BOARD of SUPERVISORS

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MEMORANDUM

Date: January 17, 2023

To: Planning Department / Commission

From: Erica Major, Clerk of the Land Use and Transportation Committee

Subject: Board of Supervisors Legislation Referral - File No. 230026
Planning Code, Zoning Map - Family Housing Opportunity Special Use District; Design Controls and Review Procedures

☒ California Environmental Quality Act (CEQA) Determination
(California Public Resources Code, Sections 21000 et seq.)
- ☒ Ordinance / Resolution
- ☐ Ballot Measure

☒ Amendment to the Planning Code, including the following Findings:
(Planning Code, Section 302(b): 90 days for Planning Commission review)
☐ General Plan ☒ Planning Code, Section 101.1 ☒ Planning Code, Section 302

☐ Amendment to the Administrative Code, involving Land Use/Planning
(Board Rule 3.23: 30 days for possible Planning Department review)

☐ General Plan Referral for Non-Planning Code Amendments
(Charter, Section 4.105, and Administrative Code, Section 2A.53)
(Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)

☐ Historic Preservation Commission
- ☐ Landmark *(Planning Code, Section 1004.3)*
- ☐ Cultural Districts *(Charter, Section 4.135 & Board Rule 3.23)*
- ☐ Mills Act Contract *(Government Code, Section 50280)*
- ☐ Designation for Significant/Contributory Buildings *(Planning Code, Article 11)*

Please send the Planning Department/Commission recommendation/determination to Erica Major at Erica.Major@sfgov.org.

[Planning Code, Zoning Map - Family Housing Opportunity Special Use District; Design Controls and Review Procedures]

Ordinance amending the Planning Code to create the Family Housing Opportunity Special Use District, authorize up to four dwelling units for eligible projects, exempt eligible projects from certain height restrictions, conditional use authorizations, and neighborhood notification requirements, and eliminate a Planning Commission discretionary review hearing for eligible projects upon delegation by the Planning Commission; amending the Zoning Map to show the Family Housing Opportunity Special Use District; and 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:

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

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

Section 2. Background and Findings.

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

(b) This crisis of housing affordability and availability is particularly severe in San Francisco. It is characterized by dramatic increases in rent and home sale prices over recent years and historic rates of underproduction of new housing units across income levels. Underproduction of new housing units is particularly acute in the City's high-resource

neighborhoods, which have greater access to parks, quality schools, better environmental conditions, and higher median incomes.

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

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

(e) The City's Chief Economist has estimated that approximately 5,000 new market-rate housing units per year would be required to keep housing prices in San Francisco constant with inflation generally. To this end, the City's COVID-19 Economic Recovery Task Force included a recommendation in its October 2020 report to support construction of small multifamily buildings in low density areas to support "missing middle" housing opportunities.

(f) Moreover, San Francisco will be challenged to meet increased Regional Housing Needs Allocation ("RHNA") goals in the upcoming 2023-2031 Housing Element cycle, which total 82,069 units over eight years, more than 2.5 times the goal of the previous eight-year cycle. At the same time, relatively new State laws like Senate Bill 35 (2017) would limit San

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

(g) San Francisco's new housing production in recent years has been heavily concentrated in the eastern and southeastern parts of the City, with 90% of all new housing produced in just ten eastside and central neighborhoods, according to the 2019 Housing Affordability Strategies Report. These neighborhoods are home to many of the City's most established communities of color and communities most vulnerable to displacement pressures.

(h) At the same time, high-resource neighborhoods have experienced the lowest rates of new housing development over the last few decades. While recent legislation has authorized multi-family homes in these neighborhoods, additional procedural requirements may render them too expensive to deliver.

(i) The California Fair Housing Task Force annually updates the Tax Credit Allocation Committee/Department of Housing and Community Development Opportunity Map ("TCAC/HCD Opportunity Map"). The TCAC/HCD Opportunity Map identifies high-resource and highest-resource areas in the state whose concentration of resources have been shown to support positive economic, educational, and health outcomes for low-income families — particularly long-term outcomes for children. The 2020 TCAC/HCD Opportunity Map is the basis for the Well-Resourced Neighborhoods Map in the draft 2023-2031 Housing Element, on file with the Clerk of the Board of Supervisors in File No. ___. The Well-Resourced Neighborhoods Map is also on file with the Clerk of the Board of Supervisors in File No. ___ and is incorporated herein by reference.

(j) Since 2005, just 10% of all new housing in San Francisco and 10% of new affordable housing has been built in high- and highest-resource neighborhoods, though these areas cover nearly 52% of the residential land in the city. In these high-resource

neighborhoods, 65% of the land is limited to one or two units. Permitting additional units in high-resource areas will increase the supply of available housing, including the supply of modestly-sized family units that are more affordable than large, single-family homes.

(k) In addition to relaxing density constraints, streamlining and simplifying permit processes will help provide more equitable access to the application process and improve certainty of development outcomes for small multifamily buildings in high- and highest-resource neighborhoods.

(l) This ordinance would create the Family Housing Opportunity Special Use District (SUD), whose boundaries are coterminous with the Well-Resourced Neighborhoods Map in the draft 2023-2031 Housing Element. The Family Housing Opportunity SUD would permit development of up to four units on a parcel, provided that the proposed project complies with the heights and bulk specified in the City's Zoning Maps (Height & Bulk Maps HT01 through HT14), in addition to other eligibility criteria detailed in this ordinance. This ordinance would also streamline approval by exempting eligible projects from conditional use authorization and neighborhood notification requirements, in addition to delegating discretionary review to the Planning Department.

(m) All parcels affected by this ordinance are considered urban infill sites under California Government Code Section 65913(e)(3). This Board therefore declares that this ordinance is enacted pursuant to California Government Code Section 65913(e)(3).

(n) This Board finds that this ordinance is consistent with San Francisco's obligation to affirmatively further fair housing pursuant to California Government Code Section 8899.50, by increasing density in a manner that meaningfully addresses significant disparities in housing needs and access to opportunity, in addition to streamlining the approval process to promote certainty in development outcomes in high- and highest-resource neighborhoods.

Section 3. Article 2 of the Planning Code is hereby amended by adding Section 249.94, to read as follows:

SEC. 249.94. FAMILY HOUSING OPPORTUNITY SPECIAL USE DISTRICT.

*(a) **Purpose**. To incentivize the development of multifamily housing in the City's high-resource neighborhoods, a special use district entitled "Family Housing Opportunity Special Use District" is hereby established. It is the intent of this Section 249.94 to exempt certain projects in the Family Housing Opportunity Special Use District from any requirements for discretionary review or approval by the Planning Commission consistent with the Charter.*

*(b) **Boundaries**. The boundaries of the Family Housing Opportunity Special Use District are shown on Special Use District Maps Sheets SU 1, SU 2, SU 3, SU 4, SU 5, SU 6, SU 7, SU 11, SU 12, and SU 13. These boundaries consist of the areas designated as high-resource and highest-resource on the Well-Resourced Neighborhoods Map of the draft 2023-2031 Housing Element.*

*(c) **Eligibility**. An eligible project under this Section 249.94 shall be a project that complies with all the following criteria:*

(1) is located in the Family Housing Opportunity Special Use District;

(2) proposes the new construction of:

(A) a two-family dwelling, including a two-family dwelling with a third dwelling unit constructed outside the proposed building envelope, or

(B) a three-family dwelling, including a three-family dwelling with a fourth dwelling unit constructed outside the proposed building envelope;

(3) contains at least two dwelling units with two or more bedrooms;

(4) consists of new construction, and excludes any project that includes an addition to an existing structure;

(5) does not propose the demolition of a historic resource, as defined by California Code of Regulations, Title 14, Section 15064.5, as may be amended from time to time;

(6) complies with the Planning Code and the Residential Design Guidelines, as amended from time to time, with the exception of any lot-based dwelling unit density limitation, up to the limits specified in subsection (d), or restrictions on height, up to the limits specified in subsection (d); and

(7) does not propose the demolition of any of the following:

(A) residential dwelling units that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income within the past five years;

(B) residential dwelling units that are or were subject to the Residential Rent Stabilization and Arbitration Ordinance (Chapter 37 of the Administrative Code) within the past five years;

(C) residential dwelling units that are or were occupied by lower or very low income households within the past five years; or

(D) residential dwelling units that were withdrawn from rent or lease in accordance with California Government Code Sections 7060 et seq. within the past 10 years.

*(d) **Other Controls**.*

*(A) **Density.** Projects that meet the eligibility criteria in subsection (c) shall receive an exception from residential density limits for up to four dwelling units per lot, not inclusive of any Accessory Dwelling Units as permitted under Section 207.*

*(B) **Height**. Notwithstanding any other provision of this Code, including but not limited to Sections 253 and 261 , the height of a project that meets the eligibility criteria in subsection (c) shall be the height authorized by the Height Map of the Zoning Map.*

*(e) **Review**. Notwithstanding any other provision of this Code, for a project that meets the eligibility criteria in subsection (c):*

(1) No conditional use authorization shall be required, including but not limited to the requirements of Section 317;

(2) Compliance with the provisions of Section 311 shall not be required; and

(3) No request for discretionary review shall be heard by the Planning Commission, provided that the Planning Commission has delegated its authority to the Planning Department to review applications for projects subject to this Section 249.94.

*(f) **Sunset Date**. This Section 249.94 shall expire by operation of law eight years after its initial effective date, unless the duration of the Section has been extended by ordinance effective on or before that date. Upon expiration of this ordinance, the City Attorney shall cause the ordinance to be removed from the Planning Code.*

Section 4. Pursuant to Sections 106 and 302(c) of the Planning Code, Sheets SU 1, SU 2, SU 3, SU 4, SU 5, SU 6, SU 7, SU 11, SU 12, and SU 13 of the Zoning Map of the City and County of San Francisco are hereby amended, as follows:

Description of Property	Special Use District Hereby Approved
All parcels within the westernmost boundary of the Great Highway; the northernmost boundary of the City; and the area bounded by Leavenworth between Jefferson and North Point; Columbus between North Point	Family Housing Opportunity Special Use District

and Chestnut; Chestnut between Taylor and Montgomery; Montgomery between Chestnut and Greenwich; Greenwich between Montgomery and Sansome; Sansome between Greenwich and Vallejo; Vallejo between Sansome and Kearny; Kearny between Vallejo and Filbert; Filbert between Kearny and Columbus; Columbus between Filbert and Greenwich; Mason between Greenwich and Green; Green between Mason and Leavenworth; Leavenworth between Green and Washington; Washington between Leavenworth and Powell; Powell between Washington and California; California between Powell and Leavenworth; Leavenworth between California and Bush; Bush between Leavenworth and Van Ness; Van Ness between Bush and California; California between Van Ness and Steiner; Steiner between California and Sutter; Sutter between Steiner and Gough; Gough between Sutter and Geary; Geary between Gough and Baker; St. Joseph's Avenue between Geary and Turk; Turk between St.	

1	Joseph’s Avenue and Scott; Scott between	
2	Turk and McAllister; McAllister between	
3	Scott and Steiner; Steiner between	
4	McAllister and Fulton; Fulton between	
5	Steiner and Laguna; Laguna between Fulton	
6	and Oak; Oak between Laguna and	
7	Fillmore; Fillmore between Oak and Page;	
8	Page between Fillmore and Webster;	
9	Webster between Page and Haight; Haight	
10	between Webster and Laguna; Laguna	
11	between Haight and Market; Market between	
12	Laguna and Castro; Castro between Market	
13	and 21st Street; 21st Street between Castro	
14	and Dolores; Dolores between 21st Street	
15	and Cesar Chavez; Cesar Chavez between	
16	Dolores and Noe; Noe between Cesar	
17	Chavez and Laidley; Harry Street Stairs	
18	between Laidley and Beacon; Beacon	
19	between Harry Street Stairs and Miguel;	
20	Miguel between Beacon and Bemis; Bemis	
21	between Miguel and Castro; Sussex	
22	between Castro and Diamond; Diamond	
23	between Sussex and Surrey; Surrey	
24	between Diamond and Bosworth; Bosworth	
25	between Surrey and San Jose; San Jose	

between Bosworth and Ocean; Ocean between San Jose and Howth; Howth between Ocean and Mt. Vernon; Mt. Vernon between Howth and Harrold; Grafton between Harold and Capitol; Capitol between Grafton and Lakeview; Lakeview between Capitol and Ashton; Ashton between Lakeview and Holloway; Holloway between Ashton and Junipero Serra; Junipero Serra between Holloway and 19th Avenue; 19th Avenue between Junipero Serra and Eucalyptus; Eucalyptus between 19th Avenue and Middlefield; Middlefield between Eucalyptus and Lake Merced Boulevard; Lake Merced Boulevard between Middlefield and Skyline Boulevard; Skyline between Lake Merced Boulevard and Sloat; Sloat between Skyline and the Great Highway.	

Section 5. 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.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ Giulia Gualco-Nelson
GIULIA GUALCO-NELSON
Deputy City Attorney

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FILE NO. 230026

LEGISLATIVE DIGEST

[Planning Code, Zoning Map - Family Housing Opportunity Special Use District; Design Controls and Review Procedures]

Ordinance amending the Planning Code to create the Family Housing Opportunity Special Use District, authorize up to four dwelling units for eligible projects, exempt eligible projects from certain height restrictions, conditional use authorizations, and neighborhood notification requirements, and eliminate a Planning Commission discretionary review hearing for eligible projects upon delegation by the Planning Commission; amending the Zoning Map to show the Family Housing Opportunity Special Use District; and 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 General Plan consist of goals, policies and programs for the future physical development of San Francisco. The Housing Element is a component of the General Plan and serves as the City's plan for accommodating its Regional Housing Needs Allocation during an eight-year planning cycle. The draft 2023-2031 Housing Element identifies Well-Resourced Neighborhoods, comprised of high-resource and highest-resource areas, as defined by the California Tax Credit Allocation Committee and the Department of Housing and Community Development's Fair Housing Taskforce.

The Planning Code sets forth different zoning districts, including Special Use Districts, throughout the City, where different uses are permitted, conditionally permitted, or prohibited, and where various controls (such as density and height and bulk standards) apply.

The Planning Code prescribes a process to grant conditional use authorizations, which may be required in a variety of circumstances, including but not limited to the demolition, removal, or merger of dwelling units (Planning Code Section 317). The Planning Code also sets forth the procedures for neighborhood notification for building permit applications (Section 311).

Section 4.105 of the Charter provides that the Planning Commission may delegate its approval function to the Planning Department.

Amendments to Current Law

This ordinance amends the Planning Code and Zoning Map to create the Family Housing Opportunity Special Use District (SUD). The boundaries of the SUD are coterminous with the Well-Resourced Neighborhoods identified in the draft 2023-2031 Housing Element.

This ordinance exempts qualifying development projects in the SUD from all conditional use authorizations, including, but not limited to, demolition, removal, or merger of dwelling units (Section 317). Qualifying projects are also exempt from neighborhood notification procedures (Section 311). The Planning Commission may not hear an application for discretionary review of a qualifying project, provided that the Planning Commission has delegated its authority to the Planning Department.

Qualifying projects are entitled to construct up to four dwelling units per lot, notwithstanding more restrictive density limitations in the base use district. This density bonus is not inclusive of any accessory dwelling units. Qualifying projects must comply with the height and bulk authorized by the Zoning Map but need not comply with heights prescribed in the Planning Code.

A qualifying project is one that meets all of the following criteria:

- located in the Family Housing Opportunity SUD;
- proposes the new construction of a two-family dwelling unit structure, including a third detached dwelling unit, or the new construction of a three-family dwelling unit structure, including a detached fourth unit;
- contains at least two dwelling units that are two-bedroom size or larger;
- consists of new construction and not alteration to an existing structure;
- does not propose the demolition of a historic resource, as defined by California Code of Regulations, Title 14, Section 15064.5;
- complies with the Planning Code and Residential Design Guidelines;
- does not propose the demolition of “protected units,” as that term is defined in Government Code section 66300.

This ordinance shall expire by operation of law eight years after its initial effective date, unless extended by ordinance.

Background Information

The ordinance contains findings setting forth the need to promote housing development in San Francisco’s well-resourced neighborhoods. 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 well-resourced neighborhoods. This ordinance also contains findings setting forth the need to affirmatively further fair housing, by increasing density in a manner that meaningfully addresses significant disparities in housing needs and

access to opportunity, in addition to streamlining the approval process to promote certainty in development outcomes in these well-resourced neighborhoods.

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