projects. Given that some homeowners may be willing to accept lower returns or are motivated by non-financial goals such as housing family members, Century Urban further considered one illustrative example, using a fourplex scenario without parking, to look at how removing expected developer return would affect the feasibility analysis. This analysis shows that removing any expected return would still result in a feasibility gap of several hundred thousand dollars in the median home value scenarios. However, in the minimum home value scenario in the mid-tier neighborhood particularly, the project could eliminate this gap relative to the value of a house. This means that in some limited scenarios, a property owner could generate a modest income if they invest their land and financial resources into a redevelopment.

However, it is important to caveat any homeowner- driven development scenario by noting a few challenges that underlie such an undertaking. Leveraging their existing single-family home value, obtaining construction loan that would include refinancing existing debt, relocating during construction, tackling a complex development project, identifying and hiring a general contractor, and assessing an unpredictable real estate market are all significant challenges that most homeowners would face. For example, a homeowner would need a construction loan of potentially \$2m+ for such a project, and construction loans are typically designed for those that have a track-record of doing such work.

For most existing homeowners, smaller-scale projects to add housing units in ways that are more modest modifications to existing properties, such as adding smaller units by converting existing space in ground floors, rear additions, or rear yard structures, may be more likely and manageable. These would require fewer financial resources, debt, and risks. Such scenarios would more resemble the SB9 scenarios analyzed than the new construction triplex and fourplex scenarios.

Levers that Could Impact Feasibility

As part of their analysis, Century Urban analyzed potential public policy “levers” that might be able to offset the financial barriers faced by property owners redeveloping an existing single-family home or adding units. These potential policy levers include lowered interest rate loans, reductions in City fees, and abatements of transfer taxes and property taxes. The magnitude of the financial benefit of each lever

is provided relative to the residual value and feasibility gap of each scenario; in other words, the financial value expressed for each lever should be added to the feasibility gap (thus reducing the gap) of the respective scenario to see the effect of each lever or the combination of different levers.

Non-Governmental Factors

Construction Costs

Construction costs, including labor and materials, are by far the largest component of development costs for adding new units, typically representing a little more than 70% of development costs excluding land costs. Construction costs in San Francisco are among the world's highest and have escalated rapidly over the last 10 years creating a significant barrier to residential development. While not anticipated in the near to medium term given labor shortages and continued economic uncertainty, a hypothetical 10% reduction in construction costs could improve the feasibility of three- and fourplex projects by an estimated \$300,000 to \$380,000 respectively and improve feasibility of SB 9 prototype projects by an estimated \$16,000 to \$113,000 depending on the number of units added.

Income Return

Changes in rents and sale prices also heavily impact project feasibility. A 10% increase in rents and sale projects could prove project feasibility by hundreds of thousands of dollars for both three and four plex prototype projects and SB 9 prototypes.

Governmental Levers

While construction costs and rents and sale prices are the biggest determinants of project feasibility, there are also potential changes under the control of the City or State that could help support the development of small multifamily projects. Since many of these involve the city foregoing revenue from key revenue sources, such as taxes or fees, they should be weighed against other public investments and impacts that these monies could fund, for example, construction or acquisition of affordable housing units or down payment assistance. Century Urban has analyzed the potential financial effect of different policy levers for the various prototype projects studied in different housing markets in the city, helping to estimate both their scale of impact relative to the financial feasibility gap of prototype projects and providing an estimate of costs to the city.

Construction loan with lowered interest rate of 1% Offering property owners lower interest rate construction loans with a rate of 1%, likely through a subsidized program, would cut costs by a relatively minor amount. For three to fourplex prototype projects, the gap would be lowered by between \$37,000 to just over \$50,000 dollars while for most SB 9 prototypes the benefit would be between \$2,000 and \$15,000 dollars.

City fees in excess of \$10,000 waived: Offering property owners a fee waiver for all fees in excess of \$10,000 cumulatively could result in modestly lowering the gap by \$124,000 or \$144,000 per three or fourplex prototype project, while for SB 9 projects, it would lower the gap in a range from \$4,000 to \$32,000.

Transfer tax abatement for initial sale of a property added units This option would lower the feasibility gap by a wide range from \$22,000 to \$84,000 for three to fourplex prototype projects and \$14,000 to \$77,000 for SB 9 projects.

Abatement of the City and County's portion of property taxes for 40 years This would have the largest and most substantial impact on lowering the feasibility gap, although, as property taxes are regulated by State authority, there is currently no local legal pathway to accomplish it. The feasibility gap reduction would be between \$390,000 and \$711,000 for three and fourplexes and between \$27,000 to \$210,000 for SB 9 project prototypes.

Conclusion

The analysis provided by Century Urban suggests property owners and developers to undertake prototype triplex and fourplex projects on a site with an existing single-family home would encounter financial feasibility challenges. However, this does not rule out that some developers or property owners may undertake projects to build triplexes and fourplexes in the future, or that development may be financially feasible in projects differing from the average assumptions used in the prototypes. Changes in key factors, for example construction costs, could affect project feasibility and likelihood of adding units for existing property owners and developers alike.

Opening three and fourplex options for homeowners and small-scale developers may not bring immediate or widespread changes, but they invite adaptations to what is possible over time. There are many unique circumstances by site and providing simple pathways, and predictability in public policy and rulemaking can make a substantial difference in creating additional modestly sized housing units in our lower density, residentially zoned neighborhoods.

An aerial photograph of the San Francisco skyline, featuring the Transamerica Pyramid and the Golden Gate Bridge, with a red overlay.

Century | Urban

**Strategic
Real Estate
Advisory Services**

**Small Multifamily –
Conceptual Scenario Analysis**

Presented to:

**City of San Francisco, Planning
Department**

May 6, 2022



SMALL MULTIFAMILY - CONCEPTUAL SCENARIO ANALYSIS

TO: City of San Francisco, Planning Department
FROM: Century | Urban
SUBJECT: Small Multifamily- Conceptual Scenario Analysis
DATE: May 6, 2022

Summary

The City and County of San Francisco (the “City”) has engaged Century | Urban to conduct certain conceptual analyses regarding potential changes to residential zoning laws allowing single-family residential properties to be redeveloped into multi-unit residential properties.

Century | Urban previously prepared a high-level conceptual analysis of for-rent and for-sale scenarios including 1) adding up to three units to a single-family residence and 2) redeveloping a single-family home into three- and four-plex prototype developments. Certain scenarios were prepared with and without parking and each scenario was prepared across three neighborhoods: Pacific Heights, a prototype “Mid-Tier”¹ neighborhood, and the Bayview. The conceptual underwriting and scenario analysis below reflects analysis results assuming changes to certain underwriting assumptions as described below.

Analysis Qualifications

The assumptions or range of assumptions utilized in these scenario analyses do not correspond to any assessment of actual, current or past market conditions, nor do any assumptions in this underwriting represent any proposed policy. Assumptions have been selected for scenario analysis to demonstrate their relative impact on overall project feasibility.

The analysis referenced in this memorandum utilizes prototypical projects that represent high-level average or median types of projects and high-level project assumptions at the time of analysis preparation. The prototypical projects do not correspond with any particular actual project or actual economics. Any actual project may reflect dramatically different costs, rental rates, sale prices, or other details driven by the circumstances of that project such as its sponsor, history, site conditions, contractor, business plan, and/or other factors. Moreover, the criteria and assumptions utilized in selecting and analyzing the prototypes are specific to the time the analysis was prepared and the research was conducted and will likely change over time as sale prices,

¹ Mid-Tier neighborhoods represented by the prototype include West Portal, Glen Park, Balboa Park, 24th St. and Castro.



rental rates, development costs, lender/investor return targets, and land costs change over time based on market conditions.

Key Assumptions

Except as noted below, assumptions and methodologies utilized in the sensitivity analysis are the same as those utilized in prior analyses.

As previously noted, six scenarios were evaluated for the scenarios where up to three units are added to a single-family residence (i.e., the “SB9” analysis), which are described below:

<u>Scenario #</u>	<u>Scenario</u>
1	4,500-square-foot home + 350-square-foot additional unit
2	1,500-square-foot home + one 350-square-foot garage additional unit
3	1,500-square-foot home + one 800-square-foot yard additional unit
4	1,500-square-foot home + one 350-square-foot garage additional unit + one 800-square-foot yard additional unit
5	1,500-square-foot home + two 800-square-foot yard additional units
6	1,500-square-foot home + one 350-square-foot garage additional unit + two 800-square-foot yard additional units

Please note that, in the for-rent versions of the SB9 scenario analysis, the existing single-family home is assumed to be sold to an owner-occupier and not rented.

Summary of Prior Analyses and Current Scenario Analyses

1. Feasibility Gap

Charts A and B below reflect the estimated feasibility gaps for the three- and four-plex scenarios and SB9 scenarios, respectively. The feasibility gaps in these analyses reflect the difference between 1) the price a buyer could pay for a project site such that redevelopment of the site is financially feasible, and 2) the actual median and low-end prices for single family homes based on sales comparables in the respective neighborhoods between 2019 and 2021.

All units in the scenario analyses are assumed to be rented or sold at market rates. With one exception, all of the scenarios reviewed showed feasibility gap amounts ranging from \$5,000 to over \$5 million. In general, projects in the Bayview and Mid-Tier markets have lower estimated feasibility gap amounts than projects in Pacific Heights, where prices for a single-family home are higher. Additionally, four-unit projects have lower estimated feasibility gap amounts than three-unit projects, and SB9 projects which are assumed to maintain the existing single-family home have lower estimated feasibility gap amounts than the ground-up development of three- and four-unit projects.



Chart A: Feasibility Gaps in 3- and 4-Plex Scenarios

Feasibility Gap Based on 2019-2021 Median Single-Family Home Prices

Construction				Base Case			Optimistic Case		
Type	Units	Parking	Type	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
V 1B	3	No	Sale	(\$1,892,000)	(\$1,561,000)	(\$5,117,000)	(\$1,744,000)	(\$1,417,000)	(\$4,972,000)
V 1C	3	Yes	Sale	(\$1,865,000)	(\$1,572,000)	(\$5,133,000)	(\$1,723,000)	(\$1,433,000)	(\$4,995,000)
V 1A	3	No	Rental	(\$1,799,000)	(\$1,648,000)	(\$5,182,000)	(\$1,629,000)	(\$1,482,000)	(\$5,015,000)
V 1C	3	Yes	Rental	(\$1,809,000)	(\$1,691,000)	(\$5,230,000)	(\$1,645,000)	(\$1,530,000)	(\$5,070,000)
III 2B	4	No	Sale	(\$2,158,000)	(\$1,524,000)	(\$5,038,000)	(\$1,967,000)	(\$1,338,000)	(\$4,851,000)
III 2C	4	Yes	Sale	(\$2,198,000)	(\$1,596,000)	(\$5,114,000)	(\$2,012,000)	(\$1,414,000)	(\$4,932,000)
III 2B	4	No	Rental	(\$2,047,000)	(\$1,647,000)	(\$5,132,000)	(\$1,827,000)	(\$1,432,000)	(\$4,917,000)
III 2C	4	Yes	Rental	(\$2,099,000)	(\$1,726,000)	(\$5,215,000)	(\$1,885,000)	(\$1,515,000)	(\$5,005,000)

Feasibility Gap Based on 2019-2021 Minimum Single-Family Home Prices

Construction				Base Case			Optimistic Case		
Type	Units	Parking	Type	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
V 1B	3	No	Sale	(\$1,517,000)	(\$446,000)	(\$984,000)	(\$1,369,000)	(\$302,000)	(\$839,000)
V 1C	3	Yes	Sale	(\$1,490,000)	(\$457,000)	(\$1,000,000)	(\$1,348,000)	(\$318,000)	(\$862,000)
V 1A	3	No	Rental	(\$1,424,000)	(\$533,000)	(\$1,049,000)	(\$1,254,000)	(\$367,000)	(\$882,000)
V 1C	3	Yes	Rental	(\$1,434,000)	(\$576,000)	(\$1,097,000)	(\$1,270,000)	(\$415,000)	(\$937,000)
III 2B	4	No	Sale	(\$1,783,000)	(\$409,000)	(\$905,000)	(\$1,592,000)	(\$223,000)	(\$718,000)
III 2C	4	Yes	Sale	(\$1,823,000)	(\$481,000)	(\$981,000)	(\$1,637,000)	(\$299,000)	(\$799,000)
III 2B	4	No	Rental	(\$1,672,000)	(\$532,000)	(\$999,000)	(\$1,452,000)	(\$317,000)	(\$784,000)
III 2C	4	Yes	Rental	(\$1,724,000)	(\$611,000)	(\$1,082,000)	(\$1,510,000)	(\$400,000)	(\$872,000)

Chart B: Feasibility Gap in SB9 Scenarios

Feasibility Gap from Median Home Price

Type	Neighborhood	Scenario					
		1	2	3	4	5	6
Sale	Bayview	(\$2,630,000)	(\$30,000)	(\$250,000)	(\$230,000)	(\$300,000)	(\$280,000)
Sale	Inner Richmond	(\$1,185,000)	(\$125,000)	(\$305,000)	(\$165,000)	(\$145,000)	(\$5,000)
Sale	Pacific Heights	NA	(\$620,000)	(\$760,000)	(\$600,000)	(\$490,000)	(\$340,000)
Rental	Bayview	NA	(\$110,000)	(\$340,000)	(\$410,000)	(\$520,000)	(\$570,000)
Rental	Inner Richmond	NA	(\$235,000)	(\$625,000)	(\$595,000)	(\$765,000)	(\$745,000)
Rental	Pacific Heights	NA	(\$720,000)	(\$890,000)	(\$830,000)	(\$760,000)	(\$700,000)

Feasibility Gap from Minimum Home Price

Type	Neighborhood	Scenario					
		1	2	3	4	5	6
Sale	Bayview	(\$2,555,000)	NA	(\$175,000)	(\$155,000)	(\$225,000)	(\$205,000)
Sale	Inner Richmond	(\$1,035,000)	NA	(\$155,000)	(\$15,000)	NA	NA
Sale	Pacific Heights	NA	(\$370,000)	(\$510,000)	(\$350,000)	(\$240,000)	(\$90,000)
Rental	Bayview	NA	(\$35,000)	(\$265,000)	(\$335,000)	(\$445,000)	(\$495,000)
Rental	Inner Richmond	NA	(\$85,000)	(\$475,000)	(\$445,000)	(\$615,000)	(\$595,000)
Rental	Pacific Heights	NA	(\$470,000)	(\$640,000)	(\$580,000)	(\$510,000)	(\$450,000)

Notes:

All financial and programmatic estimates are preliminary in nature for illustrative purposes and subject to change.

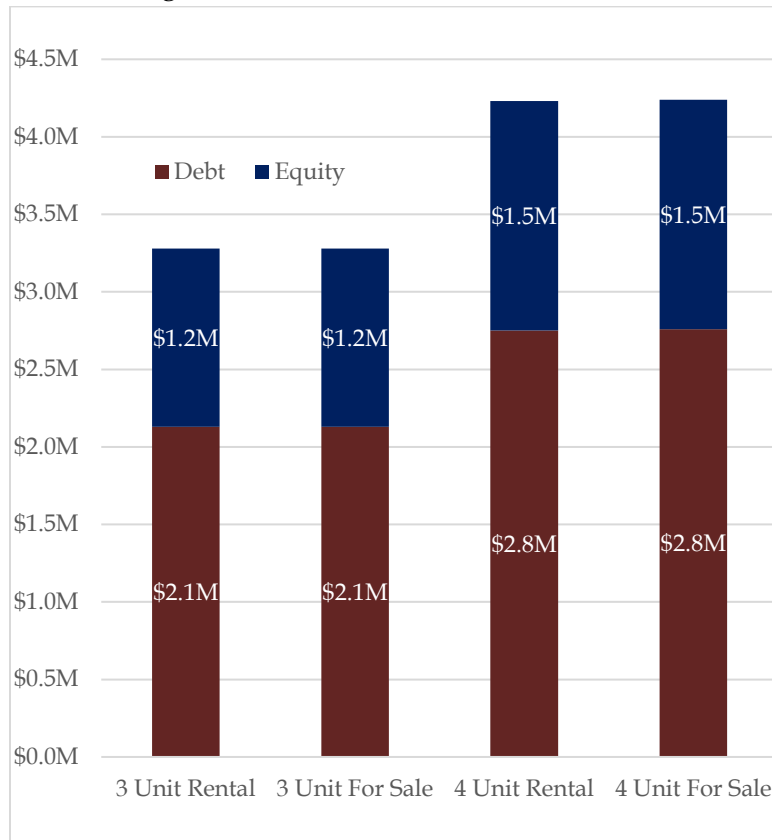


2. Equity and Debt Requirements

Charts C and D below reflect the projected average equity and debt funding amounts needed for the 3- and 4-plex prototype projects and SB9 prototype projects. The 3 and 4-plex projects involve a greater cost since the entire structure must be newly constructed, whereas all of the SB9 scenarios except one assume the existing structure remains in place.

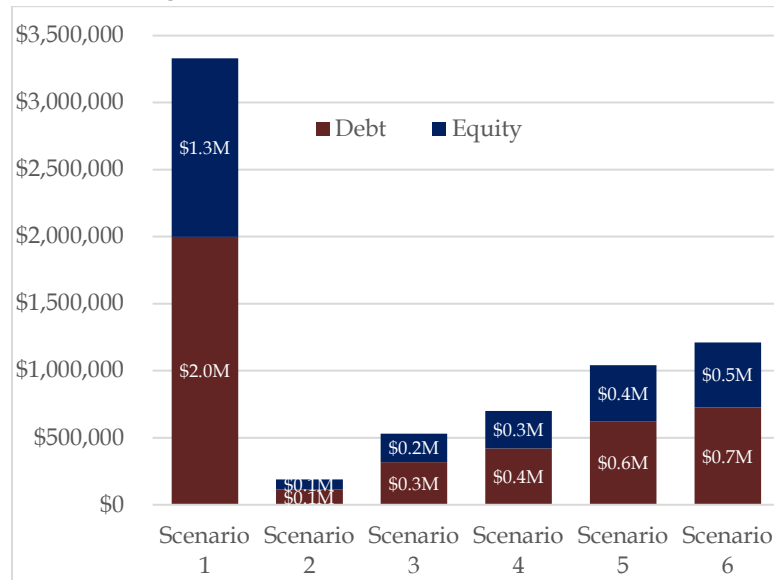
Chart C: Projected Equity and Debt Funding Amounts for 3- and 4-Plex Scenarios

Figures rounded to the nearest \$100,000



**Chart D: Projected Equity and Debt Requirements for SB9 Scenarios**

Figures rounded to the nearest \$100,000



3. Net Operating Income and Cash Flow

Charts E and F below show the average annual net operating income and cash flow after debt service associated with the 3- and 4-plex scenarios and SB9 scenarios. The value of these estimated income and cash flows should be evaluated against the equity and debt funding amounts described above. For example, the average annual cash flow after debt service for the 4-plex Pacific Heights scenario is projected to be approximately \$73,000, which represents a 4.9% return on the estimated average \$1.48 million equity funding required to build the project.



Chart E: Projected Net Operating Income (NOI) and Cash Flow after Debt Service for 3- and 4-Plex Rental Prototypes

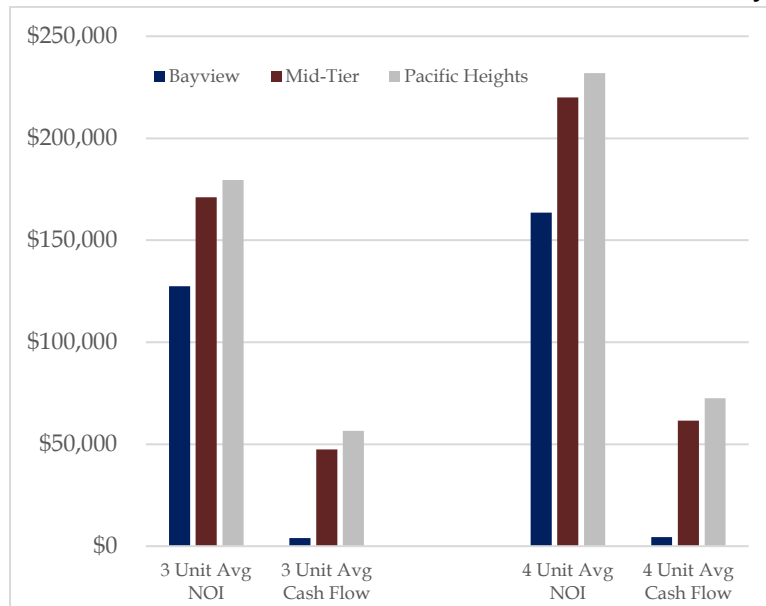
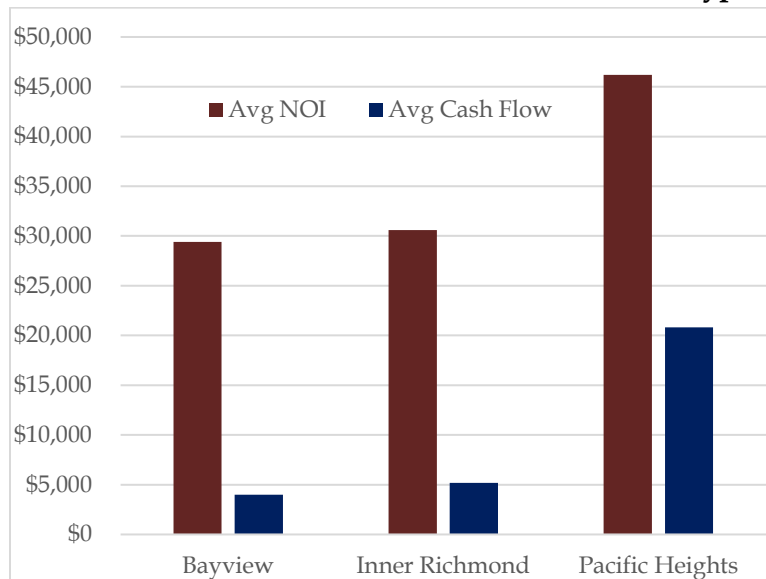


Chart F: Projected Annual Average Net Operating Income (NOI) and Cash Flow after Debt Service for SB9 Rental Prototypes



4. Affordable Scenarios

Chart G below shows the effect on the feasibility of the 3- and 4-plex scenarios of adding below-market rate units. The top portion of the chart reflects 3- and 4-unit prototypes in which two of the units are market rate units and the remaining one to two units are affordable to households



earning no greater than 100% of Area Median Income (“AMI”). The bottom portion of the chart reflects the same unit mixes with one affordable unit at 110% AMI rental rates or 140% AMI sale prices. The amounts in the chart reflect the incremental increase in the estimated feasibility gap amounts in addition to the feasibility gap amounts listed in Chart A above.

Chart G: Estimated Incremental Increase in Feasibility Gap from Inclusion of Affordable Units

3-4 Plex Analysis

Two market rate units; remaining 1 or 2 units 100% AMI, rental and sale scenarios

Units	Parking	Type	Base Case			Optimistic Case		
			Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
3	No	Sale	(\$273,000)	(\$614,000)	(\$663,000)	(\$321,000)	(\$663,000)	(\$711,000)
3	Yes	Sale	(\$153,000)	(\$441,000)	(\$483,000)	(\$194,000)	(\$483,000)	(\$524,000)
3	No	Rental	(\$206,000)	(\$418,000)	(\$460,000)	(\$249,000)	(\$460,000)	(\$502,000)
3	Yes	Rental	(\$102,000)	(\$281,000)	(\$317,000)	(\$138,000)	(\$317,000)	(\$353,000)
4	No	Sale	(\$836,000)	(\$1,667,000)	(\$1,786,000)	(\$955,000)	(\$1,786,000)	(\$1,905,000)
4	Yes	Sale	(\$736,000)	(\$1,523,000)	(\$1,636,000)	(\$848,000)	(\$1,636,000)	(\$1,748,000)
4	No	Rental	(\$661,000)	(\$1,176,000)	(\$1,279,000)	(\$764,000)	(\$1,279,000)	(\$1,381,000)
4	Yes	Rental	(\$574,000)	(\$1,062,000)	(\$1,159,000)	(\$672,000)	(\$1,159,000)	(\$1,257,000)

110% AMI for one rental unit, 140% AMI for one sale unit

Units	Parking	Type	Base Case			Optimistic Case		
			Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
3	No	Sale	(\$19,000)	(\$360,000)	(\$409,000)	(\$68,000)	(\$409,000)	(\$458,000)
3	Yes	Sale	\$0	(\$188,000)	(\$229,000)	\$0	(\$229,000)	(\$270,000)
3	No	Rental	(\$154,000)	(\$366,000)	(\$408,000)	(\$197,000)	(\$408,000)	(\$450,000)
3	Yes	Rental	(\$50,000)	(\$229,000)	(\$265,000)	(\$86,000)	(\$265,000)	(\$301,000)
4	No	Sale	(\$59,000)	(\$418,000)	(\$469,000)	(\$110,000)	(\$469,000)	(\$520,000)
4	Yes	Sale	\$0	(\$274,000)	(\$319,000)	(\$4,000)	(\$319,000)	(\$364,000)
4	No	Rental	(\$189,000)	(\$411,000)	(\$456,000)	(\$233,000)	(\$456,000)	(\$500,000)
4	Yes	Rental	(\$102,000)	(\$297,000)	(\$336,000)	(\$141,000)	(\$336,000)	(\$375,000)

Note:

1. Because of the unit size of the two bedroom in the scenarios with parking, the estimated market values of the for-sale two bedrooms in the Bayview fall below the estimated two bedroom affordable price
2. Additional estimated impact on residual land value/feasibility amount in tables above reflect amounts that would be added to the feasibility gap amounts if rents for one or more units are set based on AMI levels as specified above.

5. Changes in Feasibility Due to Sale Prices/Rental Rates

Chart H below shows the average change in estimated feasibility gap amounts due to a 10% change in rents and sale prices. A 10% increase in rents and sale prices would reduce the feasibility gap amounts by the amounts shown in the chart, while a 10% decrease in rents or sale prices would increase the feasibility gap amounts by approximately the same amounts.

**Chart H: Average Change in Feasibility Gap Due to 10% Change in Rents/Sale Prices***3- and 4-Plex Analysis*

Scenario	3 Unit For Sale	3 Unit For Rent	4 Unit For Sale	4 Unit Rental
Bayview	\$238,000	\$270,000	\$305,000	\$348,000
Mid-Tier	\$341,000	\$353,000	\$439,000	\$457,000
Pacific Heights	\$355,000	\$370,000	\$457,000	\$478,000

SB9 Analysis

Scenario	1	2	3	4	5	6
10% Change in Sales Price - For Sale						
Pacific Heights	\$737,000	\$214,000	\$242,000	\$280,000	\$332,000	\$371,000
Richmond	\$472,000	\$186,000	\$209,000	\$246,000	\$289,000	\$326,000
Bayview	\$245,000	\$127,000	\$146,000	\$172,000	\$205,000	\$230,000
10% Change in Rental Rates - For Rent						
Pacific Heights		\$39,000	\$86,000	\$124,000	\$172,000	\$210,000
Richmond		\$21,000	\$26,000	\$47,000	\$53,000	\$73,000
Bayview		\$27,000	\$56,000	\$83,000	\$112,000	\$139,000

6. Changes in Feasibility Due to Changes in Hard and Soft Cost Inputs

The seven charts comprising Chart I below show the effect on the average feasibility gap for both for-rent and for-sale prototypes combined of changing the assumptions for certain hard and soft cost inputs. The revised input assumptions include:

- Construction loan interest rate is 1%
- All City fees for each scenario are reduced to a total of \$10,000. This scenario was not a reduction of a specific City fee; it represents a theoretical cap on total City fees.
- Transfer taxes are abated for initial sale of the property units
- City and County's portion of property taxes are abated for 40 years.
- Project hard costs are reduced by 10%

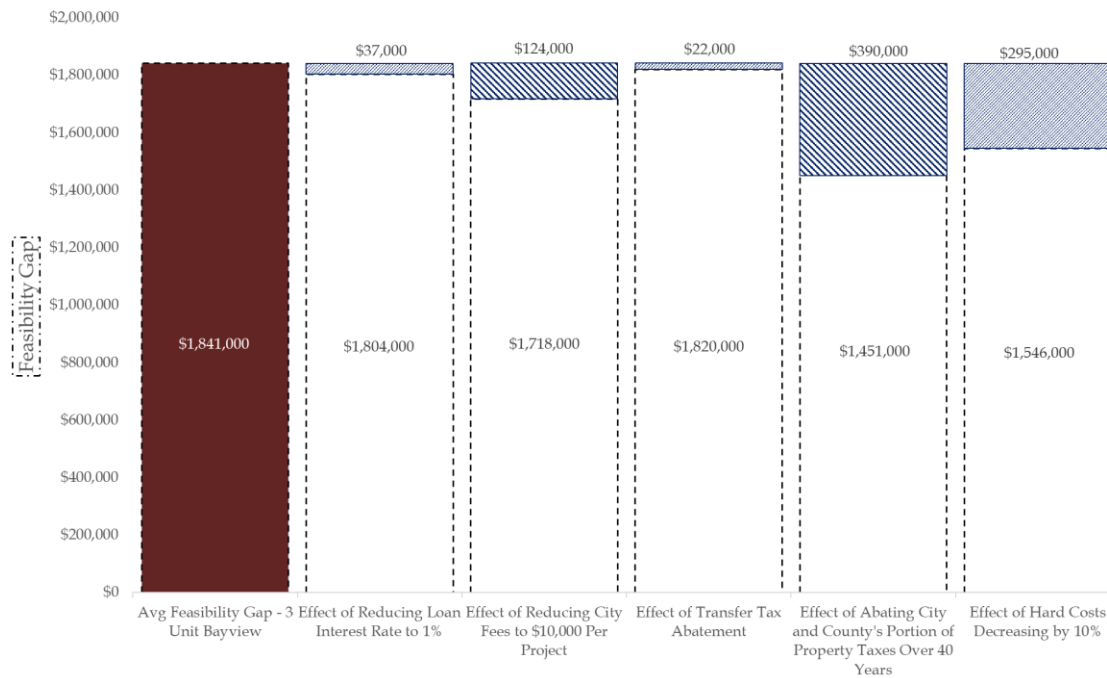
These feasibility gap sensitivity scenarios are prepared for illustrative purposes only at the request of the City. Century | Urban is not projecting that any of these scenarios is or is not likely to occur or recommending that any of these scenarios should or should not be implemented. These sensitivities have been prepared to evaluate the potential magnitude of their effect on the projected average feasibility gap for each prototype. The effect of each of these assumption changes is shown in the blue hatched areas of each bar with the remaining feasibility gap shown



in the white area of each bar. For ease of review, all numerical amounts are rounded to the nearest \$1,000.

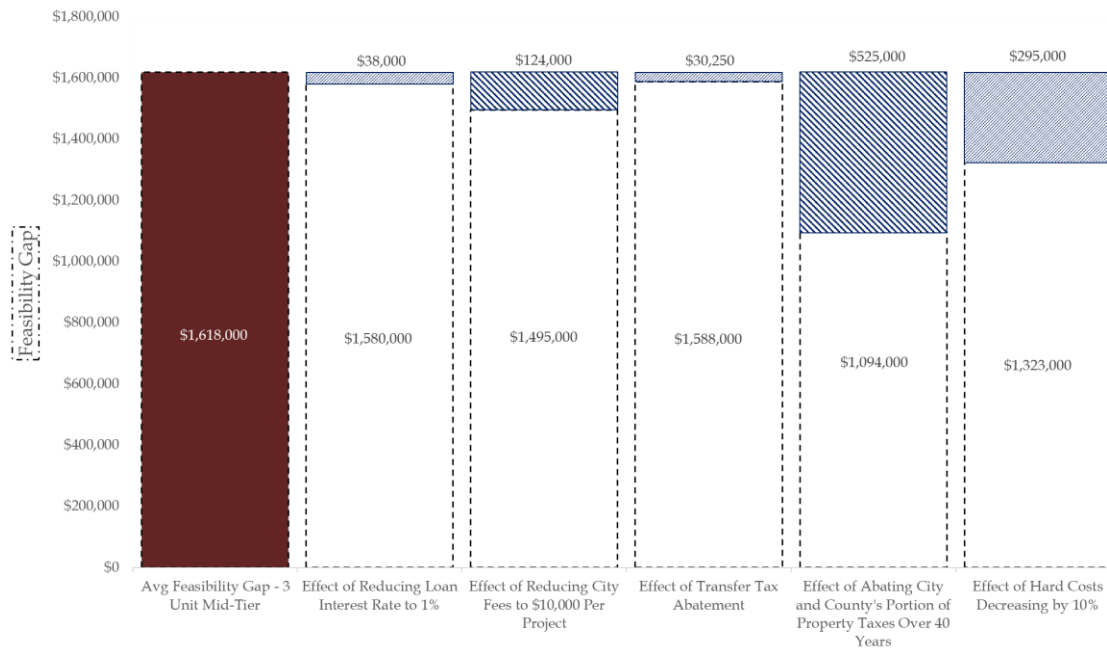
Chart I: Change in Feasibility Gap Due to Changes in Hard and Soft Cost Inputs

Average of 3 Unit Prototypes - Bayview

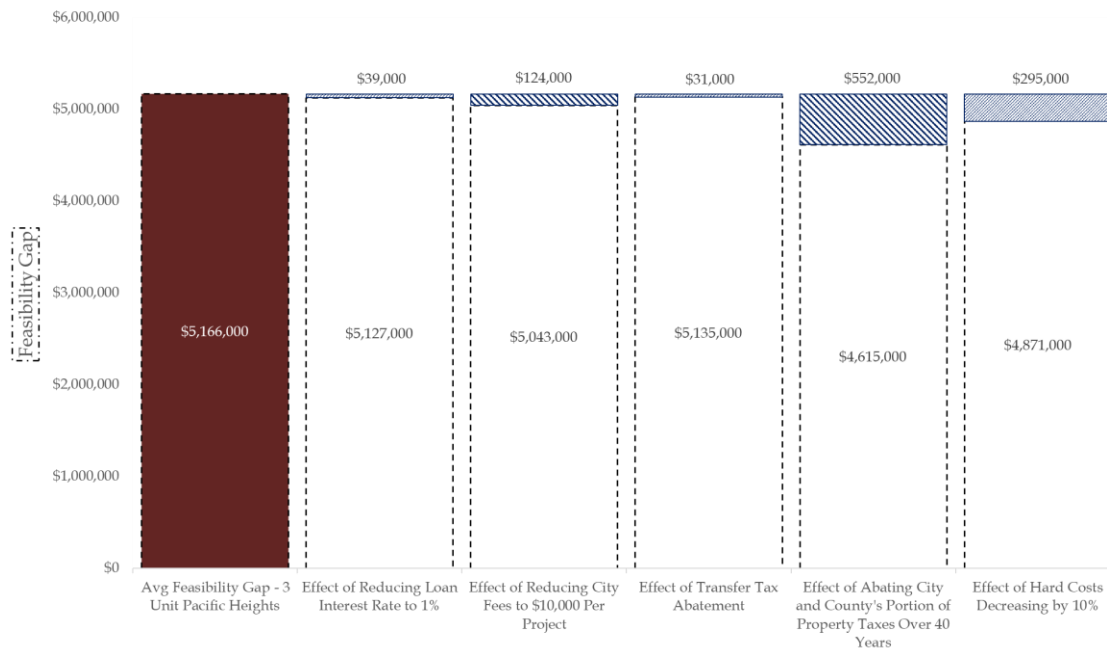




Average of 3 Unit Prototypes - Mid-Tier

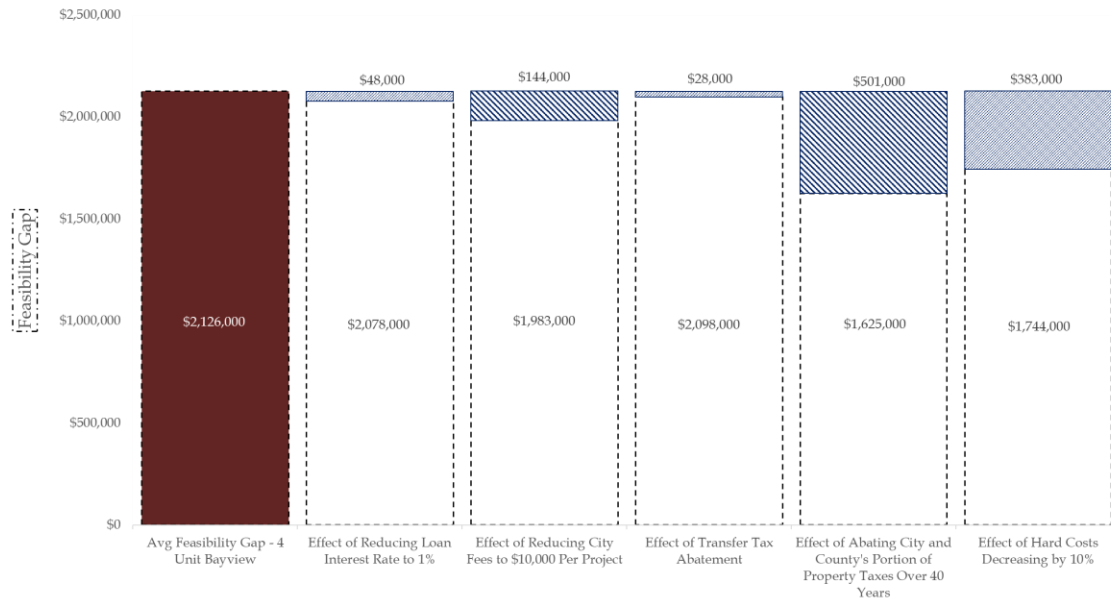


Average of 3 Unit Prototypes - Pacific Heights

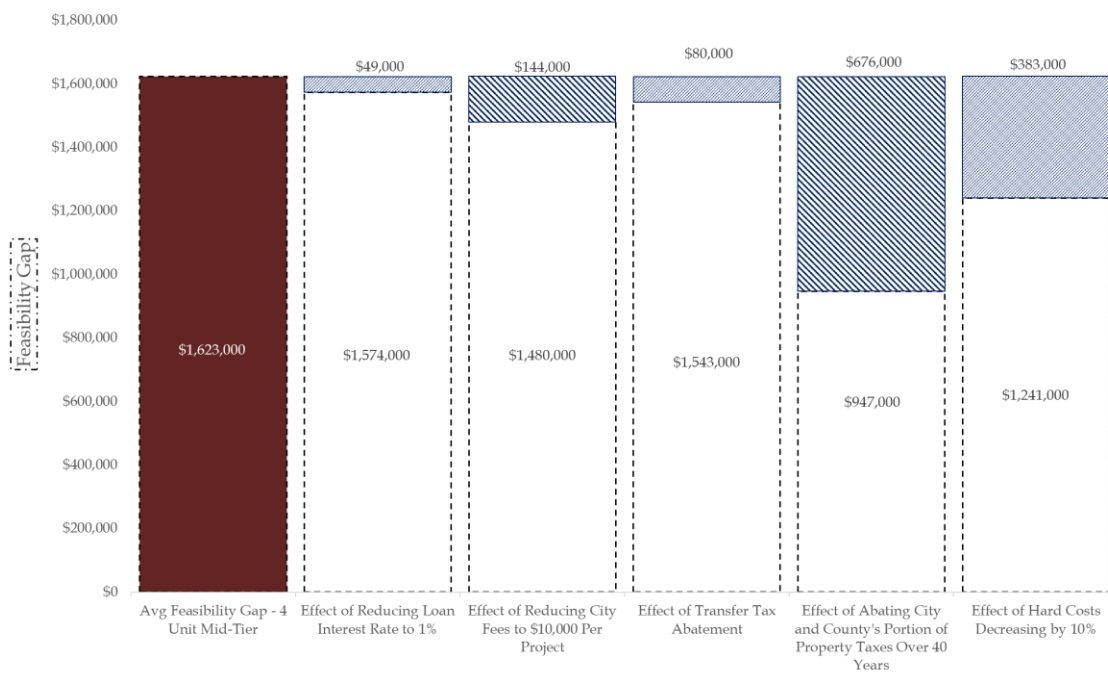




Average of 4 Unit Prototypes – Bayview

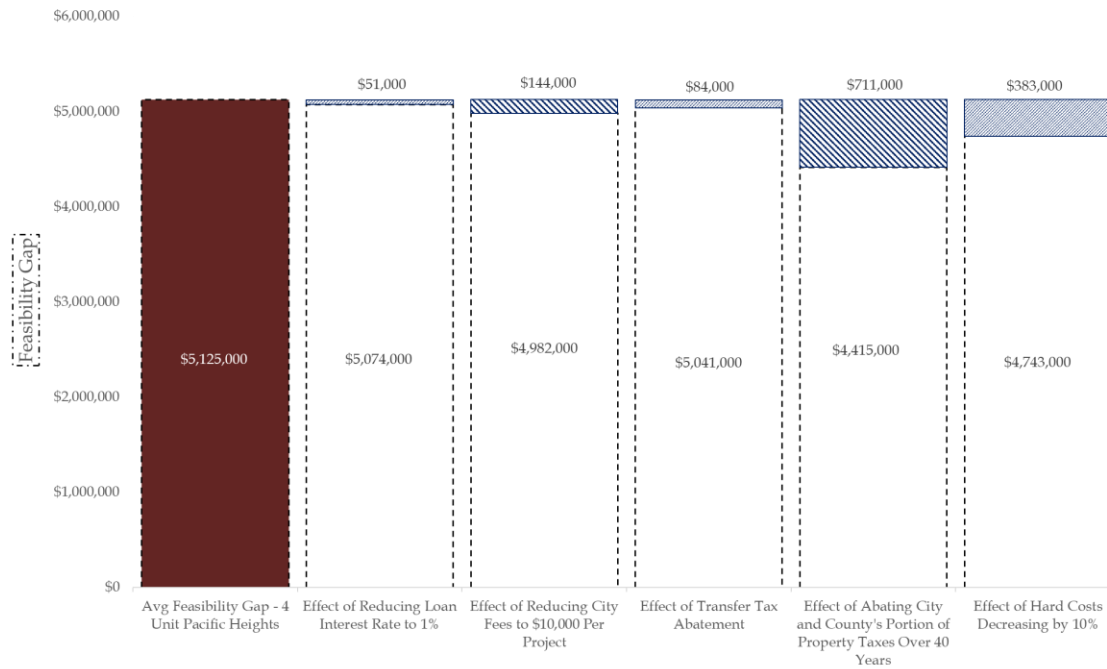


Average of 4 Unit Prototypes – Mid-Tier





Average of 4 Unit Prototypes - Pacific Heights



SB9 Analysis

Due to the number of scenarios and submarkets, the effects of changing hard and soft cost inputs on the SB9 scenarios are shown in dollar terms, rounded to the nearest thousand, in the chart below.

Scenario	1	2	3	4	5	6
Change Interest Costs to 1%	\$40,000	\$2,000	\$6,000	\$8,000	\$13,000	\$15,000
Reduce City Fees to \$10,000	\$32,000	\$4,000	\$6,000	\$14,000	\$16,000	\$24,000
Transfer Tax Abatements						
Average - For Sale	\$77,000	\$14,000	\$15,000	\$17,000	\$20,000	\$23,000
Average For Rent		\$16,000	\$18,000	\$20,000	\$23,000	\$26,000
Property Tax Abatements - Rental						
Pacific Heights	\$39,000	\$86,000	\$124,000	\$172,000	\$210,000	
Richmond	\$35,000	\$58,000	\$93,000	\$116,000	\$151,000	
Bayview	\$27,000	\$56,000	\$83,000	\$112,000	\$139,000	
Change in Hard Costs by 10%	\$323,000	\$16,000	\$50,000	\$65,000	\$98,000	\$113,000



San Francisco Planning

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San Francisco, CA 94103
628.652.7600
www.sfplanning.org

April 21, 2022

Honorable Supervisor Peskin
Board of Supervisors
City and County of San Francisco

Re: Feasibility Analysis Reports for Four-plex Proposals

Dear Supervisor Peskin,

In advance of the Land Use and Transportation Committee meeting this coming Monday, April 25th, the Department would like to ensure you have received a copy of the latest version of the third-party study on the feasibility of building between three and four units on RH zoned lots.

The Department has contracted with consultant Century Urban to conduct feasibility studies of both SB9, and Supervisor Mandelman's density exception ordinance. These feasibility studies have been included as part of the transmittal materials from the Planning Department for Board File No. 210866. The reports are also attached to this memo.

The Department is currently working with Century Urban on an additional memo that will summarize the financial feasibility challenges for both SB -9 prototypes and 3-4plexes, as well as the additional feasibility challenges posed by affordability requirements. That memo will also examine the impact of potential public policy levers (property tax reductions, low interest loans, fee waivers, etc.) on feasibility. This memo should be complete in approximately 3-4 weeks.

In the meantime, we wanted to share additional information from Century Urban that looked at the affordability gap. This two-page document is the first attachment in this package. The gap numbers for 100% AMI units are well above \$1 million. This is on top of the already \$1-2 million dollar feasibility gap shown in the 3-4 plex memo.¹

To summarize: The analyses conducted so far have found that a new 3-4 plex building costs \$3-4 million in hard

¹ Please note: This affordability analysis presumes all units would be affordable at 100% of AMI, not just units built over density. Century Urban is in the process of updating their analysis to examine the affordability gap when only units above the base density are affordable at 100% of AMI.

and soft development costs. This does not account for the cost to acquire an existing single-family home and other costs like developer return, real estate broker costs, etc. Together, these costs result in a massive feasibility gap relative to likely earnings. Affordability requirements make feasibility even worse and would essentially require homeowners to subsidize additional units (no return on investment).

If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

Audrey Merlone
Senior Planner, Legislative Affairs

Attachments :

Draft Figures from Century Urban on Affordability Gap
Summary of Triplex and Fourplex Prototype Financial Feasibility Analysis
Summary of SB 9 Financial Feasibility Analysis

Century | Urban
3-4 Plex Residual Value Scenarios

Prototype Projected Cash Flow

			Base Case			Optimistic		
Units	Parking	Type	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
3	No	Net Operating Income	\$129,000	\$173,000	\$182,000	\$137,000	\$182,000	\$191,000
3	No	Cash Flow After Debt Service	\$5,000	\$49,000	\$58,000	\$14,000	\$58,000	\$67,000
3	Yes	Net Operating Income	\$126,000	\$169,000	\$177,000	\$134,000	\$177,000	\$186,000
3	Yes	Cash Flow After Debt Service	\$3,000	\$46,000	\$55,000	\$12,000	\$55,000	\$63,000
4	No	Net Operating Income	\$166,000	\$223,000	\$235,000	\$177,000	\$235,000	\$246,000
4	No	Cash Flow After Debt Service	\$6,000	\$64,000	\$75,000	\$17,000	\$75,000	\$86,000
4	Yes	Net Operating Income	\$161,000	\$217,000	\$229,000	\$172,000	\$229,000	\$240,000
4	Yes	Cash Flow After Debt Service	\$3,000	\$59,000	\$70,000	\$14,000	\$70,000	\$81,000

Prototype Projected Capitalization

			Base Case			Optimistic		
Units	Parking	Type	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
3	No	Equity for Hard/Soft Costs	\$1,154,000	\$1,154,000	\$1,155,000	\$1,154,000	\$1,155,000	\$1,156,000
3	No	Debt for Hard/Soft Costs	\$2,143,000	\$2,143,000	\$2,145,000	\$2,143,000	\$2,145,000	\$2,148,000
3	Yes	Equity for Hard/Soft Costs	\$1,139,000	\$1,139,000	\$1,140,000	\$1,139,000	\$1,140,000	\$1,141,000
3	Yes	Debt for Hard/Soft Costs	\$2,116,000	\$2,116,000	\$2,117,000	\$2,116,000	\$2,117,000	\$2,120,000
4	No	Equity for Hard/Soft Costs	\$1,488,000	\$1,488,000	\$1,490,000	\$1,488,000	\$1,490,000	\$1,491,000
4	No	Debt for Hard/Soft Costs	\$2,763,000	\$2,763,000	\$2,767,000	\$2,763,000	\$2,767,000	\$2,770,000
4	Yes	Equity for Hard/Soft Costs	\$1,476,000	\$1,476,000	\$1,477,000	\$1,476,000	\$1,477,000	\$1,479,000
4	Yes	Debt for Hard/Soft Costs	\$2,741,000	\$2,741,000	\$2,743,000	\$2,741,000	\$2,743,000	\$2,746,000

Sale Cases

			Base Case			Optimistic		
Units	Parking	Type	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
3	No	Equity for Hard/Soft Costs	\$1,154,000	\$1,155,000	\$1,156,000	\$1,154,000	\$1,156,000	\$1,157,000
3	No	Debt for Hard/Soft Costs	\$2,143,000	\$2,145,000	\$2,147,000	\$2,143,000	\$2,147,000	\$2,149,000
3	Yes	Equity for Hard/Soft Costs	\$1,139,000	\$1,140,000	\$1,141,000	\$1,139,000	\$1,141,000	\$1,142,000
3	Yes	Debt for Hard/Soft Costs	\$2,116,000	\$2,117,000	\$2,119,000	\$2,116,000	\$2,119,000	\$2,121,000
4	No	Equity for Hard/Soft Costs	\$1,488,000	\$1,489,000	\$1,491,000	\$1,488,000	\$1,491,000	\$1,492,000
4	No	Debt for Hard/Soft Costs	\$2,763,000	\$2,766,000	\$2,769,000	\$2,763,000	\$2,769,000	\$2,771,000
4	Yes	Equity for Hard/Soft Costs	\$1,476,000	\$1,477,000	\$1,478,000	\$1,476,000	\$1,478,000	\$1,479,000
4	Yes	Debt for Hard/Soft Costs	\$2,741,000	\$2,742,000	\$2,745,000	\$2,741,000	\$2,745,000	\$2,748,000

Note:

All financial and programmatic estimates are preliminary in nature for illustrative purposes and subject to change.

Century | Urban
3-4 Plex Residual Value Scenarios

Affordable Unit Sensitivity - Additional Estimated Impact on Residual Value/Feasibility

100% AMI for all units, rental and sale scenarios

Units	Parking	Type	Base Case			Optimistic		
			Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
3	No	Sale	(\$1,519,000)	(\$2,893,000)	(\$3,089,000)	(\$1,716,000)	(\$3,089,000)	(\$3,286,000)
3	Yes	Sale	(\$1,399,000)	(\$2,721,000)	(\$2,909,000)	(\$1,588,000)	(\$2,909,000)	(\$3,098,000)
3	No	Rental	(\$1,219,000)	(\$2,070,000)	(\$2,240,000)	(\$1,389,000)	(\$2,240,000)	(\$2,410,000)
3	Yes	Rental	(\$1,115,000)	(\$1,933,000)	(\$2,097,000)	(\$1,279,000)	(\$2,097,000)	(\$2,261,000)
4	No	Sale	(\$1,883,000)	(\$3,659,000)	(\$3,913,000)	(\$2,136,000)	(\$3,913,000)	(\$4,166,000)
4	Yes	Sale	(\$1,783,000)	(\$3,515,000)	(\$3,763,000)	(\$2,030,000)	(\$3,763,000)	(\$4,010,000)
4	No	Rental	(\$1,500,000)	(\$2,600,000)	(\$2,820,000)	(\$1,720,000)	(\$2,820,000)	(\$3,040,000)
4	Yes	Rental	(\$1,414,000)	(\$2,487,000)	(\$2,701,000)	(\$1,628,000)	(\$2,701,000)	(\$2,916,000)

110% AMI for one rental unit, 140% AMI for one sale unit

Units	Parking	Type	Base Case			Optimistic		
			Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
3	No	Sale	(\$19,000)	(\$360,000)	(\$409,000)	(\$68,000)	(\$409,000)	(\$458,000)
3	Yes	Sale	\$0	(\$188,000)	(\$229,000)	\$0	(\$229,000)	(\$270,000)
3	No	Rental	(\$154,000)	(\$366,000)	(\$408,000)	(\$197,000)	(\$408,000)	(\$450,000)
3	Yes	Rental	(\$50,000)	(\$229,000)	(\$265,000)	(\$86,000)	(\$265,000)	(\$301,000)
4	No	Sale	(\$59,000)	(\$418,000)	(\$469,000)	(\$110,000)	(\$469,000)	(\$520,000)
4	Yes	Sale	\$0	(\$274,000)	(\$319,000)	(\$4,000)	(\$319,000)	(\$364,000)
4	No	Rental	(\$189,000)	(\$411,000)	(\$456,000)	(\$233,000)	(\$456,000)	(\$500,000)
4	Yes	Rental	(\$102,000)	(\$297,000)	(\$336,000)	(\$141,000)	(\$336,000)	(\$375,000)

Note:

1. Because of the unit size of the two bedroom in the scenarios with parking, the estimated market values of the for-sale two bedrooms in the Bayview fall below the estimated two bedroom affordable price
2. Additional estimated impact on residual land value/feasibility amount in tables above reflect amounts that would be added to the feasibility gap amounts if rents for one or

Sensitivity Analysis

	Range of Estimated Impact on Feasibility	
Reduce Interest Cost to 1%	\$37,000	\$55,000
Reduce City Fees to \$10,000	\$123,000	\$144,000
Provide Transfer Tax Abatements	\$20,000	\$143,000
Provide Property Tax Abatements	\$414,000	\$812,000

Rental scenarios only. 65% of property tax is assumed abated, based on estimated percentage received by City and County.

Note:

All financial and programmatic estimates are preliminary in nature for illustrative purposes and subject to change.



MEMO TO THE PLANNING COMMISSION

Supplemental

February 3, 2022

Project: Summary of Triplex and Fourplex Prototype Financial Feasibility Analysis

Case Number: 2021-005878CWP

Staff Contact: James Pappas, Senior Planner, 628.652.7470,
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Recommendation: None- Informational

Background

The San Francisco Planning Department has contracted with consultant Century Urban to analyze the financial feasibility for property owners and/or developers of building small multifamily buildings on sites currently occupied by an existing single-family home. As part of this work, Century Urban has analyzed prototypes based on potential projects that may be possible under recently proposed legislation to allow up to four units (fourplexes) on parcels where currently fewer units are allowed, specifically parcels with existing single-family homes.

This summary highlights key findings and assumptions from high level financial analyses that Century Urban performed on development prototype projects in selected neighborhoods representative of potential scenarios under proposed local legislation to allow fourplexes. This type of financial analysis is important to understand the potential financial costs and benefits of small multifamily housing developments, the types of owners or developers likely to undertake them, where and under what circumstances such developments may be more likely to occur, and the barriers or challenges affecting the potential addition of housing in San Francisco. This analysis is related to work on financial feasibility of potential projects that may be possible under State law SB 9.

Summary of Prototype Financial Feasibility Analysis

Assumptions

Century Urban analyzed potential for development of small multifamily buildings on sites with existing single-family homes. For this analysis, Century Urban reviewed prototype developments using general market assumptions for unit types, costs, rents, sale prices, financing, and other factors that shape feasibility and likelihood of development. Initial triplex and fourplex prototypes were developed working with an architect. While financial feasibility (discussed more below) was assessed using metrics typically used by housing developers, the prospective developments and their economic performance are largely similar for long time property owners wishing to redevelop their property. Practical and financial constraints for existing owners to building triplex and fourplex prototype projects are discussed in more detail below.

Development Scenarios, Tenure, and Neighborhoods

Century Urban analyzed both triplex and fourplex prototype scenarios to assess potential financial costs and benefits for a property owner or developer. Century Urban analyzed both for-sale and rental versions of each of the prototype scenarios and researched rents and sale pricing in different neighborhoods, specifically Bayview, Pacific Heights, and various transit-served neighborhoods representing the “mid-tier” of the housing market including West Portal, Castro, Balboa Park, and Glen Park. Each of the scenarios assumed that a single-family home would be demolished and replaced with a new triplex or fourplex covering a similar footprint to a prototypical single-family home but rising to three or four stories. (Note that financial feasibility analysis of projects adding units to an existing home without demolition, such as might be possible under SB 9, was examined in a previous memo.) Century Urban analyzed each triplex and fourplex prototype with and without a parking space.

Defining Costs and Financial Feasibility

In this analysis costs for developing housing are broken down into three broad categories:

- **Hard costs** for construction labor and materials, and
- **Soft costs** for architecture and engineering, financing costs, permits and fees, etc. and
- **Land costs** for purchasing the parcel on which a project would be built.

In addition to development costs, there are costs for selling or renting new housing such as marketing and brokerage fees and for rental properties ongoing costs of maintenance, property taxes, and insurance. Given that someone must be compensated for their time spent developing a project as well as for the inherent risk associated with investing money in property development, the analysis assumes in the case of the for-sale prototypes, a return to the property owner/ developer of 18% of hard and soft costs and in the case of the for-rent prototypes, a target return on cost of 5.25%.

To assess financial feasibility for these prototype scenario projects, Century Urban calculated the **residual value**, the amount that a purchaser of a home or land can afford to pay for that home or land and still have a profitable project. Residual value is calculated by subtracting the hard and soft costs of the project and developer return from the total net sale value of the project. If the residual value is below the estimated sale price for an existing single-family home then a property owner would be less financially motivated to redevelop the property, and a developer would be unable to match typical offers from other single-family home buyers. For rental projects, the analysis assumes a target return on cost and then

Summary of Prototype Financial Feasibility Analysis

estimates the total amount a buyer could pay for a development parcel. This amount represents the residual value for the rental versions of the prototype developments.

Project Funding and Developer Profile

For this analysis Century Urban used a simplifying assumption that a property owner/developer would be able to borrow 65% of the project cost to build the new units. Because of the scale of these projects, loans could range from more than \$2.1 million for a triplex development to more than \$2.7 million for a fourplex. To provide financing at these amounts for these types of projects, lenders would likely require verified prior development experience as well as the net worth and financial liquidity to sufficiently fund the project and any cost overruns. Someone seeking to undertake a project of this scale would likely need to provide approximately 35% of the project cost in equity investment that would range from over \$1.1 to nearly \$1.5 million for a triplex and fourplex, respectively.

Given the costs involved in the development of a prototypical triplex or fourplex project and the relatively high level of development experience and financial resources needed, a professional developer would be more likely to consider the kinds of triplex and fourplex projects analyzed here than the average owner of an existing single-family home. For most existing homeowners, smaller scale projects to add housing units to their property in ways that are more modest modifications to existing properties, such as units added by converting existing space in ground floors, rear additions, or rear yard structures, may be more likely and manageable to take on.

Project Timing

Century Urban's analysis assumes entitlement, design, permits and financing, and construction of a triplex or fourplex development can be completed within one year. This is an optimistic assumption that may not reflect the typical timeline and complexity of entitling and building a small multifamily project in San Francisco.

Key Findings

Below are key findings from the financial feasibility analysis performed by Century Urban.

At Current Costs, Rental Rates, and Single-Family Prices, Financial Feasibility of Demolishing an Existing Single-Family Home to Develop New Triplexes and Fourplexes is Challenging

In the scenarios analyzed, estimated residual values for a prototype redevelopment (i.e., the amount someone could pay for the property) fell below current single family home sale prices in all cases analyzed. The "gap" between the residual value generated by prototype developments and median single family home prices in all neighborhoods analyzed was more than -\$1 million. These results indicate that it would be extremely difficult for developers to produce a financially feasible project by acquiring a typical single-family home at typical market price to redevelop the site into a triplex or fourplex. In other words, single-family home buyers planning to maintain the home largely as-is and paying current prices would typically outbid a developer hoping to build a triplex or fourplex on the same property.

The analysis is based on average or median costs, prices, and rents, and there may be circumstances when the price of an existing home is low enough that it is feasible for a developer to acquire an existing

Summary of Prototype Financial Feasibility Analysis

single-family home and construct additional units. For example, when a home is unusually small and/or poorly maintained, a developer may face less competition from homebuyers who can afford single family home prices in San Francisco where the median price is over \$1.5 million.

Though all prototype projects analyzed appear financially infeasible, variations in the prototypes resulted in marginal changes to feasibility. Ownership prototype projects were marginally closer to feasibility than rental projects, projects without a parking space were marginally closer to feasibility than those with a parking space, and fourplex projects were marginally closer to feasibility than triplexes. The best performing of the prototypes analyzed was a for-sale, fourplex with no parking in Pacific Heights, however, this project was still far from being feasible as measured by the residual value compared to median home prices.

Low Financial Feasibility of Triplex and Fourplex Developments Makes Requiring Affordability Difficult

Some recent local legislative proposals to allow up to four units in areas currently restricted to fewer units would impose affordability requirements on at least one newly added unit, targeting rents and prices to a specific income level relative to the Area Median Income (AMI). Studies and data indicate that there are substantial unmet needs for housing affordable to moderate- and middle- income households, particularly for homeownership opportunities. Unfortunately, mandating units at 100%, 110%, or 140% of AMI appears to worsen already challenged financial feasibility. Given that prototype projects are far from feasible when assuming market rents and sale prices, requiring additional affordability simply increases the feasibility gap and further reduces the likelihood of new housing being built in triplexes or fourplexes. Affordability requirements could also inadvertently encourage development or expansion of single-family homes rather than triplexes or fourplexes by making single-family homes more financially appealing. Producing units that are affordable to middle income households, given the current market conditions, would require significant subsidy. Additionally, since the income generated by the new units would be fixed or reduced, it would create a burden on the project owner to repay a construction loan, potentially even making it difficult to obtain one in the first place.

Hard Costs are by Far the Largest Cost of Adding Units

Construction costs, including labor and materials, are the largest component of the development costs for adding new units, typically representing a little more than 70% of development costs excluding land costs. As a result, while reducing other costs such as permits, fees, transaction costs, or compensation for a developer's time or investment may have relatively minor impacts on feasibility, the fundamental challenge with new project feasibility stems primarily from cost of construction relative to the value generated from rents and sale prices. Construction costs in San Francisco, which are among the world's highest, are therefore a significant barrier to building triplex and fourplex projects but also represent an area where cost reductions could make a substantial difference to feasibility.

Financial Feasibility Is Challenging in All Neighborhoods

Financial feasibility is challenged in all neighborhoods reviewed because high construction costs are consistent throughout the city. Higher potential sale prices in Pacific Heights result in higher potential residual land values, however, higher single-family home purchase prices in Pacific Heights mean developers are still unlikely to outbid home buyers for typical properties. The financial feasibility gap in Pacific Heights could be multiple millions relative to the median home price. Neighborhoods with high

Summary of Prototype Financial Feasibility Analysis

development costs and lower rents and sale prices, such as the Bayview show no estimated residual value. In mid-tier neighborhoods near transit, feasibility is also challenged with residual value falling far below median home sale prices. In some rare cases, there may be single family homes sold at prices significantly below average in these mid-tier neighborhoods that could be closer to the residual values estimated in this analysis, resulting in the potential for a feasible project.

Property Owners Face Significant Financial Constraints to Creating Ground-up Triplexes and Fourplexes, but Smaller Additions to Existing Housing May be More Feasible

Existing property owners may have a variety of motivations for wanting to add housing to their properties that are not purely financial, including the housing needs of family and friends. However, owners with these motivations seem unlikely to take on the type of triplex and fourplex projects analyzed here. The scale of the prototype projects that demolish an existing single-family home and build a triplex or fourplex appears beyond the financial or technical reach of most existing single-family homeowners. The financial feasibility challenges mean that it is also unlikely that professional developers will take on these projects in most cases.

Previous analysis of prototype projects potentially allowed under SB 9 show that projects that do not demolish an existing home may be more financially feasible than those that do, though feasibility is still challenging in large part due to high construction costs. The analysis of SB 9 prototype projects mostly looked at scenarios that would retain an existing home, including adding a unit in the ground floor of a home and/or adding one to two units in a rear yard. The lower construction costs associated with these potential projects, along with avoiding the potentially costly purchase and demolition of an existing home, make them relatively more financially feasible. Additionally, the size of the loan and equity needed for projects of that scale are lower than for demolition and ground-up fourplex construction, making those projects that modify or add on to existing homes possibly more within the practical reach for homeowners or small property owners. Retaining flexibility for these types of projects could be beneficial policy to enable more housing to be added in ways that are more affordable and represent less dramatic physical change to existing homes. While existing ADU legislation allows for similar types of rental units as were studied in relation to SB 9, allowing ownership options could expand homebuying opportunities for more people.

Conclusion and Next Steps

The analysis provided by Century Urban implies very limited financial incentive for property owners and developers to undertake prototype triplex and fourplex projects on a site with an existing single-family home. However, this does not rule out that some property owners may undertake projects to build triplexes and fourplexes in the future or that development may be financially feasible in projects differing from the average assumptions used in the prototypes. In general, changes in key factors, for example construction costs, could affect project feasibility and likelihood of adding units for existing property owners and developers alike though the size of the estimated feasibility gaps in most circumstances imply that significant changes would be needed for more projects to become feasible. Planning will continue to work with Century Urban on analysis of financial feasibility of fourplexes and other small multi-family development types on parcels with existing single-family homes including potential public policy tools to support improving feasibility and achieving greater levels of affordability.

An aerial, black and white photograph of the San Francisco skyline. The image shows a dense cluster of skyscrapers in the center, with the Transamerica Pyramid being a prominent feature on the left. The city extends to the edges of the frame, with hills visible in the background. The text is overlaid on the left side of the image.

Century | Urban

**Strategic
Real Estate
Advisory Services**

**Small Multifamily Analysis – 3- and 4-Unit
Prototypes – Conceptual Analysis**

Presented to:

**City of San Francisco, Planning
Department**

January 31, 2022



SMALL MULTIFAMILY ANALYSIS - CONCEPTUAL ANALYSIS

TO: City of San Francisco, Planning Department
FROM: Century | Urban
SUBJECT: Small Multifamily Analysis - 3- and 4-Unit Prototypes - Conceptual Analysis
DATE: January 31, 2022

Summary

The City of San Francisco (the "City") has engaged Century | Urban to conduct certain analyses regarding potential changes to residential zoning laws allowing single-family residential properties to be redeveloped into three- and four-plex residential properties.

Century | Urban prepared a high-level conceptual analysis of for-rent and for-sale three- and four-plex prototype development projects. An analysis of each scenario with and without parking was prepared for three neighborhoods, Pacific Heights, a prototype "Mid-Tier"¹ neighborhood, and the Bayview. The specific scenarios and preliminary results of the analysis are summarized in the attached Exhibit A and Exhibit B.

Analysis Qualifications

The analysis referenced in this memorandum utilizes prototypical projects that represent high-level average or median types of projects and high-level project assumptions at the time of analysis preparation. The prototypical projects do not correspond with any particular actual project or actual economics. Any actual project may reflect dramatically different costs, rental rates, sale prices, or other details driven by the circumstances of that project such as its sponsor, history, site conditions, contractor, business plan, and/or other factors. Moreover, the criteria and assumptions utilized in selecting and analyzing the prototypes are specific to the time the analysis was prepared and the research was conducted and will likely change over time as sale prices, rental rates, development costs, lender/investor return targets, and land costs change over time based on market conditions.

Key Assumptions

To prepare the conceptual analysis, research was conducted regarding development costs, and rental rate and sale price comparables, among other assumptions.

¹ Mid-Tier neighborhoods represented by the prototype include West Portal, Glen Park, Balboa Park, 24th St. and Castro.



This conceptual analysis includes simplifying assumptions shown in Exhibit C including assuming similar hard costs and designs across the three prototype neighborhoods, a fully-entitled project, and 65% loan-to-cost construction financing, as well as other assumptions. While past sale comparable information and available comparable rental rates were researched for each of the various size prototype units in each of the neighborhoods, the revenue and sale numbers shown in Exhibit A and resultant feasibility gaps reflected in Exhibit B are based on averages or weighted averages of the research data. Consequently, unless otherwise noted, the results of this analysis reflect potential outcomes for an average project, not for any particular instance or case.²

Century | Urban estimated the residual value of each scenario by subtracting the estimated development costs from 1) in the case of for-sale scenarios, net sales proceeds, and 2) in the rental scenarios, projected project values based on capitalizing income with estimated return on cost targets. The estimated residual values represent the supportable cost of land / initial home cost at which a developer would achieve “economic feasibility” for a given development project.³ Typically, where the market value of a potential development site exceeds residual value, proceeding with development would not be considered feasible. The difference between the residual value and the median and minimum home prices reflected in the sales data from 2019-2021 is shown in Exhibit B as the “feasibility gap” for each scenario.

Initial Conclusions

- ❖ The analysis concluded that the estimated residual values for the rental scenarios range from \$0 to \$433,000 and the residual values for the for-sale scenarios range from \$0 to \$546,000. Of all the scenarios, the highest estimated residual value was generated by a for-sale fourplex prototype without parking.⁴
- ❖ All scenarios result in a feasibility gap representing a difference between the residual value of the projects and the sales prices of single-family homes (see Exhibit B). This difference suggests that for a project resembling one of the prototypes, a buyer of a single-family home who intends to use that home for occupancy would typically outbid a developer with a plan to redevelop the site into a three- or four-plex building.
- ❖ The analysis included base case and optimistic scenarios. In the optimistic scenarios, the rents were increased by \$0.25 per square foot and sale prices were increased by \$50 per square foot over the established base case scenarios. In all cases reviewed, the estimated residual values of the redevelopment scenarios are less than the median and minimum

² Century | Urban notes that construction costs vary over time, that additional unit sizes are in practice driven by actual available buildable square footage at a given property, and that rental rates and sale costs respond to macro- and micro-economic market conditions. Therefore, the general conclusions noted below apply to the prototypes examined at the time of the examination, but not necessarily over a larger timescale or in specific instances.

³ Economic feasibility in this memorandum is used to mean that the homeowner/developer would receive a return of their total investment plus an approximately 18% profit margin on the new development cost expenditure.

⁴ For projects which result in an infeasible residual value, the residual value in Exhibit A is shown as zero.



prices of homes in these neighborhoods based on 2019-2021 sales data for single family homes.

- ❖ The analysis of the Bayview neighborhood indicates that these scenarios would not support any residual value.
- ❖ The analysis of the Pacific Heights neighborhood reflects the highest residual values of the surveyed neighborhoods, with an estimated residual value as high as \$546,000 for a four-plex project without parking in an optimistic scenario. However, as the costs of single-family homes in Pacific Heights are also the highest of the surveyed neighborhoods, the residual values are consistently less than the median or minimum price to purchase a home.
- ❖ As previously noted in a separate memorandum, the estimated residual values associated with single family home properties in which additional units are added to garages and backyards are generally higher than that of the three- and four-plex prototype development projects. This is due to the high cost of construction and the relatively larger amount of construction required in the demolition of a home and building of a new residential building, as opposed to the incremental addition of new residential square footage.

Exhibit A

Century | Urban

3-4 Plex Residual Value Scenarios - Residual Values and Key AssumptionsResidual Values

Type	Units	Parking	Type	Base Case			Optimistic		
				Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
V 1A	3	No	Sale	\$0	\$122,000	\$268,000	\$0	\$268,000	\$414,000
V 1C	3	Yes	Sale	\$0	\$109,000	\$249,000	\$0	\$249,000	\$390,000
V 1A	3	No	Rental	\$0	\$2,000	\$168,000	\$0	\$168,000	\$335,000
V 1C	3	Yes	Rental	\$0	\$0	\$120,000	\$0	\$120,000	\$280,000
III 2A	4	No	Sale	\$0	\$168,000	\$357,000	\$0	\$357,000	\$546,000
III 2C	4	Yes	Sale	\$0	\$96,000	\$280,000	\$0	\$280,000	\$463,000
III 2A	4	No	Rental	\$0	\$3,000	\$218,000	\$0	\$218,000	\$433,000
III 2C	4	Yes	Rental	\$0	\$0	\$135,000	\$0	\$135,000	\$345,000

Price Assumptions

	Base Case			Optimistic		
	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
Sale Price (PSF)	\$800	\$1,150	\$1,200	\$850	\$1,200	\$1,250
Monthly Rental PSI	\$4.00	\$5.25	\$5.50	\$4.25	\$5.50	\$5.75

Single Family Home Prices

	2019-2021 Single Family Home Sales		
	Bayview	Mid-Tier	Pacific Heights
Minimum	\$575,000	\$535,000	\$1,217,000
Median	\$950,000	\$1,650,000	\$5,350,000
Maximum	\$1,625,000	\$6,700,000	\$14,500,000
Average	\$990,000	\$1,910,000	\$6,050,000

Notes

1. All financial and programmatic estimates are preliminary in nature, for illustrative purposes only, and subject to change
2. All amounts rounded to nearest \$1,000
3. Rent analysis with parking assumes one space rented for \$300 per month; sale analysis assumes one parking space sold for \$100,000
4. Mid-Tier neighborhoods include West Portal, Glen Park, Balboa Park, 24th Street and Castro
5. Two data points are removed from the single family home sales prices in the Bayview and Mid-Tier markets which are considered to be outliers. In Pacific Heights, eight data points are removed representing home sales above \$15 million.

Exhibit B

Century | Urban

3-4 Plex Residual Value Scenarios - Feasibility Gap

Feasibility Gap Based on 2019-2021 Median Single-Family Home Prices

Construction				Base Case			Optimistic		
Type	Units	Parking	Type	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
V 1B	3	No	Sale	(\$1,869,000)	(\$1,528,000)	(\$5,082,000)	(\$1,720,000)	(\$1,382,000)	(\$4,936,000)
V 1C	3	Yes	Sale	(\$1,843,000)	(\$1,541,000)	(\$5,101,000)	(\$1,699,000)	(\$1,401,000)	(\$4,960,000)
V 1A	3	No	Rental	(\$1,799,000)	(\$1,648,000)	(\$5,182,000)	(\$1,629,000)	(\$1,482,000)	(\$5,015,000)
V 1C	3	Yes	Rental	(\$1,809,000)	(\$1,691,000)	(\$5,230,000)	(\$1,645,000)	(\$1,530,000)	(\$5,070,000)
III 2B	4	No	Sale	(\$2,128,000)	(\$1,482,000)	(\$4,993,000)	(\$1,935,000)	(\$1,293,000)	(\$4,804,000)
III 2C	4	Yes	Sale	(\$2,169,000)	(\$1,554,000)	(\$5,070,000)	(\$1,981,000)	(\$1,370,000)	(\$4,887,000)
III 2B	4	No	Rental	(\$2,047,000)	(\$1,647,000)	(\$5,132,000)	(\$1,827,000)	(\$1,432,000)	(\$4,917,000)
III 2C	4	Yes	Rental	(\$2,099,000)	(\$1,726,000)	(\$5,215,000)	(\$1,885,000)	(\$1,515,000)	(\$5,005,000)

Feasibility Gap Based on 2019-2021 Minimum Single-Family Home Prices

Construction				Base Case			Optimistic		
Type	Units	Parking	Type	Bayview	Mid-Tier	Pacific Heights	Bayview	Mid-Tier	Pacific Heights
V 1B	3	No	Sale	(\$1,494,000)	(\$413,000)	(\$949,000)	(\$1,720,000)	(\$267,000)	(\$803,000)
V 1C	3	Yes	Sale	(\$1,468,000)	(\$426,000)	(\$968,000)	(\$1,699,000)	(\$286,000)	(\$827,000)
V 1A	3	No	Rental	(\$1,424,000)	(\$533,000)	(\$1,049,000)	(\$1,629,000)	(\$367,000)	(\$882,000)
V 1C	3	Yes	Rental	(\$1,434,000)	(\$576,000)	(\$1,097,000)	(\$1,645,000)	(\$415,000)	(\$937,000)
III 2B	4	No	Sale	(\$1,753,000)	(\$367,000)	(\$860,000)	(\$1,935,000)	(\$178,000)	(\$671,000)
III 2C	4	Yes	Sale	(\$1,794,000)	(\$439,000)	(\$937,000)	(\$1,981,000)	(\$255,000)	(\$754,000)
III 2B	4	No	Rental	(\$1,672,000)	(\$532,000)	(\$999,000)	(\$1,827,000)	(\$317,000)	(\$784,000)
III 2C	4	Yes	Rental	(\$1,724,000)	(\$611,000)	(\$1,082,000)	(\$1,885,000)	(\$400,000)	(\$872,000)

Notes

1. All financial and programmatic estimates are preliminary in nature, for illustrative purposes only, and subject to change
2. All amounts rounded to nearest \$1,000



Exhibit C

Century | Urban

3-4 Plex Residual Value Scenarios - Key Assumptions

Prototype Sizes

Gross to Net / Efficiency		80.0%		
<u>3-Unit Prototype</u>	<u># Units</u>	<u>Unit Type</u>	<u>Net SF/Unit</u>	
			<u>No Parking</u>	<u>Parking</u>
	1	2-bedroom	975	825
	2	3-bedroom	<u>1,475</u>	<u>1,475</u>
Total	3		3,925	3,775

			<u>Net SF/Unit</u>	
<u>4-Unit Prototype</u>	<u># Units</u>	<u>Unit Type</u>	<u>No Parking</u>	<u>Parking</u>
	1	2-bedroom	1,025	900
	<u>3</u>	3-bedroom	1,350	1,350
Total	4		5,075	4,950

Hard Costs

Residential	\$500 per square foot
Parking	\$400 per square foot for scenarios with parking
Contingency	5% of Hard Costs

Soft Costs

Financing	65% LTC, 1% fee, 5% rate
A&E	10% of hard costs
Permits and Fees	Includes: School Impact fee, Childcare Impact Fee, PG&E Connection Fees, Wastewater Connect Fees, Water Capacity Fees, Other Utility Fees, Building
Total Soft Costs (approximate)	28% of Hard Costs

Revenue Assumptions

Rental assumptions	See Exhibit A
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Other Assumptions

Sale Value of Parking Space	\$100,000 per space
Rental Scenario Assumptions	
Occupancy	95%
Operating Expenses not incl. property taxes	\$6,000 per unit/year
Capitalization Rate	4.25%
Permanent Financing	Refinance construction loan amount; 4% rate, 30 year amortization
Target Return on Cost	5.25%
Sale Scenario Assumptions	
For Sale Brokerage	5%
Closing Costs/Unit	\$3,000
Warranty Reserve	1%
Target Profit Margin	18%

Notes:

All financial and programmatic estimates are preliminary in nature for illustrative purposes and subject to change.



MEMO TO THE PLANNING COMMISSION

Supplemental

January 11, 2022

Project: Summary of SB 9 Financial Feasibility Analysis
Case Number: 2018-016522CWP
Staff Contact: James Pappas, Senior Planner, 628.652.7470,
james.pappas@sfgov.org
Reviewed by: Joshua Switzky, Land Use Program Manager, 628.652.7464
joshua.switzky@sfgov.org; and
Maia Small, Community Equity Policies and Strategies Manager, 628.652.7373,
maia.small@sfgov.org

Recommendation: None- Informational

Background

The San Francisco Planning Department has contracted with consultant Century Urban to analyze the financial feasibility for property owners and/or developers of adding housing units to an existing single-family home. As part of this work, Century Urban has analyzed prototypes based on potential projects that may be possible under recently enacted California Senate Bill (SB) 9, which allows for duplexes on most parcels currently zoned as RH-1 as well as the potential for a lot split with a duplex allowed on the resulting lots. More information on SB 9 can be found in a [memo](#) and [presentation](#) to the Planning Commission from October 21, 2021.

This summary highlights key findings and assumptions from high level financial analyses that Century Urban performed on development prototype projects in different neighborhoods representative of potential scenarios under SB 9 in San Francisco. This type of financial analysis is important to understand the potential financial costs and benefits of small multifamily housing developments, the types of owners or developers likely to undertake them, where such developments may be more likely to occur, and the barriers or challenges as well as potential tools for future research that might support the addition of more housing.

Assumptions

In late 2021, Century Urban analyzed potential for development of small multifamily buildings on sites with existing single-family homes. For this analysis, Century Urban reviewed prototype developments using general

market assumptions for unit types, costs, rents, sale prices, financing, and other factors that shape feasibility and likelihood of development. While financial feasibility (discussed more below) was assessed using metrics typically used by housing developers, the prospective developments and their economic performance are largely similar for long time property owners wishing to add units to an existing property as for housing developers.

Development Scenarios, Tenure, and Neighborhoods

Century Urban analyzed six development prototype scenarios to assess potential financial costs and benefits to a property owner or developer of adding homes under SB 9. Century Urban analyzed both for-sale and rental versions of each of the scenarios and researched rents and sale pricing in different neighborhoods, specifically Bayview, Inner Richmond, and Pacific Heights. The first scenario assumes demolition of an existing single-family home and construction of a larger home along with a small additional unit. The other five scenarios retain the existing home and add from one to three units in the ground floor of the existing home, the yard, or in both the ground floor and yard. Prior to this analysis on SB 9, Century Urban, on behalf of the Controller's office, had conducted an initial feasibility analysis of 3- and 4-unit redevelopments of existing single-family homes in San Francisco. Early findings from this analysis showed much higher costs and lower financial feasibility for projects that demolish an existing home and, for this reason, the analysis described here focuses on retention of an existing home with the exception of the scenario of building a large single-family home and small additional unit. Planning will continue to work with Century Urban to analyze the financial feasibility of fourplex projects to inform pending legislation and will release information on this analysis when complete.

Defining Costs and Financial Feasibility

In this analysis costs for developing housing are broken down into three broad categories:

- **Hard costs** for construction labor and materials, and
- **Soft costs** for architecture and engineering, financing costs, permits and fees, etc. and
- **Land costs** for purchasing the parcel on which a project would be built.

In addition to development costs, there are costs for selling or renting new housing such as marketing and brokerage fees and for rental properties ongoing costs of maintenance, property taxes, and insurance. Given that someone must be compensated for their time spent developing a project as well as for the inherent risk associated with investing money in property development, the analysis assumes a return to the property owner/developer of 20% of hard and soft costs, a real estate industry standard.

Century Urban used two main metrics to assess financial feasibility:

- **Return on cost**, the annual rate of return the owner would receive relative to the total project development cost before debt service. The annual rate of return can be compared to other potential investments as a way to assess whether the project is an attractive investment.
- **Residual value**, the amount that a purchaser of a home or land can afford to pay for that home or land and still have a profitable project. Residual value is calculated by subtracting the hard and soft costs of the project and developer profit from the total net sale value of the project. If the residual value is below the estimated sale price for an existing single-family home then a property owner would be less financially motivated to invest in additional units and a developer would be unable to match typical offers from other single-family home buyers.

Even where projects are financially infeasible or unprofitable, homeowners may have other motivations to construct units at their properties, including creating housing for family members or friends; lack of concern with achieving a specific financial return; hope that, while not profitable now, the units may be more valuable or generate positive income in the more distant future; combining needed renovation with unit additions; or a preference for investing in their own property rather than in other potential investments.

Project Funding

For this analysis Century Urban used a simplifying assumption that a property owner or developer would be able to borrow 60% of the project cost to build the new units. The construction loans would range from an estimate of more than \$100,000 for a small ground floor unit to \$600,000 for two rear yard units to nearly \$2 million to build a large single-family home with a small additional unit. This analysis has not addressed how the loan would be secured, but it would likely require a senior lien on real property or a qualified guarantor. In addition to the loan amount, the owner or developer would need to provide the remainder of the development cost likely through their own equity. The equity needed for the prototypes ranged from \$76,000 for a small garage unit to \$416,000 for the two rear yard units to \$1.3 million for the large single-family home with small additional unit. An existing home could be used as an equity source, however, this would depend on the amount of equity available and the property owner's ability and willingness to take on additional debt.

Key Findings

Below are key findings from the financial feasibility analysis performed by Century Urban.

At Current Costs, Rental Rates, and Single-Family Prices, Financial Feasibility of Adding New Units is Challenging

In the scenarios analyzed, estimated residual values for a property on which a homeowner could add units (i.e., the amount someone could pay for the property) fell below current single family home prices in most cases. This indicates that it would be difficult for homeowners or developers to utilize or acquire a typical single-family home to add units at a cost that would result in a financially feasible project. In other words, single-family home buyers paying current prices for most homes would typically outbid a developer for the same property. For prototype scenarios in which a current homeowner planned to add units, remain in the property, and collect rental income, neither the projected investment returns nor the amount of annual cash flow is projected to be compelling compared to other potential investments.

The analysis is based on average or median costs, prices, and rents, and there may be circumstances when the price of an existing home is low enough that it is feasible for a developer to acquire an existing single-family home and construct additional units. For example, when a home is unusually small and/or poorly maintained, a developer may face less competition from homebuyers who can afford single family home prices in San Francisco where the median price is over \$1.5 million.

Hard Costs are by Far the Largest Cost of Adding Units

Construction costs, including labor and materials, are the largest component of the development costs for adding new units, typically representing 70-80% of development costs excluding land costs. As a result, while reducing other costs such as permits, fees, transaction costs, or compensation for a developer's time or investment may improve feasibility, the fundamental challenge with new project feasibility stems primarily from cost of construction relative to the value generated from rents and sale prices. Construction costs in San

Francisco, which are among the world's highest, are therefore a significant barrier to adding units to existing homes but also represent an area where cost reductions could make a substantial difference to feasibility.

For-sale Projects Are Stronger Than Rental Projects

Given similar construction costs, the for-sale scenarios resulted in higher residual land values or greater feasibility than the rental versions. In addition, the annual cash flow after debt service for the majority of the rental scenarios ranged from almost no income to less than \$1,000 per month. Only in the highest rent areas studied such as Pacific Heights was estimated rental income after debt service likely to be more than a few thousand dollars per month for projects adding three units. This rental income would only be generated after investing tens if not hundreds of thousands of dollars, as discussed above, and at least a year in developing the project, limiting the financial appeal of adding rental units.

Financial Feasibility Does Not Change Significantly by Neighborhood

Financial feasibility is not substantially different in any of the neighborhoods reviewed. Pacific Heights, with higher rents and sale prices, also had high single-family home purchase prices, a barrier to adding units. Though neighborhoods like Bayview may have lower home prices, they may also have lower sales prices and rents while construction costs do not vary meaningfully by location and create a barrier to adding units in these neighborhoods. The scenario where an existing home is demolished and replaced with a larger home with a small additional unit seems to be possible only in the highest priced neighborhoods like Pacific Heights. Adding units to sell may be financially feasible in a minority of cases in mid-price areas like the Inner Richmond. In lower priced areas like the Bayview, adding a small ground floor unit to sell may be feasible in some cases but most other scenarios seem less likely.

Property Owners Face Financial Barriers but May Have Different Goals than Developers

Homeowners wanting to add units to their home may be intimidated by risk, lengthy timelines, high costs, and limited financial returns relative to the value of the existing home and relative to other potential investments. On the other hand, property owners may be motivated by other factors including the housing needs of family and friends and some may have the interest, time, and training to build additional units themselves. The City can explore additional tools and incentives to lower costs for property owners who wish to add housing units to their properties.

Conclusion and Next Steps

The analysis provided by Century Urban implies limited financial incentive for property owners and developers to undertake prototype projects using SB 9, however, does not rule out that some property owners may undertake projects to add housing using SB 9 in the future or that development may be financially feasible in projects differing from the average assumptions used in the prototypes. In general, changes in key factors, for example construction costs, could affect project feasibility and likelihood of adding units for existing property owners and developers alike. Planning will continue to work with Century Urban on analysis of financial feasibility of small multi-family (e.g. fourplex) developments on existing single family home parcels and will publish findings from this analysis in the near future to inform proposed legislation and local policy.

See Attached Small Multifamily Analysis From Century | Urban focused on SB 9 Prototypes.

An aerial, black and white photograph of the San Francisco skyline. The city is densely packed with buildings of various heights. In the background, the hills are visible, and the Golden Gate Bridge can be seen on the right side. The text is overlaid on the left and center of the image.

Century | Urban

**Strategic
Real Estate
Advisory Services**

Small Multifamily – Conceptual Analysis

Presented to:

**City of San Francisco, Planning
Department**

December 14, 2021



SMALL MULTIFAMILY - CONCEPTUAL ANALYSIS

TO: City of San Francisco, Planning Department
FROM: Century | Urban
SUBJECT: Small Multifamily - Conceptual Analysis
DATE: December 14, 2021

Summary

The City of San Francisco, Planning Department (the "City") has engaged Century | Urban to conduct certain analyses regarding potential new residential development that may result from the passage of California Senate Bill 9. Specifically, the City has requested analysis of the following scenarios: 1) redevelopment of a single family home into a larger prototype home with an additional unit (Scenario 1), or 2) the development of up to three additional units on a lot with an existing single family prototype home (Scenarios 2-6).

Century | Urban prepared a high-level conceptual analysis, including six scenarios identified by the City. Each scenario included both for-sale and for-rent versions, and each scenario was applied to three neighborhoods, Pacific Heights, the Inner Richmond, and the Bayview. The specific scenarios and preliminary results of the analysis are summarized in the attached Exhibit A.

Analysis Qualifications

The analysis referenced in this memorandum utilizes prototypical projects that represent high-level average or median project assumptions observed in the market at the time of analysis preparation. The prototypical projects do not correspond with any particular actual project or actual economics. Any actual project may reflect dramatically different costs, rental rates, sale prices, or other details and by contrast to the prototype is driven by the particular circumstances of that project including its sponsor, history, site conditions, contractor, business plan, and/or other factors. Moreover, the criteria and assumptions utilized in selecting and analyzing the prototype assumptions are specific to the time the analysis was prepared and the research was conducted, and any such assumptions will likely change over time as sale prices, rental rates, development costs, lender/investor return targets, and land costs change over time based on market conditions.

Key Assumptions



For the analysis, Century | Urban utilized lot and unit sizes provided by the City and assumptions shown in the attached Exhibit B. To prepare the analysis, Century | Urban researched rental rate and sale comparable information for the three neighborhoods.

This conceptual analysis includes several simplifying assumptions including assuming similar hard costs and designs across the three neighborhoods, 60% loan-to-cost construction financing for the projects, sale of additional units as separate condominium units, as well as other assumptions. In addition, while 12 months of past sale comparable information and available comparable rental rates were utilized for each of the various size prototype units in each of the neighborhoods, the amounts shown in Exhibit A are based on averages or weighted averages of the research data. Consequently, unless otherwise noted, the results of this analysis reflect potential outcomes for an average unit or home, not for any particular instance or case.¹

Century | Urban calculated the residual value of each scenario by subtracting the estimated development costs from the projected net sales value of the completed development projects. The residual value represents the maximum cost of land / initial home cost at which a homeowner/developer would achieve "economic feasibility" for the development project.² Typically, where the market value of land exceeds residual value, proceeding with development would not be considered feasible.

High Level Conclusions

- ❖ Projected equity capital requirements based on the 60% loan-to-cost assumption for the six prototype scenarios are shown in Exhibit A. The required equity capital contribution amounts may exceed the available funds or home equity of many homeowners, which may affect a homeowner's ability to pursue new development or redevelopment.
- ❖ In Exhibit A, Century | Urban estimates the amount of annual net operating income for a rental use for the six scenarios³, which suggest several potential conclusions: 1) the amount of potential income may not be sufficient to incentivize for-profit third-parties to develop such projects themselves or to partner with homeowners to develop these projects; 2) for homeowners, the projected annual income generated from the project may not be worth the time, effort, and risk required to pursue development.
- ❖ The estimated annual return on cost for renting additional units are shown in Exhibit A. These returns indicate that while higher returns may be generated in higher rent

¹ Century | Urban notes that construction costs vary over time, additional unit sizes are in practice driven by actual available buildable square footage at a property, and rental rates and sale costs respond to macro- and micro-economic market conditions. Therefore, the general conclusions noted below apply to the prototypes examined at the time of the examination, but not necessarily over a larger timescale or in specific instances.

² Economic feasibility in this memorandum is used to mean that upon sale, the homeowner/developer would receive a return of their total investment plus a 20% profit on the new development cost expenditure. The 20% amount is assumed to compensate for homeowner for the significant time and capital invested to complete a San Francisco redevelopment project.

³ These amounts do not include deductions for debt service or personal taxes.



submarkets, the returns may not be sufficiently compelling to attract third-party for-profit investment in these developments from traditional real estate investors.

- ❖ For Scenario 1, of the three neighborhoods, only the residual value of the Pacific Heights prototype home exceeds the estimated median home price for a 1,500 square foot home.⁴ In the Inner Richmond and Bayview scenarios, the residual value of the large prototype home redevelopment does not exceed the estimated median home price. These results suggest that this redevelopment prototype may not be economically feasible for average single-family home lots in the Inner Richmond and the Bayview but may be feasible in Pacific Heights.
- ❖ In Scenarios 2-6, where units are added to an existing single-family home, residual values are calculated assuming either 1) for the for-sale scenarios, the sale of the units as separate condominium units or 2) for the rental scenarios, the sale of the single-family home with the value of up to three rental units attached.
 - While the residual value of the for-sale scenarios is greater than the residual value of the rental scenarios, the residual values of both the for-sale and for-rent scenarios fall beneath the estimated purchase prices by a typical single-family home buyer for a 1,500-square-foot home in the respective neighborhoods. The difference between the two ranges from \$30,000 to over \$600,000.
 - The difference between the estimated residual values and purchase prices again suggests that these development prototypes may not be economically feasible.

⁴ Estimate based on review of last twelve months of home sales in each neighborhood.



Exhibit A

Residual Values of Single Family Additional Unit Scenarios

Note: Amounts are rounded to nearest \$1,000 or \$10,000

Scenario #	Scenario
1	4,500-square-foot home + 350-square-foot additional unit
2	1,500-square-foot home + one 350-square-foot garage additional unit
3	1,500-square-foot home + one 800-square-foot yard additional unit
4	1,500-square-foot home + one 350-square-foot garage additional unit + one 800-square-foot yard additional unit
5	1,500-square-foot home + two 800-square-foot yard additional units
6	1,500-square-foot home + one 350-square-foot garage additional unit + two 800-square-foot yard additional units
	1,500-square-foot home reduced by 50 square feet for garage additional unit and 250 square feet for yard additional units (pass

Costs and Capital Required for Homeowner / Developer

Scenario	1	2	3	4	5	6
Hard Costs	\$2,800,000	\$130,000	\$420,000	\$550,000	\$840,000	\$970,000
Soft Costs	\$530,000	\$60,000	\$110,000	\$150,000	\$200,000	\$240,000
Total Costs *	\$3,330,000	\$190,000	\$530,000	\$700,000	\$1,040,000	\$1,210,000
Assumed Financing	60%	60%	60%	60%	60%	60%
Approx. Equity Required	\$1,332,000	\$76,000	\$212,000	\$280,000	\$416,000	\$484,000

Returns and Values for Homeowner / Developer

Pacific Heights

Scenario	1	2	3	4	5	6
Homeowner Return						
Total NOI - Additional Units	NA	\$12,000	\$33,000	\$44,000	\$65,000	\$77,000
Return on Cost - Addit. Units	NA	6.2%	6.2%	6.4%	6.3%	6.4%
Debt Service on Permanent Loan		\$7,000	\$18,000	\$24,000	\$36,000	\$42,000
Cash Flow After Debt Service		\$5,000	\$15,000	\$20,000	\$29,000	\$35,000
Residual Value						
For Sale Scenario	\$2,650,000	\$1,880,000	\$1,740,000	\$1,900,000	\$2,010,000	\$2,160,000
For Rent Scenario**	NA	\$1,780,000	\$1,610,000	\$1,670,000	\$1,740,000	\$1,800,000
Historic Purchase Cost (Trailing 12 Months)***	Low	Median	High			
for 1,500 SF SFH by Avg SF	\$2,250,000	\$2,500,000	\$2,750,000			
Avg 2 Bedroom Price		\$2,550,000				
Avg 3 Bedroom Price		\$3,900,000				

Inner Richmond

Scenario	1	2	3	4	5	6
Homeowner Return						
Total NOI - Additional Units	NA	\$10,000	\$20,000	\$31,000	\$41,000	\$51,000
Return on Cost - Addit. Units	NA	5.4%	3.9%	4.4%	3.9%	4.2%
Debt Service on Permanent Loan		\$7,000	\$18,000	\$24,000	\$36,000	\$42,000
Cash Flow After Debt Service		\$3,000	\$2,000	\$7,000	\$5,000	\$9,000
Residual Value						
For Sale Scenario	\$540,000	\$1,600,000	\$1,420,000	\$1,560,000	\$1,580,000	\$1,720,000
For Rent Scenario**	NA	\$1,490,000	\$1,100,000	\$1,130,000	\$960,000	\$980,000
Historic Purchase Cost (Trailing 12 Months)***	Low	Median	High			
for 1,500 SF SFH by Avg SF	\$1,575,000	\$1,725,000	\$1,950,000			
Avg 2 Bedroom Price		\$1,730,000				
Avg 3 Bedroom Price		\$2,570,000				

Bayview

Scenario	1	2	3	4	5	6
Homeowner Return						
Total NOI - Additional Units	NA	\$7,000	\$21,000	\$28,000	\$42,000	\$49,000
Return on Cost - Addit. Units	NA	3.8%	4.0%	4.0%	4.1%	4.1%
Debt Service on Permanent Loan		\$7,000	\$18,000	\$24,000	\$36,000	\$42,000
Cash Flow After Debt Service		\$0	\$3,000	\$4,000	\$6,000	\$7,000
Residual Value						
For Sale Scenario	(\$1,580,000)	\$1,020,000	\$800,000	\$820,000	\$750,000	\$770,000
For Rent Scenario**	NA	\$940,000	\$690,000	\$640,000	\$530,000	\$480,000
Historic Purchase Cost (Trailing 12 Months)***	Low	Median	High			
for 1,500 SF SFH by Avg SF	\$975,000	\$1,050,000	\$1,200,000			
Avg 2 Bedroom Price		\$870,000				
Avg 3 Bedroom Price		\$990,000				

Notes:

* Excludes sale costs (marketing, brokerage), development profit, discount for loss of garage/yard, or condominium wrap insurance, which are factored into residual values below.

** Assumes original home sold as vacant single family home and additional units sold as rental apartments.

*** Amounts are gross of sales costs, fees, and taxes.

All financial and programmatic estimates are preliminary in nature for illustrative purposes and subject to change.

Exhibit B**Residual Values Scenarios - Key Assumptions****Unit Sizes**

Large Home Redevelopment	4,500 square feet
Garage Unit	350 square feet
Backyard Unit(s)	800 square feet
Home Loss for Garage Unit	50 square feet
Home Loss for Backyard Unit(s)	250 square feet

Hard Costs

Max SF Home	\$550 per square foot
Garage Unit	\$350 per square foot
Yard Unit	\$500 per square foot

Soft Costs**Soft Costs as % of Hard Costs***

Garage Unit Scenario	48%
All Other Scenarios	19% to 27%

Development Return	20% of hard and soft costs
--------------------	----------------------------

Revenue

Gross Average Sale Prices	<i>Lowest Scenario</i>	<i>Highest Scenario</i>
Pacific Heights	\$1,219 PSF	\$1,599 PSF
Inner Richmond	\$1,025 PSF	\$1,090 PSF
Bayview	\$531 PSF	\$756 PSF

Average Rent Estimates	<i>Lowest Scenario</i>	<i>Highest Scenario</i>
Pacific Heights	\$5.15 PSF	\$5.27 PSF
Inner Richmond	\$3.47 PSF	\$4.85 PSF
Bayview	\$3.53 PSF	\$3.88 PSF

Expenses

Vacancy	5% of revenue
General Operating Expenses	\$6,000 per unit annually
Insurance	\$500 per unit annually
Real Estate Taxes	Calculated based on projected total value
Permanent Financing	Assumes take-out of construction loan with no cash out, 3.75% interest rate and 30 year amortization, no fees

Additional Unit Capitalization Rates

Pacific Heights	3.75%
Inner Richmond	3.75%
Bayview	4.00%

Sales Costs / Value

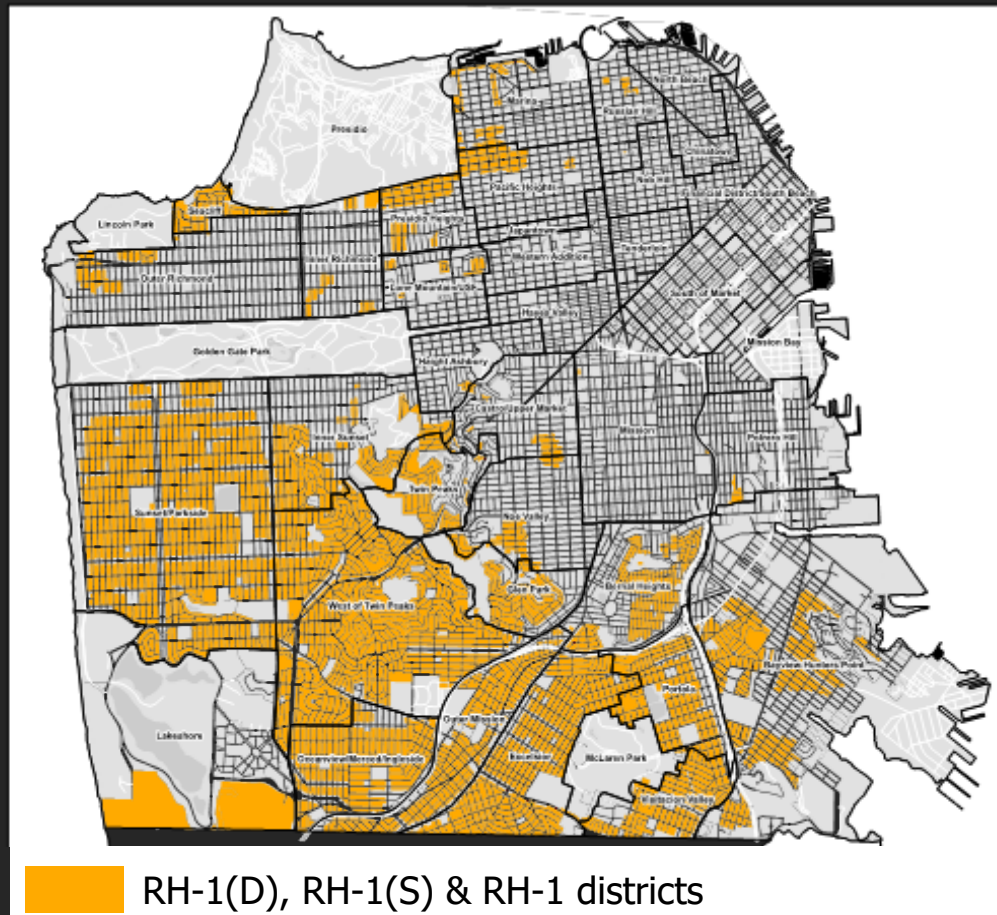
For Sale Brokerage	5%
For Rent Brokerage	3%
Transfer Taxes	Per City
Loss of Yard/Garage Discount	Not currently included

*Soft costs as a % of hard costs do not include sale costs (marketing, brokerage), development profit, discount for loss of garage/yard, or condominium wrap insurance.

All financial and programmatic estimates are preliminary in nature for illustrative purposes and subject to change.

Recommendation 1:

Rezone all the City's RH-1 zoning districts to RH-2.



Recommendation 2:

Increase the density exception on corner lots from four units to six units.



Recommendation 3:

Adopt a local alternative to SB 9.

Two possible tracks for projects that meet the City's housing goals. Both tracks grant:

- Reduction of rear yard requirement with four units;
- Exempt from 311 notice and 317;
- Subject to objective design standards; and
- Lot split allowed on corner lots.

The “owner occupied” path additionally grants:

- Ability to bypass condo restrictions; and
- Historic Evaluation fee waiver.

Recommendation 4:



Explore establishing a fee on single-family homes larger than 4,000 sq. ft.

Recommendation 5:



Increase funding to supportive housing programs.

Recommendation 6:

Amend the proposed Ordinances to comply with Senate Bill 10's technical requirements.



Recommendation 7:

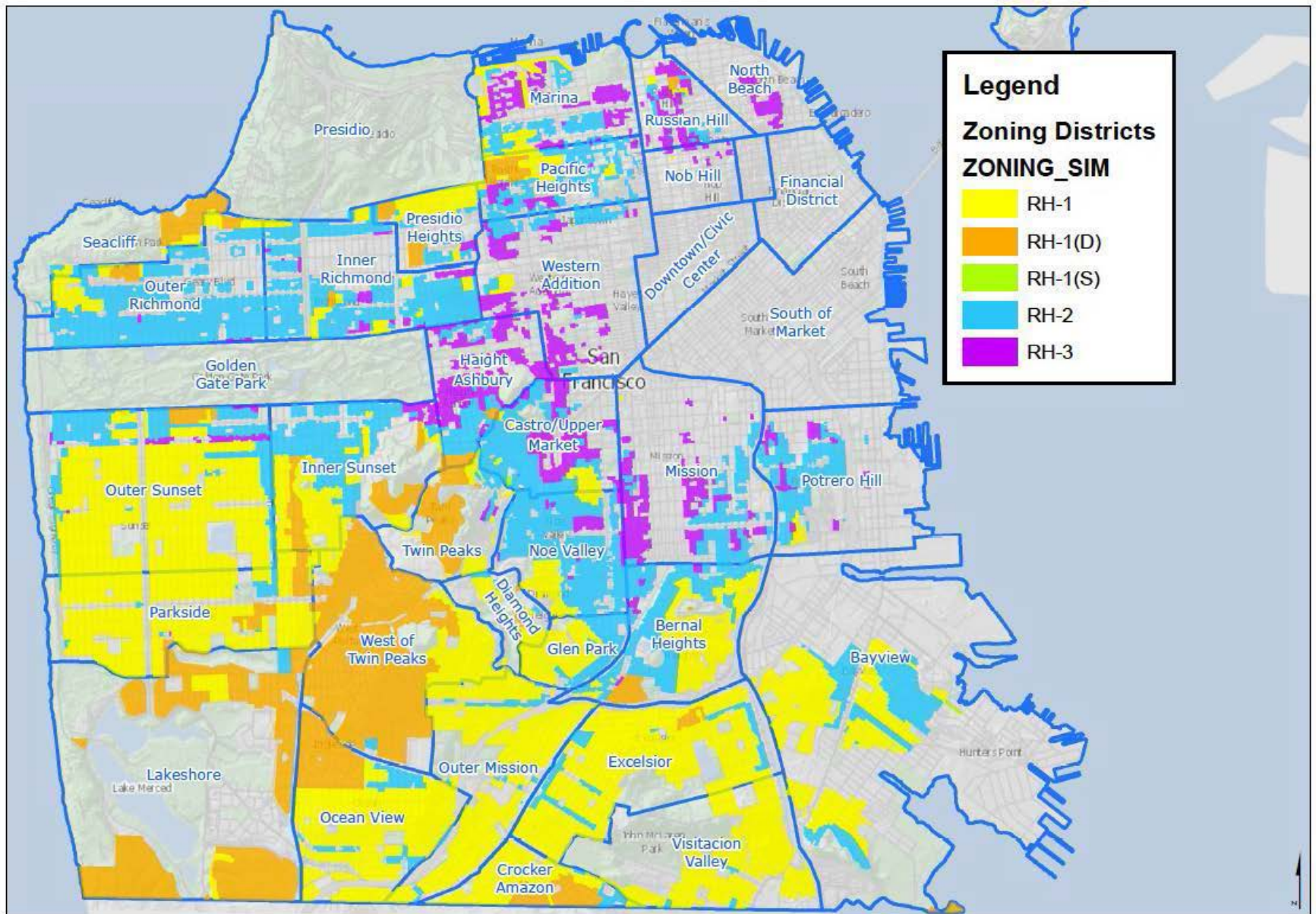


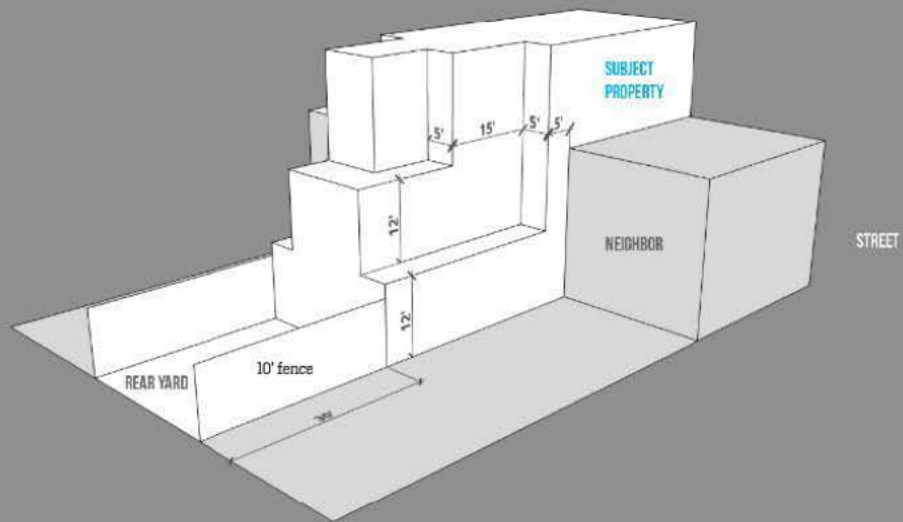
Pursue the adoption of objective residential design standards.

Recommendation 8:

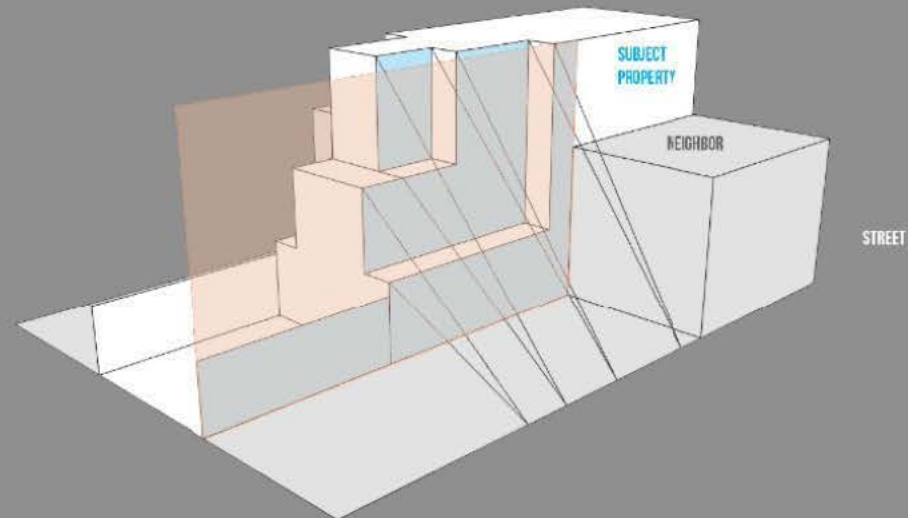


Recommend amendments to the Subdivision Code for projects that meet certain requirements, to apply to form condos via new construction pathway, even for existing units being retained.





OPTION A



OPTION B

Current Building Standards

	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
Height & Bulk Limits	35ft high for 100% residential buildings, 40ft high for buildings with non-residential uses			40ft high	40ft high
Front Setback	Required. Based on average of adjacent properties or if subject property has a Legislated Setback. When front setback is based on adjacent properties, in no case shall the required setback be greater than 15ft				
Rear Yard	30% of lot depth, but in no case less than 15ft			45% of lot depth or average of adjacent neighbors. If averaged, no less than 25% or 15ft, whichever is greater	
Side Yard	Required for lots wider than 28ft.	Not required			
Front Setback Landscaping	Required. At least 50% of Front Setback shall be permeable to increase storm water infiltration and 20% of Front Setback shall be unpaved and devoted to plant material				
Usable Open Space Minimum per Dwelling Unit	300 sqft if private, 400 sqft if common		300sqft for the 1st unit and 100sqft for the minor 2nd unit if private, and 400sqft for the 1st unit and 133sqft for the 2nd unit if common	125sqft if private, and 166sqft if common	100sqft if private, and 133sqft if common

SB9 versus Local Alternative

SB 9			Proposed Local Alternative	
Proposal	Lot Split	No Lot Split	Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies	RH-1, RH-1(D), & RH-1(S)		All RH Districts	
Requirements	Maximum Density	2 units on each new lot + ADUs if allowed by local Ordinance	2 units + ADUs	
	Minimum Lot Size	1,200 sq ft for each new lot (2,400 sq ft total)	no minimum lot size required	
	Owner Occupancy Requirement	Owner "Intent to Occupy" 3 years post lot split approval	No	Owner "Intent to Occupy" 3 years post construction*
	Required Rear Yard Setback	-No building standards are allowed that would prevent two, 800sqft units per parcel -4ft rear yard setback can be required by local Ordinance	30%	30% if project results in 4 units, otherwise underlying zoning.
	Unit Proportionality	None	2nd unit must be at least 50% of 1st unit size	
	Increase Density	An SB 9 development must include 2 units per lot	Must result in at least 4 units	Must add at least 1 new unit
Eligibility		<ul style="list-style-type: none"> -Has not been tenant occupied for at least 3 years prior to filing the application (could be owner occupied or vacant) -Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years -Is not a Historic Resource under Article 10 or in a Historic District 	<ul style="list-style-type: none"> •Has not been tenant occupied for at least 3 years prior to filing the application •Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years •Is not an A building or Historic Resource under Article 10, etc. 	<ul style="list-style-type: none"> •Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)* •Owner signs affidavit stating intent to occupy for at least 3 years post construction* •Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years. •Is not an A building or Historic Resource under Article 10, etc.

SB9 versus Local Alternative

SB 9			Proposed Local Alternative	
Proposal	Lot Split	No Lot Split	Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies	RH-1, RH-1(D), & RH-1(S)		All RH Districts	
Process	Subject to 317	No	No	
	Subject to 311	No	No	
	Residential Design Guidelines	Objective Standards Only	Objective Standards Only	
	CEQA Review	No	Yes	
	Fee Waiver for Historic Evaluation	No	No	Yes
	Condo Conversion Process	Depends on the project	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained (<i>would require a new provision of the Subdivision Code enacted under this Ordinance</i>)
<p>ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2 units allowed plus ADU's for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply.</p> <p>A fee would be charged for projects in RH districts proposing new construction of a single-family home, or expansion of an existing single-family home that would result in a unit 4,000sqft or more. The amount of the fee should be based on both nexus and feasibility studies and should be distributed to the Down Payment Assistance Fund.</p> <p><i>*Not required if owned by a non-profit</i></p>				

Local Alternative

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Requirements	Maximum Density	4 units on Interior Lots, 6 on Corner Lots	
	Minimum Lot Size	Lot split allowed on corner lots with minimum lot size of 1,200 sq. ft. no variances required for existing building w/ minimum 4 ft setback from new property line Maximum 6 units across the two lots	
	Owner Occupancy Requirement	No	Owner "Intent to Occupy" 3 years post construction*
	Increase Density	Must result in at least 4 units	Must add at least 1 new unit
	Required Rear Yard Setback	30%	30% if project results in 4 units, otherwise underlying zoning.
	Unit Proportionality	2nd unit must be at least 50% of 1st unit size	
	Eligibility	<ul style="list-style-type: none"> Has not been tenant occupied for at least 3 years prior to filing the application Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years Is not an A building or Historic Resource under Article 10, etc. 	<ul style="list-style-type: none"> Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)* Owner signs affidavit stating intent to occupy for at least 3 years post construction* Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years. Is not an A building or Historic Resource under Article 10, etc.

Local Alternative

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Process	Subject to 317	No	
	Subject to 311	No	
	Residential Design Guidelines	Objective Standards Only	
	CEQA Review	Yes	
	Fee Waiver for Historic Evaluation	No	Yes
	Condo Conversion Process	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained. <i>(would require a new provision of the Subdivision Code enacted under this Ordinance)</i>
ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2-3 units (depending on zoning district) allowed plus ADUs for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply. <i>*Not required if owned by a non-profit</i>			

SB 9 & Sup. Mandelman

SB 9				Supervisor Mandelman's Proposed Ordinances	
Proposal		Lot Split	No Lot Split	Corner Lots Only (Board File No. 210564)	All Lots (Board File No. 210866)
Where it Applies		RH-1, RH-1(D), & RH-1(S)		RH-1, RH-1(D), & RH-1(S), RH-2, & RH-3	
Requirements	Maximum Density	2 units on each new lot + ADUs if allowed by local Ordinance	2 units + ADUs	4 units + ADU'S	
	Minimum Lot Size	1,200 sq ft for each new lot (2,400 sq ft total)	no minimum lot size required	Standard	
	Owner Occupancy Requirement	Owner "Intent to Occupy" 3 years post lot split approval	No owner occupancy requirement pre/post project	No owner occupancy requirement pre/post project	
	Required Rear Yard Setback	-No building standards are allowed that would prevent two, 800sqft units per parcel -4ft rear yard setback can be required by local Ordinance		RH-3 Building Standards (45% rear yard)	
	Unit Proportionality	None	None	None	
	Increase Density	An SB 9 development must include 2 units per lot		Must be more than base allowable density	
	Eligibility	-Has not been tenant occupied for at least 3 years prior to filing the application (could be owner occupied or vacant) -Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years -Is not a Historic Resource under Article 10 or in a Historic District		May not also seek or receive a density bonus under Sec. 206.5 or 206.6	
Process	Subject to 317	No		Yes	
	Subject to 311	No		Yes	
	Residential Design Guidelines	Objective RD Standards only		Residential Design Guidelines	
	CEQA Review	No		Yes	
	Fee Waiver for Historic Evaluation	No		No	
	Condo Conversion Program	Depends on the project	Depends on the project	Subject to condo conversion process for proposals retaining an existing unit(s)	

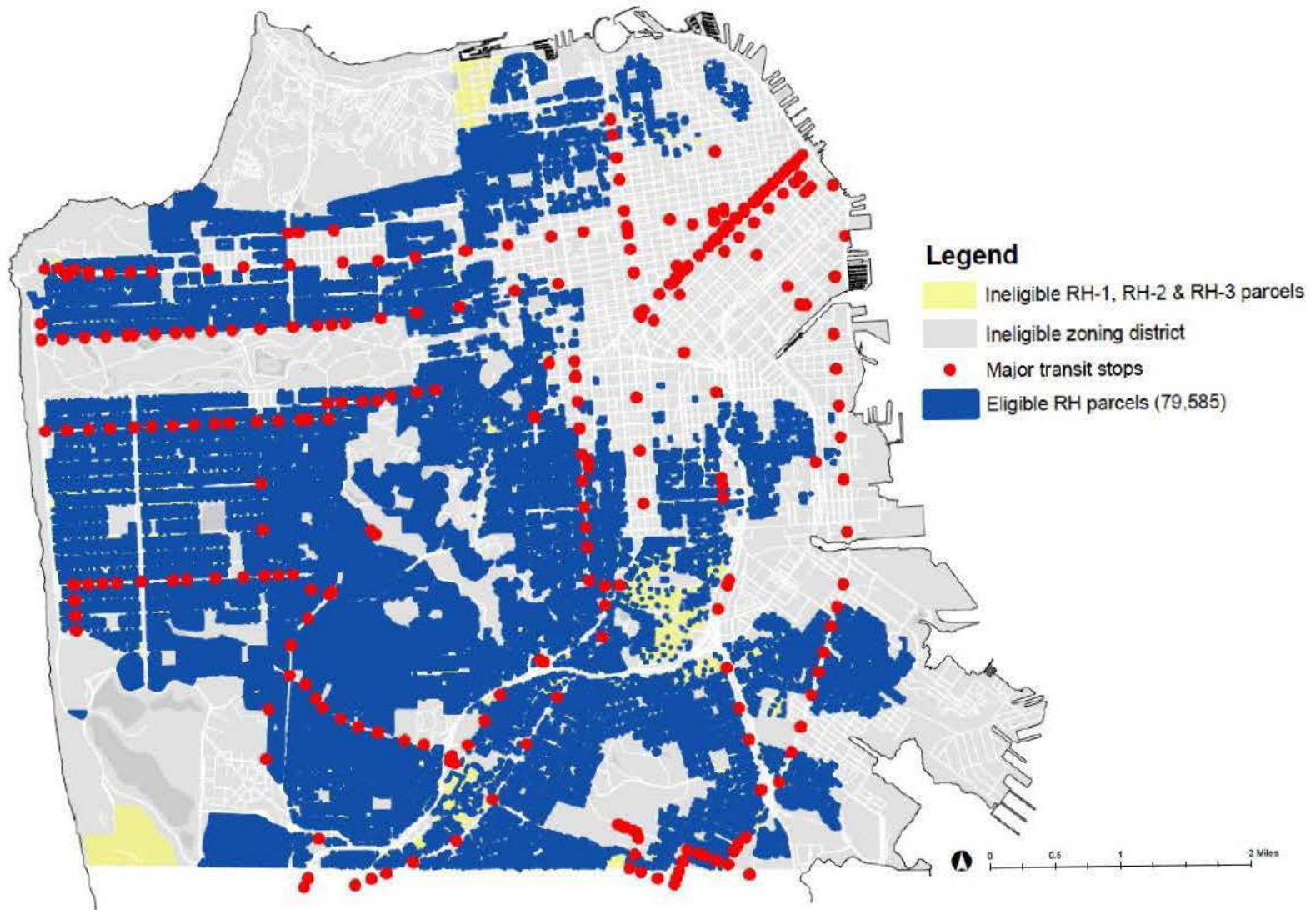
Sup. Mar & Sup. Safai

The Way It Would Be:

	BF# 211202 (Mar)	BF# 211234 (Safai)
Zoning Districts	All RH Districts	RH-1, RH-1(D), RH-2, & RH-3
Density Exception	4 units per lot (<i>not including ADU's</i>)	4 units per lot (<i>inclusive of ADU's</i>)
Eligible Lots	<ul style="list-style-type: none"> All Total of 121,429 parcels 	<ul style="list-style-type: none"> Must be within 1 mile of a major transit stop³ 2,500 sqft Total of 79,850 parcels (<i>See Exhibit C for map</i>)
Eligible Projects	<ul style="list-style-type: none"> Is not receiving another density bonus Each unit over base density must have at least 2 bedrooms, and; Each unit over base density must be rent controlled, and; <ul style="list-style-type: none"> All units over base density must be affordable at 100% AMI for both rental and owner 	<ul style="list-style-type: none"> Will result in at least 3 dwelling units Is not receiving another density bonus Any units proposed for demolition must be replaced Must be proposing new construction or additions to existing structures Must be 100% residential Must include at least 1 affordable unit: <ul style="list-style-type: none"> Rental @ 110% AMI max, or Owner @ 140% AMI max, and; At least 2 units contain 1 or more bedrooms, and; Subject to rent control No unit smaller than min. size set by CA TCAC
Additional Exceptions for Eligible Projects	RH-3 building standards apply	<ul style="list-style-type: none"> Rear yard reduction to no more than 25% or 15 ft (whichever is greater)* Exposure reduction to no less than 25ft in each direction* RM-1 open space standards apply Priority Processing (180 days)* No Neighborhood Notice (311 Notice) No Discretionary Review Minor alleviations from Residential Design Guideline massing standards at discretion of Planning Director Up to 15% additional alleviations from open space, rear yard, and exposure at discretion of Planning Director

* With additional restrictions/conditions

Sup. Safai: Eligible Parcels Map



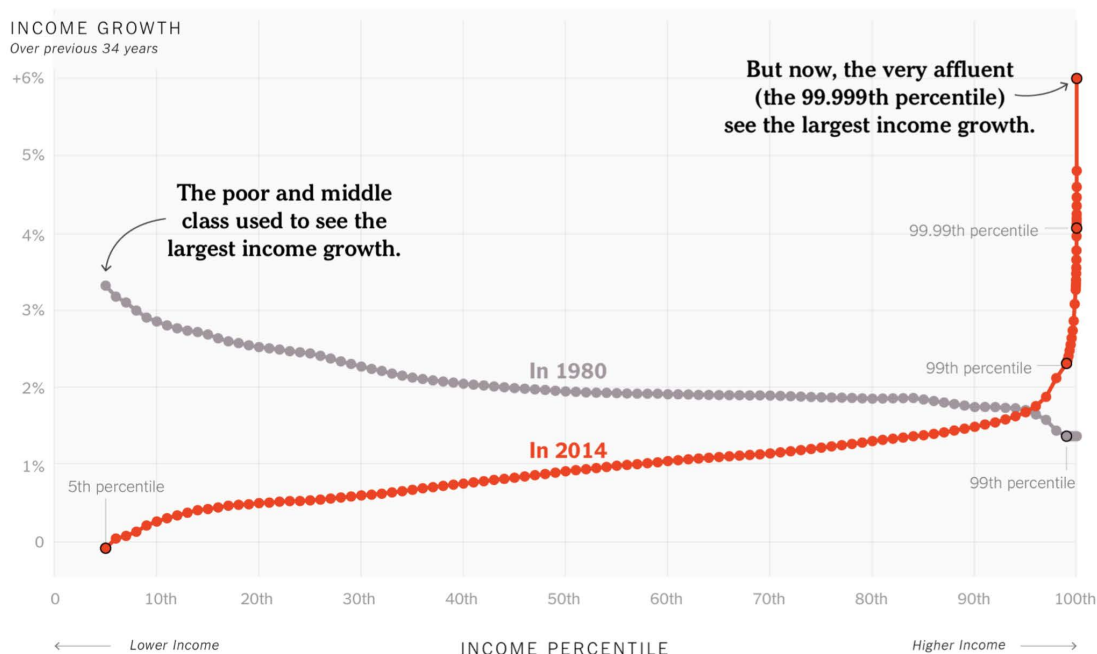
From: [Thomas Schuttish](#)
To: [Major, Erica \(BOS\)](#)
Subject: LUT Hearing on April 11, 2022 Board File Nos. 210866 and 211202
Date: Sunday, April 10, 2022 5:23:17 PM
Attachments: [Screen Shot 2022-04-10 at 4.42.22 PM.png](#)

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Our Broken Economy, in One Simple Chart

By DAVID LEONHARDT

AUG. 7, 2017



Dear Ms. Major:

Please forward this to the Supervisors. Thank you and take care.

Here are my comments for the hearing on Items 5 and 6 for Monday afternoon's hearing:

Dear Supervisor Melgar, Supervisor Preston and Supervisor Peskin:

The screenshot of the graph above speaks for itself.

Everyone knows the reality of what the graph illustrates.

The income inequality is even more extreme in San Francisco due to the incredible cost of housing which is due in large measure to speculation.

The "Housing Our Workers" report detailed this.

And the attached chart is from August 2017 which is prior to the Pandemic.

The two Ordinances before the Committee take two different approaches to solve the housing problem.

Even if either Ordinance moves forward to the full Board and is approved, the Planning Department still plans to undertake a major rezoning effort within the next three years. This rezoning could have implications for the implementation of either Ordinance.

Please move both measures to the Full Board so, there can be a complete and thorough discussion of both Ordinances,

as well as the Rezoning Program proposed in the Housing Element at attachment E.

Thank you.

Sincerely,

Georgia Schuttish

From: [MARY MCFADDEN](#)
To: [Major, Erica \(BOS\)](#)
Subject: Comment for land use meeting March 7, 2021
Date: Monday, March 07, 2022 10:11:03 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

To the committee:

Eliminating single family housing will do nothing good and will do harm.

Building more and destroying homes will not create more affordable housing any more than adding freeways has eased traffic. This is because quantity has nothing to do with pricing and because the more you have, the more people use it.

Supply & demand is not an consumer economic theory; it is Ronald Reagan's simplistic explanation of capitalism. Even if it were real, it would be invalid given that the influx of highly compensated people is fueled by the many billions in tax breaks and subsidies the city and state have given to companies importing those workers, and to the real estate developers and speculators that cater to them.

Home prices in San Francisco increased 217% between 2010 and 2020. The population has not doubled, so it is not demand. What has more than doubled is the wealth gap. That economic distance between laborers - teachers and plumbers - and tech and finance employees has deepened and broadened so much that those willing to offer twice the market price are setting a new exorbitant baseline. With tech workers making salaries plus stock options that give them income five to twenty times what teachers make, there is no housing policy that can bridge that distance.

In Noe Valley a shell of a house was listed at \$900K but sold for \$2m. That means that after another \$1m in remodeling, it will be a \$3m to \$4m house or, more likely, two \$4m units. This sets the comparable price of all homes in the area at \$4m. Anyone who came to San Francisco after 2000 is the problem they're complaining about.

Affordability is not related to quantity, but to income levels.

All our policies to provide homes inevitable create a perpetual underclass. Because the home must be sold back into the affordability pool at a very, very small increase (3% over purchase price compared to the 13% rise in market rate housing) affordable home buyers lose equity and economic standing. They may be able to buy up within the affordability pool, but there are many restrictions in size, the quality of the housing is usually poor, and the locations are often dangerous, sometimes due to toxic waste or simply poor workmanship or to the neighborhood. Affordable homes cannot be inherited by children, so there is no generational wealth, no long term financial security. People slide down rather than rise up.

Density works to a point, then it becomes environmentally damaging.

San Francisco is now the 5th hottest heat island in the United States. Density, the thing advocates claim as ecologically beneficial, is doing damage, is raising global temperatures. High rises and huge homes create 4X the radiant heat surfaces that single family homes do. No amount of roof gardening will relieve the heating effects of multi-story walls and windows.

The loss of open space has not just been parks and streetscapes, but backyards. NASA reports that the 3°F rise in Bay Area temperatures and the loss of water in the aquifer over the last twenty years is directly related to the loss of backyards which were the largest green space in urban areas. There is no water in California, and there will be less.

Adding people and buildings, both commercial and residential, will only make things worse. Any prospects for desalinization or other "solutions" require lots of power and all create vast amounts of toxic waste. In the case of desalinization, twice as much toxic waste as potable water and power requirements equal to the yearly output of a nuclear reactor.

Ultimately we cannot build out way out of a problem created by tax policy.

I'm willing to bet that few on this committee know that Apple, a company worth \$700 billion, is given sales taxes from Santa Clara County or that Fresno city budget gave Amazon \$30 million and line item and final approval over the city budget and an official advisory role in the mayor's office. Policies like eliminating single family homes cater to those who are creating the problem they're complaining about. Removing single family homes will allow the destruction of history for huge profit by real estate speculators and developers, but little social gain.

Perpetual growth is unfeasible and deadly. All our housing and tax policies support those industries and those people who should be supporting society by participating in morally just and socially reinforcing policy. The only things that grow without restriction are cancer and kudzu; both kill their hosts. Creating zoning that undermines community is fertilizing predatory businesses.

Mary McFadden
San Francisco, CA

From: Thomas Schuttish
To: Major, Erica (BOS)
Cc: Jennifer Fieber; Smalle, Kyle (BOS); Hopper, Lee (BOS); Bintliff, Jacob (BOS); Lovett, Li (BOS); Jones, Ernest (BOS); Hansstaff (BOS)
Subject: LUT Hearing on March 7, 2022 Items no 4, 5 and 6 Board Files No.210866; 211234; 211202
Date: Sunday, March 6, 2022 11:27:48 PM
Attachments: [311 Plans - 23 74th Ave.pdf.pdf](#)
[RM2, 8932.PNG](#)
[March 6, Chron R.E. ad.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Ms. Major:

Good morning.

There are three attachments with this email as part of comments [on all three of the proposed Ordinances on the Agenda for the LUT on Monday, March 7, 2022.](#)

The three Ordinances that are before the LUT seem to want to deal not only with the "housing crisis" but are also a local response to SB-9 which went into affect on January 1, 2022. As of last week there were ten applications using SB-9/SB-330 according to the Planning Department.

All three proposed Ordinances are well intentioned, most particularly Supervisor Mar's Ordinance, because this Ordinance confronts the housing affordability issue, which is really what the "crisis" is about.

However in the past, the City has failed to use the tool it already has to preserve existing housing which is more relatively affordable housing, and perhaps even increase the existing housing stock. The Planning Staff has declared my neighborhood, Noe Valley, "the epicenter of de facto Demolition". *An epicenter reverberates out.* The increase in price for both rental and "for sale" housing in the past decade since the Great Recession, which is cited in the Findings for two of the proposed Ordinances, not only in Noe Valley but throughout the entire City, *confirm that reverberation.*

The Planning Code Section 317 Demolition Calculations are a tool to be used to prevent Alterations from becoming Demolitions. And Planning Code Section 317 (b) (2) (D) allows for the *adjustment of the Demo Calcs in order to preserve more of an existing structure as needed to "implement the intent of this Section 317 to conserve existing sound housing and preserve affordable housing". That adjustment has never happened. If it had happened, more housing could have been preserved rather than being "de facto" demolished and replaced by much more expensive housing that is beyond the financial reach of most San Franciscans.*

Additionally the parking requirement has been eliminated from the Planning Code, yet major Alterations and other new projects in the RH neighborhoods continue to include garage space.

Whether categorized as a "housing crisis" or an "affordable housing crisis", it is fair to say that housing in San Francisco in the RH and RM neighborhoods has become a commodity, with speculation running rampant and with entitlements often being sold prior to any construction.

San Francisco is stuck...for now...with SB 9.

Until the Board and the Planning Commission can better preserve existing sound housing and/or expand the amount of housing that is within the economic reach of most San Franciscans, this upturning of the City, whether from Sacramento or self-imposed by local decision makers, is not going to solve the "affordable housing crisis. And that is what we have: [An Affordable Housing Crisis.](#)

The attachments below are just a little slice of San Francisco's affordable housing crisis and are three "real world" examples:

Description of Attachments:

[Attachments #1 and #2](#) below show a project in the Richmond District, located [on a 25' x 120' lot \(3,000 sq.ft\) zoned RM-1L](#). It was approved as an Alteration with a vertical expansion of two levels above an existing two level house in 2016.

The photo below shows the work during construction under an Alteration Permit in [October 2017](#). [There are no published Demolition Calculations per Section 317 for this project](#). This unfortunately is often the case for projects in the years following the passage of Planning Code Section 317 by the City in 2008. Years which coincidentally parallel the price increases since the Great Recession as cited in the Findings for both the Mandelman/Haney Ordinance and the Mar Ordinance.

The attached [311 Plans](#) for this project, show that there were likely two units existing on the site, as there are two kitchens noted on Sheet 2. However, looking at the Google Earth photo from [October 2017](#), it seems reasonable to say that it defies logic to think this project was an Alteration, and not a Demolition...de facto or in fact.

This Richmond District project was completed in 2020. The smallest unit (825 sq.ft) sold for \$998K, a four bedroom unit (2,301sq.ft) sold for \$2.290 million in 2020; and currently the third unit (2,374 sq.ft) is for sale asking \$2.5 million. Previously prior to the start of construction, the entitlement for this project sold in [June 2017](#) for \$1.960 million according to Redfin. According to Zillow, the [June 2013](#) sales price *prior* to the City bestowing the entitlement on the original house that appears to have two units....or at least two potential individual living spaces each with a kitchen...was \$997K.

[Here are two questions regarding the project in Attachments #1 and #2:](#) Is this scenario, the sale of the entitlement with a million dollar increase, an apparent illegal Demolition, three expensive new units where two units could have previously existed, what the Board wants? And how likely is a similar scenario throughout the City under the three proposed Ordinances?

[Attachment #3](#) is from the March 6th [SF Chronicle](#) Sunday Open Homes Section, page L3. Two "open homes" are circled, one on [Fair Oaks Street](#) and the other on [29th Street](#).

The property on [Fair Oaks Street](#) seems to be the type of housing (*the missing middle*) that the three Ordinances want to be built. It is zoned RH-3. It is four units, three of them one bedroom apartments and one two bedroom apartment per the ad. The lot is very large at 30' x 117.5' (3,524 sq.ft) and is a through lot to [Quane Alley](#) that allows for parking and good egress. (This size lot is very conducive for multi-units and is not the typical RH lot.) The asking price for this four unit building is \$2.440 million. Apparently all four apartments have been or currently are vacant.

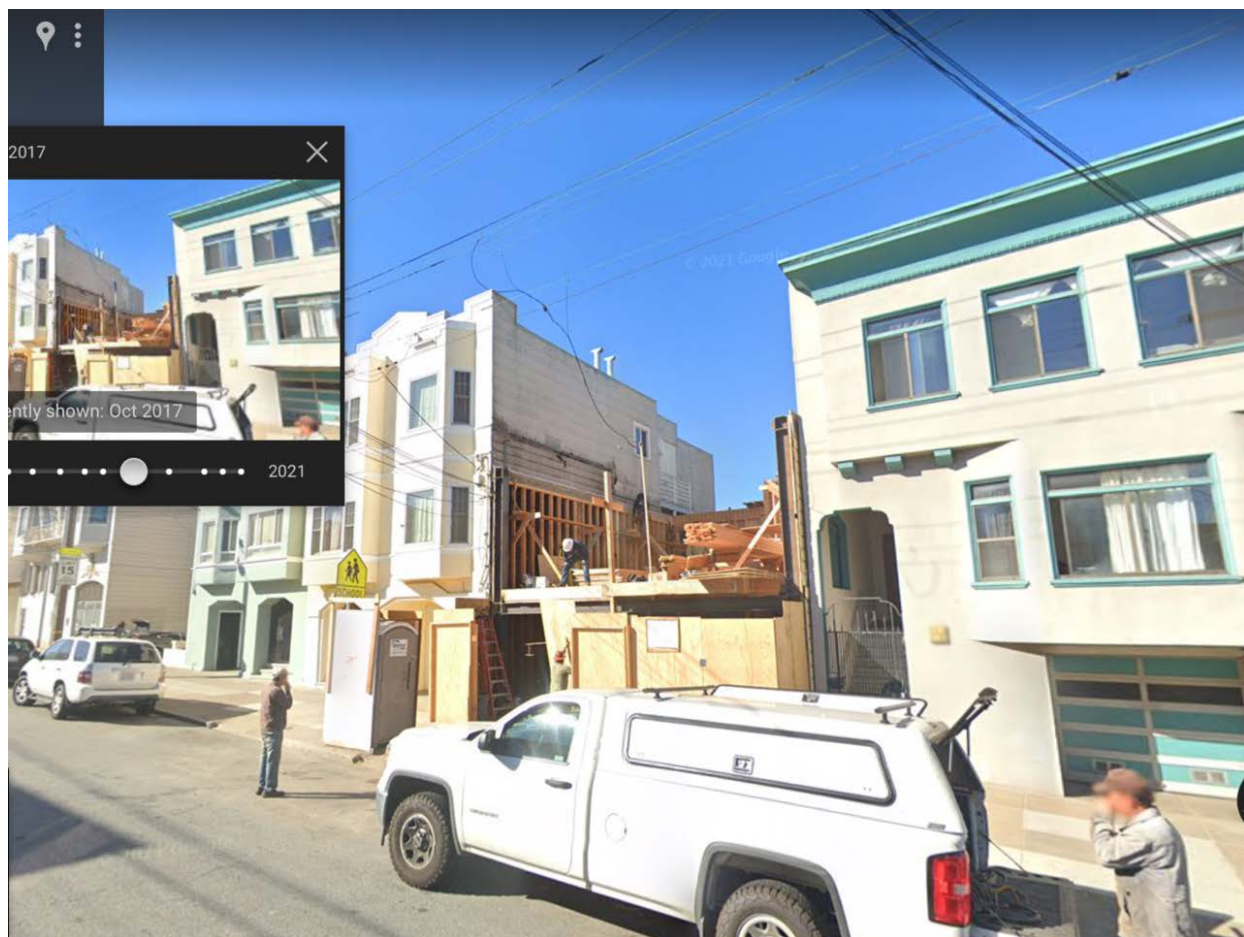
The property on [29th Street](#) is two flats and has an asking price of \$2.199 million on a RH-2 zoned lot of 25' x 101.5' (2,535 sq.ft) and is stated to be "delivered vacant".

[The questions for the housing in Attachment #3 are:](#) What will happen to these two properties once sold? How long have the [Fair Oaks Street](#) apartments been vacant? Do tenants live in the [29th Street](#) flats that are to be "delivered vacant"? How will the property on [29th Street](#) be "developed" and how much will it sell for in its new version? What is the potential speculative development value of both the [Fair Oaks Street](#) apartments and the flats on [29th Street](#)? [And finally:](#) How will the proposed Ordinances affect the cost of this housing that is now for sale?

Sincerely,
Georgia Schuttish

[Attachment #1](#)

[Attachment #2](#)



Attachment #3

Home Guide

→ SFGATE.com/Re

SAN FRANCISCO

Cathedral Hill \$749,000 1 Daniel Burnham Ct #401 Sun 11-1
NEW PRICE. Remodeled 1 bdrm, h/dwd, balcony, pkg pool, spa,
fym. Jeannie Anderson #00915529 Compass 415-271-6887

Delancey Heights \$2,440,000 30 Fair Oaks St. By Appointment



Investment Opportunity in top SF location! Meticulously
maintained, fully detached triplexes in the heart of the Liberty
Hill Historic District w/ 5 parking spaces! 98 WalkScore - three
1BR/1BA units and one 2BR/2BA unit. Fully renovated in 2007.
Laundry, structural, plumbing and electrical upgrades.
Call Jessica@remax.com 415-340-7077 for more information.

Lakeside \$2,295,000 8 Lagunitas Drive 12-2pm Sat &
2-4pm Sun Rarely available detached 4BR/3BA home on
5 spacious light-filled levels featuring LR w/ fplc, Formal
DR, remodeled Kitchen & 2-Car Garage. Incredible extra-
wide lot with beautiful landscaped front & rear garden.
Fabulous floorplan. Chris O'Connor 415-246-9764

SAN FRANCISCO

Noe Valley \$1,995,000 269 Diamond St. Sat 10-12 & Sun 11-1



Lovely 20V, 30K, 20A Victorian home in the heart of Noe.
w/ WalkScore! Original floors, coved ceilings, picture molding,
waincoting, built-in cabinetry. Remodeled chef's kitchen, French
doors open to deck & beautiful park. Two car garage. 3600
Diamond St. 415-271-6887

Noe Valley \$2,199,500 380-382 29th St. Open Sat/Sun 2-4
2 Noe Valley Units. 1,000+ Sq Ft. Upper 7 rooms on 2 levels with
Updated Kitch & Ba. Lower 4 rooms. Units will be delivered
vacant. Tim Curran #00915529, Compass 415-271-6887

North of Parkside \$1,300,000 "Fresh Price!" 674 Frederick,
Sun. 1 - 3pm. NoVA remodeled 4BR 1BA, 1760,
one blk to Divisadero. "No sign, ring bell".
www.6148frederick.com - S. Clark 415-509-0005

PACIFIC HEIGHTS \$109,000 2415 Van Ness #501 Sun 2-4
Beautifully remodeled studio, view view, h/dwd, great building!
ideal 1000 exchange prop, 1st buy, pied-a-terre, rental unit.
JEANNIE ANDERSON 415-271-6887 COMPASS #00915529

SAN FRANCISCO

Sea Cliff \$1,795,000 625 El Camino Del Mar By Appointment



Only A magnificent example of early 18th century glorious
Mediterranean Spanish architecture, 625 El Camino Real em-
bodies the same classic features of a Spanish Castle. The
property was built in 1827 and designed by renowned archi-
tects, Haysin and Appleton. The lovely home spans over 3
levels, including 7 bedrooms including a wood-paneled office,
4.5 bathrooms, Botanical Library, Wine Room, Formal Living
and Dining Rooms, Breakfast Room, Family Kitchen, 2 car
Garage with 2 interior parking spaces and an elevator servicing
all 3 levels. 6034 sq ft + 1425 unsuited. Please call, text or
email Mary Tibbott at 415-317-4255 or Mary@lobort-on.com to
schedule a private showing.

ALAMEDA COUNTY

San Leandro, 5848, 888, 14618 Cypress St. Sat 1-3 & Sun 2-4
Gorgeous 3bd/1ba contemporary rancher style home in the
highly sought after Washington Manor-Bonanza neighborhood.
Featuring beautiful hardwood floors, updated kitchen w/quartz
counters and SS appliances, attached 2 car garage and spacious
yard. Near shopping & dining, BART and more!
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arts & entertainment
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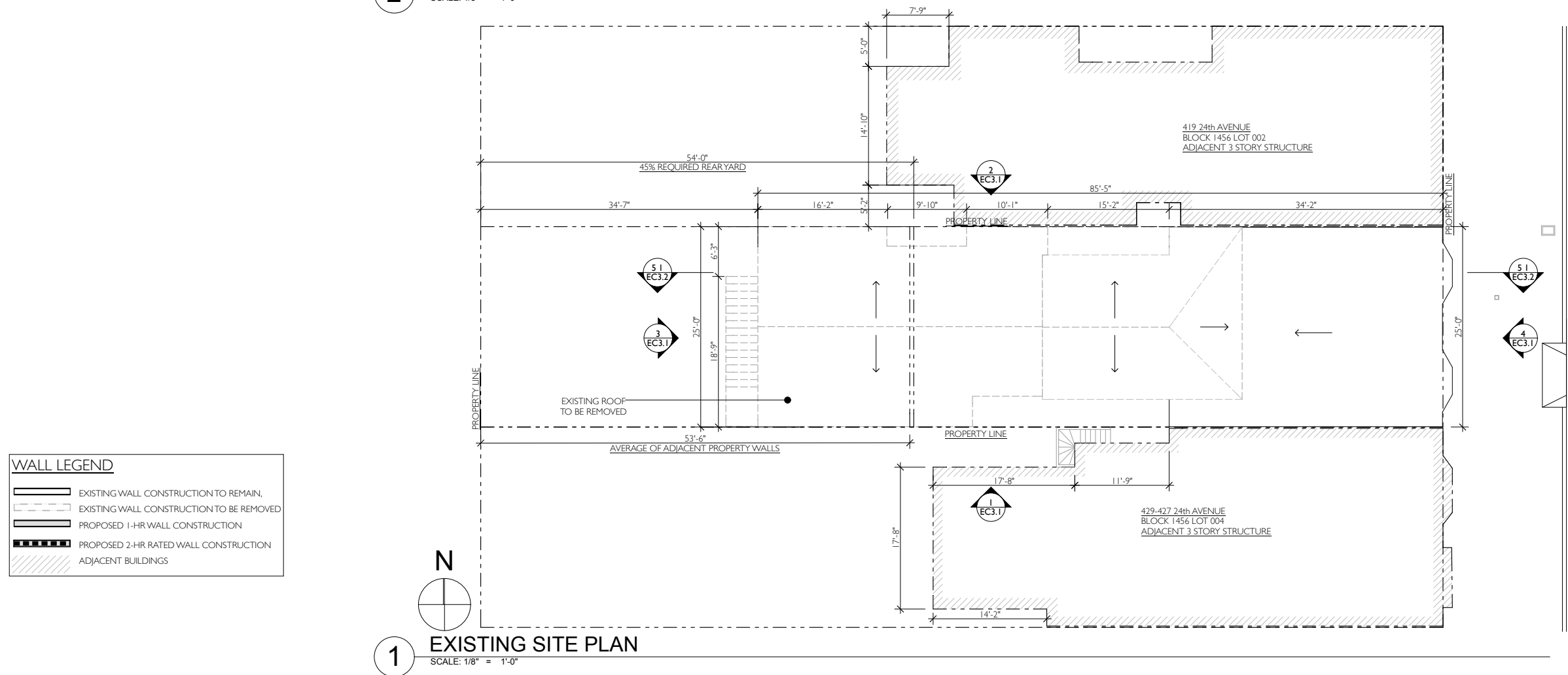
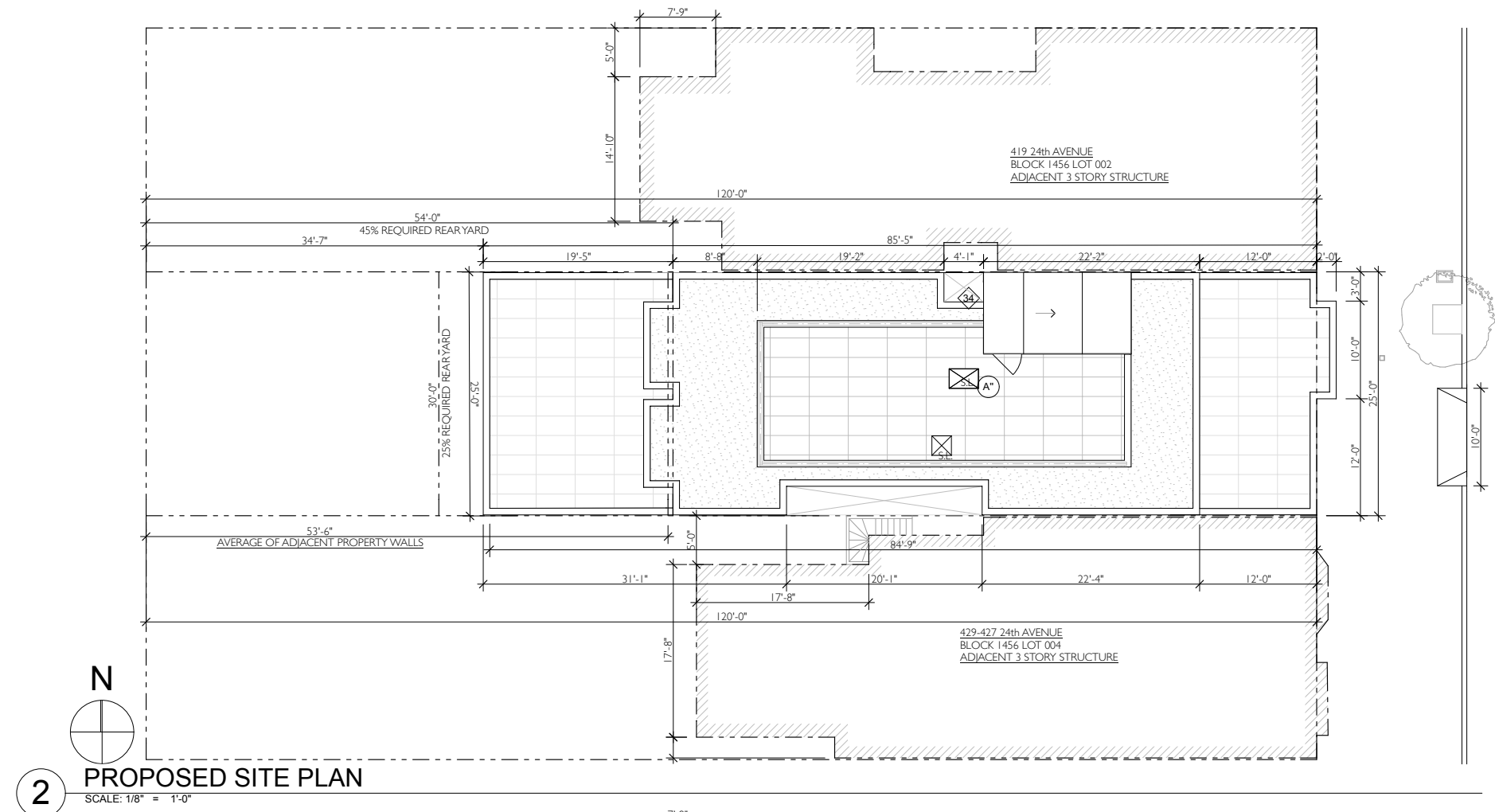
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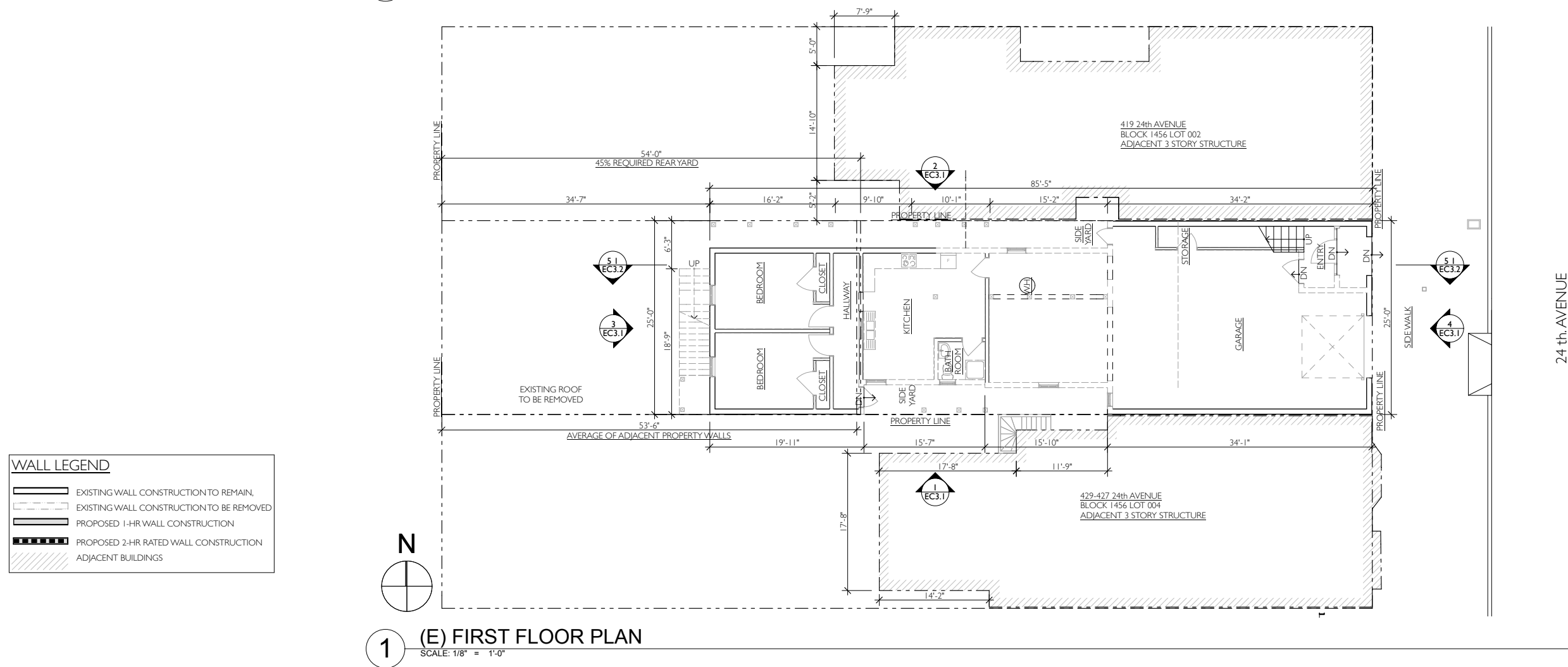
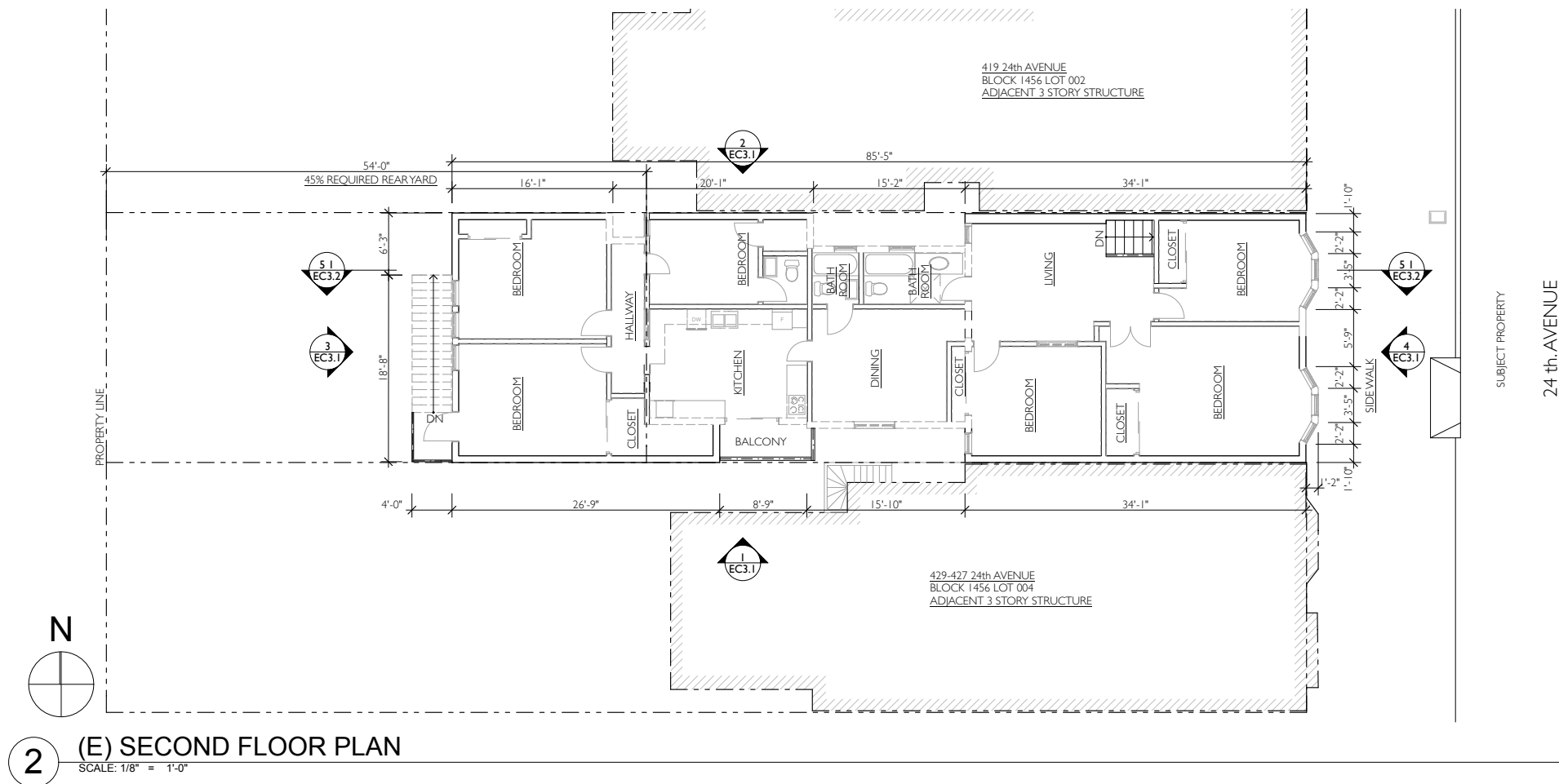
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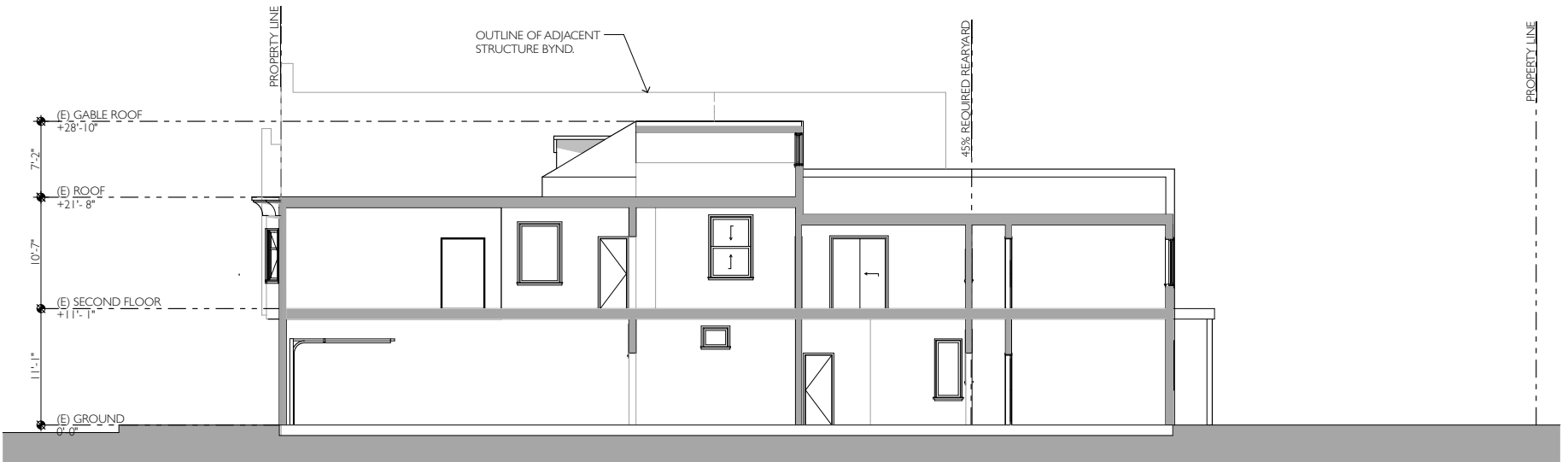




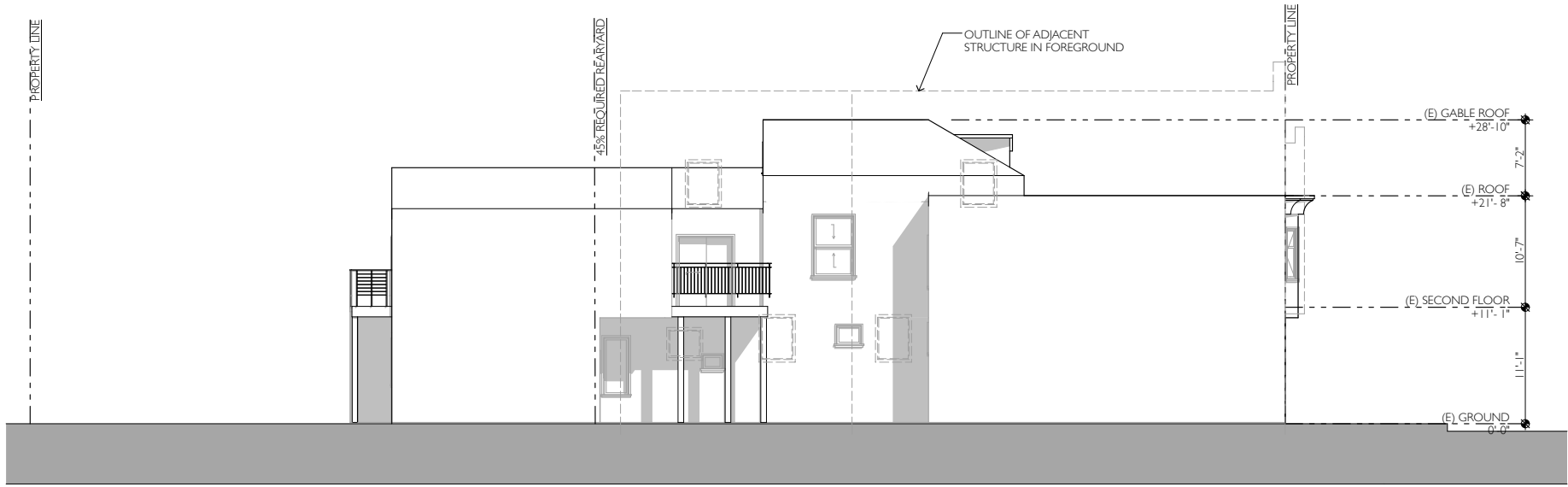
4 (E) EAST (FRONT) ELEVATION
SCALE: 1/8" = 1'-0"



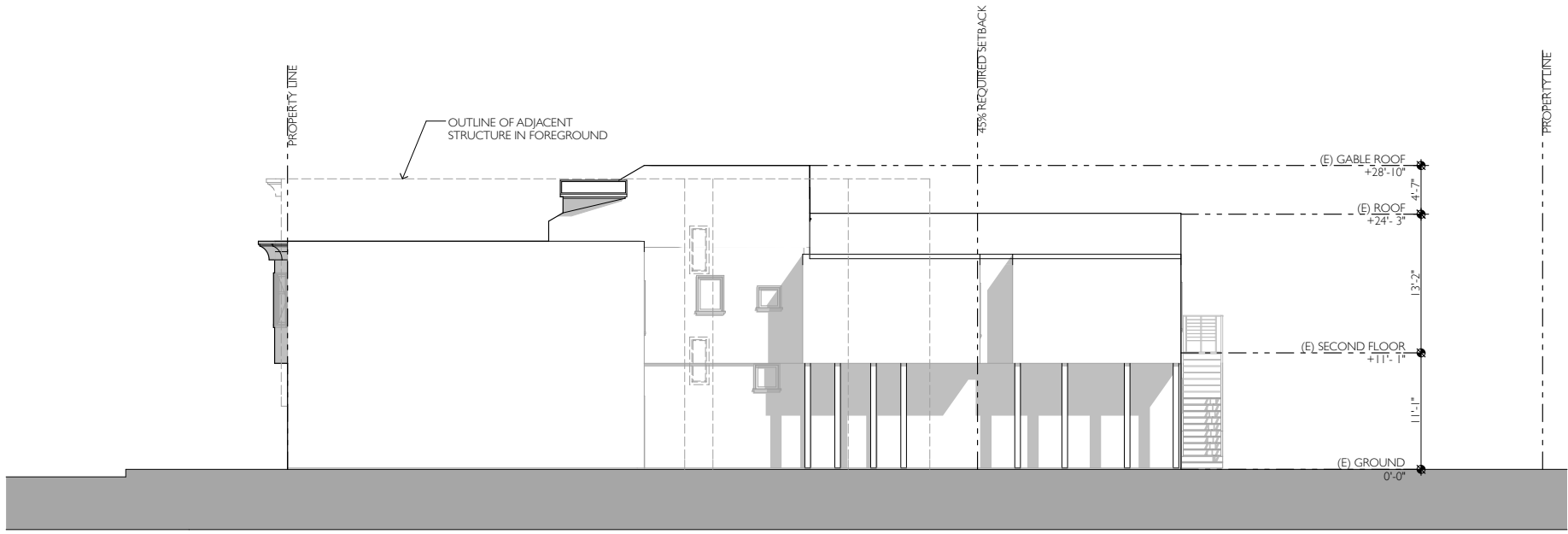
3 (E) WEST (REAR) ELEVATION
SCALE: 1/8" = 1'-0"



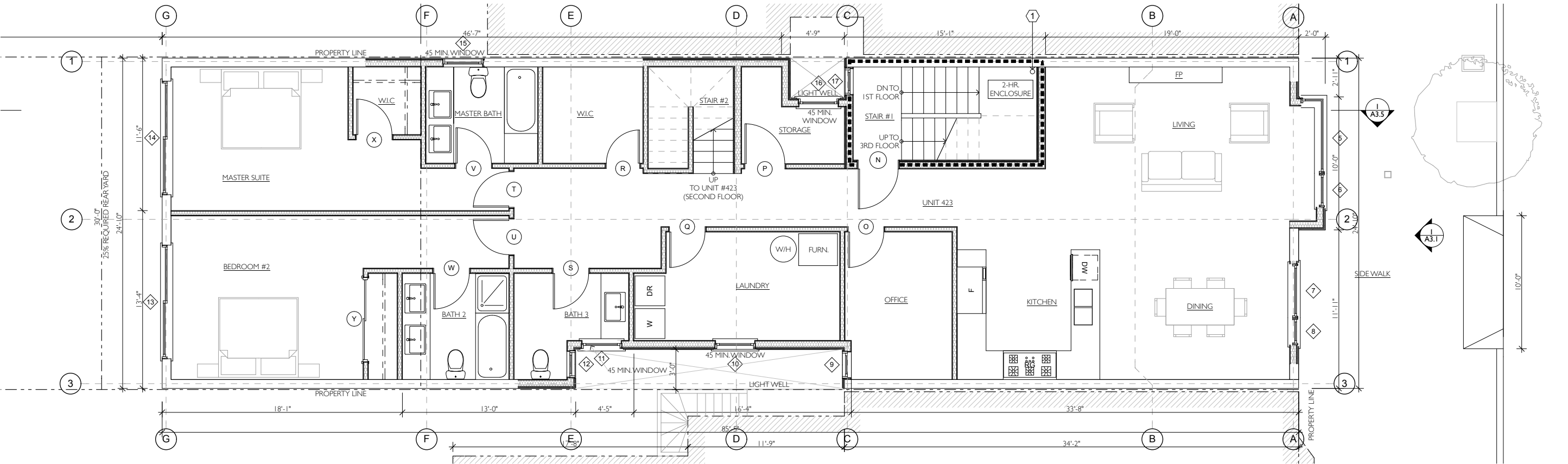
5 (E) WEST-EAST BUILDING SECTION
SCALE: 1/8" = 1'-0"



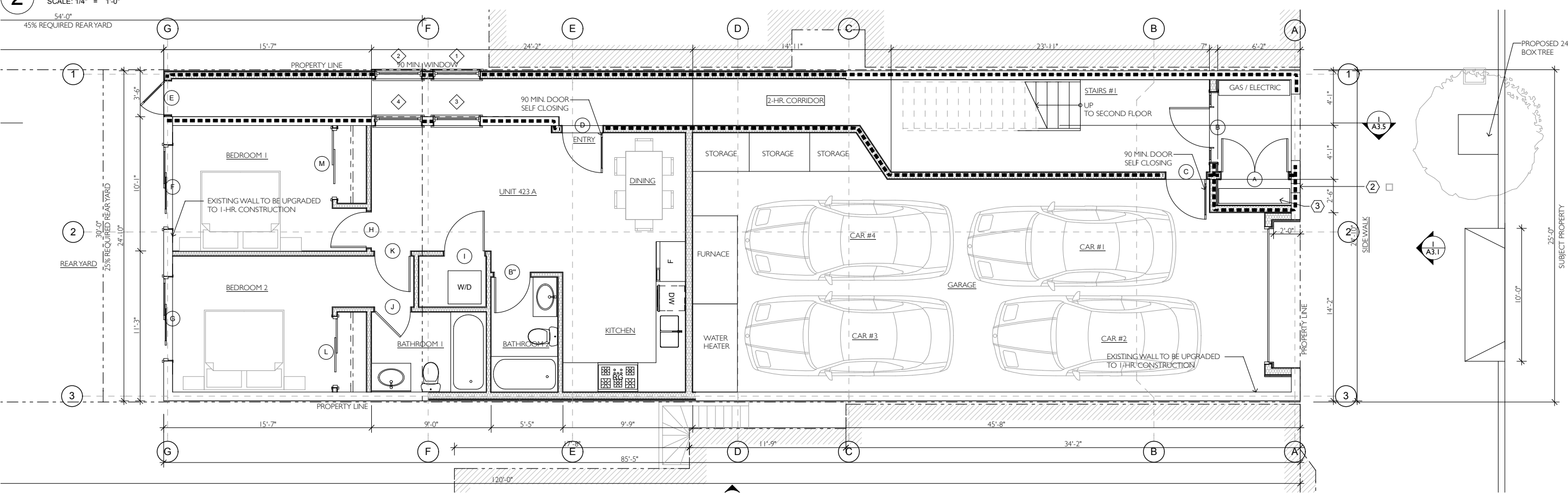
2 (E) SOUTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"



1 (E) NORTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"



2 PROPOSED SECOND FLOOR PLAN



1 PROPOSED FIRST FLOOR PLAN

Y.A. studio

777 Florida Street #306, San Francisco, CA 94110
office 415.920.1839 fax 415.920.1840
www.ya-studio.com

RESIDENTIAL REMODEL & ADDITION

PROJECT

STAMP:

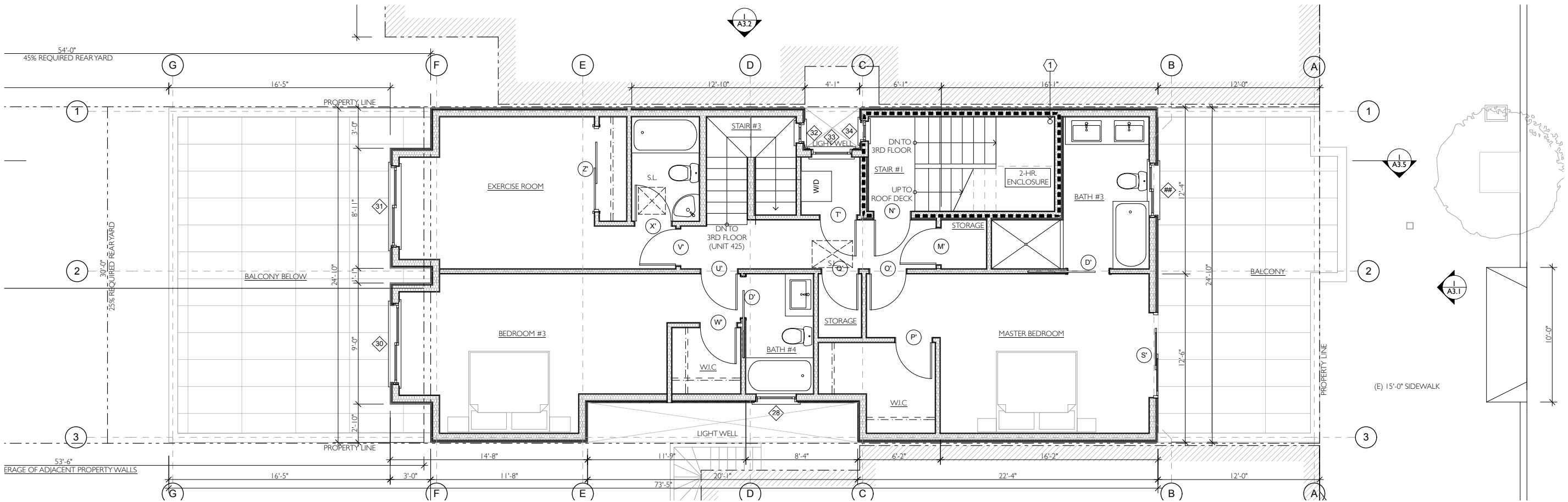
TITLE:
PROPOSED FLOOR
PLANS

REV: PRINTING: DATE:

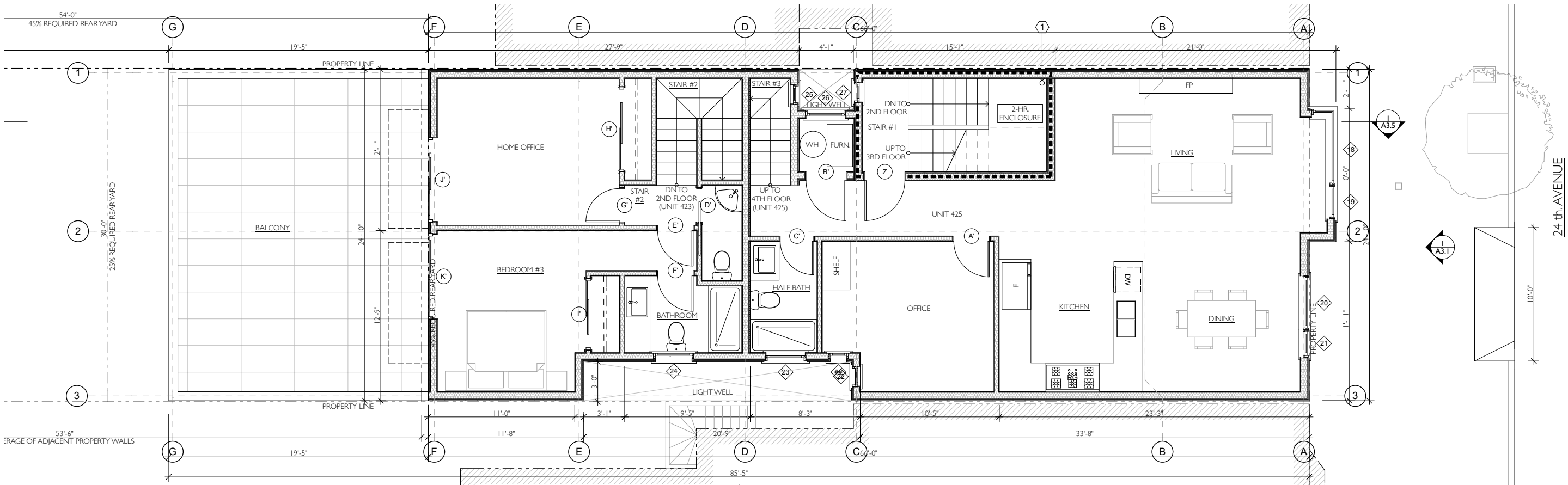
JOB NO: 13041 - 423 24th Ave.
DRAWN BY: G.B.
CHECKED BY: Y.A.
PRINTED: 1/14/16
SHEET:

SHEET 4

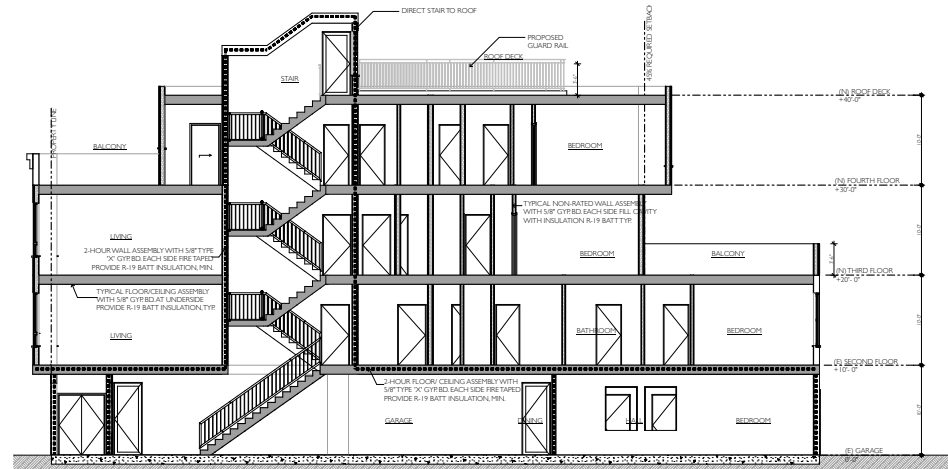
SHEET 27 OF 29 © Y.A. studio 2013



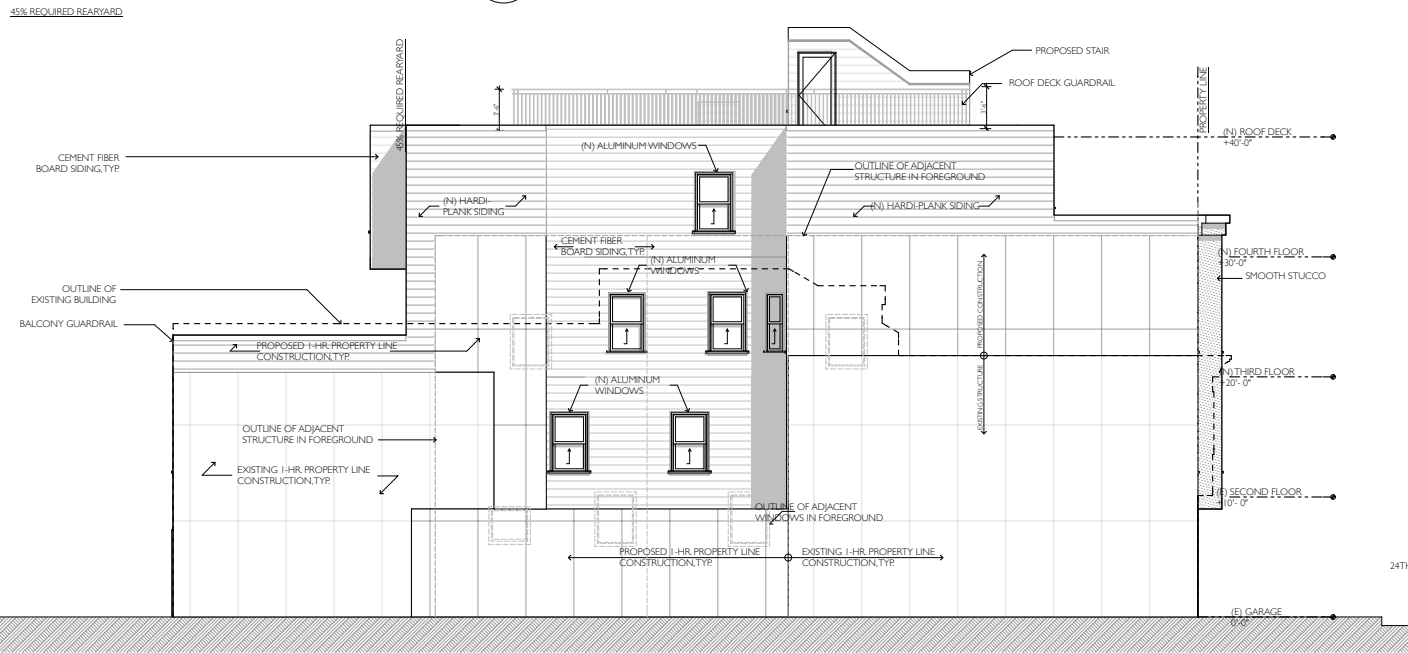
2 PROPOSED FOURTH FLOOR PLAN
SCALE: 1/4" = 1'-0"



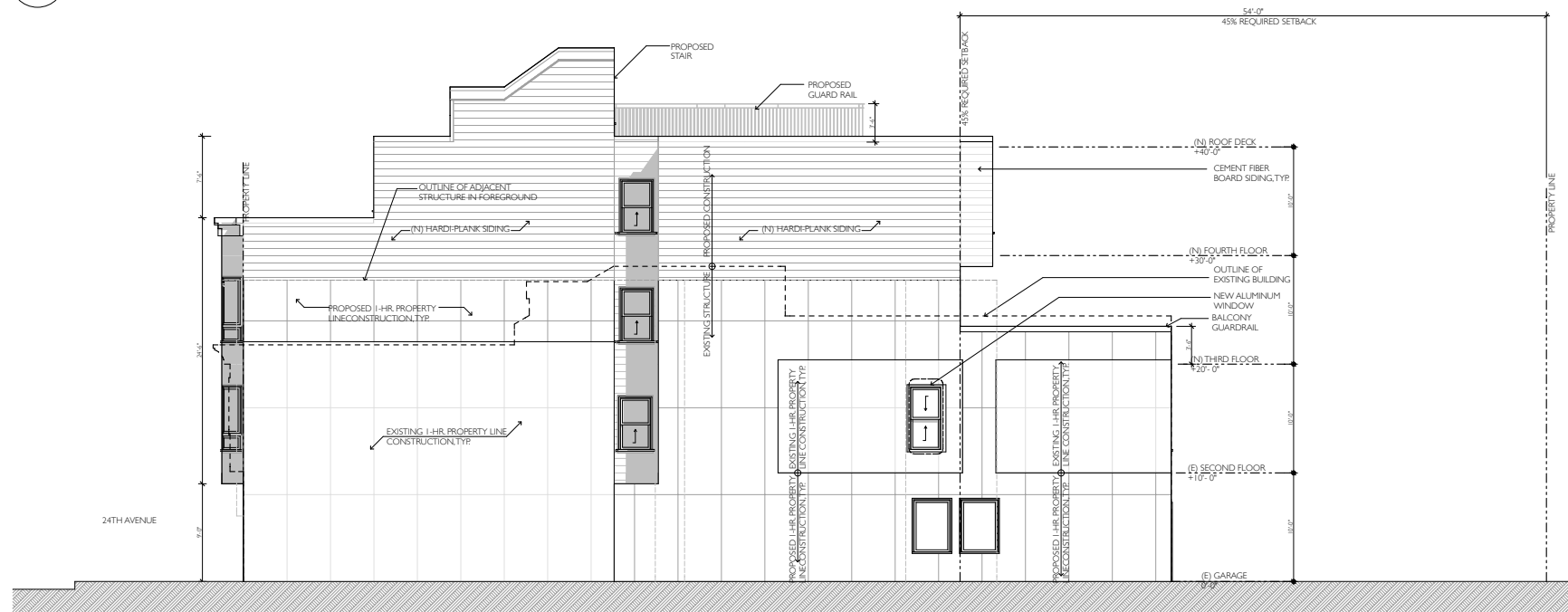
1 PROPOSED THIRD FLOOR PLAN
SCALE: 1/4" = 1'-0"



5 (N) PROPOSED WEST-EAST BUILDING SECTION
SCALE: 3/32" = 1'-0"



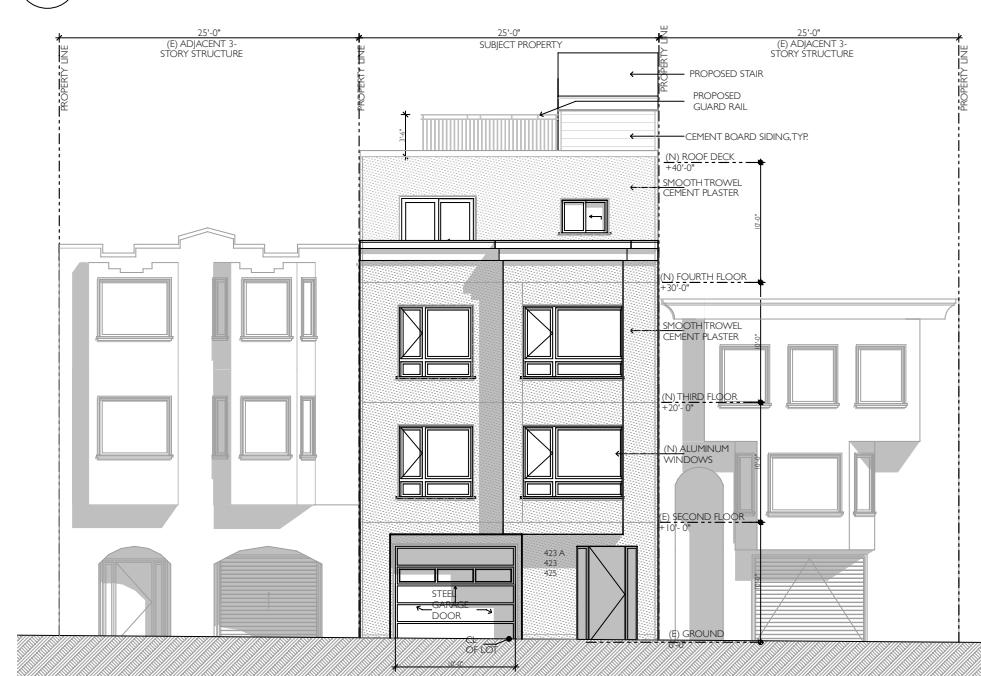
4 (N) PROPOSED SOUTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"



3 (N) PROPOSED NORTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"



2 (N) PROPOSED WEST (REAR) ELEVATION
SCALE: 1/8" = 1'-0"



1 (N) PROPOSED EAST (FRONT) ELEVATION
SCALE: 1/8" = 1'-0"

From: [Christopher Pederson](#)
To: [Melgar, Myrna \(BOS\)](#); [Preston, Dean \(BOS\)](#); [Peskin, Aaron \(BOS\)](#)
Cc: [Major, Erica \(BOS\)](#); [MandelmanStaff, \[BOS\]](#); [Mar, Gordon \(BOS\)](#); [Safai, Ahsha \(BOS\)](#); [Haney, Matt \(BOS\)](#)
Subject: Land Use & Transportation Committee agenda items 4 (file # 211300), 5 (file # 211234), 6 (file # 211202)
Date: Thursday, March 3, 2022 9:25:30 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Chair Melgar, Vice Chair Preston, and Supervisor Peskin:

I urge the Committee to support Supervisor Mandelman's proposed ordinance to rezone all RH-1 zoning districts as RH-2 zoning districts, to allow four units on mid-block lots in RH-2 districts, and to allow six units on corner lots in RH-2 districts. I urge the Committee to table Supervisor Mar's and Supervisor Safai's proposed ordinances that would make additional density in RH districts contingent on various affordability requirements.

California and especially San Francisco are in the grip of a longstanding housing crisis. The entire world faces a climate crisis, the consequences of which the IPCC reminded us all just days ago.

Supervisor Mandelman's proposed ordinance is a necessary but modest first step in San Francisco's efforts to address both of those crises. The large portions of the city currently zoned as RH-1 have contributed little new housing supply in recent decades. That failure has contributed to skyrocketing housing prices, prices that are excluding and displacing low- and mid-income households from the city.

Given San Francisco's mild climate, walkability, extensive public transit network, and dense concentration of jobs, it is the most appropriate location for additional multi-family housing in the entire state. When San Francisco restricts multi-family housing, it drives households out to other areas that are more automobile dependent and energy intensive. That undermines the city's oft-proclaimed determination to be a leader in addressing the climate crisis.

Supervisor Mar's and Supervisor Safai's proposed ordinances might superficially appear to address the housing and climate crises as well, but they would be ineffectual. As the Planning Commission found, the various proposed affordability requirements make it highly unlikely that either ordinance would encourage a meaningful amount of new housing.

Although I strongly support Supervisor Mandelman's proposed ordinance and urge the Committee to support it, it is only a first step. The Committee should follow up support for Supervisor Mandelman's ordinance by pursuing additional legislation to address the many other factors that impede the construction of new "missing middle" housing in San Francisco's lower density neighborhoods.

Thank you for your consideration of my comments.

Sincerely,

Christopher Pederson
District 7 resident

From: [Merlone, Audrey \(CPC\)](#)
To: [Major, Erica \(BOS\)](#)
Cc: [Bintliff, Jacob \(BOS\)](#); [Starr, Aaron \(CPC\)](#)
Subject: FW: Introduction - substitute "fourplex" ordinance
Date: Wednesday, February 16, 2022 3:03:02 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)

Hi Erica,

Forwarding this thread so that you can see the history here, but I'm confirming on behalf of Aaron that the substituted ordinance for Board File No 210866 has been determined by Planning Department staff to not require a new hearing in front of the Planning Commission, as the amendments included in the substituted version were formally recommended by the Commission at their November 18, 2021 hearing.

Thanks,

Audrey

From: Starr, Aaron (CPC) <aaron.starr@sfgov.org>
Date: Wednesday, February 16, 2022 at 1:11 PM
To: Bintliff, Jacob (BOS) <jacob.bintliff@sfgov.org>, Merlone, Audrey (CPC) <audrey.merlone@sfgov.org>
Subject: Re: Introduction - substitute "fourplex" ordinance

Will do!

Aaron Starr, MA
Manager of Legislative Affairs
San Francisco Planning
49 South Van Ness Avenue, Suite 1400, San Francisco, CA 94103
Direct: +1628-652-7533 | sfplanning.org
Email: aaron.starr@sfgov.org
Web: www.sfplanning.org



From: "Bintliff, Jacob (BOS)" <jacob.bintliff@sfgov.org>
Date: Wednesday, February 16, 2022 at 1:11 PM
To: Aaron Starr <aaron.starr@sfgov.org>, "Merlone, Audrey (CPC)" <audrey.merlone@sfgov.org>



January 7, 2022

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

Re: Transmittal of Planning Department Case Number 2021-010762PCA:
Four-Unit Density Exception for Residential Districts
Board File No. 210866

Planning Commission Recommendation: **Approval with Modification**

Dear Ms. Calvillo and Supervisor Mandelman,

On November 18, 2021, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Mandelman which would amend the Planning Code to provide a density limit exception for all lots in RH (Residential, House) zoning districts, to permit up to four dwelling units per lot. At the hearing the Planning Commission recommended approval with modification.

The Commission's proposed modifications were as follows:

1. **Rezone all the City's RH-1 Zoning Districts to RH-2.** Modify one of the proposed ordinances to upzone all RH-1, RH-1(D) and RH-1(S) zoning districts to RH-2.
2. **Increase the proposed Ordinances' density exception for corner lots from four units to six units.**
3. **Adopt a local alternative for SB 9.** Adopt the following program as an alternative to SB9¹ to encourage development that meets the City's housing priorities:

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Requirements	Maximum Density	4 units on Interior Lots, 6 on Corner Lots	
	Minimum Lot Size	Lot split allowed on corner lots with minimum lot size of 1,200 sq. ft. no variances required for existing building w/ minimum 4 ft setback from new property line Maximum 6 units across the two lots	
	Owner Occupancy Requirement	No	Owner "Intent to Occupy" 3 years post construction*
	Increase Density	Must result in at least 4 units	Must add at least 1 new unit
	Required Rear Yard Setback	30%	30% if project results in 4 units, otherwise underlying zoning.
	Unit Proportionality	2nd unit must be at least 50% of 1st unit size	
Eligibility		<ul style="list-style-type: none"> Has not been tenant occupied for at least 3 years prior to filing the application Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years Is not an A building or Historic Resource under Article 10, etc. 	<ul style="list-style-type: none"> Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)* Owner signs affidavit stating intent to occupy for at least 3 years post construction* Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years. Is not an A building or Historic Resource under

			Article 10, etc.
Process	Subject to 317	No	
	Subject to 311	No	
	Residential Design Guidelines	Objective Standards Only	
	CEQA Review	Yes	
	Fee Waiver for Historic Evaluation	No	Yes
	Condo Conversion Process	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained. <i>(would require a new provision of the Subdivision Code enacted under this Ordinance)</i>
ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2-3 units (depending on zoning district) allowed plus ADUs for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply. <i>*Not required if owned by a non-profit</i>			

4. Explore establishing a fee on single-family homes larger than 4,000 sq. ft. This proposed fee would be assessed against project applications in RH districts that seek new construction of a single-family home of more than 4,000 square feet, or expansion of an existing single-family home beyond 4,000 sq ft. Consider allowances for small additions. Allocate the fee to the city's Down Payment Assistance Loan Program or another supportive program that assists low/moderate income earners and BIPOC communities with home ownership or residential development in the city.
5. Increase funding to supportive housing programs. Encourage the Board of Supervisors and the Mayor's

Office to increase funding to supportive programs that assist low and moderate income and BIPOC residents with buying and building homes in the city.

6. **Amend the proposed Ordinances to comply with the technical requirements of Senate Bill 10.** Make non-substantive changes to qualify for SB10 as follows:
 - a) include a declaration that the zoning ordinance is adopted pursuant to SB 10;
 - b) clearly demarcate the areas that are zoned;
 - c) include a finding that “the increased density authorized by the ordinance is consistent with the city or county’s obligation to affirmatively further fair housing pursuant to Government Code Section 8899.50; and,
 - d) specify heights as shown on the City’s zoning maps.
7. **Pursue the adoption of objective residential design standards.** Direct staff to formalize objective residential design standards and bring back before the Commission for adoption. *See Exhibit F for draft subjective design standards.*
8. **Recommend amendments to the Subdivision Code for projects that meet certain requirements, to apply to form condos via new construction pathway, even for existing units being retained.**

With the recommended amendments to the proposed ordinance in Board File No. 210866, the ordinance meets the requirements of Senate Bill 10, Government Code 65913.5, and review under CEQA is not required.

Supervisor, 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: Andrea Ruiz-Esquide, Deputy City Attorney
Jacob Bintliff, Aide to Supervisor Mandelman
Erica Major, Office of the Clerk of the Board

Attachments :

Planning Commission Resolution

Planning Department Executive Summary



PLANNING COMMISSION RESOLUTION NO. 21031

HEARING DATE: NOVEMBER 18, 2021

Project Name: Four-Unit Density Exception for Residential Districts
Case Number: 2021-010762PCA [Board File No. 210866]
Initiated by: Supervisor Mandelman / Introduced July 27, 2021
Staff Contact: Audrey Merlone, Legislative Affairs
Audrey.merlone@sfgov.org, 628-652-7534
Reviewed by: Aaron D Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, (628) 652-7533

RESOLUTION APPROVING A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO PROVIDE A DENSITY LIMIT EXCEPTION TO PERMIT UP TO FOUR DWELLING UNITS PER LOT IN RH (RESIDENTIAL, HOUSE) ZONING DISTRICTS; 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 July 27, 2021 Supervisor Mandelman introduced a proposed Ordinance under Board of Supervisors (hereinafter “Board”) File Number 210866, which would amend the Planning Code to provide a density limit exception to permit up to four dwelling units per lot in RH (Residential, House) Zoning Districts;

WHEREAS, The Planning Commission (hereinafter “Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on November 18, 2021; and,

WHEREAS, with the recommended amendments to the proposed Ordinance in Board File No. 210866, the Ordinance meets the requirements of Senate Bill 10, Government Code 65913.5, and review under CEQA is not required; 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 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby **approves with modifications** the proposed ordinance. The modifications are as follows:

1. **Rezone all the City's RH-1 zoning districts to RH-2.** Modify one of the proposed ordinances to upzone all RH-1, RH-1(D) and RH-1(S) zoning districts to RH-2.
2. **Increase the proposed Ordinances' density exception for corner lots from four units to six units.**
3. **Adopt a local alternative for SB 9.** Adopt the following program as an alternative to SB9¹ to encourage development that meets the City's housing priorities (*chart continues on following page. For a chart viewable as one page, please see Exhibit D*):

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Requirements	Maximum Density	4 units on Interior Lots, 6 on Corner Lots	
	Minimum Lot Size	Lot split allowed on corner lots with minimum lot size of 1,200 sq. ft. no variances required for existing building w/ minimum 4 ft setback from new property line Maximum 6 units across the two lots	
	Owner Occupancy Requirement	No	Owner "Intent to Occupy" 3 years post construction*
	Increase Density	Must result in at least 4 units	Must add at least 1 new unit
	Required Rear Yard Setback	30%	30% if project results in 4 units, otherwise underlying zoning.
	Unit Proportionality	2nd unit must be at least 50% of 1st unit size	

¹ For a comprehensive chart comparing SB9 to the proposed local alternative pathways, please see Exhibit E.

Process	Eligibility	<ul style="list-style-type: none"> Has not been tenant occupied for at least 3 years prior to filing the application Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years Is not an A building or Historic Resource under Article 10, etc. 	<ul style="list-style-type: none"> Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)* Owner signs affidavit stating intent to occupy for at least 3 years post construction* Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years. Is not an A building or Historic Resource under Article 10, etc.
	Subject to 317	No	
	Subject to 311	No	
	Residential Design Guidelines	Objective Standards Only	
	CEQA Review	Yes	
	Fee Waiver for Historic Evaluation	No	Yes
	Condo Conversion Process	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained. <i>(would require a new provision of the Subdivision Code enacted under this Ordinance)</i>
	<p>ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2-3 units (depending on zoning district) allowed plus ADUs for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply.</p> <p><i>*Not required if owned by a non-profit</i></p>		

4. Explore establishing a fee on single-family homes larger than 4,000 sq. ft. This proposed fee would be

assessed against project applications in RH districts that seek new construction of a single-family home of more than 4,000 square feet, or expansion of an existing single-family home beyond 4,000sqft. Consider allowances for small additions. Allocate the fee to the city's Down Payment Assistance Loan Program or another supportive program that assists low/moderate income earners and BIPOC communities with home ownership or residential development in the city.

5. **Increase funding to supportive housing programs.** Encourage the Board of Supervisors and the Mayor's Office to increase funding to supportive programs that assist low and moderate income and BIPOC residents with buying and building homes in the city.
6. **Amend the proposed Ordinances to comply with the technical requirements of Senate Bill 10.** Make non-substantive changes to qualify for SB10 as follows:
 - a) include a declaration that the zoning ordinance is adopted pursuant to SB 10;
 - b) clearly demarcate the areas that are zoned;
 - c) include a finding that "the increased density authorized by the ordinance is consistent with the city or county's obligation to affirmatively further fair housing pursuant to Government Code Section 8899.50; and,
 - d) specify heights as shown on the City's zoning maps.
7. **Pursue the adoption of objective residential design standards.** Direct staff to formalize objective residential design standards and bring back before the Commission for adoption. *See Exhibit F for draft subjective design standards.*
8. **Recommend amendments to the Subdivision Code for projects that meet certain requirements, to apply to form condos via new construction pathway, even for existing units being retained.**

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:

Objective 4 of the Housing Element instructs the City to "foster a housing stock that meets the needs of all residents across all lifecycles." The proposed Ordinance, with all staff modifications, will end a decades old exclusionary practice that has helped segregate our city. Removing single-family zoning will also create opportunities for areas of the city that have seen little housing production in the last several decades to add modest density, thereby increasing housing choice for existing residents, and opening opportunities for current homeowners to build equity through the addition of a unit(s). Objective 10 of the Housing Element instructs the City to "ensure a streamlined, yet thorough, and transparent decision-making process". The proposed Ordinance, with all staff modifications, will make adding modest density to our RH districts more manageable for homeowners and developers, through the creation of two ministerial pathways, open to projects and applicants that meet the City's housing priorities.

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 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.6

Consider greater flexibility in number and size of units within established building envelopes in community based planning processes, especially if it can increase the number of affordable units in multi-family structures.

OBJECTIVE 4

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

Policy 4.6

Ensure that new permanently affordable housing is located in all of the city's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

OBJECTIVE 5

ENSURE THAT ALL RESIDENTS HAVE EQUAL ACCESS TO AVAILABLE UNITS.

Policy 5.2

Increase access to housing, particularly for households who might not be aware of their housing choices.

Policy 5.4

Provide a range of unit types for all segments of need, and work to move residents between unit types as their needs change.

The proposed Ordinance, with all staff modifications, will allow areas of the City that have been restricted to single-family zoning for decades, to add modest density to their neighborhoods, thereby providing a larger range of housing choices for current and future residents. These range of housing units in size, type, and affordability will assist current residents with being able to stay within their existing community, even if their housing needs change. It will also open opportunities for new residents to move into neighborhoods that are currently exclusionary due to the lack of housing options for those who cannot afford to buy or rent a single-family home.

OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

Policy 7.8

Develop, promote, and improve ownership models which enable households to achieve homeownership within their means, such as down-payment assistance, and limited equity cooperatives.

The proposed Ordinance, with all staff modifications, emphasizes the importance of coupling the densification effort with supportive programs.

OBJECTIVE 10

ENSURE A STREAMLINED, YET THOROUGH, AND TRANSPARENT DECISION-MAKING PROCESS.

Policy 10.2

Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.

The proposed Ordinance, with all staff modifications, will promote modest density across RH districts in the City through the addition of residential units and ADU's. The proposed Ordinance additionally ensures that large, single-family home construction or expansions are not approved without careful consideration through a CU authorization.

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 would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

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 would not have a negative effect on housing or neighborhood character.

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

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

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 would 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.

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

The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

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

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

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 APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on November 18, 2021.



Jonas P Ionin Digitally signed by Jonas P Ionin
Date: 2021.12.17 09:53:12 -0800

Jonas P. Ionin
Commission Secretary

AYES: Tanner, Chan, Diamond, Fung, Imperial, Moore, Koppel

NOES: None

ABSENT: None

ADOPTED: November 18, 2021



CASE REPORT

PLANNING CODE TEXT AMENDMENT

HEARING DATE: November 18, 2021

90-Day Deadline: January 19, 2022 [Board File No. 210564]
November 1, 2022 [Board File No. 210866]

Project Name: Dwelling Unit Density Exception in RHD's
Case Number: 2020-003971PCA [Board File No. 210564] &
2021-010762PCA [Board File No. 210866]
Initiated by: Supervisor Mandelman / Introduced May 24, 2021 [Board File No. 210564] &
July 27, 2021 [Board File No. 210866]
Staff Contact: Audrey Merlone, Legislative Affairs
Audrey.Merlone@sfgov.org, 628-652-7534
Reviewed by: Aaron Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, 628-652-7533

Recommendation: Approval with Modifications

Planning Code Amendment

The proposed Ordinances would amend the Planning Code to provide a density limit exception for solely Corner Lots (Board File No. 210564) or *all* lots (Board File No. 210866) in RH (Residential, House) zoning districts, to permit up to four dwelling units per lot.

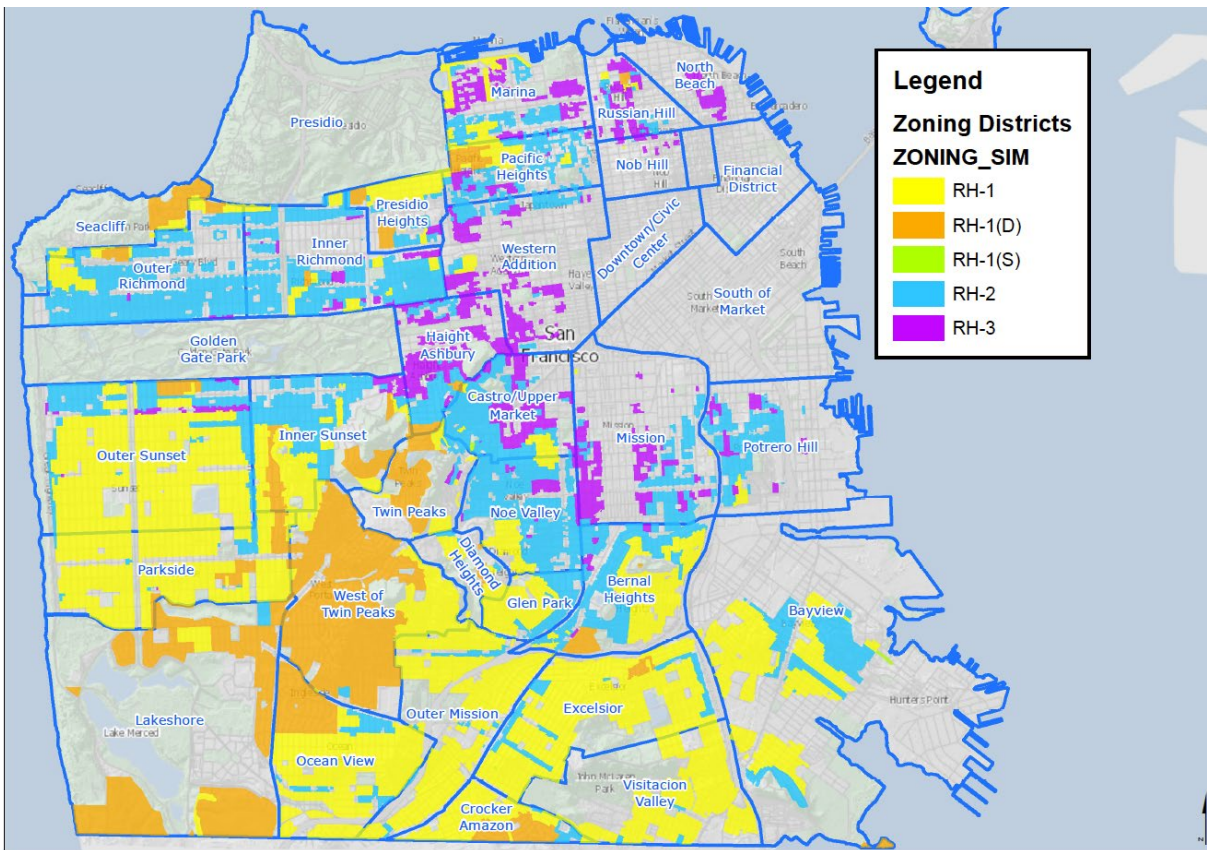
The Way It Is Now:

1. The RH districts are composed of five separate classes of districts, defined by the number of units permitted in each:

RH-1(D) Districts	1 unit max. per lot
RH-1 Districts	1 unit max. per lot or 1 unit per every 3,000sqft of lot area with a CUA, but in no case more than 3 units per lot
RH-1(S) Districts	1 unit max. per lot, though a small second unit is allowed if it is 600sqft or less, or 1 unit per every 3,000sqft of lot area with CUA, but in no case more than 3 units per lot
RH-2 Districts	<u>2 unit</u> max. per lot or 1 unit per every 1,500sqft of lot area with CUA;
RH-3 Districts	<u>3 unit</u> max. per lot, or 1 unit per every 1,000sqft of lot area with CUA

Accessory Dwelling Units (ADU's) may also be built in addition to the base density allowances in RHD's.

- Each of the four RH zoning districts has its own set of building standards.



The Way It Would Be Under Board File No. 210564:

- In all RHD's, up to four units (not including any allowed ADU's) would be allowed on corner lots, for projects that are not also seeking to utilize a density bonus program.
- Projects that utilize the proposed legislation's density waiver would be subject to the building standards of RH-3 districts.

The Way It Would Be Under Board File No. 210866:

As above, except that applicability would be expanded to all lots.

Background

Supervisor Mandelman introduced the subject Ordinances in conjunction with an ordinance (Board File No. 210116), that would amend the Planning Code to require Conditional Use Authorization for certain large residence developments in RH zoning districts. The Planning Commission heard Board File No. 210116 on September 23rd and voted to disapprove the Ordinance.

Board File No. 210564: Supervisor Mandelman introduced this Ordinance on May 24, 2021. The Ordinance only proposed to grant a density exception for corner RH lots as the predicted impact was small enough to be covered through an Addendum to the Department's existing Housing Element. This addendum is attached as Exhibit C.

Board File No. 210866: Supervisor Mandelman introduced this Ordinance on July 27, 2021. The Ordinance would affect a much larger area of the city, as it would apply to all RH district lots. While it was initially thought that the required CEQA review of this Ordinance would be incorporated into that of the 2022 Housing Element, passage of Senate Bill 10 has made it possible for the Department to bring this Ordinance before the Commission now.

Senate Bill 9: On September 16, 2021 Governor Newsom signed Senate Bill 9, which allows duplexes and lot splits for certain parcels in single family (RH-1) zoning. The bill becomes effective on January 1, 2022. This bill affects the implementation of both of Supervisor Mandelman's proposed Ordinances, when said Ordinances are applied to single-family zoned lots.

Senate Bill 10: On September 16, 2021 Governor Newsom signed Senate Bill 10, which under certain circumstances allows local jurisdictions to adopt rezoning ordinances that increase density up to 10 units per parcel without CEQA review. The bill becomes effective on January 1, 2022.

Issues and Considerations

Senate Bill 9 (SB 9)

Senate Bill 9 (Atkins) requires ministerial approval of a project that would (a) add one new unit to a site with one existing unit, (b) construct two new units on a vacant site, and/or (c) subdivide an RH-1 parcel into two parcels.¹ A ministerial decision involves only the use of fixed standards or objective measurements, and the City cannot use subjective judgment in deciding whether or how the project should be carried out. Notably, ministerial approvals are exempt from review under CEQA or any entitlement process. Please see the following page for a chart which comparing SB 9 to Supervisor Mandelman's proposed Ordinances.

Should Supervisor Mandelman's more expansive Ordinance pass, along with SB 9, in RH-1, RH-1(D), and RH-(S) districts, an applicant *might* be able to use SB 9 to split a 2,400sqft. parcel into two parcels, and then build up to four units on each new parcel not inclusive of ADU's. Under SB 9 alone, only two units are allowed on each split lot.

Both SB 9 and Supervisor Mandelman's ordinances co-existing may lead to confusion and conflict on how many units are allowed per lot, the building standards required, and processes that apply. As such, the Department has worked to develop a recommendation that incorporates the best aspects of both SB 9 and Supervisor Mandelman's Ordinances, and if implemented fully, would serve as a local alternative to SB 9.

¹ For a comprehensive summary of SB 9, please visit: https://commissions.sfplanning.org/cpcpackets/2018-016522CWP_102121.pdf

SB 9				Supervisor Mandelman's Proposed Ordinances	
Proposal		Lot Split	No Lot Split	Corner Lots Only (Board File No. 210564)	All Lots (Board File No. 210866)
Where it Applies		RH-1, RH-1(D), & RH-1(S)		RH-1, RH-1(D), & RH-1(S), RH-2, & RH-3	
Requirements	Maximum Density	2 units on each new lot + ADUs if allowed by local Ordinance	2 units + ADUs	4 units + ADU'S	
	Minimum Lot Size	1,200 sq ft for each new lot (2,400 sq ft total)	no minimum lot size required	Standard	
	Owner Occupancy Requirement	Owner "Intent to Occupy" 3 years post lot split approval	No owner occupancy requirement pre/post project	No owner occupancy requirement pre/post project	
	Required Rear Yard Setback	-No building standards are allowed that would prevent two, 800sqft units per parcel -4ft rear yard setback can be required by local Ordinance		RH-3 Building Standards (45% rear yard)	
	Unit Proportionality	None	None	None	
	Increase Density	An SB 9 development must include 2 units per lot		Must be more than base allowable density	
	Eligibility	-Has not been tenant occupied for at least 3 years prior to filing the application (could be owner occupied or vacant) -Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years -Is not a Historic Resource under Article 10 or in a Historic District		May not also seek or receive a density bonus under Sec. 206.5 or 206.6	
Process	Subject to 317	No		Yes	
	Subject to 311	No		Yes	
	Residential Design Guidelines	Objective RD Standards only		Residential Design Guidelines	
	CEQA Review	No		Yes	
	Fee Waiver for Historic Evaluation	No		No	
	Condo Conversion Program	Depends on the project	Depends on the project	Subject to condo conversion process for proposals retaining an existing unit(s)	

Housing Affordability Crisis

San Francisco has faced housing affordability challenges for decades including prices and rents that have increased to be among the highest in the nation. Most lower income renters struggle to afford their rent and homeownership is out of reach to all but those with the highest incomes or wealth. Over 85,000 renters and

39,000 owners spend more than 30% of income on housing and are considered cost burdened. The most recent count of people experiencing homelessness in 2019 found a recent high of over 8,000 people, more than 5,000 of whom are unsheltered.² Households of many types face housing challenges; however, the most heavily impacted households are people living alone, who make up the majority of severely burdened renters (spending 50% or more on rent) and families with children. This latter group faces elevated rates of cost burden and makes up nearly half of overcrowded households despite being just 18% of all households. People impacted by lack of housing options are extremely diverse. They include seniors on fixed incomes, people with physical and mental disabilities who want to live independently, college students, young adults trying to move out of their parents' homes, low- and moderate-income workers, middle-income homebuyers, families with children including single parents, and extended families with multiple generations living together.

People of color in San Francisco have substantially lower incomes than White residents and less housing access due to discriminatory policies. Today, Black, American Indian, and Latino residents have lower rates of home ownership than average, higher rates of cost burden, and experience homelessness at disproportionate rates. Asian residents also have higher cost burdens and, along with Latino residents, face higher rates of housing overcrowding than average.

Recent Development Patterns

Since 2005, 85% of new housing was built in nine neighborhoods located on the eastern half of the city where form-based, multifamily housing is more widely allowed. These neighborhoods include the Financial District/ South Beach, South of Market, Mission Bay, Potrero Hill, Bayview Hunters Point, the Mission, Tenderloin, Hayes Valley, and Western Addition (see darker areas on map). 87% of all new affordable housing and ADUs added over this period were also built in these same nine neighborhoods, and more than three quarters of all permanently affordable housing is in these neighborhoods³.



87% of newer housing has been added in larger buildings of 20 units or more, though just 28% of all existing housing in the city is in buildings of this size. The neighborhoods where multifamily housing is allowed often have larger lots and higher permitted heights, resulting in larger housing projects. Because much of the rest of the city has far more restrictive rules on housing, few smaller projects on smaller lots are possible. The tendency toward larger projects on larger lots limits options for adding housing, especially for smaller property owners, contractors, and builders who do not have the capital or scale to work on larger developments.

² Housing Element Summary of Draft Needs Assessment – Published April 2021; Data from SF Planning Department Analysis of 2014-2018 IPUMS-USA <https://www.sfhousingelement.org/summary-draft-needs-assessment-housing-element-2022-update>

³ Summary Draft Needs Assessment for the 2022 Housing Element, page 21. <https://www.sfhousingelement.org/summary-draft-needs-assessment-housing-element-2022-update>

Residents ultimately bear the brunt of these restrictions, finding limited available and affordable housing options, particularly in higher opportunity areas of the city.

Limited Housing Options in Single-Family Zoning

The city's diverse and pressing housing needs could be met through a range of housing from small studios to homes with two or more bedrooms; however, housing options are often limited in much of the city. 41% of the city's residential land is restricted to just one home per lot and 18% of land is restricted to two homes per lot in total nearly 60% of all residential land in the city. Combined with high prices for land, high development costs, and extensive procedural requirements, restrictions on the number of units allowed make it difficult to provide housing to meet diverse needs. Just 3% of housing built since 2005 was added in areas that allow one to two units (only 6% of affordable housing when ADUs are counted). Single-family homes occupy most of the housing in these areas, and the median single-family home price of \$1.5 million is affordable only to those with high incomes or existing wealth. The ability to add ADUs has created a pathway to expand rental housing in all residential areas; however, the majority of ADUs created so far have been added in existing multifamily rental buildings or have been legalizations of unpermitted units.

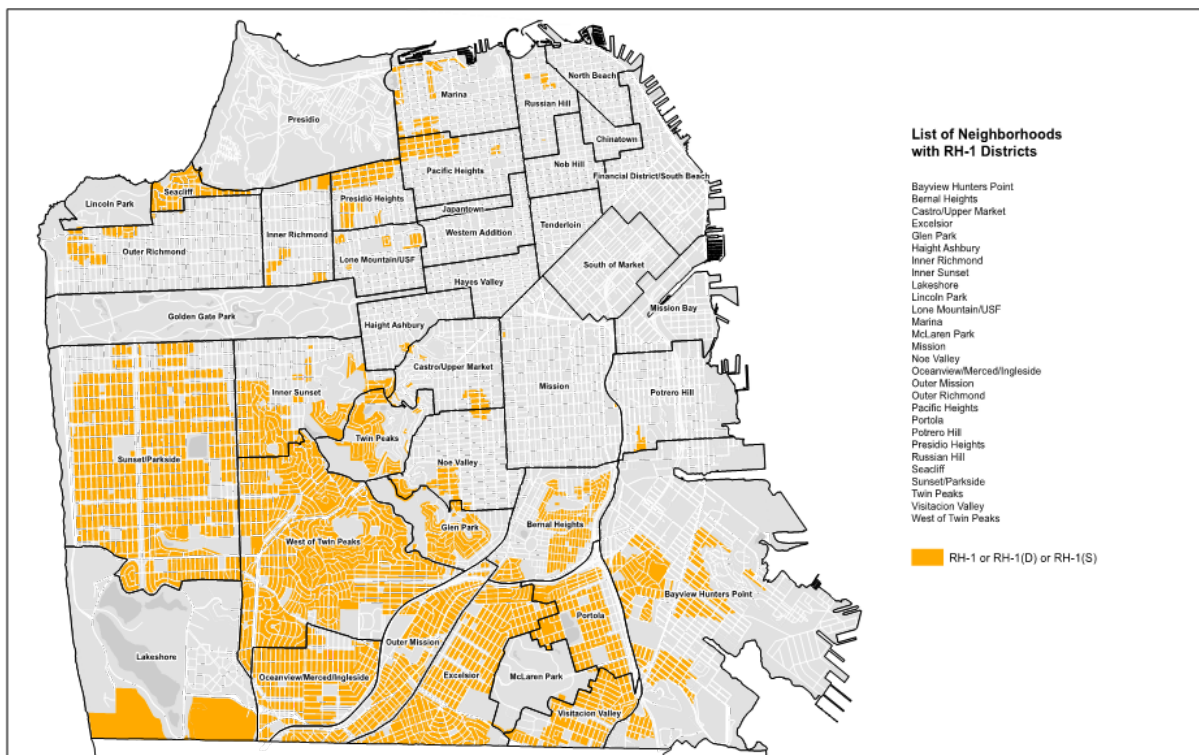


Figure 2 Single Family Zoned Districts

Housing development is very limited in areas of the city where residents tend to have higher incomes, higher home ownership, and higher educational, employment, and health outcomes. Since 2005, just 10% of all new housing and 10% new affordable housing has been built in higher resourced areas though these areas cover nearly half of the residential land in the city. In part this is because 65% of land in these areas is limited one or

two units and most of the rest also has fixed restrictions on the number of units allowed- even near major commercial districts and transit lines.

Return to San Francisco's Historic Development Pattern

San Francisco's current single-family neighborhoods all began as places for small, multi-family housing and many non-conforming structures still exist. Today there are 12,658 existing residential buildings in the city that have more units than would be allowed under current rules. These buildings provide about 31% of all homes for thousands of residents (125,466 units). From the outside, buildings that exceed current restrictions on number of units may be nearly indistinguishable from ones that don't-- with only the configuration of units and rooms on the inside setting them apart. This varied mix of multifamily buildings along with smaller buildings with fewer units, and the varied sizes of units themselves from studios to three bedrooms units, help support the diversity of people and households that the city is known for by offering more options of space and price.

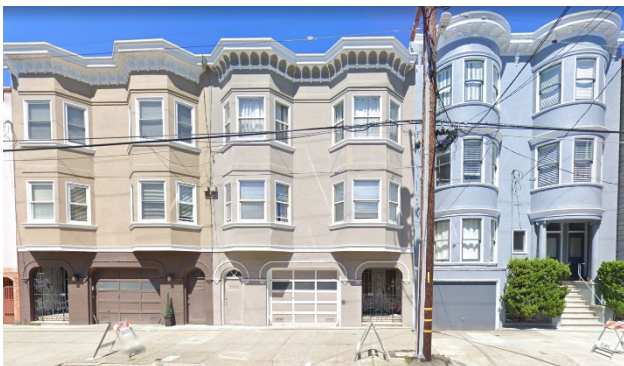
Examples of 4-Unit Buildings in RH Districts:



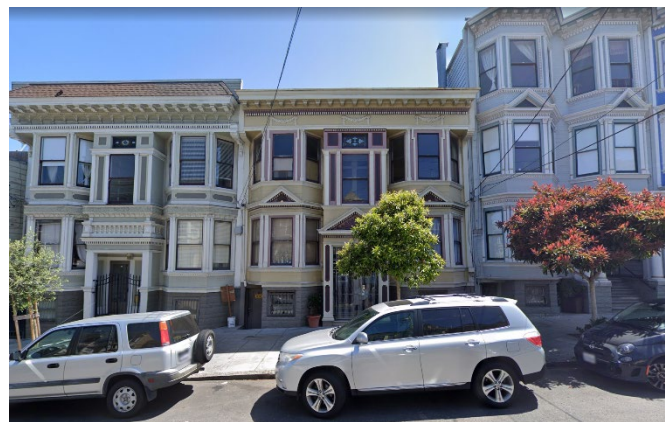
A 4-unit interior lot building adjacent to a 7-unit building (left) and a 6-unit building (right) in an RH-3 District in Russian Hill



A 4-unit interior lot building adjacent to a 15-unit building (left) and a single-family home (right) in an RH-2 District in the Inner Richmond



A 4-unit interior lot building (center), surrounded by 3-unit buildings to the left and right in an RH-2 District in the Marina



Three, 4-unit interior lot buildings in an RH-3 District in the Haight-Ashbury

Current restrictions on the number of homes that can be built on most of the city's residential land date largely to the 1970s, when the city faced a substantially different housing context. The city had lost population from 1950 to 1980 as many middle- and upper-class people, who were typically White, moved to rapidly growing suburban communities of single-family homes. Jobs were also growing quickly in suburban areas including manufacturing, logistics, and new suburban office parks. The amount of housing produced regionally was significantly higher than today and housing costs were lower. For many residents and elected officials in the 1970s, adopting rules to limit the number of housing units allowed to less than what had previously been permitted seemed like a way to protect neighborhoods. These measures appealed to many communities, from neighborhoods that were mostly lower income renters living in apartments to those that were primarily middle- and upper-income homeowners. Some officials and analysts of the time noted restrictive zoning could reduce housing production and affordability. By the 1990s housing development averaged fewer than 1,000 units per year.

Given the crisis of affordability, the need for diverse housing types, access to neighborhoods with good resources, and building on the city's history of small, multifamily options, the Department recommends rezoning all RH-1, RH-1(D), RH-1(S) parcels to RH-2 zoning districts. By developing a package of rules and programs and rezoning all the single-family districts to multi-family districts, the City will be able to apply its own tailored version of SB 9 across our RH districts; one that reduces displacement, supports existing homeowners and renters, and commits resources to low-income and households of color to access housing and wealth-building opportunities. Details to achieve these goals will be discussed further in the following sections.

Estimated Number of Parcels			
Total parcels in RH-1, RH-1D, and RH-1S		Total parcels in RH-2	36,000
Parcels with two or more units	3,500	Parcels with two or more units	15,300
Total parcels with one residential unit in RH-1, RH-1D, and RH-1S	71,500	Parcels with three or more units	4,800
Identified Historic Resources A10 district; A10 individuals; CEQA A	6,100	Parcels with four or more units	2,700
Vacant	800	Total parcels with one residential unit in RH-2	19,500
Non-residential uses	200	Identified Historic Resources A10 district; A10 individuals; CEQA A	3,200
		Vacant	350
		Non-residential uses	900

Increasing Neighborhood Vitality

As a city of neighborhoods, San Francisco could also gain substantial quality of life benefits to increasing residential units in current areas of single-family zoning. An increase of people living nearby could support neighborhood goods and services that are currently struggling in light of increased online retail sales and the pandemic-induced recession, helping to bring back revenue and enliven neighborhood commercial corridors. More people would further support street life and activity providing “eyes on the street” which heightens feelings of security for those who feel more at risk in isolated areas. As post-pandemic life shifts for many into “hybrid” working and for those who do not work or do not work outside of the home, a local environment proximate and rich in services and culture is increasingly sustaining.

Enhanced Density at Corner Lots

Corner lots play a stronger role in defining the character of the neighborhood, more so than other buildings along the block face. They can act as informal entryways to the street, setting the tone for the streetscape that follows. The city's Residential Design Guidelines encourage corner buildings to recognize their prominent location by embracing the public realm with a greater visual emphasis, including using greater building height to increase that emphasis. The city's typical Victorian-era form and massing was overwhelmingly comprised of multi-family residences with single-family homes located at mid-block locations. This style of street pattern has permeated throughout the city, with examples of larger corner buildings existing across every low-density residential neighborhood. It is not uncommon for a corner lot in an RH district to contain as many as 20 units. Their location also allows for larger buildings without impeding on mid-block open space. The design impact of this legislation on RH streetscapes would be minimal, and in many cases create buildings that are more appropriate for the surrounding neighborhood's street pattern.

Borrowing from Supervisor Mandelman's density exception proposal, the Department is recommending a density exception be created for all RH districts, to allow up to 4 units on interior RH lots, and up to 6 units on corner RH lots. As is a requirement in Supervisor Mandelman's Ordinances, projects seeking to build four units (or 6 units on corner lots), must not seek or receive a density bonus through Sec. 206.5 or 206.6. Although interior lots in the city's RH districts typically do not contain as many units as corner lots, it is still common to find multiple buildings on a single block that contain more than the currently allowed units for their zoning district. This is often because the building predates the city's restricted RH density controls. Allowing a density exception for up to 4 units on interior lots, while retaining existing height controls, ensures the modest density increase still fits within the city's typical streetscape.

Examples of 5-6 Unit Corner Lot Buildings in RH Districts:



A 5-unit building adjacent to a 2-unit building in an RH-3 District in Noe Valley.



A 6-unit building adjacent to a 3-unit building (left) and a single-family home (right) in an RH-2 District in the Inner Sunset.



A 6-unit corner lot building abutting single-family homes on either side, located in an RH-2 District in the Mission.



A 6-unit building adjacent to a 2-unit building (left) and a single-family home (right) in an RH-2 District in the Outer Richmond.

Projected Impact

As currently drafted, Supervisor Mandelman's proposed Ordinances would affect projects in RH Districts that would not also seek any density bonus. While enabling the potential to add up to four units on all RH lots (as proposed in Supervisor Mandelman's more expansive proposal) may seem extremely impactful, there are many factors beyond density limits that affect the likelihood of a property being redeveloped and densified. These include:

- physical characteristics of the lot or existing structure (e.g., size or configuration, soil conditions, topography)
- existing land use or ownership characteristics including deed restrictions (e.g., churches, schools, family trusts, easements, utility conflicts)
- financial constraints (e.g., access to financing, land basis, construction costs)
- other regulatory requirements (e.g., massing standards, building, fire, utility, or Planning Code restrictions)
- risk (e.g., market conditions, entitlement process, unanticipated site conditions) that significantly reduce

the chance of redeveloping many sites.

As previously stated, since the late 1970s, relatively few single-family homes have been redeveloped to include three or four units. Reasons include regulatory limits on density and on the demolition of housing, very high market demand for single-family homes, increasingly high construction costs, and owner-occupation of most one-unit buildings.

The following analogous data points help to demonstrate this picture:

- Of the city's approximately 36,000 parcels zoned RH-2, approximately 19,500 contain single-family homes. These homes are in a zoning district that currently allow two units, not inclusive of ADU's, and yet over half of the lots have continued to remain single-family homes versus add/build modest density.
- The Department analyzed the Market Octavia Plan and Mission Area Plan rezonings where RTO and RTO-M Districts replaced RH-2, RH-3, and RM-1 (Residential, Mixed, Low Density) zoning. In those neighborhoods, the rezoning replaced lot-based density controls with form-based density, allowing for four or more residential units per lot. From 2009 through 2020, only 1.3 percent of single-family homes in these districts (five out of 378 such lots) had submitted applications to increase the residential density to three or four units. Extrapolating from this 12-year period to a 25-year period, the percentage of such lots might increase to 2.7% going forward.

Accordingly, it is uncertain how many new housing units will be created under Supervisor Mandelman's Ordinances as currently drafted.

General Plan Compliance

Objective 4 of the Housing Element instructs the City to "foster a housing stock that meets the needs of all residents across all lifecycles." The proposed Ordinance, with all staff modifications, will end a decades old exclusionary practice that has helped segregate our city. Removing single-family zoning will also create opportunities for areas of the city that have seen little housing production in the last several decades to add modest density, thereby increasing housing choice for existing residents, and opening opportunities for current homeowners to build equity through the addition of a unit(s). Objective 10 of the Housing Element instructs the City to "ensure a streamlined, yet thorough, and transparent decision-making process". The proposed Ordinance, with all staff modifications, will make adding modest density to our RH districts more manageable for homeowners and developers, through the creation of two ministerial pathways, open to projects and applicants that meet the City's housing priorities.

Racial and Social Equity Analysis

The Department's recommended modifications to these ordinances are designed to increase equity outcomes. Staff first worked to determine the locations and types of lots where development through the proposed legislation and staff's recommended modifications was most likely to occur. Based on the data presented by the EIR Addendum for this legislation, and analysis in conjunction with the Office of Racial Equity, staff concluded that the most likely existing housing typology to be affected by this legislation is small, single-family homes. This

is because demolition of multi-unit buildings to increase the existing density by a few units is not financially feasible. The focus then shifted to potential impacts on renters and owners of single-family homes.

Reduce Potential Vulnerability of Single-Family Homeowners

Despite high home prices, 50% of single-family homes are owned by moderate- or low-income owners. Single-family homes have much lower turnover than multifamily ownership units or rental units, with 46% of single-family homes occupied for 20 years or more and 70% occupied for 10 years or more. Length of ownership may explain why so many single-family homes have owners with low and moderate incomes even though current prices would likely be financially out of reach. These households may have bought a home when prices were lower, inherited a home, or their income may have been higher when they purchased the property (*i.e., retirees*).⁴

Planning Department analysis of 2014-2018 IPUMS data found that 30% of owners are cost burdened⁵ (*approximately 39,500 owners*). Over 19,000 of these burdened owners are severely cost burdened. Middle income owners are more likely to be cost burdened than renters but more than 80% of severely burdened owners are lower income. Homeowners of color experience higher rates of cost burden, and Black homeowners in particular face higher rates of severe cost burden.⁶ While rents have dropped, the single-family home market has been highly active, and prices have only gone up in the past two years indicating that the pressures that might encourage these homeowners to sell their properties is powerfully in action *now*; changing density limits is unlikely to make a significant difference in the choices these families currently face.

Density is Coming Regardless of Local Action

Given that SB 9 will be law on January 1st, the question is no longer whether increased density in single-family neighborhoods will impact people in San Francisco but more specifically who and how. This will become part of the real estate landscape regardless of local action. The city's best opportunity to rectify past injustice and open opportunities through this change is to shape a local program. The program must include a package of rules and resources that reducing barriers for communities of color to build equity or access income from their properties while incentivizing them to stay in the city.

Assistance Programs

The Department recognizes that equity outcomes can only be achieved in a rezoning proposal if the city commits to resourcing the agency of owners and households of color in their own housing choices, including taking advantage of programs to the development of their properties into rental units or other forms of income.

Developing one's own property is a difficult challenge under the best and more resourced of circumstances. It requires specialized knowledge or experience, financial resiliency, and temporary relocation and disruption. These are additional barriers for many people of color and low-income homeowners that put these options out of reach. Creating an ownership or Community Land Trust as a key benefit for those developing their own

⁴ Summary Draft Needs Assessment for the 2022 Housing Element, page 15. <https://www.sfhousingelement.org/summary-draft-needs-assessment-housing-element-2022-update>

⁵ HUD defines cost-burdened families as those "who pay more than 30% of their income for housing" and "may have difficulty affording necessities such as food, clothing, transportation, and medical care." Severe rent burden is defined as paying more than 50% of one's income on rent.

⁶ Summary Draft Needs Assessment for the 2022 Housing Element, page 24. <https://www.sfhousingelement.org/summary-draft-needs-assessment-housing-element-2022-update>

properties for their future inhabitation or for non-profit community-based developers would help less resourced homeowners by reducing risk and disruption.

Reduce Potential Vulnerability of Single-Family Home Renters:

Based on 2018 census data (*from the American Community Survey or ACS*), only 12% of renters live in single-family homes in San Francisco (and some of these renters may be occupying ADU's *within* single-family homes). Most renters in single-family homes do not have rent control protections due to the state Costa Hawkins law and could, therefore, face unregulated rent increases at any time. In addition, because single-family homes are very expensive in San Francisco, the potential profit from a single-family home sale *could* induce owners to sell a home and renters may find themselves displaced.

The Department recognizes that equitable outcomes mean protecting existing tenants, especially those who are rent-burdened, on fixed incomes, low-income, those with disabilities, those who identify as LBGTQAI+, seniors, and people of color. Controls such as excluding properties with tenants in the past three years or Ellis Act Evictions within 15 years and not allow demolition of rent-controlled units would help protect these vulnerable populations.

New Units should benefit Workforce Families, especially those of Color:

The outcomes of changing density in single-family neighborhoods are likely to play out over a long period of time. These outcomes could potentially reinforce the exclusionary history of many of these areas without specific equity considerations. State law and federal policy require San Francisco to affirmatively further fair housing to address the history of discrimination and current inequalities in housing access. According to state law:

"Affirmatively furthering fair housing" means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity ... Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a public agency's activities and programs relating to housing and community development. - (California Gov. Code, § 8899.50, subd. (a)(1).)

In many high income, high resourced neighborhoods, housing regulations that limit housing options overlay a history of public and private racial discrimination. Racially restrictive covenants, redlining and lending discrimination have limited housing options for people of color for decades in San Francisco- and much of the rest of the country. The single-family housing developments constructed in the city from the 1930's onward were heavily shaped by these discriminatory policies. Further, these policies were often required by federal agencies as a condition of federally insured loans. In addition, people of color were often excluded from buying or renting in historically higher income areas of the city. Adding to the devastation of these discriminatory practices, urban renewal in the 1950 and 1960's destroyed various communities of color including the Fillmore and parts of SoMa. Though many discriminatory policies have been outlawed, their effects can still be widely seen today. People of color remain more concentrated in communities in the east and south of the city. These neighborhoods tend to be lower income, have lower homeownership, and have worse health outcomes. While higher opportunity areas tend to have higher concentrations of White residents and offer good resources and better health and wealth

outcomes for its residents. Rules that limit where multifamily housing can be built in higher opportunity areas are often referred to as “exclusionary zoning” because these rules can limit housing options for low- and moderate-income people and people of color.

The new housing produced in formerly exclusionary neighborhoods must be variable to offer different scales and types to fit the needs of people across the city. It must also be financially accessible to those with lower incomes and communities of color, especially those in Black and American Indian Communities. Producing more units is not enough given the historic dearth, to facilitate housing choice for these residents and to encourage the return of people of color who have already been displaced.

To address this, the Department has identified three actions to help mitigate these issues:

Explore establishing an impact fee on large single-family home developments This new fee would be charged to applicants who propose the substantial addition to or a new single-family house anywhere in the city. By not adding or maximizing density, applicants are under-using land and limiting the options of others; therefore, the revenue collected would be used directly to support the housing of those with financial barriers, specifically down payment assistance or construction loan programs described in this memo. The Department will continue to work with Human Rights Commission to explore how this could support the housing component of the Dreamkeeper Initiative.

Significantly increase resources for down payment assistance programs Use the fee to significantly increase the funds available to eligible families by increasing down payment assistance to at least \$500,000 per property, substantially increasing the number of families given resources, and lowering the paperwork or logistics barriers that make it difficult for families to qualify.

Require unit parity The Department’s proposed recommendation requires that the second unit provided on any site be 50% the size of the largest unit with no restrictions on the additional units provided. This is intended to incentivize the production of a variety of unit types and sizes to accommodate people in different types of living conditions. Small units can help young adults start to establish credit or build wealth and help seniors to both downsize and stay in their neighborhoods. Additionally, small units are less common in single-family neighborhoods and tend to be more affordable by design. Increasing the amount of larger units helps growing or multi-generational families stay adequately housed; statistically more likely to be families of color. This also encourages applicants to use the building envelope more equitably rather than taking advantage of a streamlined process for a very large house with little space given to the other unit residents.

Fund silent construction loans The Department recommends establishing a new program that would provide silent construction loans and technical assistance (design, financing, permitting, legal, etc.) to qualifying households to add units to their existing properties.

Implementation

The Department has determined that this Ordinance will impact our current implementation procedures; however, the proposed changes can be implemented without increasing permit costs or review time.

Recommendation

The Department recommends that the Commission *approve with modifications* the proposed Ordinance and adopt the attached Draft Resolution to that effect. *Please Note:* At this time, these proposals have not been fully reviewed by the City Attorney's Office. More research may be needed to implement some of them. The Department recommends all of the following:

1. **Rezone all the City's RH-1 zoning districts to RH-2.** Modify one of the proposed ordinances to upzone all RH-1, RH-1(D) and RH-1(S) zoning districts to RH-2.
2. Increase the proposed Ordinances' density exception for corner lots from four units to six units.
3. **Adopt a local alternative for SB 9.** Adopt the following program as an alternative to SB9⁷ to encourage development that meets the City's housing priorities (*chart continues on following page. For a chart viewable as one page, please see Exhibit D*):

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Requirements	Maximum Density	4 units on Interior Lots, 6 on Corner Lots	
	Minimum Lot Size	Lot split allowed on corner lots with minimum lot size of 1,200 sq. ft. no variances required for existing building w/ minimum 4 ft setback from new property line Maximum 6 units across the two lots	
	Owner Occupancy Requirement	No	Owner "Intent to Occupy" 3 years post construction*
	Increase Density	Must result in at least 4 units	Must add at least 1 new unit
	Required Rear Yard Setback	30%	30% if project results in 4 units, otherwise underlying zoning.
	Unit Proportionality	2nd unit must be at least 50% of 1st unit size	

⁷ For a comprehensive chart comparing SB9 to the proposed local alternative pathways, please see Exhibit E.

Process	Eligibility	<ul style="list-style-type: none"> Has not been tenant occupied for at least 3 years prior to filing the application Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years Is not an A building or Historic Resource under Article 10, etc. 	<ul style="list-style-type: none"> Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)* Owner signs affidavit stating intent to occupy for at least 3 years post construction* Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years. Is not an A building or Historic Resource under Article 10, etc.
	Subject to 317	No	
	Subject to 311	No	
	Residential Design Guidelines	Objective Standards Only	
	CEQA Review	Yes	
	Fee Waiver for Historic Evaluation	No	Yes
	Condo Conversion Process	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained. <i>(would require a new provision of the Subdivision Code enacted under this Ordinance)</i>
	<p>ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2-3 units (depending on zoning district) allowed plus ADUs for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply.</p> <p><i>*Not required if owned by a non-profit</i></p>		

4. **Explore establishing a fee on single-family homes larger than 4,000 sq. ft.** This proposed fee would be assessed against project applications in RH districts that seek new construction of a single-family home of more than 4,000 square feet, or expansion of an existing single-family home beyond 4,000sqft. Consider allowances for small additions. Allocate the fee to the city's Down Payment Assistance Loan Program or another supportive program that assists low/moderate income earners and BIPOC communities with home ownership or residential development in the city.
5. **Increase funding to supportive housing programs.** Encourage the Board of Supervisors and the Mayor's Office to increase funding to supportive programs that assist low and moderate income and BIPOC residents with buying and building homes in the city.
6. **Amend the proposed Ordinances to comply with the technical requirements of Senate Bill 10.** Make non-substantive changes to qualify for SB10 as follows:
 - a) include a declaration that the zoning ordinance is adopted pursuant to SB 10;
 - b) clearly demarcate the areas that are zoned;
 - c) include a finding that "the increased density authorized by the ordinance is consistent with the city or county's obligation to affirmatively further fair housing pursuant to Government Code Section 8899.50; and,
 - d) specify heights as shown on the City's zoning maps.
7. **Pursue the adoption of objective residential design standards.** Direct staff to formalize objective residential design standards and bring back before the Commission for adoption. *See Exhibit F for draft subjective design standards.*
8. **Recommend amendments to the Subdivision Code for projects that meet certain requirements, to apply to form condos via new construction pathway, even for existing units being retained.**

Basis for Recommendation

The Department supports the overall goals of Supervisor Mandelman's ordinances, which provide a pathway for modest density to be added to some of the city's neighborhoods that have historically seen little housing production. The density restrictions placed on much of the city's west and south sides has resulted in a concentration of housing production in the eastern half of the city. The City should encourage the production of modest, multi-unit buildings as alternative to single-family homes, or to high-density developments, and also focus this development in areas of the city that have seen few new units of housing in recent decades. This can be best accomplished by focusing upzoning on the city's RH districts.

Recommendation 1: Rezone all the City's RH-1 zoning districts to RH-2. Rezoning all single-family districts will allow the city to develop its own local alternative to SB 9 while also maintaining control over the shape and pattern of our built environment. Further, eliminating single-family zoning will end a decades-old exclusionary practice that has helped segregate our city. Removing single-family zoning will also create opportunities for areas of the city that have seen little housing production in the last several decades to add modest density,

thereby increasing housing choice for existing residents, and opening opportunities for current homeowners to build equity through the addition of a unit(s).

Recommendation 2: Increase the proposed Ordinances' density exception for corner lots from four units to six units. See "Return to San Francisco's Historic Development Pattern" and "Enhanced Density at Corner Lots" sections for basis for recommendation.

Recommendation 3: Adopt a local alternative for SB 9. Adopting a local alternative to SB 9 will allow the City to incorporate aspects of the state bill that would be most beneficial to housing production while ensuring local protections vital to the city's livability. The local program could assist in making the development process more manageable for homeowners and developers, while also ensuring the city's most vulnerable residents are protected from displacement or pressure to sell. A local program could additionally retain current review procedures meant to protect certain historic buildings that could be in jeopardy under SB 9 (e.g. buildings listed as Category A Resources under CEQA), and allow the City to maintain control over our urban form.

Two tracks; one program: Increasing the allowable density on RH lots alone will not succeed in accomplishing the City's housing goals, which include (1) increasing density without negatively impacting current residents, (2) supporting the preservation and improvement of historic buildings, and (3) opening the development process to current homeowners. The proposed "homeowner" path requires the subject property to have been owner occupied for at least 3 years prior to application, and owners must sign an affidavit of intent stating they will reside in the property for at least 3 years post-construction (if the owner is a non-profit, they may still qualify for this path without meeting the occupancy requirements). In exchange, the owner could bypass many of the traditional processes that have historically made adding density financially infeasible. The Department's secondary goal was to encourage projects that would maximize the new allowable density without negatively impacting current tenants or historic buildings. The second path available through this program is for properties that do not meet the owner occupancy requirement but would maximize density. The presumption is that these projects would not be sponsored by individual owners, but rather traditional development professionals. As such, some of the alleviations made for owners in the first path (such as the ability to deliver condominium units, and waivers from Historic Evaluation fees) are not waived.

30% Rear Yard Requirement: Allowing a 30% rear yard will provide a larger building envelope for those adding the most units. Those not seeking to maximize density would have a larger rear setback requirement (45%) and thus a smaller allowable building envelope. The 30% rear yard is both practical and an incentive for additional units.

Eliminating 317 and 311 Processes: San Francisco's development process can be long and expensive. Eliminating the CU requirement in Section 317, and the notification requirement in Section 311 is intended to expedite and add certainty to that process. This in turn would also reduce the costs associated with development. If applicants are adding housing in a manner that meets the city's policy goals, it should be approvable without added process or review.

Fee Waiver for Historic Resource Evaluation: This incentive would apply only to the owner-occupied portion of the program. It is intended to incentivize homeowners to add more units to their property. Having the City pay for the historic evaluation will only provide a small reduction in the overall cost associated with the development; however, it will allow homeowners to know if their property is eligible for the density waiver

program before plans are drawn or too much has been invested in the process. Additional revenue should be identified to make up the cost of this fee waiver.

Recommendation 4: Explore establishing a fee on single-family homes larger than 4,000 sq. ft. See Racial and Social Equity Analysis for explanation of burdens and benefits.

Recommendation 5: Increase funding to supportive housing programs. See Racial and Social Equity Analysis for explanation of burdens and benefits.

Recommendation 6: Amend the proposed Ordinances to comply with the technical requirements of Senate Bill 10. Staff recommends that the ordinance be amended to comply with the requirements of SB 10. No height increases are proposed by the ordinance or in the recommended modifications, and height limits would be as shown on the City's zoning maps.

Recommendation 7: Pursue the adoption of objective residential design standards. Direct staff to formalize objective residential design standards and bring back before the Commission for adoption. *See Exhibit F for draft subjective design standards.*

Recommendation 8: Recommend amendments to the Subdivision Code for projects that meet certain requirements, to apply to form condos via new construction pathway, even for existing units being retained. This incentive would apply only to the owner-occupied portion of the program. Currently, if a project is considered new construction, it may be delivered as condominiums. If, however, an existing unit(s) would like to add an additional unit or units, the building must first:

- Have every unit owner occupied for at least 1 year (thereby necessitating the formation of a Tenancy in Common or TIC)
- File an application to convert the building to condos with an average wait time of over one year
- Finance the project either as a jumbo loan shared among owners, or receive Tenancy in Common financing, and then refinance as separate mortgages once the condo conversion is approved

These processes create a financial and process burden that the average homeowner cannot afford. It also increases risk for homeowners who would like to sell the new unit they build as a condo versus a TIC. The Department's recommendation would allow owner-occupied projects to deliver their entire building as condos even if they retain existing units. It will reduce additional costs and process burdens that would likely prevent their participation in the program. Allowing owners who retain an existing unit(s) while adding density to go through the same condominium establishment process as new construction also reduces the incentive to demolish existing housing.

Required Commission Action

The proposed Ordinance is before the Commission so that it may approve it, reject it, or approve it with modifications.

Environmental Review

The Planning Department has determined that the environmental impacts of the proposed ordinance in Board File No. 210564 have been adequately identified and analyzed under CEQA in the 2004 and 2009 Housing Element FEIR, and the proposed ordinance would not result in any new or more severe environmental impacts than were identified in the FEIR. The addendum prepared for this legislation is attached as Exhibit C.

With the recommended amendments to the proposed ordinance in Board File No. 210866, the ordinance meets the requirements of Senate Bill 10, Government Code 65913.5, and review under CEQA is not required.

Public Comment

As of the date of this report, the Planning Department has received one public comment regarding the proposed Ordinance. It is attached as Exhibit G.

Attachments:

Exhibit A:	Draft Planning Commission Resolution for Board File No. 210564
Exhibit B:	Draft Planning Commission Resolution for Board File No. 210866
Exhibit C:	EIR Addendum #7
Exhibit D:	"Recommendation 3" Chart
Exhibit E:	SB9 vs "Recommendation 3" Chart
Exhibit F:	Draft Objective Residential Design Standards
Exhibit G:	Public Comment
Exhibit H:	Board of Supervisors File No. 210564
Exhibit I:	Board of Supervisors File No. 210866



EXHIBIT A

PLANNING COMMISSION DRAFT RESOLUTION

HEARING DATE: November 18, 2021

Project Name: Dwelling Unit Density Exception for Corner Lots in Residential Districts
Case Number: 2021-003971PCA [Board File No. 210564]
Initiated by: Supervisor Mandelman / Introduced May 18, 2021
Staff Contact: Audrey Merlone, Legislative Affairs
Audrey.merlone@sfgov.org, 628-652-7534
Reviewed by: Aaron D Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, (628) 652-7533

RESOLUTION APPROVING A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO PROVIDE A DENSITY LIMIT EXCEPTION FOR CORNER LOTS IN RH (RESIDENTIAL, HOUSE) ZONING DISTRICTS, TO PERMIT UP TO FOUR DWELLING UNITS PER LOT; 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 May 18, 2021 Supervisor Mandelman introduced a proposed Ordinance under Board of Supervisors (hereinafter “Board”) File Number 210564, which would amend the Planning Code to provide a density limit exception for Corner Lots in RH (Residential, House) zoning districts, to permit up to four dwelling units per lot;

WHEREAS, The Planning Commission (hereinafter “Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on November 18, 2021; and,

WHEREAS, the Planning Department has determined that the environmental impacts of the proposed ordinance in Board File No.210564 have been adequately identified and analyzed under CEQA in the 2004 and 2009 Housing Element FEIR, and the proposed Ordinance would not result in any new or more severe environmental impacts than were identified in the FEIR; 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 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby **approves with modifications** the proposed ordinance. The modifications are as follows:

1. **Rezone all the City's RH-1 zoning districts to RH-2.** Modify one of the proposed ordinances to upzone all RH-1, RH-1(D) and RH-1(S) zoning districts to RH-2.
2. Increase the proposed Ordinances' density exception for corner lots from four units to six units.
3. **Adopt a local alternative for SB 9.** Adopt the following program as an alternative to SB9¹ to encourage development that meets the City's housing priorities (*chart continues on following page. For a chart viewable as one page, please see Exhibit D*):

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Requirements	Maximum Density	4 units on Interior Lots, 6 on Corner Lots	
	Minimum Lot Size	Lot split allowed on corner lots with minimum lot size of 1,200 sq. ft. no variances required for existing building w/ minimum 4 ft setback from new property line Maximum 6 units across the two lots	
	Owner Occupancy Requirement	No	Owner "Intent to Occupy" 3 years post construction*
	Increase Density	Must result in at least 4 units	Must add at least 1 new unit

¹ For a comprehensive chart comparing SB9 to the proposed local alternative pathways, please see Exhibit E.

	Required Rear Yard Setback	30%	30% if project results in 4 units, otherwise underlying zoning.
	Unit Proportionality	2nd unit must be at least 50% of 1st unit size	
	Eligibility	<ul style="list-style-type: none"> Has not been tenant occupied for at least 3 years prior to filing the application Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years Is not an A building or Historic Resource under Article 10, etc. 	<ul style="list-style-type: none"> Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)* Owner signs affidavit stating intent to occupy for at least 3 years post construction* Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years. Is not an A building or Historic Resource under Article 10, etc.
Process	Subject to 317	No	
	Subject to 311	No	
	Residential Design Guidelines	Objective Standards Only	
	CEQA Review	Yes	
	Fee Waiver for Historic Evaluation	No	Yes
	Condo Conversion Process	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained. <i>(would require a new provision of the Subdivision Code enacted under this Ordinance)</i>

ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2-3 units (depending on zoning district) allowed plus ADUs for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply.

**Not required if owned by a non-profit*

4. Explore establishing a fee on single-family homes larger than 4,000 sq. ft. This proposed fee would be assessed against project applications in RH districts that seek new construction of a single-family home of more than 4,000 square feet, or expansion of an existing single-family home beyond 4,000sqft. Consider allowances for small additions. Allocate the fee to the city's Down Payment Assistance Loan Program or another supportive program that assists low/moderate income earners and BIPOC communities with home ownership or residential development in the city.
5. Increase funding to supportive housing programs. Encourage the Board of Supervisors and the Mayor's Office to increase funding to supportive programs that assist low and moderate income and BIPOC residents with buying and building homes in the city.
6. Amend the proposed Ordinances to comply with the technical requirements of Senate Bill 10. Make non-substantive changes to qualify for SB10 as follows:
 - a) include a declaration that the zoning ordinance is adopted pursuant to SB 10;
 - b) clearly demarcate the areas that are zoned;
 - c) include a finding that "the increased density authorized by the ordinance is consistent with the city or county's obligation to affirmatively further fair housing pursuant to Government Code Section 8899.50; and,
 - d) specify heights as shown on the City's zoning maps.
7. Pursue the adoption of objective residential design standards. Direct staff to formalize objective residential design standards and bring back before the Commission for adoption. See *Exhibit F for draft subjective design standards*.
8. Recommend amendments to the Subdivision Code for projects that meet certain requirements, to apply to form condos via new construction pathway, even for existing units being retained.

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:

Objective 4 of the Housing Element instructs the City to "foster a housing stock that meets the needs of all residents across all lifecycles." The proposed Ordinance, with all staff modifications, will end a decades old

exclusionary practice that has helped segregate our city. Removing single-family zoning will also create opportunities for areas of the city that have seen little housing production in the last several decades to add modest density, thereby increasing housing choice for existing residents, and opening opportunities for current homeowners to build equity through the addition of a unit(s). Objective 10 of the Housing Element instructs the City to “ensure a streamlined, yet thorough, and transparent decision-making process”. The proposed Ordinance, with all staff modifications, will make adding modest density to our RH districts more manageable for homeowners and developers, through the creation of two ministerial pathways, open to projects and applicants that meet the City’s housing priorities.

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 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY’S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.6

Consider greater flexibility in number and size of units within established building envelopes in community based planning processes, especially if it can increase the number of affordable units in multi-family structures.

OBJECTIVE 4

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

Policy 4.6

Ensure that new permanently affordable housing is located in all of the city’s neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

OBJECTIVE 5

ENSURE THAT ALL RESIDENTS HAVE EQUAL ACCESS TO AVAILABLE UNITS.

Policy 5.2

Increase access to housing, particularly for households who might not be aware of their housing choices.

Policy 5.4

Provide a range of unit types for all segments of need, and work to move residents between unit types as their needs change.

The proposed Ordinance, with all staff modifications, will allow areas of the City that have been restricted to single-family zoning for decades, to add modest density to their neighborhoods, thereby providing a larger

range of housing choices for current and future residents. These range of housing units in size, type, and affordability will assist current residents with being able to stay within their existing community, even if their housing needs change. It will also open opportunities for new residents to move into neighborhoods that are currently exclusionary due to the lack of housing options for those who cannot afford to buy or rent a single-family home.

OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

Policy 7.8

Develop, promote, and improve ownership models which enable households to achieve homeownership within their means, such as down-payment assistance, and limited equity cooperatives.

The proposed Ordinance, with all staff modifications, emphasizes the importance of coupling the densification effort with supportive programs.

OBJECTIVE 10

ENSURE A STREAMLINED, YET THOROUGH, AND TRANSPARENT DECISION-MAKING PROCESS.

Policy 10.2

Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.

The proposed Ordinance, with all staff modifications, will promote modest density across RH districts in the City through the addition of residential units and ADU's. The proposed Ordinance additionally ensures that large, single-family home construction or expansions are not approved without careful consideration through a CU authorization.

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 would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of

neighborhood-serving retail.

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 would not have a negative effect on housing or neighborhood character.

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

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

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 would 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.

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

The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

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

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Planning Code Section 302 Findings.

The Historic Preservation 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 APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on November 18, 2021.

Jonas P. Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: November 18, 2021



EXHIBIT B

PLANNING COMMISSION DRAFT RESOLUTION

HEARING DATE: November 18, 2021

Project Name: Four-Unit Density Exception for Residential Districts
Case Number: 2021-010762PCA [Board File No. 210866]
Initiated by: Supervisor Mandelman / Introduced July 27, 2021
Staff Contact: Audrey Merlone, Legislative Affairs
Audrey.merlone@sfgov.org, 628-652-7534
Reviewed by: Aaron D Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, (628) 652-7533

RESOLUTION APPROVING A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO PROVIDE A DENSITY LIMIT EXCEPTION TO PERMIT UP TO FOUR DWELLING UNITS PER LOT IN RH (RESIDENTIAL, HOUSE) ZONING DISTRICTS; 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 July 27, 2021 Supervisor Mandelman introduced a proposed Ordinance under Board of Supervisors (hereinafter “Board”) File Number 210866, which would amend the Planning Code to provide a density limit exception to permit up to four dwelling units per lot in RH (Residential, House) zoning districts;

WHEREAS, The Planning Commission (hereinafter “Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on November 18, 2021; and,

WHEREAS, with the recommended amendments to the proposed Ordinance in Board File No. 210866, the Ordinance meets the requirements of Senate Bill 10, Government Code 65913.5, and review under CEQA is not required; 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 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby **approves with modifications** the proposed ordinance. The modifications are as follows:

1. **Rezone all the City's RH-1 zoning districts to RH-2.** Modify one of the proposed ordinances to upzone all RH-1, RH-1(D) and RH-1(S) zoning districts to RH-2.
2. **Increase the proposed Ordinances' density exception for corner lots from four units to six units.**
3. **Adopt a local alternative for SB 9.** Adopt the following program as an alternative to SB9¹ to encourage development that meets the City's housing priorities (*chart continues on following page. For a chart viewable as one page, please see Exhibit D*):

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Requirements	Maximum Density	4 units on Interior Lots, 6 on Corner Lots	
	Minimum Lot Size	Lot split allowed on corner lots with minimum lot size of 1,200 sq. ft. no variances required for existing building w/ minimum 4 ft setback from new property line Maximum 6 units across the two lots	
	Owner Occupancy Requirement	No	Owner "Intent to Occupy" 3 years post construction*
	Increase Density	Must result in at least 4 units	Must add at least 1 new unit
	Required Rear Yard Setback	30%	30% if project results in 4 units, otherwise underlying zoning.

¹ For a comprehensive chart comparing SB9 to the proposed local alternative pathways, please see Exhibit E.

Process	Unit Proportionality	2nd unit must be at least 50% of 1st unit size	
	Eligibility	<ul style="list-style-type: none"> Has not been tenant occupied for at least 3 years prior to filing the application Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years Is not an A building or Historic Resource under Article 10, etc. 	<ul style="list-style-type: none"> Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)* Owner signs affidavit stating intent to occupy for at least 3 years post construction* Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years. Is not an A building or Historic Resource under Article 10, etc.
	Subject to 317	No	
	Subject to 311	No	
	Residential Design Guidelines	Objective Standards Only	
	CEQA Review	Yes	
	Fee Waiver for Historic Evaluation	No	Yes
	Condo Conversion Process	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained. <i>(would require a new provision of the Subdivision Code enacted under this Ordinance)</i>
ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2-3 units (depending on zoning district) allowed plus ADUs for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply.			

**Not required if owned by a non-profit*

4. **Explore establishing a fee on single-family homes larger than 4,000 sq. ft.** This proposed fee would be assessed against project applications in RH districts that seek new construction of a single-family home of more than 4,000 square feet, or expansion of an existing single-family home beyond 4,000sqft. Consider allowances for small additions. Allocate the fee to the city's Down Payment Assistance Loan Program or another supportive program that assists low/moderate income earners and BIPOC communities with home ownership or residential development in the city.
5. **Increase funding to supportive housing programs.** Encourage the Board of Supervisors and the Mayor's Office to increase funding to supportive programs that assist low and moderate income and BIPOC residents with buying and building homes in the city.
6. **Amend the proposed Ordinances to comply with the technical requirements of Senate Bill 10.** Make non-substantive changes to qualify for SB10 as follows:
 - a) include a declaration that the zoning ordinance is adopted pursuant to SB 10;
 - b) clearly demarcate the areas that are zoned;
 - c) include a finding that "the increased density authorized by the ordinance is consistent with the city or county's obligation to affirmatively further fair housing pursuant to Government Code Section 8899.50; and,
 - d) specify heights as shown on the City's zoning maps.
7. **Pursue the adoption of objective residential design standards.** Direct staff to formalize objective residential design standards and bring back before the Commission for adoption. *See Exhibit F for draft subjective design standards.*
8. **Recommend amendments to the Subdivision Code for projects that meet certain requirements, to apply to form condos via new construction pathway, even for existing units being retained.**

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:

Objective 4 of the Housing Element instructs the City to "foster a housing stock that meets the needs of all residents across all lifecycles." The proposed Ordinance, with all staff modifications, will end a decades old exclusionary practice that has helped segregate our city. Removing single-family zoning will also create opportunities for areas of the city that have seen little housing production in the last several decades to add

modest density, thereby increasing housing choice for existing residents, and opening opportunities for current homeowners to build equity through the addition of a unit(s). Objective 10 of the Housing Element instructs the City to “ensure a streamlined, yet thorough, and transparent decision-making process”. The proposed Ordinance, with all staff modifications, will make adding modest density to our RH districts more manageable for homeowners and developers, through the creation of two ministerial pathways, open to projects and applicants that meet the City’s housing priorities.

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 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY’S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.6

Consider greater flexibility in number and size of units within established building envelopes in community based planning processes, especially if it can increase the number of affordable units in multi-family structures.

OBJECTIVE 4

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

Policy 4.6

Ensure that new permanently affordable housing is located in all of the city’s neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

OBJECTIVE 5

ENSURE THAT ALL RESIDENTS HAVE EQUAL ACCESS TO AVAILABLE UNITS.

Policy 5.2

Increase access to housing, particularly for households who might not be aware of their housing choices.

Policy 5.4

Provide a range of unit types for all segments of need, and work to move residents between unit types as their needs change.

The proposed Ordinance, with all staff modifications, will allow areas of the City that have been restricted to single-family zoning for decades, to add modest density to their neighborhoods, thereby providing a larger range of housing choices for current and future residents. These range of housing units in size, type, and affordability will assist current residents with being able to stay within their existing community, even if their housing needs change.

It will also open opportunities for new residents to move into neighborhoods that are currently exclusionary due to the lack of housing options for those who cannot afford to buy or rent a single-family home.

OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

Policy 7.8

Develop, promote, and improve ownership models which enable households to achieve homeownership within their means, such as down-payment assistance, and limited equity cooperatives.

The proposed Ordinance, with all staff modifications, emphasizes the importance of coupling the densification effort with supportive programs.

OBJECTIVE 10

ENSURE A STREAMLINED, YET THOROUGH, AND TRANSPARENT DECISION-MAKING PROCESS.

Policy 10.2

Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.

The proposed Ordinance, with all staff modifications, will promote modest density across RH districts in the City through the addition of residential units and ADU's. The proposed Ordinance additionally ensures that large, single-family home construction or expansions are not approved without careful consideration through a CU authorization.

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 would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

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 would not have a negative effect on housing or neighborhood character.

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

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

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 would 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.

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

The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

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

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Planning Code Section 302 Findings.

The Historic Preservation 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 APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on November 18, 2021.

Jonas P. Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: November 18, 2021



ADDENDUM 7 TO ENVIRONMENTAL IMPACT REPORT

Addendum Date: October 8, 2021
Case No.: 2021-006636ENV
Project Title: BOS File No. 210564 – Dwelling Unit Density Exception for Corner Lots in Residential Districts
EIR: San Francisco 2004 and 2009 Housing Element, 2007.1275E
SCL No. 2008102033, certified March 24, 2011, recertified April 24, 2014
Project Sponsor: Supervisor Mandelman
Sponsor Contact: Jacob Bintliff, 415.554.7753, jacob.bintliff@sfgov.org
Lead Agency: San Francisco Planning Department
Staff Contact: Michael Li, 628.652.7538, michael.j.li@sfgov.org

Remarks

This document is an addendum to the 2004 and 2009 Housing Element Final Environmental Impact Report (“2004 and 2009 Housing Element FEIR” or “FEIR”). Its purpose is to substantiate the San Francisco Planning Department’s (planning department’s) determination that no supplemental or subsequent environmental review is required prior to adoption of proposed legislation to allow additional dwelling unit density on corner lots in certain residential districts (“modified project”). As described more fully below, the modified project is an implementing program of the 2014 Housing Element. The planning department has determined that the environmental impacts of the modified project have been adequately identified and analyzed under CEQA in the 2004 and 2009 Housing Element FEIR, and the proposed project would not result in any new or more severe environmental impacts than were identified in the FEIR.

Background

On April 24, 2014, the San Francisco Planning Commission (“planning commission”) certified the 2004 and 2009 Housing Element FEIR pursuant to the California Environmental Quality Act (“CEQA”).¹ On June 17, 2014, the San Francisco Board of Supervisors (“board”) adopted the 2009 Housing Element as the Housing Element of the *San Francisco General Plan* (“General Plan”).

Previous Addenda to the 2004 and 2009 Housing Element FEIR

In response to the proposed 2014 Housing Element, which updated the Data and Needs Analysis of the 2009 Housing Element and added five additional policies, the planning department prepared

¹ San Francisco Planning Department, *2004 and 2009 Housing Element Final Environmental Impact Report*, April 24, 2014. Case No. 2007.1275E, https://sfmea.sfplanning.org/2007.1275E_DEIR.pdf and https://sfmea.sfplanning.org/2007.1275E_DEIR2.pdf, accessed on August 26, 2021.

Addendum 1 to the 2004 and 2009 Housing Element FEIR. Based on Addendum 1, issued by the planning department on January 22, 2015, the board found that no additional environmental review was required beyond the review in the FEIR.² On April 27, 2015, the board adopted the 2014 Housing Element.

In response to proposed legislation to amend the locations in which accessory dwelling units (“ADUs”) may be constructed, the planning department prepared Addendum 2 to the 2004 and 2009 Housing Element FEIR. Based on Addendum 2, issued by the planning department on July 14, 2015, the board found that no additional environmental review was required beyond the review in the FEIR.³ On September 8, 2015, the board adopted the proposed legislation allowing the construction of ADUs in Supervisorial Districts 3 and 8.

In response to proposed legislation that would create a program allowing the construction of taller and denser buildings in exchange for a higher number of affordable dwelling units (the “Affordable Housing Bonus Program” or the “AHBP”), the planning department prepared Addendum 3 to the 2004 and 2009 Housing Element FEIR. Based on Addendum 3, issued by the planning department on January 14, 2016, the board found that no additional environmental review was required beyond the review in the FEIR.⁴ On June 6, 2017, the board adopted the proposed legislation creating the AHBP, now known as HOME-SF.

In response to proposed legislation that would allow the construction of ADUs on a citywide basis, the planning department prepared Addendum 4 to the 2004 and 2009 Housing Element FEIR. Based on Addendum 4, issued by the planning department on June 15, 2016, the board found that no additional environmental review was required beyond the review in the FEIR.⁵ On May 2, 2017, the board adopted the proposed legislation allowing the construction of ADUs on a citywide basis.

In response to proposed legislation that would streamline the approval process for eligible projects that would provide 100 percent affordable housing or housing for teachers and employees of the San Francisco Unified School District, the planning department prepared Addendum 5 to the 2004 and 2009 Housing Element FEIR. Based on Addendum 5, issued by the planning department on June 5, 2019,

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- 2 San Francisco Planning Department, *Addendum to 2004 and 2009 Housing Element Final Environmental Impact Report, 2014 Housing Element*, January 22, 2015, Case No. 2014.1327E. Available at https://sfmea.sfplanning.org/2014.1327E_Add.pdf, accessed on August 26, 2021.
 - 3 San Francisco Planning Department, *Addendum 2 to 2004 and 2009 Housing Element Final Environmental Impact Report, Accessory Dwelling Units in Supervisorial Districts 3 and 8*, July 14, 2015, Case No. 2015-005350ENV. Available at [https://sfmea.sfplanning.org/2015-005350ENV_Addendum%20to%20Housing%20Element%20EIR_D3%20and%20D8%20ADU%20Leg%20\(2\).pdf](https://sfmea.sfplanning.org/2015-005350ENV_Addendum%20to%20Housing%20Element%20EIR_D3%20and%20D8%20ADU%20Leg%20(2).pdf), accessed on August 26, 2021.
 - 4 San Francisco Planning Department, *Addendum 3 to 2004 and 2009 Housing Element Final Environmental Impact Report, Affordable Housing Bonus Program*, January 14, 2016, Cases No. 2014.1304E and 2014-001503GPA. Available at https://sfmea.sfplanning.org/2014.1304E_AHBP_Addendum03_011416%20Final.pdf, accessed on August 26, 2021.
 - 5 San Francisco Planning Department, *Addendum 4 to 2004 and 2009 Housing Element Final Environmental Impact Report, Construction of Accessory Dwelling Units*, June 15, 2016, Case No. 2016-004042ENV. Available at https://sfmea.sfplanning.org/2016-004042ENV_Addendum.pdf, accessed on August 26, 2021.

the board found that no additional environmental review was required beyond the review in the FEIR.⁶ The proposed legislation was not adopted by the board.

In response to proposed legislation that would further streamline the approval process for eligible projects that would provide 100 percent affordable housing or housing for teachers and employees of the San Francisco Unified School District, the planning department prepared Addendum 6 to the 2004 and 2009 Housing Element FEIR. Based on Addendum 6, issued by the planning department on July 8, 2020, the board found that no additional environmental review was required beyond the review in the FEIR.⁷ On August 18, 2020, the board adopted the proposed legislation further streamlining the approval process for eligible projects that would provide 100 percent affordable housing or housing for teachers and employees of the San Francisco Unified School District.

This Addendum 7 applies to legislation proposed by Supervisor Mandelman (see “Proposed Legislation” below), introduced on May 18, 2021 (board file no. 210564), which would allow up to four dwelling units (not including accessory dwelling units) on corner lots for project not utilizing another density bonus program.

Housing Element

The Housing Element is a component of the *General Plan* and establishes the City’s overall housing policies. California State Housing Element law (California Government Code Section 65580 et seq.) requires local jurisdictions to adequately plan for and address the housing needs of all segments of its population in order to attain the region’s share of projected statewide housing goals. This law requires local governments to plan for their existing and projected housing needs by facilitating the improvement and development of housing and removing constraints on development opportunities. San Francisco’s 2014 Housing Element was required to plan for an existing and projected housing need of 28,869 new dwelling units.

As discussed in the City’s Housing Element, housing density standards in San Francisco have been traditionally set in terms of numbers of dwelling units in proportion to the size of the building lot. For the various zoning districts throughout the city, the San Francisco Planning Code (“planning code”) limits the number of dwelling units permitted on a given lot. For example, in an RH-2 (Residential, House, Two-Family) District, two dwelling units are principally permitted per lot, and one dwelling unit is permitted for every 1,500 square feet of lot area with conditional use authorization. The 2004 and 2009 Housing Elements discussed the need to increase housing stock through policies that promote intensification of dwelling unit density on developed lots. The Housing Element contains the following

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- 6 San Francisco Planning Department, Addendum 5 to 2004 and 2009 Housing Element Final Environmental Impact Report, Non-Discretionary Review of 100% Affordable Housing and Teacher Housing Projects, June 5, 2019, Case No. 2019-006081ENV. Available at <https://citypln-m-extn1.sfgov.org/SharedLinks.aspx?accesskey=ea22d2585fc7915890196af75ffb039640ac03981befb0ae3601fb3389ec83f8&VaultGUID=A4A7DACD-B0DC-4322-BD29-F6F07103C6E0>, accessed on August 26, 2021.
 - 7 San Francisco Planning Department, Addendum 6 to 2004 and 2009 Housing Element Final Environmental Impact Report, 100% Affordable Housing and Educator Housing Streamlining Program, July 8, 2020, Case No. 2020-003277ENV. Available at <https://citypln-m-extn1.sfgov.org/SharedLinks.aspx?accesskey=12d650606e9c3e28e4f01a8a303fa2da74ed128002046e7bda63b38b5e9c3038&VaultGUID=A4A7DACD-B0DC-4322-BD29-F6F07103C6E0> accessed on August 26, 2021.

objectives and policies that call for providing a diverse range of housing and creating more clarity and transparency in the review process:

- Objective 1: Identify and make available for development adequate sites to meet the city's housing needs, especially permanently affordable housing.
 - Policy 1.1: Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.
 - Policy 1.6: Consider greater flexibility in number and size of units within established building envelopes in community based planning processes, especially if it can increase the number of affordable units in multi-family structures.
- Objective 10: Ensure a streamlined, yet thorough, and transparent decision-making process.
 - Policy 10.1: Create certainty in the development entitlement process, by providing clear community parameters for development and consistent application of these regulations.
 - Policy 10.2: Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.

Housing Element 2022 Update

The Housing Element 2022 Update, which is currently underway, is San Francisco's housing plan that will cover an eight-year period from 2022 to 2030 and will include policies and programs to address the future of housing in San Francisco.⁸ Adoption of a housing element update is expected by January 2023, consistent with Government Code Section 65588(e). The planning department is currently formulating policies and objectives to be included in the Housing Element 2022 Update and will prepare an EIR. The proposed legislation analyzed in this Addendum 7 is not dependent upon or related to the adoption of the proposals included in the Housing Element 2022 Update and is therefore analyzed as an independent project.

Proposed Legislation

On May 18, 2021, Supervisor Mandelman introduced legislation (board file no. 210564) to the board that would amend the planning code to allow additional dwelling unit density on corner lots in all RH (Residential, House) Districts. The proposed legislation would permit up to four dwelling units per lot (not including accessory dwelling units) for projects not utilizing another density bonus program.

The proposed legislation, summarized in the table below, constitutes the modified project that is the subject of this Addendum 7.

8 <https://www.sfhousingelement.org/>

Zoning District of Corner Lot	Dwelling Unit Density: The Way It Is	Dwelling Unit Density: The Way It Would Be
RH-1(D)	1 unit per lot is principally permitted	Up to 4 units per lot (not including ADUs) for projects not utilizing another density bonus program
RH-1	1 unit per lot is principally permitted OR Up to 1 unit for every 3,000 square feet of lot area is permitted with CUA	
RH-1(S)	1 unit per lot plus a second unit if it is less than 600 square feet are principally permitted OR Up to 1 unit for every 3,000 square feet of lot area is permitted with CUA up to a maximum of 3 units	
RH-2	2 units per lot are principally permitted OR Up to 1 unit for every 1,500 square feet of lot area is permitted with CUA	
RH-3	3 units per lot are principally permitted OR Up to 1 unit for every 1,000 square feet of lot area is permitted with CUA	

Notes: ADU = accessory dwelling unit; CUA = conditional use authorization

Project Approvals

The proposed legislation consists of amendments to the Planning Code and requires the following project approvals:

- Recommendation to the board of supervisors (*planning commission*)
- Findings of consistency with the *General Plan* and the eight priority policies of planning code section 101.1 (*planning commission and board of supervisors*)

Anticipated Development

It is uncertain how many housing units would be constructed through implementation of the modified project and which specific parcels in San Francisco would be developed with such units. For the purpose of environmental review, the planning department estimated a theoretical maximum number of units that could be constructed due to the proposed modifications to the project based on the following factors.⁹

⁹ San Francisco Planning Department, email from Joshua Switzky to Michael Li, June 25, 2021.

Economic and Other Constraints

Factors that affect the production of housing include the availability and cost of land, the physical characteristics of potential development sites (e.g., size and/or configuration, buildable envelope, topography), the availability and cost of construction equipment, labor, and materials, and the ease or difficulty of the entitlement process. Although the modified project would increase the development potential of certain corner lots in San Francisco, it would not eliminate any of the constraints discussed above.

Eligible Parcels and Past Development Trends

The planning department has determined that there are 10,158 eligible parcels for development under the proposed legislation (i.e., corner lots in RH Districts). Of these 10,158 parcels, the planning department estimates that 371 lots have no existing residential units or have nonresidential structures with a floor area ratio ("FAR") below 1.0 to 1, and 6,760 lots have one existing residential unit. Lots with zero or one unit are estimated by the planning department to be more likely candidates for adding 2 or more units or redeveloping over time under the proposed ordinance than are lots with two or more units, which also can add at least one unit through existing accessory dwelling unit programs.

The development potential to the maximum extent authorized by the modified project of the 371 lots with no existing residential units or with nonresidential structures with an FAR below 1.0 to 1 would be 1,484 units (371 x 4), assuming that these lots are developable and not otherwise encumbered by other factors, ranging from physical characteristics (e.g., size and/or configuration, buildable envelope, topography) to deed restrictions or other land use or ownership characteristics (e.g., churches, schools, public uses, easements, infrastructure obstructions) that make them impossible or highly unlikely to be redeveloped. To account for the likelihood that a high percentage of these parcels are not realistically developable for housing of this scale due to these existing encumbrances, the planning department reduced the 1,484-unit development potential of these 371 lots by 50 percent. The resulting estimate is 742 units.

The 6,760 lots with one existing residential unit almost universally feature single-family homes that are typically owner-occupied.¹⁰ In determining the development potential of these lots, the likelihood of a property owner undertaking a project to increase the residential density of the property must be considered. Given current policy and economic conditions as well as basic practical logistics (including the strong and established market for single family homes, their dominant use by owner-occupants, protection of existing tenants in the case of rental units, local policy/regulatory disposition to avoid demolition of sound housing), the likelihood of redevelopment, densification or substantial change to add two or more units to a property with a single-family home is low.

In order to provide a comparable local benchmark for the potential effect of rezoning to allow greater density on current single-family properties despite the above factors, the planning department analyzed the track record of adding units to one-unit buildings in residential neighborhoods rezoned in the 2000s

10 Pursuant to the most recent 2014-2018 Census ACS, 77 percent of one-unit buildings in San Francisco are owner-occupied. The universe of one-unit buildings includes mixed-use buildings with one unit over a store and other types of properties, which may be more likely to be rentals. Thus, it is likely the percentage of true-single family homes that are owner occupied is higher than 77 percent.

to allow four or more units per parcel. In 2008 and 2009, the board adopted ordinances creating the RTO (Residential, Transit-Oriented Neighborhood) and RTO-M (Residential, Transit Oriented Mission Neighborhood) Districts as part of implementing the Market and Octavia Area Plan and the Mission Area Plan, respectively. The RTO and RTO-M Districts, which replaced the RH-2, RH-3, and RM-1 (Residential, Mixed, Low Density) zoning in those neighborhoods, allow four or more residential units per lot. The planning department analyzed housing production data for the RTO and RTO-M Districts to assess how many lots with one existing residential unit were redeveloped to increase the residential density to a total of three or four units.¹¹ From 2009 through 2020, only 1.3 percent of such lots (five out of 378) in RTO and RTO-M Districts were the subject of applications to increase the residential density to a total of four units. When extrapolated from a 12-year period to a 25-year period, the percentage of such lots increases to 2.7 percent. Assuming the same percentage of lots (2.7 percent) were redeveloped under the proposed legislation as were redeveloped under the RTO and RMO legislation, only 182 of the 6,760 lots would be redeveloped to increase the residential density to a total of four units. If the 182 lots with one existing residential unit were redeveloped to add three additional units per lot, the proposed legislation would yield 546 units (182 lots x 3 additional units per lot).

When the development potential of the 371 lots with no existing residential units (742 units) and the development potential of the 182 lots with one existing residential unit (546 units) are combined, the planning department estimates that the modified project could result in the construction of 1,288 units.

Theoretical Number of Units

For the reasons discussed above, the modified project is unlikely to result in a substantial increase in the number of housing units produced in San Francisco on an annual basis. Given the various constraints associated with the production of housing as well as past development trends, a net increase of approximately 1,300 units over a period of 25 years (an average of 52 units per year) is a reasonable number to use for analyzing the environmental impacts of the modified project.

Project Setting

San Francisco is a consolidated city and county located on the tip of the San Francisco Peninsula with the Golden Gate Strait to the north, San Francisco Bay to the east, San Mateo County to the south, and the Pacific Ocean to the west. San Francisco has an area of approximately 49 square miles. Although San Francisco is densely developed, there are vacant and underused lots that can be developed or redeveloped. These lots are located throughout San Francisco, and many are currently zoned to allow residential uses.

Analysis of Potential Environmental Effects

San Francisco Administrative Code section 31.19(c)(1) states that a modified project must be reevaluated and that “[i]f, on the basis of such reevaluation, the Environmental Review Officer (“ERO”) determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons therefore shall be noted in writing in the case record, and no further evaluation shall be required by this Chapter.”

11 Projects proposing to increase the total unit count from one to two were not considered since that scenario is already allowed under existing accessory dwelling unit programs.

CEQA Guidelines section 15164 provides for the use of an addendum to document the basis of a lead agency's decision not to require a Subsequent or Supplemental EIR for a change to a project that has been analyzed in a certified EIR. The lead agency's decision to use an addendum must be supported by substantial evidence that the conditions that would trigger the preparation of a Subsequent EIR, as provided in CEQA Guidelines Section 15162, are not present.

The modified project, which would implement the policies and measures related to intensifying dwelling unit density referenced in the Housing Element, would not result in any new significant environmental impacts, substantially increase the severity of previously identified effects, or necessitate implementation of additional or considerably different mitigation measures than those identified in the FEIR. The effects associated with the modified project would be substantially the same as those reported for the FEIR, and thus no supplemental or subsequent EIR is required. The following discussion provides the basis for this conclusion.

2004 and 2009 Housing Element FEIR Conclusions

The 2009 Housing Element adopted policies that generally encouraged housing and higher density housing along transit lines and in proximity to other infrastructure and neighborhood services, such as open space and childcare providers. The 2009 Housing Element policies also encouraged higher density through a community planning process and, for affordable housing projects, promoted the construction of multifamily housing. The FEIR identified less-than-significant environmental impacts for the following environmental topics:

- Land Use and Land Use Planning
- Aesthetics
- Population and Housing
- Cultural and Paleontological Resources
- Air Quality
- Greenhouse Gas Emissions
- Wind and Shadow
- Recreation
- Utilities and Service Systems
- Public Services
- Biological Resources
- Geology and Soils
- Hydrology and Water Quality
- Hazards and Hazardous Materials
- Mineral and Energy Resources
- Agriculture and Forest Resources

The FEIR found that significant effects related to encouraging new residential development along streets with noise levels above 75 dBA L_{dn} can be avoided or reduced to a less-than-significant level with mitigation, and a mitigation measure addressing the issue was incorporated into the adopted Housing Element as an implementation measure.^{12, 13} The FEIR found also that adoption of the 2009 Housing Element would potentially result in significant environmental effects on the transit network that could not be mitigated to a less-than-significant level with implementation of feasible mitigation measures. The policies in the 2014 Housing Element were substantially the same as those in the 2009 Housing Element, and the adoption of the 2014 Housing Element did not change the conclusions in the FEIR.

12 The standard method used to quantify environmental noise involves evaluating the sound with an adjustment to reflect the fact that human hearing is less sensitive to low-frequency sound than to mid- and high-frequency sound. This measurement adjustment is called "A" weighting, and the data are reported in A-weighted decibels (dBA).

13 The L_{dn} is the L_{eq} , or Energy Equivalent Level, of the A-weighted noise level over a 24-hour period, obtained after the addition of 10 dB to sound levels during nighttime hours (10:00 p.m. to 7:00 a.m.). The L_{eq} is the level of a steady noise which would have the same energy as the fluctuating noise level integrated over the time period of interest.

Changed Circumstances Since the Certification of the FEIR

Since the certification of the FEIR, a number of revisions have been made to the planning code, *General Plan*, and other city policies and regulations (e.g., the Inclusionary Housing Program, Standards for Bird-Safe Buildings, the Transportation Sustainability Fee) related to housing and development in San Francisco. Most changes to the planning code and other documents can be found on the planning department's website: <https://sfplanning.org/planning-code-change-summaries>. Those changes were independent from the adoption of the Housing Element and have undergone independent review under CEQA. The revisions primarily pertain to neighborhood-specific issues, and none of them would result in changes that substantially deviate from the overarching goals and objectives that were articulated in the 2009 or 2014 Housing Element (such as directing growth to certain areas of the City, promoting preservation of residential buildings, etc.) in a way that could render the conclusions in the FEIR invalid or inaccurate. These revisions to the regulatory environment also would not be expected to increase the severity of impacts discussed in the FEIR. Furthermore, no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. Any additional draft amendments proposed for adoption, but not yet adopted, would be reviewed for environmental impacts prior to adoption.

Changes to Housing Projections

The FEIR contains population and housing projections that have since been updated. As reported in the 2014 Housing Element, the 2012 American Community Survey estimated San Francisco's population to be about 807,755.¹⁴ The Association of Bay Area Governments projected ongoing population growth to 981,800 by 2030 or an overall increase of about 174,045 people who will need to be housed in the 18 years from 2012 to 2030.^{15, 16} In comparison, the 2009 Housing Element projected San Francisco's population at 934,000 by 2030. Household growth, an approximation of the demand for housing, currently indicates a need for some 72,530 new units in the 18 years from 2012 to 2030. As with the 2009 and 2014 Housing Elements, the modified project would not change the population and housing needs projections because those projections are due to and influenced by births, deaths, migration rates, and employment growth. Rather, the modified project would influence the location and type of residential development that would be constructed to meet demand.

Land Use and Land Use Planning 2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to land use and land use planning. The 2009 Housing Element would not conflict with applicable land use plans, policies, or regulations, including, but not limited to, the *San Francisco General Plan (General Plan)*, the *San Francisco Countywide Transportation Plan*, and the *San Francisco Bicycle Plan*. Individual development projects would be reviewed for consistency and compliance with applicable land use plans,

14 San Francisco Planning Department, *2014 Housing Element, Part I*, p. I.4.

15 Association of Bay Area Governments, *Projections 2013*, p. 75.

16 Association of Bay Area Governments and Metropolitan Transportation Commission, *Plan Bay Area 2050, The Final Blueprint, Growth Pattern*, January 21, 2021. Available at https://www.planbayarea.org/sites/default/files/FinalBlueprintRelease_December2020_GrowthPattern_Jan2021Update.pdf, accessed October 1, 2021. Under *Plan Bay Area 2050*, San Francisco County is projected to grow by 213,000 households between 2015 and 2050.

policies, or regulations. The 2009 Housing Element would not physically divide established communities by promoting the construction of physical barriers to neighborhood access, such as new freeways, or by removing existing means of access, such as bridges or roadways. The 2009 Housing Element would not have a substantial impact upon the existing character of San Francisco. Individual development projects would undergo design review to ensure that new construction is compatible with the neighborhoods in which the projects are located. In addition, individual development projects would be reviewed for compliance with planning code regulations to ensure that the proposed land uses are permitted in the zoning districts in which the projects are located.

Modified Project

The modified project would promote housing in established neighborhoods throughout San Francisco and would result in buildings that could be denser than what is currently permitted under existing regulations.

Plans, policies, and regulations adopted for the purpose of avoiding or mitigating an environmental effect are those that directly address environmental issues and/or contain targets or standards that must be met in order to maintain or improve characteristics of the City's physical environment. Examples of such plans, policies, or regulations include the Bay Area Air Quality Management District's *2017 Clean Air Plan* and the San Francisco Regional Water Quality Control Board's *San Francisco Basin Plan*. The modified project would not directly conflict with any plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect. Housing units proposed under the modified project would be evaluated by City decision-makers for their consistency with such plans, policies, or regulations, and conflicts would need to be addressed prior to the approval of any entitlements.

The modified project would not physically divide established communities by calling for the construction of physical barriers to neighborhood access, such as freeways, or the removal of existing means of access, such as bridges and roadways. New housing units would be constructed in established neighborhoods with existing infrastructure. New freeways would not need to be constructed to provide access to and from these units, and existing bridges and roadways would not need to be removed to accommodate the development of these units.

The modified project would not have a substantial impact on the existing land use character of San Francisco because it would promote residential development in established neighborhoods in which residential uses already exist. Therefore, new housing units would be compatible with the existing land use character of the neighborhoods in which they would be constructed. The construction of new units could result in buildings that are denser than existing development. However, the increased density would not affect the land use character of a neighborhood because new residential uses would be compatible with existing residential uses whether they are housed in a building with fewer units or a building with more units. The physical environmental impacts associated with denser buildings are discussed under the topics of Population and Housing, Recreation, Utilities and Service Systems, and Public Services.

For these reasons, the modified project would result in less-than-significant impacts related to land use and land use planning. The modified project would not result in more severe impacts than the

2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to land use and land use planning.

Aesthetics

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on aesthetics. The 2009 Housing Element would not have a substantial adverse effect on a scenic vista, would not damage scenic resources that contribute to a scenic public setting, and would not degrade the existing visual character of San Francisco. As discussed in the FEIR, future development would be required to comply with existing regulations adopted for the purpose of avoiding such impacts. The FEIR also found that the 2009 Housing Element would not create new sources of substantial light and glare that would adversely affect day or nighttime views or would substantially affect other people or properties. New exterior lighting associated with future development would be focused on specific areas rather than illuminating large areas that are currently not illuminated. Furthermore, all future development would be required to comply with planning commission resolution No. 9212, which prohibits the use of highly reflective or mirrored glass in new construction.

Modified Project

The modified project would promote housing in established neighborhoods throughout San Francisco and, in some cases, would result in newly constructed buildings that could alter the visual character of the areas in which they are located.

CEQA was amended in 2013 to add Public Resources Code ("PRC") section 21099 regarding the analysis of aesthetics and parking impacts for certain urban infill projects in transit priority areas.¹⁷

PRC section 21099(d) provides that, "aesthetics and parking impacts of a residential, mixed-use residential, or employment center project on an infill site located within a transit priority area shall not be considered significant impacts on the environment." Accordingly, aesthetics and parking are no longer to be considered in determining if a project has the potential to result in significant environmental effects for projects that meet all of the following three criteria:

- 1) The project is in a transit priority area;
- 2) The project is on an infill site; and
- 3) The project is residential, mixed-use residential, or an employment center.

Since the modified project would promote housing on sites in established neighborhoods, most, if not all, new housing units would meet all three of the criteria listed above. Pursuant to PRC section 21099, projects that meet the three criteria listed above would not result in significant impacts related to aesthetics.

17 A "transit priority area" is defined in as an area within one-half mile of an existing or planned major transit stop. A "major transit stop" is defined in Section 21064.3 of the California Public Resources Code as a rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods. A map of transit priority areas in San Francisco can be found at <http://sfmea.sfplanning.org/CEQA%20Update-SB%20743%20Summary.pdf>.

For these reasons, the modified project would result in less-than-significant impacts related to aesthetics. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to aesthetics.

Population and Housing 2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to population and housing. As noted above, population growth in San Francisco and the region is primarily a result of births, deaths, migration, and employment growth. The growth projections in the FEIR were not driven by assumptions regarding proposed development. The purpose of the 2009 Housing Element is to provide ways for housing supply to meet housing demand and need; if housing supply were the basis for the growth projections, there would be no need for a housing element. For this reason, the 2009 Housing Element would not induce a substantial amount of population growth above the level anticipated in regional growth projections generated by the Association of Bay Area Governments. Implementation of the 2009 Housing Element would not displace substantial numbers of existing housing units or people. Individual development projects would be subject to regulations that limit the demolition and merger of existing housing units, which would reduce the need to construct replacement housing.

Modified Project

The modified project would not directly induce population growth above that anticipated by regional growth projections based on births, deaths, migration and employment growth; rather, it would be a new mechanism for providing housing supply to meet demand. In addition, the modified project would not indirectly induce substantial population growth by calling for the extension of roads, utilities, or other infrastructure. The modified project would promote housing in established neighborhoods that are already served by roads, utilities, and other infrastructure. New housing units proposed under the modified project would be evaluated for their impacts on demand for roads, utilities, and other infrastructure.

The modified project would not directly displace businesses, but the construction of new buildings could involve the demolition of existing buildings occupied by businesses. The physical effects of business displacement would be considered on an individual basis as part of the environmental review process for each project because such impacts are project-specific and location-specific. Without individual development proposals to evaluate, it would be speculative to conclude that the modified project would result in significant overall impacts related to business displacement.

Although businesses are not afforded the same type of protection as residents where displacement is concerned, the City operates several programs to assist displaced businesses. The Office of Economic and Workforce Development runs the Invest in Neighborhoods program, which helps displaced businesses find relocation sites and, under certain circumstances, can provide funding for specific construction improvements, such as façade upgrades. The Small Business Development Center offers

pro bono legal advice and technical assistance, and the Office of Small Business provides one-to-one case management assistance with licenses, permits, and financing.

For these reasons, the modified project would result in less-than-significant impacts related to population and housing. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to population and housing.

Cultural and Paleontological Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element could result in a substantial adverse change to a historic resource if it promoted inappropriate alterations to or demolition of an existing building that is a historic resource, inappropriate new construction in a historic district, or demolition by neglect.¹⁸ The FEIR also found that assessing such impacts on historic resources would be most appropriate during the review of individual development projects proposed under the 2009 Housing Element. Such impacts would be offset through required compliance with existing federal, state, and local regulations that protect historic resources.

The FEIR also found that the 2009 Housing Element would not result in a substantial adverse change to an archeological resource, would not destroy a paleontological resource or site or unique geologic feature, and would not disturb human remains. Individual development projects that could have potential impacts on archeological resources, paleontological resources, or human remains would be subject to existing regulations that protect such resources. These regulations include, but are not limited to, the National Historic Preservation Act and the California Public Resources Code. In addition, the planning department has established procedures to assess impacts on archeological resources as well as mitigation measures to reduce potentially significant impacts to less-than-significant levels.

Modified Project

The modified project would not directly alter existing historic resources, but development proposed under the modified project could result in direct effects on historic resources. An existing building that is a historic resource could undergo a renovation to accommodate new housing units, or it could be demolished and replaced with a newly constructed building. In addition, a newly constructed building could be located on a parcel within the boundaries of an existing historic district.

Potential impacts on historic resources from buildings proposed under the modified project would be evaluated on a project-by-project basis because impacts on historic resources are project-specific and location-specific. Without individual development proposals to evaluate, it would be speculative to

18 CEQA defines "substantial adverse change" as "demolition, destruction, relocation or alteration," activities that would impair the significance of a historical resource either directly or indirectly. Demolition by neglect is the gradual deterioration of a building when routine or major maintenance is not performed and/or when a building is allowed by the owner to remain vacant and open to vandals.

conclude that, on a program level, the modified project would result in significant overall impacts on historic resources.

The modified project would not directly place or encourage housing in areas of San Francisco that could be underlain by soils containing archeological resources, paleontological resources (i.e., fossils), or human remains. However, buildings proposed under the modified project could be located in such areas. Required compliance with existing federal, state, and local regulations and procedures would ensure that buildings proposed under the modified project would not result in a substantial adverse change to an archeological resource, would not destroy a paleontological resource or site or unique geologic feature, and would not disturb human remains.

For these reasons, the modified project would result in less-than-significant impacts on cultural and paleontological resources. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on cultural and paleontological resources.

Transportation and Circulation

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on traffic, pedestrians, bicycles, loading, emergency access, and construction-related traffic. However, the FEIR concluded that the 2009 Housing Element would result in a significant and unavoidable transit impact because policies in the 2009 Housing Element that encourage transit-oriented residential development could result in a mode shift toward transit. Such a shift could result in an exceedance of the San Francisco Municipal Railway's capacity utilization standard of 85 percent. The FEIR identified two mitigation measures to address this impact. The first mitigation measure called for the City to implement various transportation plans and programs that would reduce congestion and decrease transit travel times.¹⁹ Since the certification of the FEIR, the Transit Effectiveness Project and the Van Ness Avenue Bus Rapid Transit Project have been approved and are being implemented. The second mitigation measure called for the San Francisco Municipal Transportation Agency to increase capacity by providing more buses. At the time that the FEIR was certified, the feasibility of these mitigation measures could not be established. For this reason, the FEIR concluded that the 2009 Housing Element's impact on transit would be significant and unavoidable.

Modified Project

The modified project would promote housing in established neighborhoods throughout San Francisco, many of which are well-served by public transit. The modified project would be consistent with many local plans, policies, and regulations, including the *General Plan*, the *San Francisco Countywide*

19 The FEIR noted that various transportation plans were adopted, but not implemented, or proposed. Adopted plans/programs included SF Park, SF Go, the *San Francisco Bicycle Plan*, the Transbay Terminal, Caltrain Electrification, and High Speed Rail project, and the Central Subway. Proposed plans included congestion pricing, SFMTA's Transit Effectiveness Project, the Van Ness Avenue and Geary Boulevard Bus Rapid Transit projects, and the *San Francisco Better Streets Plan*.

Transportation Plan, and the City's Transit First Policy. This type of transit-oriented development would help encourage residents to move away from the use of private automobiles and toward alternative modes of transportation, such as transit, bicycling, and walking. This mode shift would help reduce impacts on traffic, pedestrians, bicycles, loading, emergency access, and construction-related traffic. Although this mode shift is consistent with the 2009 Housing Element policies, it has the potential to increase the demand for transit service to the degree that the San Francisco Municipal Railway's capacity utilization of 85 percent would be exceeded.²⁰

Since new housing units would be distributed on a citywide basis, the associated impacts on traffic, pedestrians, bicycles, loading, emergency access, and construction-related traffic would also be distributed on a citywide basis instead of being concentrated in a small number of neighborhoods. As a result, these impacts would not be expected to be more severe than those identified in the FEIR. Similarly, new transit trips would be distributed across the citywide transit network instead of being concentrated on a small number of transit lines. As a result, new transit trips would not be expected to overburden the transit network and result in more severe impacts than those identified in the FEIR. For these reasons, the modified project would result in less-than-significant impacts on traffic, pedestrians, bicycles, loading, emergency access, and construction-related traffic, but it would result in a significant and unavoidable impact on transit.

The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on transportation and circulation.

Noise

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact related to a substantial temporary or periodic increase in ambient noise levels due to policies that discourage demolition and encourage maintenance of the City's existing housing stock. In addition, all construction activities are required to comply with the regulations set forth in the San Francisco Noise Ordinance ("noise ordinance").

The FEIR concluded that the 2009 Housing Element would not result in the exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels because potential impacts resulting from groundborne vibration or groundborne noise due to construction activities would be reduced to less-than-significant levels through compliance with federal, state, and local regulations. The FEIR also found that the 2009 Housing Element would not result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing at the time of that the Notice of Preparation of an EIR was published.

Lastly, the FEIR concluded that the 2009 Housing Element would result in a significant but mitigable impact related to the exposure of persons to, or generation of, noise levels in excess of established standards. The FEIR concluded that by encouraging future growth along transit corridors within the City,

²⁰ Capacity utilization is the number of passengers on board a transit vehicle relative to the total capacity.

such growth could be located in areas with existing ambient noise levels exceeding 60 dBA L_{dn} , which is the maximum satisfactory exterior noise level for residential areas.^{21, 22} Interior noise levels for residential uses are addressed through compliance with the noise standards set forth in Title 24 of the California Code of Regulations, as implemented during the design and review phase for individual development projects. However, some areas of the City may be especially noisy. FEIR Mitigation Measure M-NO-1: Interior and Exterior Noise, requires the preparation of a noise analysis for new residential development projects located on streets with noise levels above 75 dBA L_{dn} . The noise analysis shall include, at a minimum, (1) a site survey to identify potential noise-generating uses within two blocks of the project site and (2) at least one 24-hour noise measurement with maximum noise level readings taken at least every 15 minutes prior to completion of the environmental review. The analysis shall demonstrate with reasonable certainty that Title 24 standards, where applicable, can be met. FEIR Mitigation Measure M-NO-1 also requires that open space for new residential uses be protected, to the maximum extent feasible, from existing ambient noise that could prove annoying or disruptive to users of the open space. Implementation of this measure could involve designing the project in a way that uses the building itself to shield on-site open space from noise sources, constructing noise barriers between on-site open space and noise sources, and appropriately using both common and private open space in multi-unit residential buildings. Since the certification of the FEIR, this mitigation measure has been implemented as part of every proposed residential project that (1) is located on a street with ambient noise levels above 75 dBA L_{dn} and/or (2) includes open space.

Modified Project

The modified project would promote housing in areas of San Francisco that could have existing ambient noise levels exceeding 60 dBA L_{dn} . New housing units proposed under the modified project would be required to comply with the noise standards set forth in Title 24 as well as the provisions of the noise ordinance.

A 2015 California Supreme Court decision held that CEQA does not generally require an agency to consider the effects of existing environmental conditions on a proposed project's future users or residents except where a project or its residents may exacerbate existing environmental hazards.²³ The addition of new housing units would result in incremental increases in dwelling unit density in various locations throughout San Francisco. These incremental increases in dwelling unit density are not expected to exacerbate existing environmental hazards. For these reasons, FEIR Mitigation Measure M-NO-1 is not applicable to the modified project.

Construction of new housing units would result in temporary site-specific increases in noise and vibration levels. Once construction has been completed, noise and vibration produced by construction equipment and construction vehicles would cease. In addition, all construction activities in San Francisco are required to comply with the noise ordinance, which prohibits construction between the hours of 8:00 p.m. and 7:00 a.m. Construction of housing would generate vibration that could damage adjacent or nearby

21 The standard method used to quantify environmental noise involves evaluating the sound with an adjustment to reflect the fact that human hearing is less sensitive to low-frequency sound than to mid- and high-frequency sound. This measurement adjustment is called "A" weighting, and the data are reported in A-weighted decibels (dBA).

22 L_{dn} is the average equivalent sound level during a 24-hour day, obtained after the addition of 10 dB to sound levels during nighttime hours (from 10:00 p.m. until 7:00 a.m.).

23 California Building Industry Association v. Bay Area Air Quality Management District (2015) 62 Cal.4th 369, Case No. S213478.

buildings. The Department of Building Inspection (DBI) is responsible for reviewing building permit applications to ensure that proposed construction activities, including pile driving, shoring, and underpinning, comply with all applicable procedures and requirements and would not materially impair adjacent or nearby buildings.

Vehicle traffic is a primary source of noise and vibration throughout San Francisco. Like the 2009 Housing Element, the modified project would promote housing in established neighborhoods, some of which are along or near major transportation corridors that have higher ambient noise and vibration levels than other areas of San Francisco. Although buildings containing new housing units could be denser than development anticipated under the 2009 Housing Element, such buildings would not include substantially more units such that there would be a noticeable increase in traffic noise and vibration. Newly constructed buildings containing housing units could include mechanical equipment, such as heating and ventilation systems, that could produce operational noise and potentially disturb adjacent and nearby noise-sensitive receptors. The operation of this mechanical equipment is subject to the provisions of the noise ordinance. Compliance with the noise ordinance would minimize noise from building operations.

For these reasons, the modified project would result in less-than-significant noise and vibration impacts. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding noise and vibration impacts.

Air Quality

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on air quality. As discussed in the FEIR, the 2009 Housing Element would not increase the overall citywide population from 2009 to 2025 above the level assumed in the *Bay Area 2005 Ozone Strategy*, which was the applicable air quality plan at the time the FEIR was prepared. During this 16-year period, the number of vehicle-miles-traveled would increase at a lower rate than the rate of population growth, meaning that air pollution from vehicles would not outpace the population growth anticipated in the *Bay Area 2005 Ozone Strategy*. For these reasons, the 2009 Housing Element would not conflict with or obstruct implementation of the applicable air quality plan and would not violate an air quality standard or contribute substantially to an existing or projected air quality violation. In addition, all construction activities associated with individual development projects would be subject to the provisions of the San Francisco Construction Dust Control Ordinance ("dust control ordinance").

The FEIR concluded that the 2009 Housing Element would not expose sensitive receptors to substantial air pollutant concentrations. Increased housing development along or near transit corridors could increase concentrations of certain air pollutants, including PM_{2.5}, NO₂, and toxic air contaminants, on some roadways within San Francisco. At the same time, increased density and associated shifts from private automobiles to alternative modes of transportation, such as transit, bicycling, and walking, could reduce the overall expected growth of vehicle trips and vehicle-miles traveled. In addition, Article 38 of the San Francisco Health Code ("health code") contains requirements for air quality assessment and

mitigation when new residential exposures exceed action levels for acceptable air pollutant concentrations.

The FEIR also concluded that the 2009 Housing Element would result in less-than-significant impacts related to carbon monoxide (CO) concentrations. To support this conclusion, CO concentrations were calculated based on simplified CALINE4 screening procedures developed by the Bay Area Air Quality Management District (BAAQMD). Based on the modeling, under future 2025 cumulative traffic conditions, none of the 10 worst-performing intersections included in the model would exceed CO standards. Thus, it was assumed that if CO levels at the 10 worst-performing intersections do not exceed the CO thresholds, then the remaining 50 intersections analyzed in the traffic study would not exceed the CO thresholds. Lastly, the FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to objectionable odors because residential uses generally do not create objectionable odors.

Modified Project

The modified project would not directly contribute to air pollutant emissions, but new housing units proposed under the modified project would contribute to air pollutant emissions during their construction and operational phases. Individual development projects proposing new housing units would be subject to state, regional, and local plans, policies, and regulations related to the protection of air quality. These plans, policies, and regulations include, but are not limited to, the BAAQMD's *2017 Clean Air Plan*, the dust control ordinance, and article 38 of the health code. The dust control ordinance requires that all site preparation work, demolition, or other construction activities that have the potential to create dust or to expose or disturb more than 10 cubic yards or 500 square feet of soil comply with specified dust control measures. Such measures include watering all active construction areas sufficiently to prevent dust from becoming airborne, wet sweeping or vacuuming the streets, sidewalks, paths, and intersections where work is in progress at the end of the workday, and covering inactive stockpiles of excavated material, backfill material, gravel, sand, road base, and soil. Pursuant to article 38, any development project located in an Air Pollutant Exposure Zone (APEZ) would be required to provide an enhanced ventilation system to protect its residents from exposure to toxic air contaminants. In addition, any development project located in an APEZ may be subject to mitigation measures or standard environmental conditions that are necessary to reduce construction-related air quality impacts to less-than-significant levels. Required compliance with these plans, policies, and regulations would ensure that new housing units would not violate an air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial air pollutant concentrations.

Residential uses generally do not create objectionable odors. Land uses that commonly create objectionable odors include wastewater treatment plants, oil refineries, landfills, and composting facilities. Since the modified project would not include these types of land uses, implementation of the modified project would not create objectionable odors.

Potential air quality impacts from buildings proposed under the modified project would be evaluated on a project-by-project basis because air quality impacts are project-specific and location-specific. Without individual development proposals to evaluate, it would be speculative to conclude that, on a program level, the modified project would result in significant overall air quality impacts.

For these reasons, the modified project would result in less-than-significant impacts on air quality. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on air quality.

Greenhouse Gas Emissions

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would not generate greenhouse gas (GHG) emissions, either directly or indirectly, that may have a significant impact on the environment and would not conflict with any applicable plan, policy, or regulation adopted for the purpose of reducing GHG emissions. Moreover, implementation of the 2009 Housing Element would not conflict with Assembly Bill (AB) 32 or San Francisco's *Strategies to Address Greenhouse Gas Emissions*.

Modified Project

The modified project would not directly generate GHG emissions, but new housing units proposed under the modified project would generate GHG emissions during their construction and operational phases. The modified project would promote housing in established neighborhoods where jobs and other services are easily accessible by public transit or are within walking distance. This type of development would encourage the use of alternative modes of transportation (transit, bicycling, walking) and help reduce GHG emissions from the use of private automobiles, which is one of the primary sources of GHG emissions. To the degree that new housing units are concentrated closer to public transit and in taller and denser buildings (i.e., fewer buildings in fewer locations), GHG emissions would be reduced when compared to development patterns anticipated under the 2009 Housing Element.

For these reasons, the modified project would result in less-than-significant impacts related to GHG emissions. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to GHG emissions.

Wind and Shadow

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant wind and shadow impacts because the 2009 Housing Element would not directly result in the construction of projects that would alter wind or create new shadow. In addition, wind and shadow impacts are project-specific; individual development projects would be subject to the planning department's procedures requiring modification of any new building or addition that would exceed the planning code's wind hazard criterion and would be evaluated for their shadow impacts under CEQA and for compliance with planning code sections 146, 147, and 295.

Modified Project

The modified project would not directly alter wind or create new shadow, but newly constructed buildings containing new housing units could alter wind or create new shadow in their respective vicinities. The modified project would not increase legislated height limits in RH Districts, which range from 20 feet to 80 feet. In addition, buildings constructed under the modified project would not be eligible for other density bonus programs that allow additional building height. Therefore, buildings constructed under the modified project would not exceed 80 feet in height.

To determine whether a project would result in a significant wind impact (i.e., whether it would alter wind in a manner that substantially affects public areas), the planning department applies the wind hazard criterion established in Planning Code Section 148. In accordance with Section 148, a project would result in a significant wind impact if it would cause ground-level wind speeds that exceed 26 mph for more than one hour per year. A proposed project's wind impacts are directly related to its height, orientation, design, location, and surrounding development context. Based on wind analyses for other development projects in San Francisco, a building that does not exceed a height of 80 feet generally has little to no potential to cause substantial changes to ground-level wind conditions such that the wind hazard criterion would be exceeded.

As discussed above, buildings proposed under the modified project would not be taller than 80 feet. Buildings of this height would not be tall enough to cause substantial changes to ground-level wind conditions such that the wind hazard criterion would be exceeded. Buildings proposed under the modified project would result in less-than-significant wind impacts.

Potential shadow impacts from buildings proposed under the modified project would be evaluated on a project-by-project basis because shadow impacts are project-specific and location-specific. Without individual development proposals to evaluate, it would be speculative to conclude that, on a program level, the modified project would result in significant overall shadow impacts.

For these reasons, the modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding wind and shadow impacts.

Recreation**2009 Housing Element**

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts related to the increased use of existing parks or recreational facilities, the need to construct new or expand existing recreational facilities, and the physical degradation of existing recreational resources. While the FEIR concluded that the 2009 Housing Element contains policies that could result in an increase in demand for existing recreational facilities in certain areas, the 2009 Housing Element also contains policies that could reduce the need for construction or expansion of recreational facilities by encouraging quality-of-life elements in residential developments such as on-site usable open space. The 2009 Housing Element includes measures to ensure community plan areas are adequately served by recreation

facilities, thereby indirectly promoting the construction or expansion of recreational facilities. The need for new or expanded recreational facilities and their associated impacts would be determined during the evaluation of specific community plan proposals.

Modified Project

As previously discussed, the modified project would promote housing throughout San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing Element. For this reason, implementation of the modified project would not increase the overall demand for recreational facilities above the level analyzed in the FEIR, but there could be localized fluctuations in demand for certain recreational facilities depending on where new housing units are constructed. In November 2000, San Francisco voters approved Proposition C, which extended the life of the Open Space Fund through Fiscal Year 2030-2031. The Open Space Fund is used to finance property acquisitions and capital improvement projects for the San Francisco Recreation and Park Department. A percentage of property tax revenues is set aside for the Open Space Fund, and such revenue would increase with the development of new housing units.

In addition, new housing units would be subject to planning code requirements for usable open space. Most of the City's recreational facilities are located on properties in P (Public Use) Districts; the modified project would not reclassify any P Districts to other zoning districts that would allow residential uses. Lastly, the modified project would not convert existing recreational facilities to residential uses or otherwise physically degrade recreational resources.

For these reasons, the modified project would result in less-than-significant impacts related to recreation. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts related to recreation.

Utilities and Service Systems ***2009 Housing Element***

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on utilities and service systems. The 2009 Housing Element would not exceed wastewater treatment requirements, would not exceed the capacity of the wastewater treatment provider, and would not require the construction of new or expansion of existing wastewater treatment or stormwater drainage facilities. Such impacts would be offset through required compliance with existing regulations that address wastewater and stormwater discharges. In addition, the 2009 Housing Element would not increase water demand above the level assumed for planning purposes in the San Francisco Public Utilities Commission's (SFPUC's) Water Supply Availability Study that was prepared for the FEIR. Lastly, the 2009 Housing Element would not exceed the permitted capacity of the City's designated landfill. Any incremental increases in waste at landfills would be offset through required compliance with existing regulations that address the generation and disposal of solid waste.

Modified Project

The modified project would not directly generate stormwater or wastewater, but new housing units proposed under the modified project would generate stormwater and wastewater during their construction and operational phases. All stormwater and wastewater generated by new housing units would flow to the City's combined stormwater/sewer system and would be treated to standards contained in the City's National Pollutant Discharge Elimination System (NPDES) Permits for the Southeast Treatment Plant and the Oceanside Treatment Plant prior to discharge into San Francisco Bay and the Pacific Ocean, respectively. The NPDES standards are set and regulated by the San Francisco Bay Area Regional Water Quality Control Board (RWQCB). Therefore, new housing units would not conflict with RWQCB requirements and would not exceed wastewater treatment requirements. In addition, new housing units would be subject to local regulations that include, but are not limited to, the Green Building Ordinance and the Stormwater Management Ordinance. Required compliance with these regulations would reduce stormwater and wastewater flows from new housing units, thereby ensuring that new housing units would not exceed the capacity of the wastewater treatment provider and would not require the construction of new or expansion of existing wastewater treatment and stormwater drainage facilities.

The modified project would not directly consume water, but new housing units proposed under the modified project would consume water during their construction and operational phases. As previously discussed, the modified project would promote housing throughout San Francisco but would not increase the overall population beyond the future growth projected in the 2009 Housing Element. For this reason, new housing units would not increase the overall demand for water above the level assumed for planning purposes in the SFPUC's Water Supply Availability Study prepared for the FEIR.

In June 2021, the San Francisco Public Utilities Commission (SFPUC) adopted the 2020 Urban Water Management Plan ("UWMP"), which accounts for projected population growth through the year 2045. With an anticipated yield of 1,300 units over a period of 25 years (52 units per year), the modified project accounts for a small fraction of the projected population growth and water demand through the year 2045. Water demand generated by housing units constructed under the modified project would not exceed the available water supply in normal years.

In December 2018, the State Water Resources Control Board ("state water board") adopted amendments to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary ("Bay-Delta Plan Amendment"), which establishes water quality objectives to maintain the health of rivers and the Bay-Delta ecosystem.²⁴ The state water board has stated that it intends to implement the Bay-Delta Plan Amendment by the year 2022, assuming all required approvals are obtained by that time. Implementation of the Bay-Delta Plan Amendment would result in a substantial reduction in the SFPUC's water supplies from the Tuolumne River watershed during dry years, requiring rationing to a greater degree in San Francisco than previously anticipated to address supply shortages not accounted for in the UWMP. The degree to which the SFPUC's water supply during dry years would be affected is still unknown. As discussed above, the modified project accounts for a small fraction of the projected water

24 State Water Resources Control Board Resolution No. 2018-0059, Adoption of Amendments to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary and Final Substitute Environmental Document, December 12, 2018. Available at https://www.waterboards.ca.gov/plans_policies/docs/2018wqcp.pdf, accessed August 30, 2021.

demand. The water demand attributable to housing units constructed under the modified project compared to citywide demand would not substantially affect the levels of dry-year rationing that may otherwise be required.

In addition, new housing units would be subject to local regulations that include, but are not limited to, the Green Building Ordinance, the Green Landscaping Ordinance, and the Residential Water Conservation Ordinance. Required compliance with these regulations would reduce water consumption by new housing units, thereby ensuring that water demand generated by housing units constructed under the modified project would not exceed the available water supply in normal years and would not require new or expanded water supply resources or entitlements.

The modified project would not directly generate solid waste, but new housing units proposed under the modified project would generate solid waste during their construction and operational phases. As noted above, the modified project would promote housing throughout San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing Element. For this reason, new housing units would not increase the overall amount of solid waste generated above the level analyzed in the FEIR. In addition, new housing units would be subject to local regulations that include, but are not limited to, the Mandatory Recycling and Composting Ordinance, the Construction and Demolition Debris Recovery Ordinance, and the Green Building Ordinance. Required compliance with these regulations would promote the composting and recycling of solid waste and reduce the amount of solid waste sent to the City's designated landfill, thereby ensuring that new housing units would not exceed the permitted capacity of the City's designated landfill.

For these reasons, the modified project would result in less-than-significant impacts on utilities and service systems. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on utilities and service systems.

Public Services

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on fire protection, police protection, schools, or other public services, such as libraries or public health facilities. The San Francisco Fire Department ("fire department") and the San Francisco Police Department ("police department") regularly redeploy their resources based on need to ensure that response times and service ratios do not fall below acceptable levels. New development projects are required to pay development impact fees to fund school and library facilities and operations, which would help offset potential impacts on school and library services. The 2009 Housing Element would not increase the overall citywide population above regional growth projections for which public health facilities have accounted, which would reduce the need to construct new or expand existing facilities.

Modified Project

As previously discussed, the modified project would promote housing throughout San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing Element. For this reason, the modified project would not increase the overall demand for fire protection or police protection above the level analyzed in the FEIR. There could be localized fluctuations in demand for fire protection and police protection depending on where new housing units are constructed, but as discussed above, both the fire department and the police department regularly redeploy their resources based on need to ensure that response times and service ratios do not fall below acceptable levels. The modified project would promote housing on sites in established neighborhoods that already receive fire protection and police protection, potentially allowing the fire department and the police department to maintain response times and service ratios at or close to their current levels and reducing the need to construct new or expand existing facilities.

As discussed in the FEIR, the San Francisco Unified School District (SFUSD) assigns students to schools based on a lottery system. This lottery system ensures that student enrollment is distributed to facilities that have sufficient capacity to adequately serve the educational needs of students. Directing growth to certain areas of San Francisco generally would not affect the school system because students are not assigned to schools based on location. New housing units could affect school services if they create additional demand for school services that cannot be accommodated by the SFUSD's existing capacity, thereby requiring the need to construct new or expand existing facilities. At the time of the preparation of the FEIR, SFUSD facilities had a capacity of about 63,835 students, and about 56,446 students were enrolled in these facilities. More recently, approximately 54,452 students were enrolled in SFUSD facilities during the 2019-2020 school year.²⁵ Pursuant to California Education Code Section 17620(a)(1), the governing board at any school district is authorized to levy a fee, charge, dedication, or other requirement against any construction within the boundaries of the district for the purpose of funding the construction or reconstruction of school facilities. New housing units would be subject to a development impact fee, and the payment of this fee would help fund school facilities and operations and offset potential impacts on school services.

The modified project would promote housing throughout San Francisco but would not increase the overall citywide population above the level of future growth projected in the 2009 Housing Element. For this reason, new housing units would not increase the overall demand for libraries or public health facilities, but there could be localized fluctuations in demand for libraries and public health facilities depending on where new housing units are constructed. In November 2000, San Francisco voters approved a bond measure to fund the Branch Library Improvement Program (BLIP). Among other objectives, the BLIP calls for the renovation of 16 existing branch libraries, the demolition and replacement of three branch libraries with newly constructed facilities, and the construction of a new branch library in the emerging Mission Bay neighborhood. In addition to the BLIP, property tax revenue from new housing units would help fund library facilities and operations and offset potential impacts on library services. The modified project would promote housing on sites in established neighborhoods that are already served by public health facilities, potentially allowing such facilities to maintain response

25 San Francisco Unified School District, *Facts at a Glance 2020*. Available at https://drive.google.com/file/d/1Pwkg7tRp6X8_BffhusGdzeZOTPAWijxW/view, accessed August 26, 2021.

times and service ratios at or close to their current levels and reducing the need to construct new or expand existing facilities.

For these reasons, the modified project would result in less-than-significant impacts on public services. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on public services.

Biological Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on biological resources. The 2009 Housing Element would not have a substantial adverse effect on any candidate, sensitive, or special-status species, riparian habitat, other sensitive natural communities, or federally protected wetlands, and would not interfere with the movement of species. Some 2009 Housing Element policies would promote housing in certain areas of the City, consequently increasing the amount of new housing being constructed in those areas and resulting in impacts on biological resources (e.g., tree removal, construction on or near riparian habitat or sensitive natural communities, interference with migration, etc.). However, increasing density could accommodate more of the City's fair share of the Regional Housing Needs Allocation in fewer buildings, resulting in fewer construction sites and decreasing the potential for disturbance of or interference with biological resources. The FEIR also found that the 2009 Housing Element would not conflict with any local policies or ordinances protecting biological resources or conflict with the provisions of an adopted habitat conservation plan because the 2009 Housing Element does not contain any policies that would directly or indirectly conflict with any policies protecting biological resources or any adopted habitat conservation plans.

Modified Project

The modified project would not directly place housing in areas of San Francisco that are in or near riparian habitat or sensitive natural communities. However, new housing units proposed under the modified project could be in or near such areas. New housing units would be evaluated for their impacts on biological resources and would be required to comply with applicable federal, state, and local regulations that protect biological resources. These regulations include, but are not limited to, the federal Migratory Bird Treaty Act, sections 3503 and 3503.5 of the California Fish and Game Code, the San Francisco Urban Forestry Ordinance, and San Francisco Planning Code Section 139: Standards for Bird-Safe Buildings. The modified project would not conflict with the provisions of an adopted habitat conservation plan because the modified project does not include any objectives, policies, or measures that would directly or indirectly conflict with any policies protecting biological resources or any adopted habitat conservation plans.

For these reasons, the modified project would result in less-than-significant impacts on biological resources. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require

new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on biological resources.

Geology and Soils

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on geology and soils. Individual development projects would be developed in a seismically sound manner because they would be required to comply with building regulations for seismic safety that are enforced through the City's interdepartmental review process. Compliance with these regulations would ensure that people or structures would not be exposed to substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, strong seismic ground shaking, seismic-related ground failure, landslides, unstable soil, or expansive soils. The FEIR also found that the 2009 Housing Element would result in less-than-significant impacts related to soil erosion or the loss of topsoil because these impacts are site-specific. Individual development projects would be evaluated for their impacts related to soil erosion or the loss of topsoil and would be required to comply with applicable regulations related to the prevention of erosion and the discharge of sediment into construction site runoff. Lastly, the FEIR concluded that the 2009 Housing Element would not substantially change the topography or any unique geologic or physical features of development sites because all permit applications for excavation and grading would be reviewed by City agencies for consistency with policies related to land alteration.

Modified Project

New housing units proposed under the modified project could be located in or near areas that are susceptible to geologic hazards (e.g., earthquake faults, landslide or liquefaction zones, unstable or expansive soils). New housing units would be required to comply with the seismic safety standards set forth in the San Francisco Building Code ("building code"). The DBI is the City agency responsible for reviewing building permit applications, structural drawings and calculations, and geotechnical reports and ensuring that projects comply with the seismic safety standards and other applicable requirements of the building code. Project compliance with the building code would ensure that people or structures would not be exposed to substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, strong seismic ground shaking, seismic-related ground failure, landslides, unstable soil, or expansive soils. New housing units would be evaluated for their impacts related to soil erosion or the loss of topsoil and would be required to comply with applicable regulations related to the prevention of erosion and the discharge of sediment into construction site runoff. All permit applications for excavation and grading activities would be reviewed by City agencies for consistency with policies related to land alteration.

For these reasons, the modified project would result in less-than-significant impacts related to geology and soils. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on geology and soils.

Hydrology and Water Quality

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in less-than-significant impacts on hydrology and water quality. The 2009 Housing Element would not violate any water quality standards or waste discharge requirements, would not alter existing drainage patterns or substantially increase the rate or amount of surface runoff in a manner that would result in substantial erosion, siltation, or flooding, and would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff. Individual development projects would be required to comply with applicable regulations related to erosion prevention and stormwater management, treatment, and discharge.

The FEIR also concluded that the 2009 Housing Element would not substantially deplete groundwater supplies or substantially interfere with groundwater recharge, would not result in significant impacts related to placing housing in areas at risk of flooding, and would not expose people or structures to a significant risk of injury, loss, or death involving inundation by seiche, tsunami, mudflow, or the failure of a dam or levee.

Modified Project

The modified project would not directly result in the construction of housing in areas of San Francisco that are prone to flooding or are at risk of inundation by seiche, tsunami, mudflow, or the failure of a dam or levee. However, new housing units proposed under the modified project could be located in such areas. Such housing units would be required to comply with applicable regulations related to minimizing the risk of loss, injury, or death from hydrologic hazards. These regulations include, but are not limited to, the San Francisco Floodplain Management Ordinance and the building code. Groundwater could be encountered during the construction of buildings containing housing units. Dewatering of excavated areas during construction would lower groundwater levels, but these effects would be temporary. Once dewatering has been completed, groundwater levels would return to normal. Wastewater and stormwater generated by new housing units would flow to the City's combined stormwater/sewer system and would be treated to standards contained in the City's National Pollutant Discharge Elimination System Permits for the Southeast Treatment Plant and the Oceanside Treatment Plant prior to discharge into San Francisco Bay and the Pacific Ocean, respectively. Required compliance with the San Francisco Stormwater Management Ordinance would ensure that new housing units would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.

For these reasons, the modified project would result in less-than-significant impacts on hydrology and water quality. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on hydrology and water quality.

Hazards and Hazardous Materials

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact related to hazards and hazardous materials. The 2009 Housing Element would not transport, use, or dispose of hazardous materials and would not release hazardous materials into the environment. However, the construction of individual development projects would result in the emission of exhaust from construction equipment and vehicles as well as the demolition of older buildings that may contain asbestos, lead-based paint, or other hazardous building materials. In addition, the operation of individual development projects would involve the use of relatively small quantities of hazardous materials such as batteries, household cleaning products, and paint for routine purposes. Most of these materials are consumed through use, resulting in relatively little waste. Existing federal, state, and local regulations and programs address emissions from construction equipment and vehicles, the abatement of hazardous building materials during demolition and construction activities, and the transportation and disposal of hazardous materials. Individual development projects, including those that would be on sites on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 or would handle hazardous materials within one-quarter mile of an existing or proposed school, would be required to comply with these existing regulations and programs.

The FEIR also concluded that the 2009 Housing Element would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan or expose people or structures to a significant risk of loss, injury, or death involving fires. In San Francisco, fire safety is ensured through compliance with the provisions of the building code and the fire code. The building permit applications for individual development projects would be reviewed by the DBI and the fire department for compliance with all regulations related to fire safety.

Modified Project

The modified project would not directly result in the construction of housing on sites that are included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5. However, new housing units proposed under the modified project could be located on such sites. All development projects in San Francisco, including those located on hazardous materials sites or those that would handle hazardous materials within one-quarter mile of an existing or proposed school, would be required to comply with applicable federal, state, and local regulations and programs related to the abatement of hazardous materials, the emission of exhaust from construction equipment and vehicles, and the transportation and disposal of hazardous materials. Required compliance with such regulations and programs would ensure that new housing units would not emit hazardous materials into the environment and would not create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials. Required compliance with fire safety regulations would ensure that new housing units would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan or expose people or structures to a significant risk of loss, injury, or death involving fires.

For these reasons, the modified project would result in less-than-significant impacts related to hazards and hazardous materials. The modified project would not result in more severe impacts than the

2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions on impacts regarding hazards and hazardous materials.

Mineral and Energy Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact on mineral and energy resources. The 2009 Housing Element would not result in the loss of availability of a known mineral resource, the loss of availability of a locally important mineral resource recovery site, or the use of large amounts of fuel, water, or energy.

Modified Project

All land in San Francisco is designated Mineral Resource Zone 4 (MRZ-4) by the California Division of Mines and Geology under the Surface Mining and Reclamation Act of 1975.²⁶ This designation indicates that there is inadequate information available for assignment to any other MRZ. For this reason, housing-eligible sites are not designated areas of significant mineral deposits or locally important mineral resource recovery sites, and the construction of new housing units would not result in the loss of availability of such resources. Furthermore, the modified project would not encourage activities that result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner because new housing units proposed under the modified project would be required to comply with state and local ordinances that regulate such activities. In California, energy consumption for the heating, cooling, ventilation, and lighting of buildings is regulated by Title 24 of the California Code of Regulations. As part of the building permit application process, project sponsors are required to submit documentation demonstrating project compliance with Title 24 standards. In addition, projects in San Francisco are subject to the requirements of the San Francisco Green Building Ordinance.

For these reasons, the modified project would result in less-than-significant impacts on mineral and energy resources. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on mineral and energy resources.

Agriculture and Forest Resources

2009 Housing Element

The FEIR concluded that the 2009 Housing Element would result in a less-than-significant impact related to conflicts with existing zoning for agricultural use. Implementation of the 2009 Housing Element would not include any changes to the City's zoning districts and would not conflict with existing zoning for urban agricultural uses.

26 California Division of Mines and Geology, Open File Report 96-03, 1996, and Special Report 146 Parts I and II, 1986.

Modified Project

San Francisco is not zoned for agricultural use and is not subject to a Williamson Act contract.²⁷ The modified project would not convert farmland to non-agricultural use and would not conflict with existing zoning related to agricultural use. The modified project would not directly block sunlight to community gardens, but newly constructed buildings containing housing units could block sunlight to community gardens. These projects would be evaluated for their specific shadow impacts on community gardens as part of their individual environmental review and entitlement processes.

At the time of the preparation of the FEIR, the topic of forest resources was not part of the Environmental Checklist Form (CEQA Guidelines, Appendix G). For this reason, the FEIR did not analyze impacts on forest resources. In 2010, the topic of forest resources was added to the Environmental Checklist Form.

San Francisco does not contain forest land or timberland as defined in Public Resources Code section 12220(g) and Public Resources Code section 4526, respectively. The modified project would not convert forest land or timberland to non-forest use and would not conflict with existing zoning related to forest use.

For these reasons, the modified project would result in less-than-significant impacts on agriculture and forest resources. The modified project would not result in more severe impacts than the 2009 Housing Element, would not result in new significant impacts beyond those identified in the FEIR, and would not require new mitigation measures. Furthermore, there is no new information that would alter the FEIR's conclusions regarding impacts on agriculture and forest resources.

Mitigation Measures

The 2004 and 2009 Housing Element FEIR identified Mitigation Measure M-NO-1: Interior and Exterior Noise, to mitigate the potentially significant impact related to interior and exterior noise to a less-than-significant level. Mitigation Measure M-NO-1 requires a noise analysis to be conducted for any new residential development located along a street with ambient noise levels exceeding 75 dBA L_{dn} in order to demonstrate that the noise standards set forth in Title 24 can be met. In addition, any required open space for a new residential development must be protected to the maximum extent feasible from ambient noise that could be annoying or disruptive to users of the open space. Mitigation Measure M-NO-1 was adopted as Implementation Measures 17 and 18 in both the 2009 Housing Element and the 2014 Housing Element. As discussed under the topic of Noise in the "Analysis of Potential Environmental Effects" section (pp. 15-17), FEIR Mitigation Measure M-NO-1 is not applicable to the modified project.

No other FEIR mitigation measures are applicable, and no new mitigation measures have been identified in this Addendum 7.

²⁷ California Department of Conservation, *Important Farmland in California*, 2016, October 2016.

Conclusion

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

DATE 10/8/2021



Lisa Gibson, Environmental Review Officer

for Rich Hillis, Director of Planning

		Proposed Local Alternative	
		Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies		All RH Districts	
Requirements	Maximum Density	4 units on Interior Lots, 6 on Corner Lots	
	Minimum Lot Size	Lot split allowed on corner lots with minimum lot size of 1,200 sq. ft. no variances required for existing building w/ minimum 4 ft setback from new property line Maximum 6 units across the two lots	
	Owner Occupancy Requirement	No	Owner "Intent to Occupy" 3 years post construction*
	Increase Density	Must result in at least 4 units	Must add at least 1 new unit
	Required Rear Yard Setback	30%	30% if project results in 4 units, otherwise underlying zoning.
	Unit Proportionality	2nd unit must be at least 50% of 1st unit size	
	Eligibility	<ul style="list-style-type: none">Has not been tenant occupied for at least 3 years prior to filing the applicationWill not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 yearsIs not an A building or Historic Resource under Article 10, etc.	<ul style="list-style-type: none">Has been owner occupied for at least 3 years prior to filing the application (not allowed to be vacant)*Owner signs affidavit stating intent to occupy for at least 3 years post construction*Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years.Is not an A building or Historic Resource under Article 10, etc.
Process	Subject to 317	No	
	Subject to 311	No	
	Residential Design Guidelines	Objective Standards Only	
	CEQA Review	Yes	
	Fee Waiver for Historic Evaluation	No	Yes
	Condo Conversion Process	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	Owner may apply to form condos via new construction pathway, even for existing units being retained. <i>(would require a new provision of the Subdivision Code enacted under this Ordinance)</i>
ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2-3 units (depending on zoning district) allowed plus ADUs for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply. *Not required if owned by a non-profit			

SB 9			Proposed Local Alternative	
Proposal	Lot Split	No Lot Split	Non-Owner Occupied	Owner Occupied or Owned by Nonprofit
Where it Applies	RH-1, RH-1(D), & RH-1(S)		All RH Districts	
Requirements	Maximum Density	2 units on each new lot + ADUs if allowed by local Ordinance	2 units + ADUs	
	Minimum Lot Size	1,200 sq ft for each new lot (2,400 sq ft total)	no minimum lot size required	
	Owner Occupancy Requirement	Owner "Intent to Occupy" 3 years post lot split approval	No owner occupancy requirement pre/post project	
	Required Rear Yard Setback	-No building standards are allowed that would prevent two, 800sqft units per parcel -4ft rear yard setback can be required by local Ordinance	30%	
	Unit Proportionality	None	2nd unit must be at least 50% of 1st unit size	
	Increase Density	An SB 9 development must include 2 units per lot	Must result in at least 4 units	
	Eligibility	-Has not been tenant occupied for at least 3 years prior to filing the application (could be owner occupied or vacant) -Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years -Is not a Historic Resource under Article 10 or in a Historic District	•Has not been tenant occupied for at least 3 years prior to filing the application •Will not demolish a rent-controlled unit, or a unit with an Ellis Act eviction within the last 15 years •Is not an A building or Historic Resource under Article 10, etc.	
Process	Subject to 317	No	No	
	Subject to 311	No	No	
	Residential Design Guidelines	Objective Standards Only	Objective Standards Only	
	CEQA Review	No	Yes	
	Fee Waiver for Historic Evaluation	No	No	
	Condo Conversion Process	Depends on the project	Condominiums may be formed as part of new construction, however, owners of non-owner occupied units would remain ineligible to apply for condominium conversion of non-owner occupied units under a new provision of the Subdivision Code enacted under this ordinance	
ALL OTHER PROJECTS in ANY RH DISTRICT: Up to 2 units allowed plus ADU's for all projects as of right, with up to 4 units on interior lots allowed and 6 units on corner lots allowed for projects not also seeking a density bonus. 30% rear yard allowed if building at least 4 units. Regular Planning Code processes (311, 317, RDG's, etc.) apply.				
A fee would be charged for projects in RH districts proposing new construction of a single-family home, or expansion of an existing single-family home that would result in a unit 4,000sqft or more. The amount of the fee should be based on both nexus and feasibility studies and should be distributed to the Down Payment Assistance Fund.				
*Not required if owned by a non-profit				

Draft Objective Residential Design Guidelines

As projects potentially redevelop into structures with more units, this could impact two primary areas of people's experiences of the built environment: the public "urban room" and the private rear yard. The City currently addresses these impacts in our RH Districts with the Residential Design Guidelines. These are a collection of subjective design guidelines and applied to projects on a case-by-case basis. An alternative to subject design guidelines would be objective design standards. Objective design standards can be applied uniformly to all projects to provide greater consistency and a more streamlined approval process. They also often meet state mandates that require ministerial approval.

The "Urban Room"

Most of us are familiar with what our neighborhood feels like from walking through the "urban room": The space defined by the "walls" of the front facades on both sides of a street and the "floor" of the street and sidewalks between them. While there are areas of mixed character which reflect a natural investment and evolution of structures in some neighborhoods, in other areas of the City streetwalls still reflect a more similar character. This is due to single-family neighborhoods built by private developers in large efforts, conforming to efficient practices which used repetitive systems of construction and design. Most high-quality facades made with natural materials given the era and availability are largely age-eligible for historic evaluation. If these buildings are recognized through that process, they not permitted to take advantage of the stream-lined pathways being proposed here. Any proposed modification to an identified historic resource under the existing pathway would remain subject to meeting the Secretary of Interior Standards. Facades that reflect lesser quality commercial or material standards should not be reinforced in future outcomes and change provides a potential opportunity to increase the quality of architecture and durability. New development should be held to a standard that lasts over time; expands expression, artistry, and creativity which better reflects the racial and social diversity of the City; and exhibits and support the talents of local builders and architects.

Since this proposal does not alter building heights or massing at the front of single-family home parcels, there is little potential impact to the overall scale of the neighborhood from the front. The potential of new structures, however, does provide an opportunity to support a critical goal in the public interest, however, the sense of *community through durability*. While overall compositional design plays a role, the quality of materials at the front building façade has the biggest overall effect and can be codified into an objective measure.

The Department recommends requiring that front façade materials that cover all non-roof surfaces within 10' of lot line or front setback shall be natural materials, specifically concrete, tile, masonry, wood, metal, glass, or stucco. Front façade window frames shall be fiberglass, wood, or aluminum. This list shall be reviewed for modifications by the Planning Commission every five years with recommendations from staff based on input from industry experts including the local chapter of the American Institute of Architects. This review shall incorporate racial and social equity concerns including financially achievable means.

The Rear Yard

Currently the application of the Residential Design Guidelines reduces the scale and size of R- district structures based on neighboring structures often significantly beyond rear yard requirements. With the increase of potential units on these lots and a ministerial pathway for owner-occupied applicants, it is critical to find the right *balance between needing land for indoor space to house people and outdoor space for nature and access to sunlight to support their health*, especially children. Staff has identified two ways

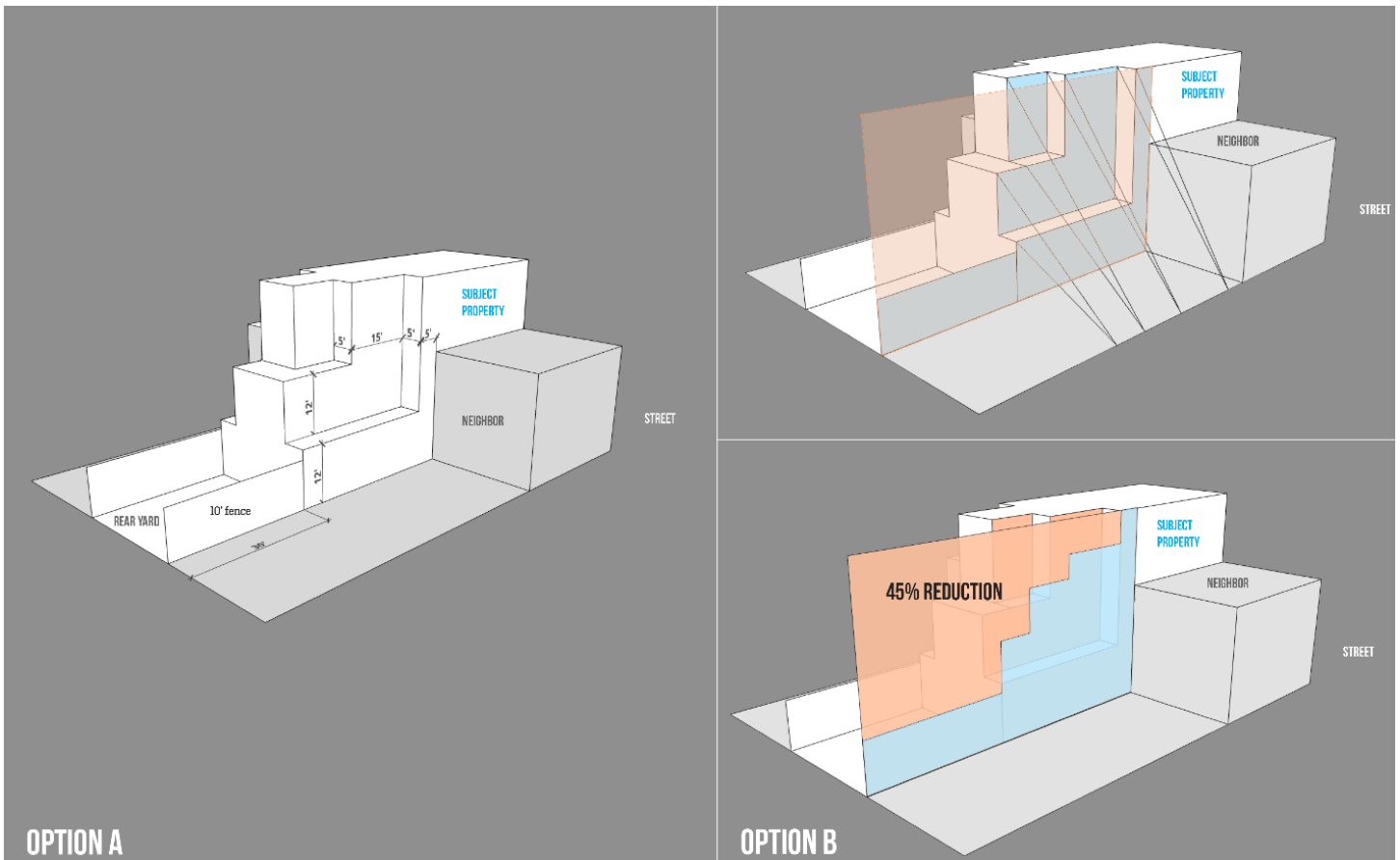
to achieve this through objective design standards. Option A, which is based on the current application of the Residential Design Guidelines, sets prescribed numeric setbacks; and Option B, which allows a project to create its own rear sculpting of the building by reducing “apparent mass.”

Option A: This option codifies how the Department currently applies the Residential Design Guidelines. Under this option, the following dimensional rules would be required:

- Above 12' in height (measured from upper side of a sloped lot): provide a side setback to match adjacent building, including where there is no building, to same depth up to max of 5' (unless more desired by applicant). Can start 5' beyond adjacent neighbor's rear wall. Match lightwell with minimum of 75% length.
- Above 24' in height (measured from upper side of a sloped lot): provide side setbacks to match adjacent building to same depth up to max of 5' (unless more desired by applicant). If no building massing adjacent, setback minimum 10' depth to start minimum 15' beyond adjacent neighbor's rear wall. Match lightwell with minimum of 75% length.

Option B: This option allows a project to create its own rear sculpting of the building by demonstrating that it reduces the “Apparent Mass” along each lot sidewall by 45%. Apparent mass can be measured as the area taken up in the plane defined by the property line from the back of an adjacent structure to the end of the lot and a line from the ground to the allowable height. The more that the subject property mass is reflected in that plane, the less natural light, increase of shadow, and visual impact on the neighborhood backyard or rear façade of the adjacent house. A preliminary study indicates a 45% reduction of this impact balances the needs for indoor space and outdoor experience based on Option (*see figure on following page*). This would provide greater flexibility to the applicant and architect to meet their design and interior space goals as well as construction practicality, while ensuring a contribution to mid-block open space and neighboring light and air.

Draft Objective Residential Design Guidelines



Objective Design Standard Recommendation 2: Option A includes dimensional setback requirements while Option B establishes a measurable performance goal to reduce apparent massing.

From: [Thomas Schuttish](#)
To: [Merlone, Audrey \(CPC\)](#)
Cc: sheila.nickolopoulos@sfgov.org; [Conner, Kate \(CPC\)](#); [Bintliff, Jacob \(BOS\)](#); [Hepner, Lee \(BOS\)](#)
Subject: November 18, 2021 Hearing on 4 Plex #2020-003971 PCA and #2021-010762PCA
Date: Friday, November 05, 2021 12:58:21 PM
Attachments: [Snapshot of Feb. 2021 Article.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Audrey,
Good morning to you and hope all is well.

I have attached links to two articles, as well as a pdf scan of the first link to the SFChronicle article from February 28, 2021 as comment and information for the upcoming hearing on these two Planning Code amendments.

Not to be a “downer” but both articles raise questions about these Planning Code Amendments to change the Zoning.

Director Hillis is quoted in the second link, but it is the quotes of Mr. Kieghran in the first link that are really interesting, given he is the head of the RBA, particularly relating to four-plex generally.

That is why I made the attached scan of a portion of the article with his quote. (I assume he was accurately quoted).

Mr. Solomon’s quotes in this link are interesting too. Here it is:

“That zoning is a tool to create housing production is a widely held and completely fallacious idea. Just because something is permitted doesn’t mean it will happen. It’s very hard to find a vacant lot or tear down at a price that would work.”

This lot for the project at 247 27th Avenue was a thru-lot to an alley and it measured 30.5’ x 120’ for a total lot size of 3,660 sq. ft.

Almost a Pacific Heights-sized lot and certainly larger than most lots in the City, in most San Francisco RH neighborhoods.

And even larger than most corner lots I would guess in most San Francisco neighborhoods?

I know this is an issue that has come up and was covered by Kate Conner and Sheila Nickolopoulos in their very fine report on SB-9.

But I also wanted to mention it in the context of the Demo Calcs and the corner lot issue.

As long as the Demo Calcs are not adjusted per Planning Code Section 317 (b) (2) (D), the Commission and Staff are hamstrung.

Here are two examples:

There are two projects on corner lots that come to mind and that I have mentioned during General Public Comment over the past few years.

One is 1647 Sanchez/290 Day Streets.

This project should have been a CUA. It was a truly, truly decrepit old structure that was turned into a mega mansion that sold for \$9.1 million last year using the Demo Calcs to its advantage. The Calcs were astounding close and I think manipulated. I have the project plans that illustrate this argument. Although the lot was only 57.5' x 80' it probably could have accommodated three "real units" which the Commission discussed at the DR hearing, but could not impose because it was an Alteration due to the project sponsors carefully using the current Demo Calcs, and *not* a Demolition requiring a CUA as it should have been.

The second is 3790-92 21st Street.

This project has no published Demo Calcs. It was two units in a really nice Mediterranean style building that was turned into another mega mansion with a very, very small second unit that appears to be internally accessible to the main unit. And it is now sitting empty as it has for months. Whether it is the price that hasn't been lowered enough or the design is not desirable, I don't know, but it is unoccupied. This lot measures 30' x 58' according to the PIM. It should have been reviewed as a Demolition, but it wasn't. And the Commission could have decided whether to preserve the two existing rent controlled units (which had been occupied) or actually tear it down and perhaps densify. But they couldn't because the project was an "Alterations" due to the current Demo Calcs. (Only the Sanchez/Day project had a DR hearing, the 21st Street DR was withdrawn prior to the hearing).

So what is my point?

With these corner lot examples, I see the Demo Calcs as a double-edged sword. They should be adjusted as intended. Because they have never been adjusted they can be used to thwart Commission policy by allowing the "de-facto demolition" of sound housing to create ultra expensive homes...which is what happens most of the time....or they can be used to thwart Commission policy to densify sensibly if that is the policy. I think this is the issue for both these examples but most particularly for the Sanchez/Day project.

And it is true for the projects on mid block lots as well. By the way, will these PCAs be heard next week or will they be continued to 2022?

Thanks very much and take very good care.

Sincerely,

Georgia

<https://www.sfchronicle.com/bayarea/article/Bay-Area-cities-want-to-end-single-family-home-15983648.php>

<https://www.sfchronicle.com/bayarea/article/New-housing-laws-may-change-the-Bay-Area-s->

[16477512.php?](#)

[utm_campaign=CMS%20Sharing%20Tools%20\(Premium\)&utm_source=share-by-email&utm_medium=email

Data](#)

unlikely housing effort to add housing praised, scorned

Zoning from page A1

2,700 square feet — which doesn't allow much room to shoehorn four units. And vacant lots are rare, as are "tear downs," small and outdated homes that don't have much value.

Sean Kieghran, president of San Francisco's Residential Builders Association, said he supports getting rid of single-family only zoning but doesn't think it will result in many new units. Kieghran said that building fourplexes requires either two staircases or a staircase and an elevator, which takes up too much of the site.

And, unless the city streamlined the process of building a fourplex on a single-family lot, builders would run into too many bureaucratic obstacles, Kieghran said. "With how long it takes to get through planning and fire and DPW and all the other red tape it's not likely we are going to see anybody building fourplexes anytime soon," he said.

Before the late 1960s, San Francisco developers regularly built two-, three-, and four-unit buildings. Stacked flats were the bread and butter of San Francisco's housing stock. But in the late 1960s and 1970s a series of laws changed that, and the majority of the city, especially the west side, was rezoned to prohibit anything but single-family homes.

One of the few architects to design fourplexes on single-family sized lots in the last few decades is Daniel Solomon, who has worked on three such projects. One of those is at 247 27th Ave., a

quar that roof- Golde yond. into a typical trict — homes, or three apartment corner.

"These ect, but tl big dent in Solomon sa a tool to cre

duction is a completely f because som ted doesn't n. It's very hard lot or tear do would work."

He said the designed and itable, but bare took as much t and execute as complexes his f known for.

"You would ne get rid of it within a year developer willing and South City initiating a risk on a minusc study as part of its general an architect who e plan update. After the damage," he said. Berkeley vote, Council complicated little p Member Terry Taplin, one the absolute opposi of the authors of the resolu- omy of scale."

While lots are big moment for us in Berkeley." East Bay, there are s But while the movement of obstacles, accordin to allow multifamily build- Anthony, a veteran C ings in zones previously builder. Land is expe. limited to single-family neighbors unreceptive homes is being embraced development, and curre as a correction of past dis- requirements — 12-foot criminatory policies — ways, open space requ Sacramento, Oregon and minims have passed such laws — the question would make four units of whether it will actually sible unless it's a large increase housing produc- And the projects wou tion is a lot more compli- expensive — four 1,250- cated, according to builders and architects.

In particular, building "fourplexes" — the four-unit building type that has been promoted as a more democratic, sustainable and affordable alternative to the single-family homes — is challenging in fully built centers such as

Zoning changes unlikely to end Bay Area crisis

By J.K. Dineen

The national movement to eliminate exclusionary single-family zoning is picking up steam in the Bay Area as cities explore the benefits of getting rid of a land use policy designed to keep people of color and working class families out of certain neighborhoods.

Last week, the city councils in Berkeley and South San Francisco took steps to end single-family zoning, with Berkeley promising to

get rid of it within a year and South City initiating a study as part of its general plan update. After the Berkeley vote, Council Member Terry Taplin, one of the authors of the resolution, called it a "historical

moment for us in Berkeley." But while the movement to allow multifamily buildings in zones previously limited to single-family homes is being embraced as a correction of past discriminatory policies — Sacramento, Oregon and Minneapolis have passed such laws — the question of whether it will actually increase housing production is a lot more complicated, according to builders and architects.

In particular, building "fourplexes" — the four-unit building type that has been promoted as a more democratic, sustainable and affordable alternative to the single-family homes — is challenging in fully built centers such as



of 247 27th Ave. in San Francisco. The Most single-family lots in the city are t



One of bedroom the thin floor o 27th Ave. movem end zo for sin family is gain steam the Ba

likely million, s, loan

g it es, ce of pro- ed to a

or g

much to qualify for sub housing. To hit the mis middle in San Francisco units would have to be able to households ma between 80% to 120% median income, which family of four is betwe \$102,500 and \$153,700.

Opponents to the u fear that it could lead placement. South San co Mayor Mark Addie developers could targ single-family rentals t vide some of the city's affordable housing.

"I am fearful that t houses to be gobbled developers might be

EXHIBIT H

[Planning Code - Dwelling Unit Density Exception for Corner Lots in Residential Districts]

Ordinance amending the Planning Code to provide a density limit exception for Corner Lots in RH (Residential, House) zoning districts, to permit up to four dwelling units per lot; 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.

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

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

Section 1. CEQA and Land Use Findings.

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

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, 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. _____, 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 units of new
4 market-rate housing units per year would be required to keep housing prices constant with
5 inflation 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 goals in the upcoming 2023-2031 Housing Element cycle, which are expected to be
11 at least 72,000 units over eight years, more than 2.5 times the goal of the previous cycle. At
12 the same time, relatively new State laws like Senate Bill 35 (2017) would limit San Francisco's
13 local zoning control and discretion if the City does not meet these RHNA housing production
14 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. Corner lots, in particular, offer
10 specific physical characteristics that facilitate the construction of such buildings, including
11 additional street frontage to accommodate required air and light exposure for dwelling units
12 and means of egress for multifamily buildings.

13
14 Section 3. Article 2 of the Planning Code is hereby amended by revising Sections 207
15 and 209.1, to read as follows:

16
17 **SEC. 207. DWELLING UNIT DENSITY LIMITS.**

18 * * * *

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

21 * * * *

22 **(8) Residential Density on Corner Lots in RH Districts.** For projects located on
23 Corner Lots in RH Districts, and that are not seeking or receiving a density bonus under the provisions
24 of Planning Code Sections 206.5 or 206.6, residential density limits shall be waived for up to four
25 dwelling units, not inclusive of any Accessory Dwelling Units as permitted under this Section 207.

Projects utilizing the density exception of this subsection (c)(8) shall be subject to the building standards applicable to the RH-3 zoning district 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 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 * * * *

2
3 * Not listed below.

4 * * * *

5 (10) P for up to four dwelling units on Corner Lots pursuant to Section 207(c)(8).

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

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

18
19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

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

23 n:\legana\as2021\2100295\01531808.docx
24
25

EXHIBIT I

[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.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
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(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, 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. _____, 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
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13 western neighborhoods and RH (Residential, House) zoning districts.

14 (b) According to the Planning Department's 2020 Housing Inventory, the cost of
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16 2009, with the median sale price for a two-bedroom house more than tripling from 2011 to
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23 compared with 37,000 per year in the Bay Area as a whole, and fewer than 1,000 units per
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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.

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16 concentrated in the eastern and southeastern parts of the City, with 90% of all new housing
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23 One Family (RH-1) and Residential, House, One Family, Detached Dwellings (RH-1(D))
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4 typologies, with a distinct historic pattern of taller, higher-density buildings routinely located on
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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
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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.
* * * *						

* Not listed below.

* * * *

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

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

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

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

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

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1 [Approval of a 12-Month Extension for Planning Commission Review of an Ordinance
2 Amending the Planning Code to Provide a Density Limit Exception to Permit Up to Four
3 Dwelling Units Per Lot in RH (Residential, House) Zoning Districts (File No. 210866)]

4 **Resolution extending by 12-month the prescribed time within which the Planning**
5 **Commission may render its decision on an Ordinance (File No. 210866) amending the**
6 **Planning Code to provide a density limit exception to permit up to four dwelling units**
7 **per lot in RH (Residential, House) zoning districts; affirming the Planning Department's**
8 **California Environmental Quality Act determination; and making Planning Code,**
9 **Section 302, findings, and making findings of consistency with the General Plan, and**
10 **the eight priority policies of Planning Code, Section 101.1.**

11
12 WHEREAS, On July 27, 2021, Supervisor Mandelman introduced legislation amending
13 the Planning Code to provide a density limit exception to permit up to four dwelling units per
14 lot in RH (Residential, House) zoning districts, and affirming the Planning Department's
15 California Environmental Quality Act determination; and making Planning Code, Section 302,
16 findings, and making findings of consistency with the General Plan, and the eight priority
17 policies of Planning Code, Section 101.1; and

18 WHEREAS, On or about August 3, 2021, the Clerk of the Board of Supervisors referred
19 the proposed Ordinance to the Planning Commission; and

20 WHEREAS, The Planning Commission shall, in accordance with Planning Code,
21 Section 306.4(d), render a decision on the proposed Ordinance within 90 days from the date
22 of referral of the proposed amendment or modification by the Board to the Commission; and

23 WHEREAS, Failure of the Commission to act within 90 days shall be deemed to
24 constitute disapproval; and
25

1 WHEREAS, The Board, in accordance with Planning Code, Section 306.4(d), may, by
2 Resolution, extend the prescribed time within which the Planning Commission is to render its
3 decision on proposed amendments to the Planning Code that the Board of Supervisors
4 initiates; and

5 WHEREAS, Supervisor Mandelman has requested additional time for the Planning
6 Commission to review the proposed Ordinance; and

7 WHEREAS, The Board deems it appropriate in this instance to grant to the Planning
8 Commission additional time to review the proposed Ordinance and render its decision; now,
9 therefore, be it

10 RESOLVED, That by this Resolution, the Board hereby extends the prescribed time
11 within which the Planning Commission may render its decision on the proposed Ordinance for
12 approximately 12 months, until November 1, 2022.



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 211059

Date Passed: October 19, 2021

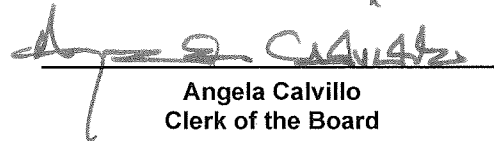
Resolution extending by 12-months the prescribed time within which the Planning Commission may render its decision on an Ordinance (File No. 210866) amending the Planning Code to provide a density limit exception to permit up to four dwelling units per lot in RH (Residential, House) zoning districts; affirming the Planning Department's California Environmental Quality Act determination; and making Planning Code, Section 302, findings, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

October 19, 2021 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 211059

**I hereby certify that the foregoing
Resolution was ADOPTED on 10/19/2021 by
the Board of Supervisors of the City and
County of San Francisco.**


Angela Calvillo
Clerk of the Board

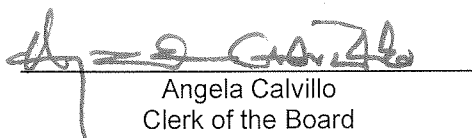
Unsigned

London N. Breed
Mayor

10/29/2021

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.


Angela Calvillo
Clerk of the Board

10/29/2021
Date



Myrna Melgar, Chair
Dean Preston, Vice Chair
Aaron Peskin
Board of Supervisors – Land Use and Transportation Committee
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

March 3, 2022

RE: Planning Code – Four-Unit Density Exception for Residential Districts | File #210866

We present the following as part of an ongoing collaboration between San Francisco-based design professionals represented by AIA San Francisco (AIASF) and the jurisdiction authorities. The AIASF Board of Directors endorses the content of this letter on behalf of the membership.

Throughout San Francisco residential neighborhoods, existing zoning laws are limiting the capacity for SF to meet increased Regional Housing Needs Allocation (RHNA) goals in the upcoming 2023-2031 Housing Element cycle. Rafael Mandelman's proposed Planning Code – Four-Unit Density Exception for Residential Districts takes two steps that would provide a viable path to increase housing density in districts where one- and two-family buildings are dominant. By eliminating RH-1 zoning, the proposal legislates higher-density development where only single-family homes can currently be built. The proposal goes further by offering a density exception, allowing developers of new housing to build four units on corner lots previously designated for single-family and duplex buildings. The legislation introduces an incremental but meaningful change to such districts through these measures, increasing the housing supply without disrupting neighborhood character. We support this legislation and recommend additional incentives to strengthen its conformance.

A four-unit building on a corner lot should be permitted to reach the height and bulk limits permitted under the Planning Code, exempt from the RDG overlay.

Production of housing has been inadequate to meet the demand. We believe that strengthening the incentives for project sponsors to maximize density would result in a greater supply of high-quality housing units that families and individuals will want to inhabit for the long term. Such incentives must go beyond the simple exemption to the density limit and eliminate restrictive rules limiting options for independent entrances and adequate natural light in multi-tenant buildings built on typical city lots.

High-quality housing contributes to the neighborhood.

Allowing developers to build to the zoned height and bulk limitations makes good economic sense. That flexibility encourages the development of a wider variety of unit types and strengthens rather than disrupts the neighborhood by catering to a diversity of lifestyles and living arrangements.

The most effective means to reduce the cost of new housing is to allow approvals through Ministerial Review.

Developers of new, high-density units can produce housing more quickly—therefore less expensive—if the criteria for approval are clear. Such density-enhanced proposals can be cleared through ministerial review. The laborious process of repeated public comment and review adds years, uncertainty, and inflated costs to

The American Institute of Architects

AIA San Francisco
150 Sutter Street #814
San Francisco, CA 94104

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www.aiasf.org

new housing production. Any proposal that allows more units but keeps the same rigid process in place will perpetuate the chronic shortage and high cost of housing for families and the middle class in San Francisco.

Up-zoning is the key to adding density to RH districts. This legislation is a significant step towards providing density by weaving it into the existing fabric at the corners as a traditionally accepted urban solution. We hope to see this as a first step toward a more equitable housing landscape in San Francisco.

Thank you for your consideration. AIA San Francisco is committed to enhancing the quality of life in our city by promoting excellence in architecture, design, and the built environment. We aim to pursue these goals through an open and earnest exchange with the authorities whose roles are relevant to the issues at hand.

Respectfully submitted,

Christopher Roach, AIA
2022 Chair, AIASF Public Policy Committee

Vivian Dwyer, Associate AIA
2021 Chair, AIASF Public Policy Committee

Karin Payson, AIA
2021 Co-Chair, AIASF Public Policy Committee

cc: San Francisco Board of Supervisors
cc: Judson True, Director of Housing Delivery at Office of San Francisco Mayor London Breed

From: [Board of Supervisors, \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS-Legislative Aides](#)
Cc: [Calvillo, Angela \(BOS\)](#); [Somera, Alisa \(BOS\)](#); [Laxamana, Junko \(BOS\)](#); [Ng, Wilson \(BOS\)](#); [Major, Erica \(BOS\)](#)
Subject: FW: OPPOSING Land Use and Transportation Committee Agenda Item #4 [Planning, Administrative, Subdivision Codes; Zoning Map - Density Exception in Residential Districts] File #210866
Date: Monday, April 4, 2022 10:25:30 PM

From: aeboken <aeboken@gmail.com>
Sent: Monday, April 4, 2022 8:43 AM
To: BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>
Subject: OPPOSING Land Use and Transportation Committee Agenda Item #4 [Planning, Administrative, Subdivision Codes; Zoning Map - Density Exception in Residential Districts] File #210866

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

TO: Land Use and Transportation Committee members and full Board of Supervisors

I am opposing this legislation as an attempt to make the bad bills of Sacramento even worse and urging the Committee to table it.

Eileen Boken,
State and Federal Legislative Liaison

Coalition for San Francisco Neighborhoods*

* For identification purposes only.

Sent from my Verizon, Samsung Galaxy smartphone

From: [Thomas Schuchman](#)
To: [Mayor, Eric J. 2020](#)
Subject: Comments for May 16th LUT Melgar/Mandelman Legislation
Date: Friday, May 13, 2022 4:07:53 PM
Attachments: [111 Photo - 911 North Ave.pdf.pdf](#)
[106_2022-296](#)
[Screen Shot 2022-05-13 at 3:25:18 PM.png](#)
[Screen Shot 2022-05-13 at 3:24:41 PM.png](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Ms. Major:

I think the Supervisors on this Committee, particularly Chair Melgar have worked hard on this legislation and I appreciate her hard work and that of my District 8 Supervisor Mandelman. Everyone tried their very best.

Thank you.

However, I want to make several points in this submission for the members of the LUT for the May 16th hearing on the Legislation before it goes onto the full Board.

Point #1

There are a lot of things for the Board of Supervisors to consider in dealing with this proposed Ordinance that is in response to SB-9 and any proposed SB-9 projects.

Among those things is the fact that SB-9 could be overturned at the ballot box by the California voters.

Or the RHNA numbers which are being challenged could turn out to be if not bogus, somewhat inflated.

Point #2

There are other suggestions that should get consideration for a similar Ordinance, such as Planning Commissioner Frank Fung's idea that *only* the corner lots in San Francisco neighborhoods be up zoned to allow up to six units or Supervisor Peskin's idea that all the three RH-1 designations, just be up zoned to RH-2. (RH-2, RH-2(D) and RH-2(S)).

Point #3

Supervisor Mar wanted to address the affordability issue in the neighborhoods and that needs to be figured out somehow. It is a very important issue regardless of the "feasibility" as outlined in the Consultant's studies. All three feasibility studies presented to the LUT state that densification even at market rate is "challenging".

But since we already have so much market rate housing, and it seems like we have so much high-end market rate housing, it is good public policy to try and facilitate more affordability, not less while densifying, since we also have such an astounding level of income inequality in San Francisco.

And it is a moral issue.

Certainly with the spectre of long time owners, "cashing out" as stated in the Planning Department's October 21, 2021 Executive Summary (page 14) on SB 9, affordability and protection of existing housing from speculation is critical.

Point #4

With any upzoning and densification, speculation will likely increase which is why it is reasonable to worry about people "cashing out", particularly as property values increase.

That is one reason I think [Board File No. 200451](#) should be re-introduced. This proposal that was tabled May 4, 2020, would revise the definition of the Demolition Calculations as approved by the Board of Supervisors when Planning Code Section 317 was passed in 2008. They have never been revised or adjusted as the Planning Commission could have done per [Planning Code Section 317\(b\)\(2\)\(D\)](#). With [Board File No. 200451](#), the Supervisors could exert their legislative authority, even if the Planning Commission has not.

This would put some constraints on projects like the one below in Point #5. (This was part of my submission for the March 7, 2022 LUT hearing.) This is a speculative project in the Richmond District.

This spec project appears to have taken advantage of what has become a loophole in Planning Code Section 317. This is discussed below in my comments from March 7th.

Planning Code Section 317 was approved unanimously by the Board and became effective on May 18, 2008 exactly 14 years ago. Here are the Findings for Planning Code Section 317. Most notable are the first three sentences:

SEC. 317. LOSS OF RESIDENTIAL AND UNAUTHORIZED UNITS THROUGH DEMOLITION, MERGER, AND CONVERSION.

(a) Findings. **San Francisco faces a continuing shortage of affordable housing. There is a high ratio of rental to ownership tenure among the City's residents. The General Plan recognizes that existing housing is the greatest stock of rental and financially accessible residential units, and is a resource in need of protection.** Therefore, a public hearing will be held prior to approval of any permit that would remove existing housing, with certain exceptions, as described below. The Planning Commission shall develop a Code Implementation Document setting forth procedures and regulations for the implementation of this Section [317](#) as provided further below. The Zoning Administrator shall modify economic criteria related to property values and construction costs in the Implementation Document as warranted by changing economic conditions to meet the intent of this Section.

Point #5

Submitted for the LUT Hearing on March 7, 2022, Board Files No.210866; 211234; 211202 regarding a Richmond District speculative project **with the update highlighted:**

The attached [311 Plans](#) for this project, show that there were **likely two units existing on the site, as there are two kitchens noted on Sheet 2**. Perhaps the second unit was a UDU?

And looking at the attached Google Earth photo from [October 2017](#), it seems reasonable to say that it defies logic to think this project that was approved by the City as an Alteration, was an Alteration. It looks like a Demolition...de facto and in fact. There are no published Demo Calcs for this project on the SFPIM.

There are also two Google Earth photos attached from [August 2015](#), showing the original building.

Again, the attached [311 Plans](#) show a kitchen on both the Existing first floor and second floor. This spec project caused a loss in affordability and "financially accessible residential units".

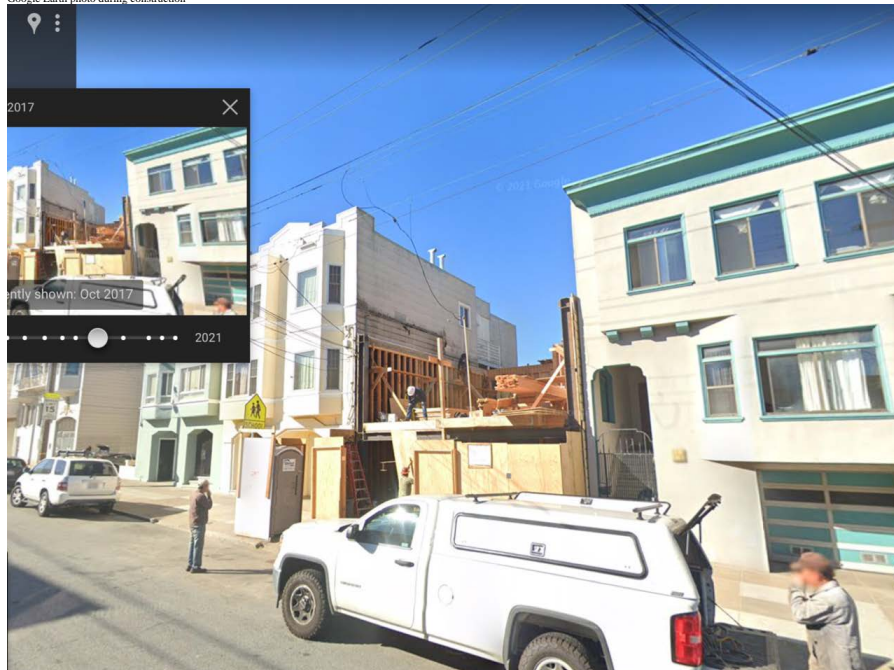
This Richmond District speculative project was completed in 2020. The smallest unit (825 sq.ft) sold for \$998K, a four bedroom unit (2,301sq.ft) sold for \$2.290 million in 2020; and currently the third unit (2,374 sq.ft) is for sale asking \$2.5 million **and as an update this unit sold in the last few weeks for \$2.425 million.**

Previously prior to the start of construction, the entitlement for this Richmond District spec project sold in [June 2017](#) for \$1.960 million according to Redfin. According to Zillow, the [June 2013](#) sales price prior to the City bestowing the entitlement on the original house that appears to have two units...or at least two potential individual living spaces each with a kitchen...was \$997K. (The 2014 site permit was valued at \$855K)

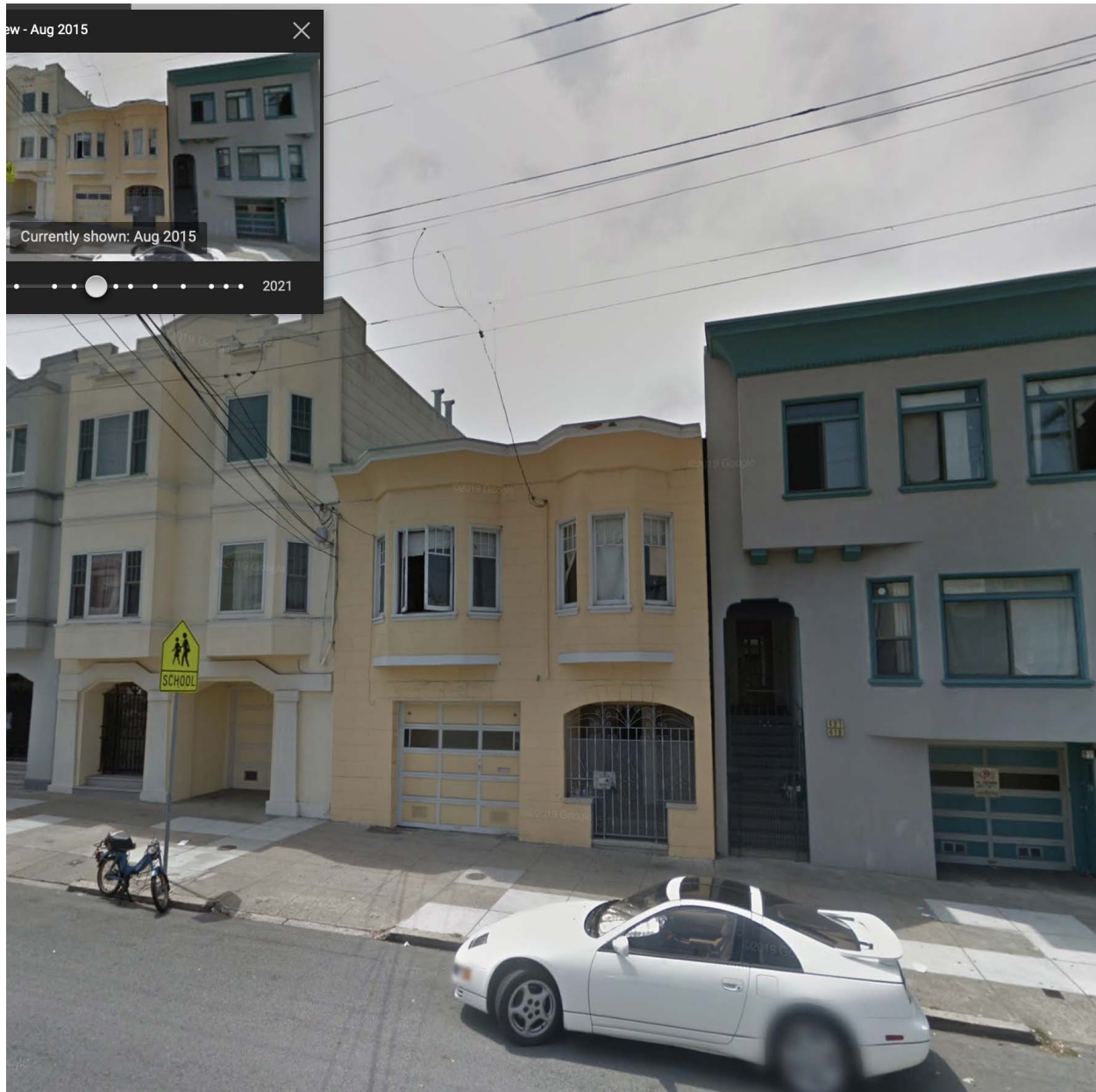
This sales history and this project is a good example of the *pattern* of speculation in San Francisco housing. It can also be called "commodification".

As Decision Makers seek to densify the City to provide housing for residents, this *pattern* needs to be either mitigated or prevented or both.

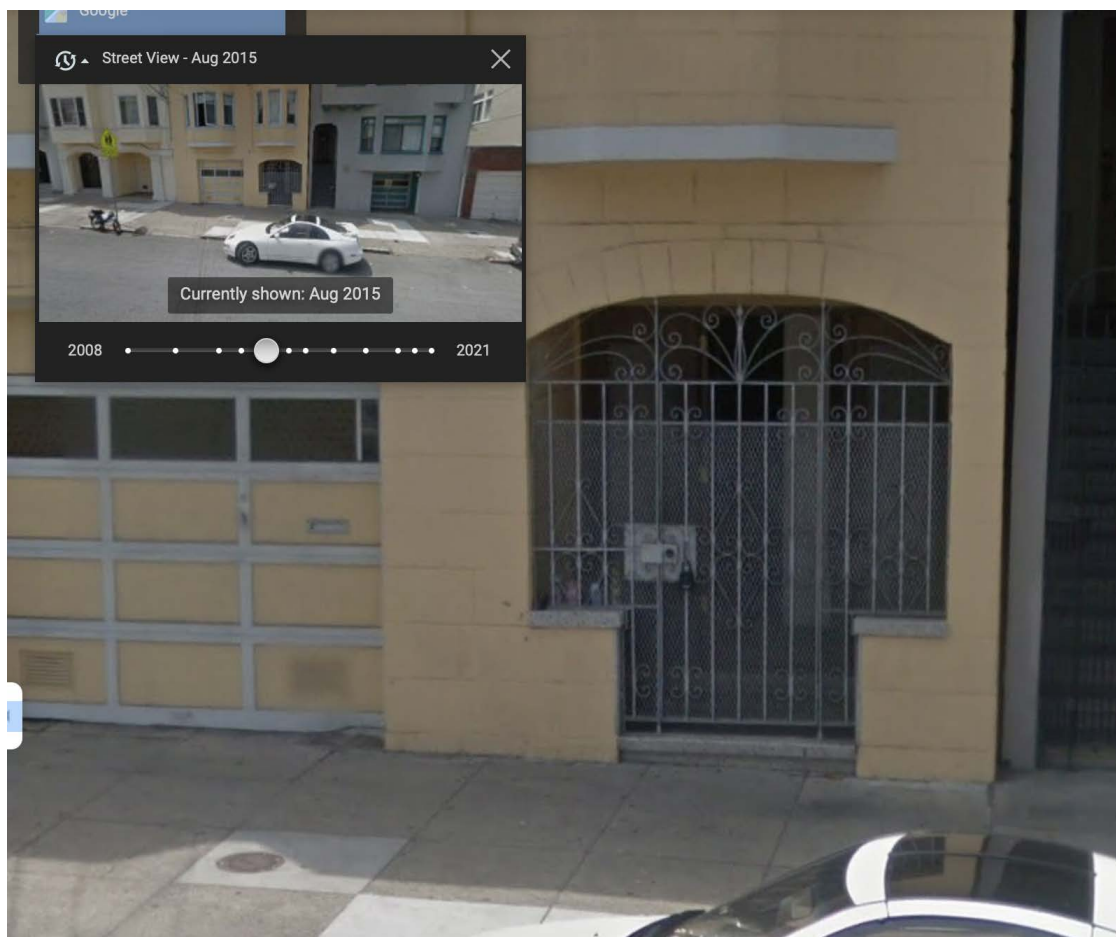
Google Earth photo during construction



Google Earth photo prior to construction



Looks like two separate entrances behind gate?



Thank you.
Sincerely,
Georgia Schuttish

WALL LEGEND

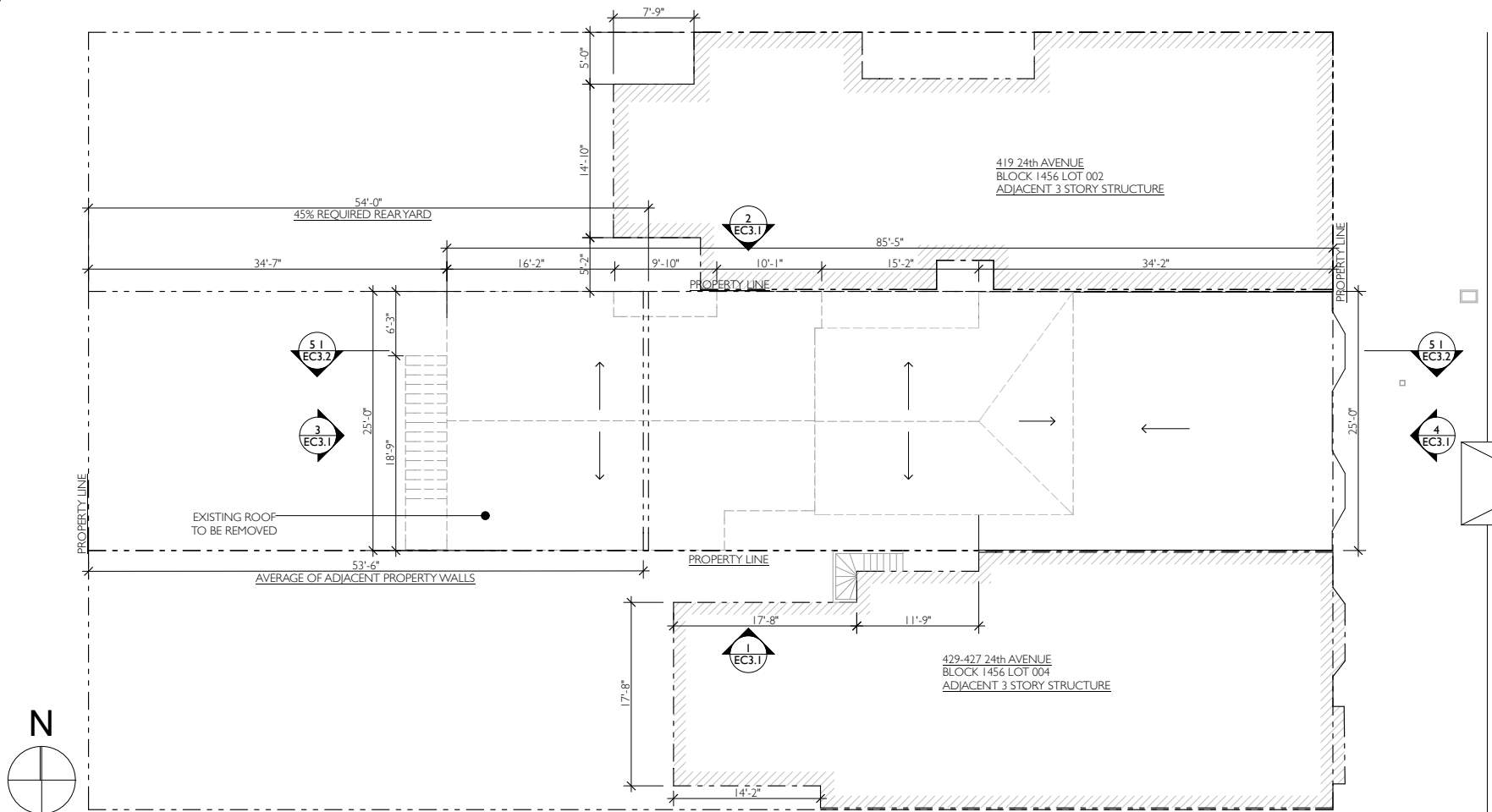
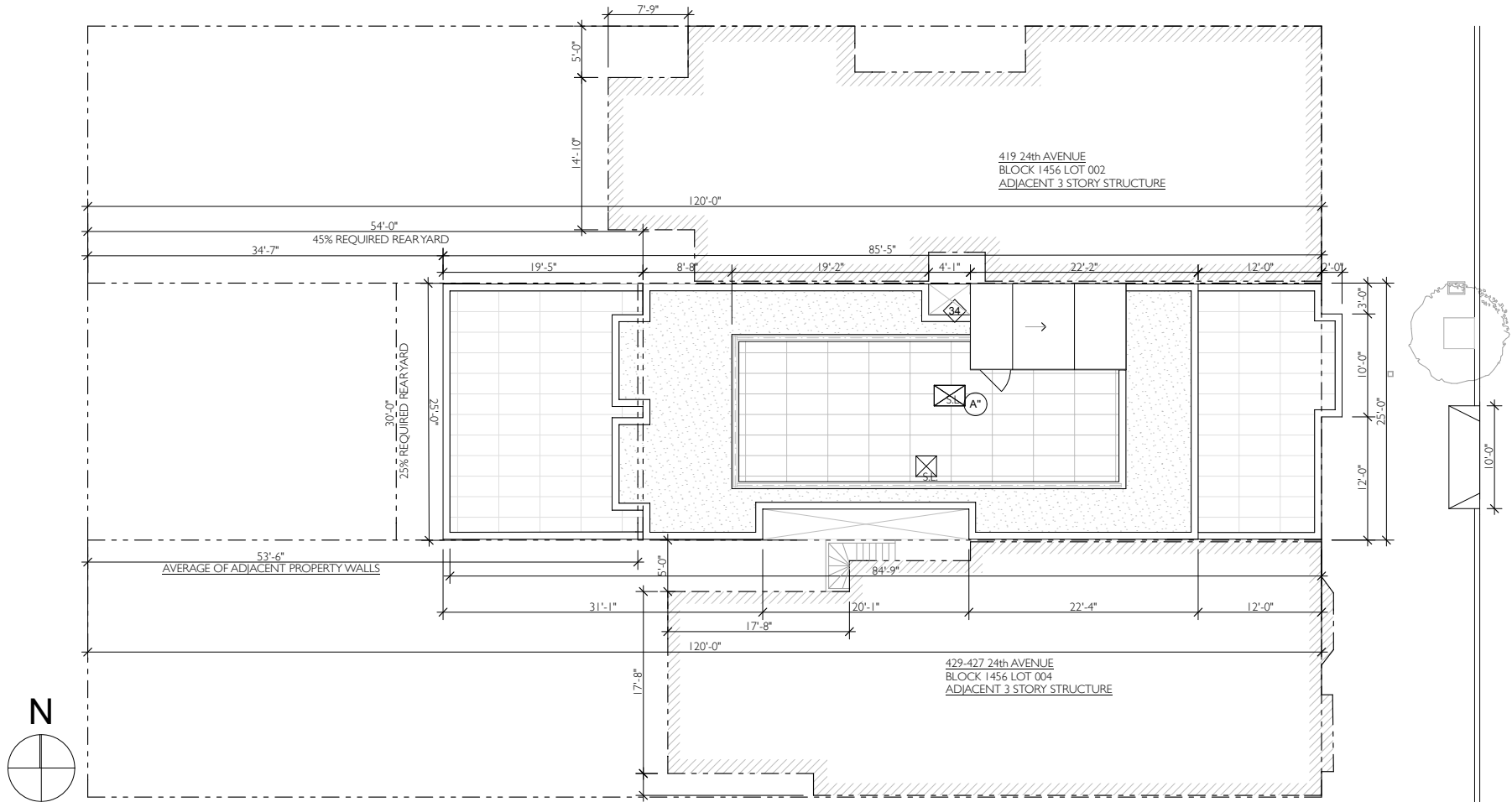
	EXISTING WALL CONSTRUCTION TO REMAIN.
	EXISTING WALL CONSTRUCTION TO BE REMOVED
	PROPOSED 1-HR WALL CONSTRUCTION
	PROPOSED 2-HR RATED WALL CONSTRUCTION
	ADJACENT BUILDINGS

2 PROPOSED SITE PLAN

SCALE: 1/8" = 1'-0"

1 EXISTING SITE PLAN

SCALE: 1/8" = 1'-0"



WALL LEGEND

EXISTING WALL CONSTRUCTION TO REMAIN,

EXISTING WALL CONSTRUCTION TO BE REMOVED

PROPOSED 1-HR WALL CONSTRUCTION

PROPOSED 2-HR RATED WALL CONSTRUCTION

ADJACENT BUILDINGS

2

(E) SECOND FLOOR PLAN

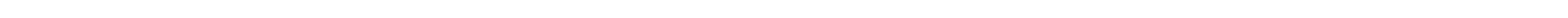
SCALE: 1/8" = 1'-0"



1

(E) FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"





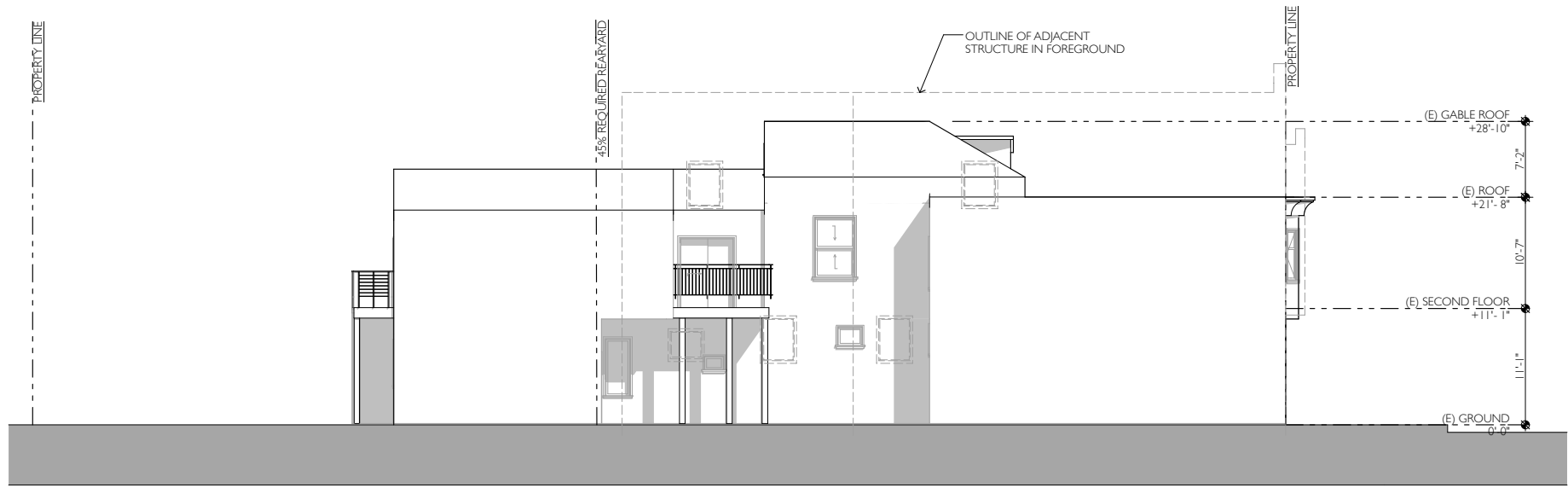
4 (E) EAST (FRONT) ELEVATION
SCALE: 1/8" = 1'-0"



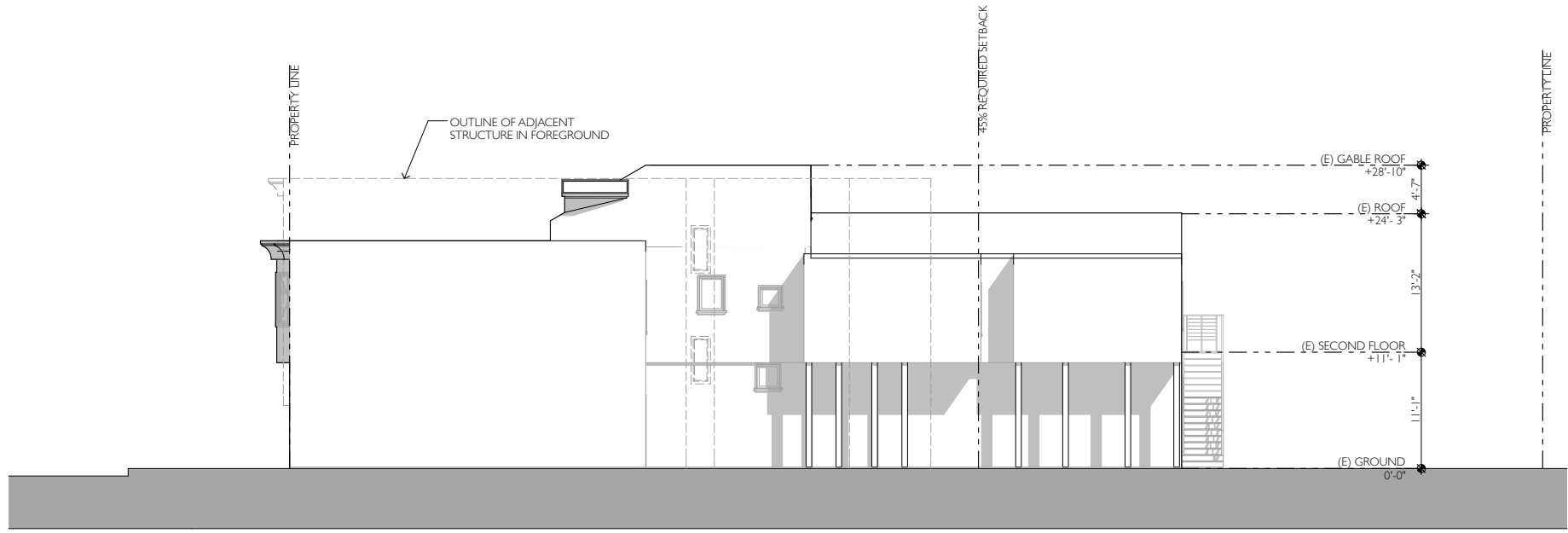
3 (E) WEST (REAR) ELEVATION
SCALE: 1/8" = 1'-0"



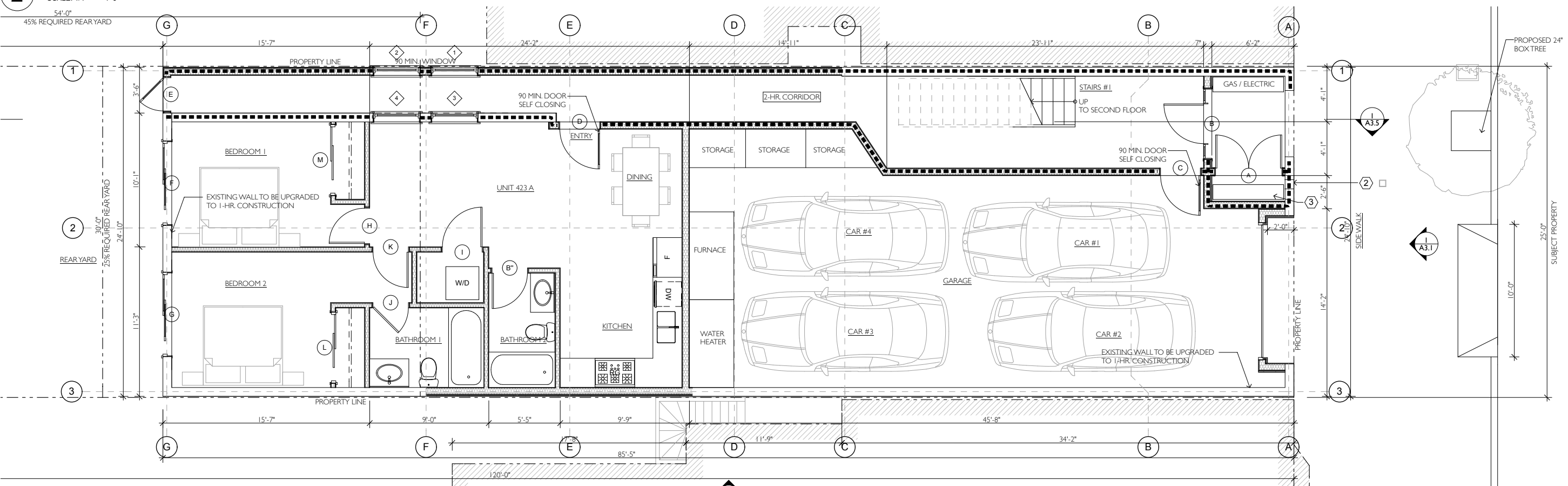
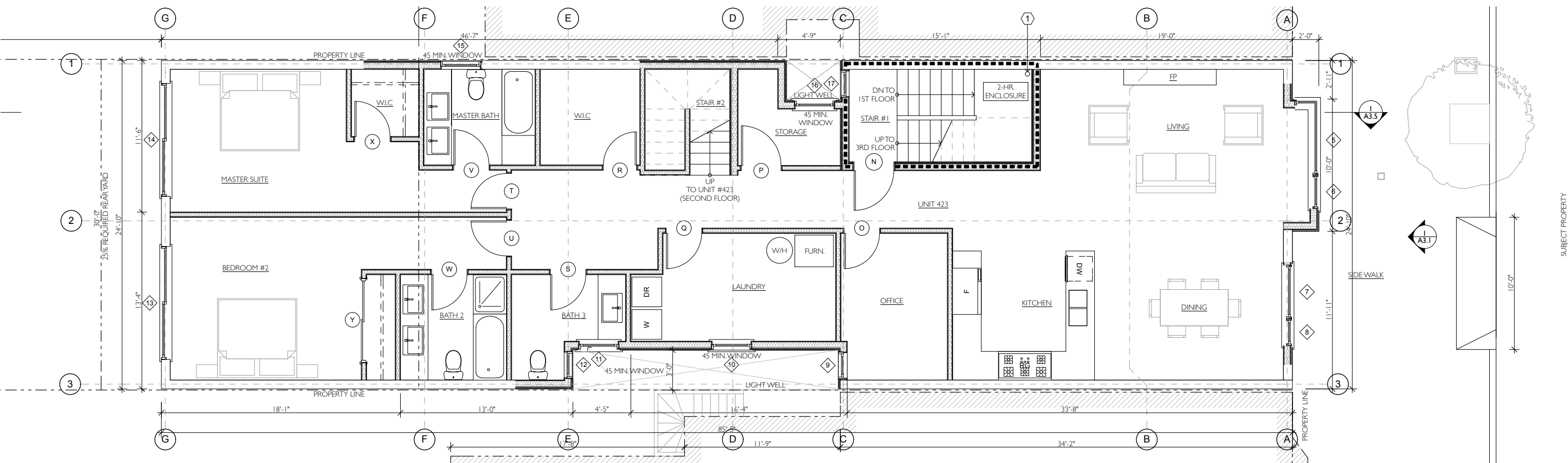
5 (E) WEST-EAST BUILDING SECTION
SCALE: 1/8" = 1'-0"

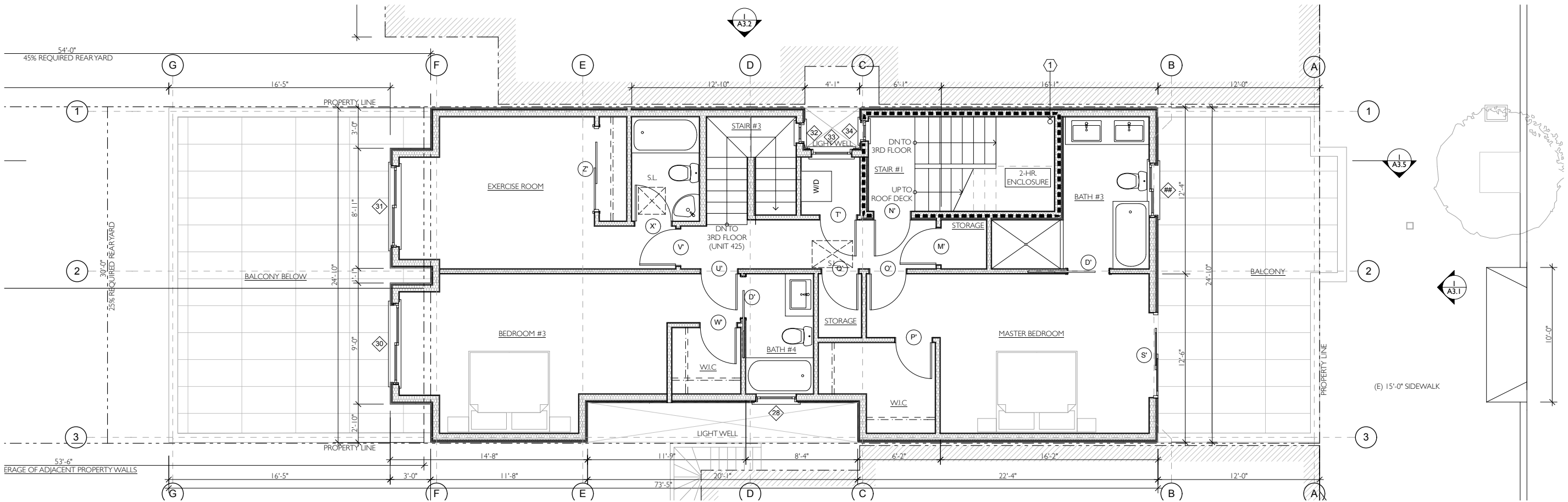


2 (E) SOUTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"

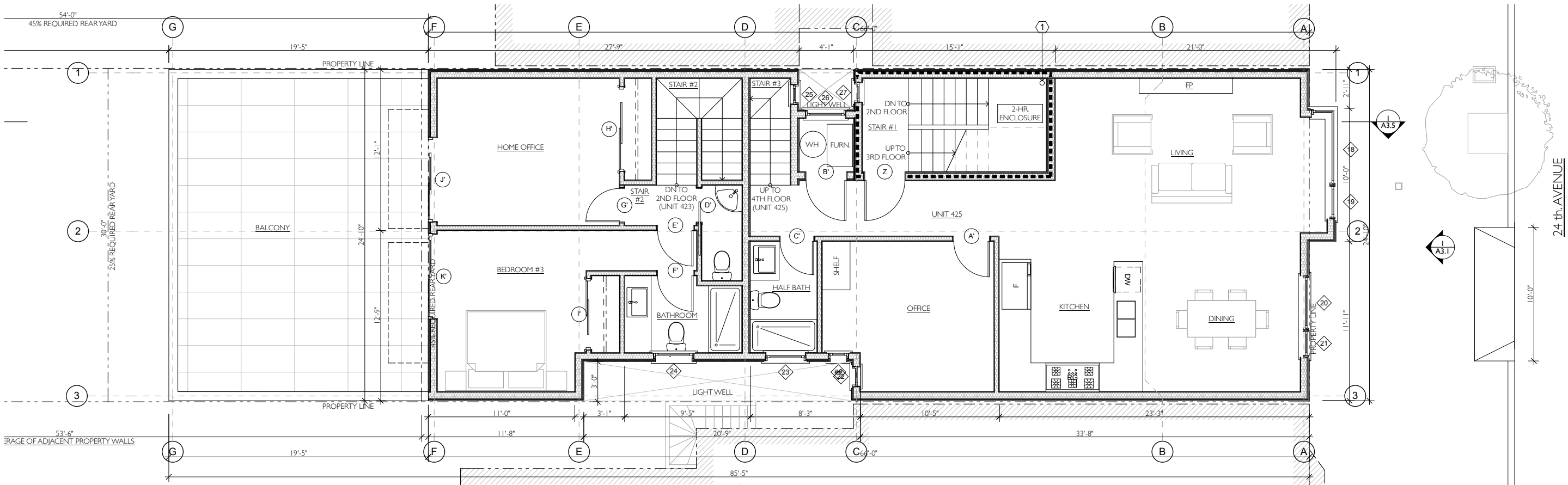


1 (E) NORTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"

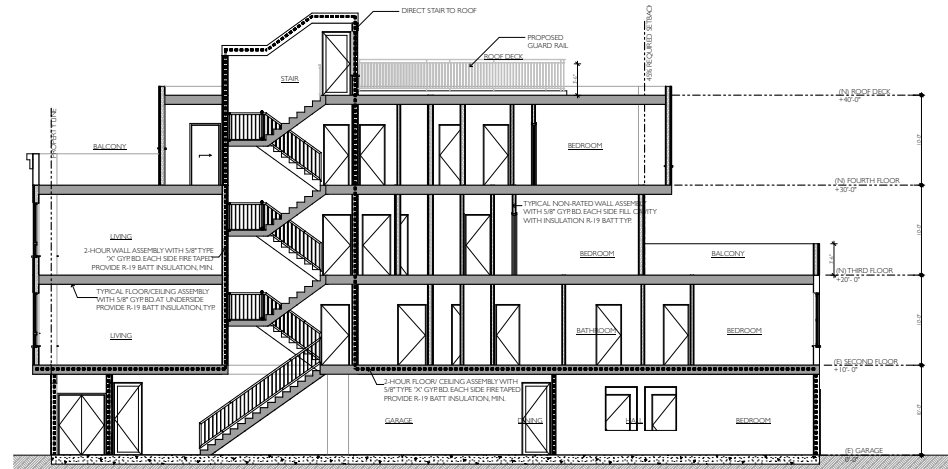




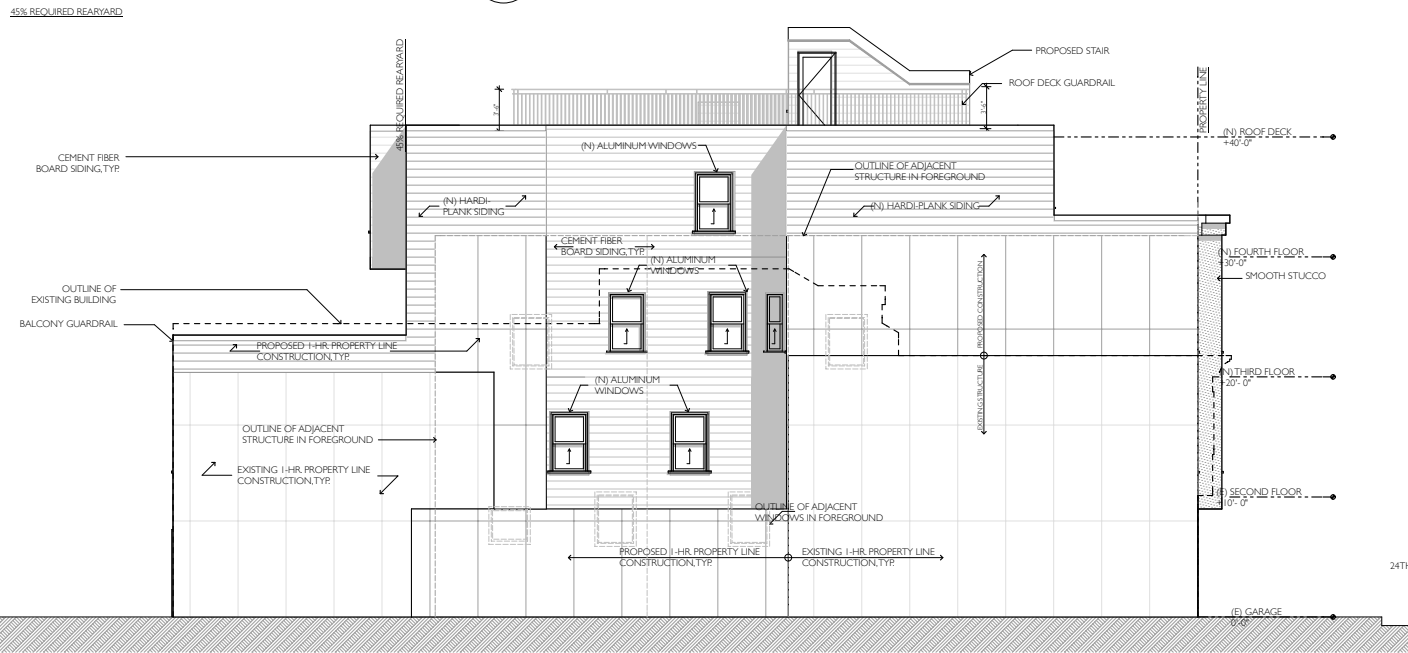
2 PROPOSED FOURTH FLOOR PLAN
SCALE: 1/4" = 1'-0"



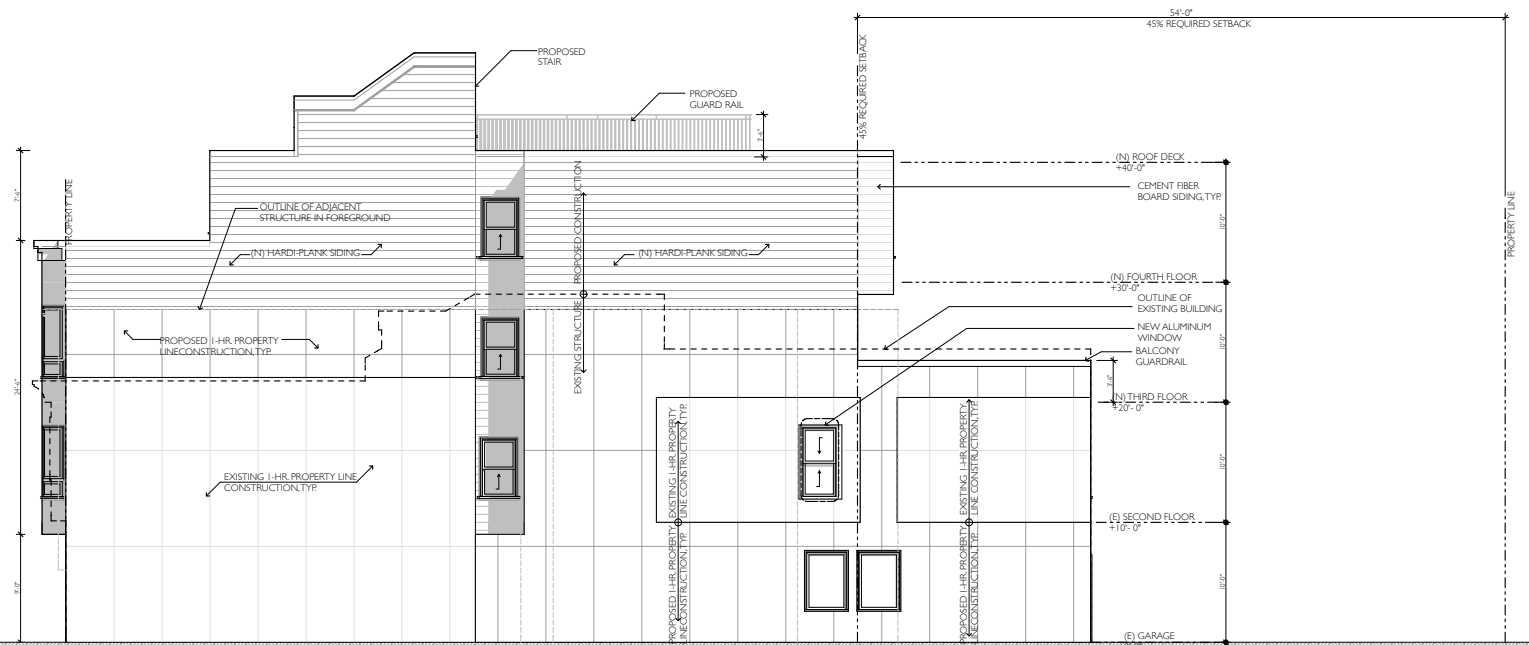
1 PROPOSED THIRD FLOOR PLAN
SCALE: 1/4" = 1'-0"



5 (N) PROPOSED WEST-EAST BUILDING SECTION
SCALE: 3/32" = 1'-0"



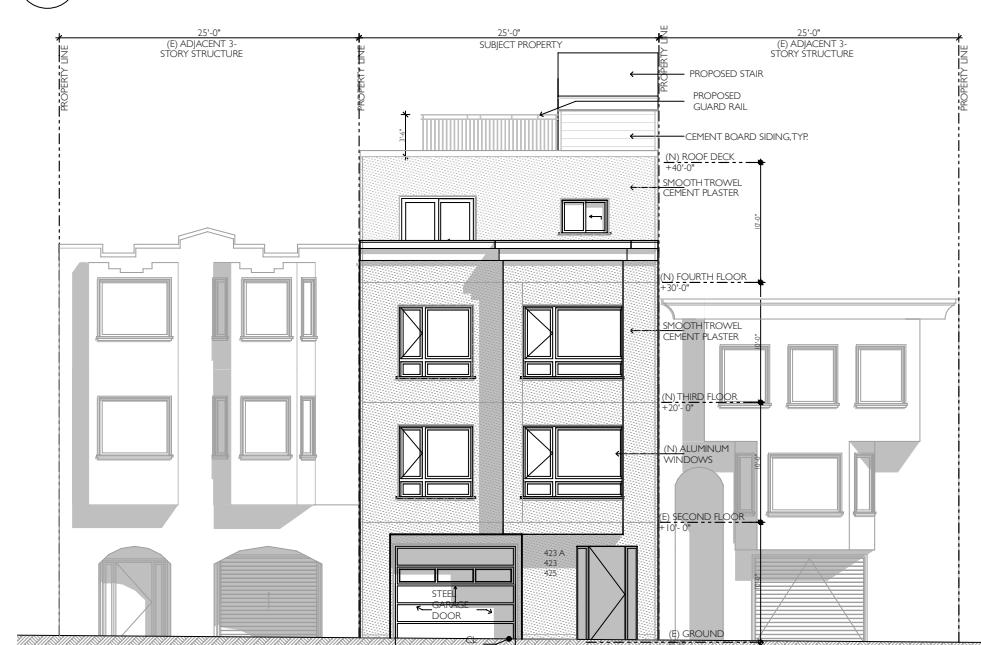
4 (N) PROPOSED SOUTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"



3 (N) PROPOSED NORTH (SIDE) ELEVATION
SCALE: 1/8" = 1'-0"



2 (N) PROPOSED WEST (REAR) ELEVATION
SCALE: 1/8" = 1'-0"



1 (N) PROPOSED EAST (FRONT) ELEVATION
SCALE: 1/8" = 1'-0"

From: [Thomas Schuttish](#)
To: [Major, Erica \(BOS\)](#)
Cc: [Bintliff, Jacob \(BOS\)](#); [Lovett, Li \(BOS\)](#); [Smeallie, Kyle \(BOS\)](#); [Low, Jen \(BOS\)](#); [Hepner, Lee \(BOS\)](#)
Subject: LUT Monday May 9, 2022
Date: Saturday, May 7, 2022 4:30:04 PM
Attachments: [WebPage.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Ms. Major:

Good afternoon. Hope you are well.

Please include the attached pdf in the Board Files for your hearing on Monday afternoon for Items #2, #3 and #4.

These items are Board Files: 210866; 220446 and 220447.

There is a lot of useful and interesting information in this Executive Summary. I am cc'ing the Supervisors' staff.

This pdf is an Executive Summary prepared for the Planning Commission's October 21, 2021 Informational Hearing on SB 9 and SB10.

It is not currently part of the Board files as best I can tell.

My main point in sending this Summary is what was written on page 14 in the first full paragraph, which starts, "Many areas of the city...", the fourth sentence regarding owners that may "cash out" which is concerning.

This may be the "black swan" of SB 9, and I don't think it has received enough attention, particularly given how housing in San Francisco has become a commodity in a highly speculative market.

But the the Racial and Social Equity Analysis that starts on page 10 is valuable reading as well.

This Executive Summary was written prior to the first two Century/Urban Feasibility Studies were published but while they were being drafted by the Consultant with input from the Planning Department and I think this Executive Summary from October 21, 2021 should be in the Board Files if it isn't already.

Thanks very much and take good care.

Sincerely,

Georgia Schuttish

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

February 23, 2022

File No. 210866-2

Lisa Gibson
Environmental Review Officer
Planning Department
49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103

Dear Ms. Gibson:

On February 15, 2022, Supervisor Mandelman submitted the following legislation:

File No. 210866-2

Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts to Residential, Two Family (RH-2) zoning districts, and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the existing dwelling units and the new dwelling units that constitute the project; 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.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

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

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

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TDD/TTY No. (415) 554-5227

MEMORANDUM

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

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

DATE: February 23, 2022

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Mandelman on February 15, 2022:

File No. 210866-2

Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts to Residential, Two Family (RH-2) zoning districts, and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the existing dwelling units and the new dwelling units that constitute the project; 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

BOARD of SUPERVISORS



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San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

August 3, 2021

Planning Commission
Attn: Jonas Ionin
49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103

Dear Commissioners:

On July 27, 2021, Supervisor Mandelman submitted the following legislation:

File No. 210868

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.

The proposed ordinance is being transmitted for review. 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

A handwritten signature in cursive script, appearing to read "Erica Major".

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

c: Rich Hillis, Director
Scott Sanchez, Deputy Zoning Administrator
Corey Teague, Zoning Administrator
Lisa Gibson, Environmental Review Officer
Devyani Jain, Deputy Environmental Review Officer
Adam Varat, Acting Director of Citywide Planning
AnMarie Rodgers, Legislative Affairs
Dan Sider, Director of Executive Programs
Aaron Starr, Manager of Legislative Affairs
Joy Navarrete, Environmental Planning

BOARD of SUPERVISORS



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TDD/TTY No. (415) 554-5227

August 3, 2021

File No. 210866

Lisa Gibson
Environmental Review Officer
Planning Department
49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103

Dear Ms. Gibson:

On July 27, 2021, Supervisor Mandelman submitted the following legislation:

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.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

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

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

BOARD of SUPERVISORS



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TDD/TTY No. (415) 554-5227

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

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
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**NOTICE OF PUBLIC HEARING
LAND USE AND TRANSPORTATION COMMITTEE
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO**

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee of the City and County of San Francisco will hold a public hearing to consider the following hearing matter and said public hearing will be held as follows, at which time all interested parties may attend and be heard, in-person or remotely:

Members of the public attending this hearing in-person may be required to wear masks and adhere to certain procedures, please visit https://sfbos.org/in_person_meeting_guidelines for the current guidelines.

Date: April 4, 2022

Time: 1:30 p.m.

Location: IN-PERSON MEETING INFORMATION
Legislative Chamber, Room 250, located at City Hall
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

REMOTE ACCESS

Watch: www.sfgovtv.org

Watch: SF Cable Channel 26, 78, or 99 (*depending on your provider*)
once the meeting starts, the telephone number and Meeting ID will be displayed on the screen.

Public Comment Call-In: <https://sfbos.org/remote-meeting-call>

Subject: **File No. 210866.** Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts, except for Residential. One Family, Detached (RH-1(D)) districts, to Residential, Two Family (RH-2) zoning districts; to rezone the RH-1(D) districts to a new class of residential district called Residential, Two Family, Detached (RH-2(D)) districts; and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Administrative Code to require new dwelling units constructed pursuant to the density limit exception to be subject to the rent increase limitations of the Rent Ordinance; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the

existing dwelling units and the new dwelling units that constitute the project; 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.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. 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 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available in the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (<https://sfbos.org/legislative-research-center-lrc>). Agenda information relating to this matter will be available for public review on Friday, April 1, 2022.

For any questions about this hearing, please contact the Assistant Clerk for the Land Use and Transportation Committee:

Erica Major (Erica.Major@sfgov.org) ~ (415) 554-4441)

Please Note: The Department is open for business, but employees are working from home. Please allow 48 hours for us to return your call or email.


+ Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco

em:jnp:ams

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ERICA MAJOR
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE

Ad Description

EDM 04.04.2022 Land Use - 210866 Zoning Map

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

03/25/2022

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.

Publication	\$428.62
Total	\$428.62

EXM# 3569040

NOTICE OF PUBLIC HEARING SAN FRANCISCO BOARD OF SUPERVISORS LAND USE AND TRANS- PORTATION COMMITTEE MONDAY, APRIL 4, 2022 - 1:30 PM

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco 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 in person or remotely. Members of the public attending this hearing in person may be required to wear masks and adhere to certain procedures, please visit <https://sfbos.org/in-person-meeting-guidelines> for the current guidelines. File No. 210866. Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts, except for Residential, One Family, Detached (RH-1(D)) districts, to Residential, Two Family (RH-2) zoning districts; to rezone the RH-1(D) districts to a new class of residential district called Residential, Two Family, Detached (RH-2(D)) districts; and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Administrative Code to require new dwelling units constructed pursuant to the density limit exception to be subject to the rent increase limitations of the Rent Ordinance; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the existing dwelling units and the new dwelling units that constitute the project; 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. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. 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 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available with the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (<https://sfbos.org/legislative-research-center-lrc>). Agenda information relating to this matter will be available for public review on Friday, April 1, 2022. For any questions about this hearing, please contact the Assistant Clerk for the Land Use and Transportation Committee: Erica Major (ica.Major@sfgov.org) (415) 554-4441. Please Note: The Department is open for business, but employees are working from home. Please allow 48 hours for us to return your call or email.



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BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

**NOTICE OF PUBLIC HEARING
LAND USE AND TRANSPORTATION COMMITTEE
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO**

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco 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, in-person or remotely:

Date: March 7, 2022

Time: 1:30 p.m.

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

REMOTE MEETING INFORMATION

Watch: www.sfgovtv.org

Watch: SF Cable Channel 26, 78, or 99 (*depending on your provider*)
once the meeting starts, the telephone number and Meeting ID will be displayed on the screen.

Public Comment Call-In: <https://sfbos.org/remote-meeting-call>

Subject: **File No. 210866.** Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts to Residential, Two Family (RH-2) zoning districts, and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the existing dwelling units and the new dwelling units that constitute the project; 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.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. 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 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available in the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (<https://sfbos.org/legislative-research-center-lrc>). Agenda information relating to this matter will be available for public review on Friday, March 4, 2022.

For any questions about this hearing, please contact the Assistant Clerk for the Land Use and Transportation Committee:

Erica Major (Erica.Major@sfgov.org) ~ (415) 554-4441)

Please Note: *The Department is open for business, but employees are working from home. Please allow 48 hours for us to return your call or email.*



Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco

em:bjj:ams

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ERICA MAJOR
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE

Ad Description

EDM 03.07.2022 Land Use - 210866 Zoning Map

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

02/25/2022

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.

Publication	\$405.00
Total	\$405.00

EXM# 3559453

NOTICE OF PUBLIC HEARING SAN FRAN- CISCO BOARD OF SUPERVISORS LAND USE AND TRANSPORTATION COMMITTEE MONDAY, MARCH 7, 2022 - 1:30 PM

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco 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 in person or remotely: File No. 210866. Ordinance amending the Planning Code to rezone all Residential, One Family (RH-1) zoning districts to Residential, Two Family (RH-2) zoning districts, and to provide a density limit exception to permit up to four dwelling units per lot, and up to six dwelling units per lot in Corner Lots, in all RH (Residential, House) zoning districts, subject to certain requirements, including among others the replacement of protected units; amending the Subdivision Code to authorize a subdivider that is constructing new dwelling units pursuant to the density exception to submit an application for condominium conversion or a condominium map that includes the existing dwelling units and the new dwelling units that constitute the project; 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.

IN-PERSON MEETING INFORMATION Legislative Chamber, Room 250, located at City Hall 1 Dr. Carlton B. Goodlett Place, San Francisco, CA REMOTE MEETING INFORMATION Watch: www.sfgovtv.org Watch: SF Cable Channel 26, 78, or 99 (depending on your provider) once the meeting starts, the telephone number and Meeting ID will be displayed on the screen. Public Comment Call-In: <https://sfbos.org/remotemeeting-call> In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments

prior to the time the hearing begins. These comments will be made as part of the official public record in this matter and shall be brought to the attention of the Board of Supervisors. 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 or sent via email (board.of.supervisors@sfgov.org). Information relating to this matter is available with the Office of the Clerk of the Board or the Board of Supervisors' Legislative Research Center (<https://sfbos.org/legislative-research-center-lrc>). Agenda information relating to this matter will be available for public review on Friday, March 4, 2022. For any questions about this hearing, please contact the Assistant Clerk for the Land Use and Transportation Committee: Erica Major (Erica.Major@sfgov.org ~ (415) 554-4441) Please Note: The Department is open for business, but employees are working from home. Please allow 48 hours for us to return your call or email.



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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):

Subject:

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