

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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January 20, 2023

Rich Hillis, Director
San Francisco Planning Department
City and County of San Francisco
49 South Van Ness Avenue
San Francisco, CA 94103

Dear Rich Hillis:

RE: San Francisco's 6th Cycle (2023-2031) Revised Draft Housing Element

Thank you for submitting the City and County of San Francisco's (City) revised draft housing element update, received for review on December 23, 2022. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from multiple organizations and individuals, including but not limited to Council of Community Housing Organizations, Race and Equity in all Planning Coalition, SF YIMBY, and Kevin Burke, pursuant to Government Code section 65585, subdivision (c).

The revised draft element meets the statutory requirements described in HCD's December 14, 2022, review. This finding was based on, among other reasons, programs and actions to affirmatively further fair housing and reduce governmental constraints to facilitating housing production. The housing element will comply with State Housing Element Law (Article 10.6 of the Gov. Code) when it is adopted and submitted to and approved by HCD, in accordance with Government Code section 65585, subdivision (g).

The element now identifies adequate sites to accommodate the City's regional housing need for lower-income households, demonstrated by Programs 7.1.1 and 8.4.4. These programs commit to rezone at least 36,282 units by October, 2026, permitting multifamily uses without discretionary action and requiring a minimum density of 20 units per acre. The element identified various rezoning scenarios that the City will evaluate and adopt by October 2026. For your information, as the City begins the implementation of its rezone efforts and as noted in HCD's previous reviews, the City should pursue the most aggressive rezoning strategy to ensure that adequate sites will be available throughout the planning period.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (January 31, 2023), then any rezoning to make prior identified sites available or accommodate the regional housing needs allocation (RHNA) shall be completed no later than one year from the statutory deadline pursuant to Government Code sections 65583, subdivision (c), and 65583.2, subdivision (c). Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i). Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until these rezones are completed.

For your information, since the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households, the housing element must demonstrate that the existing use is not an impediment to additional residential development in the planning period (Gov. Code, § 65583.2, subd. (g)(2)). This can be demonstrated by providing substantial evidence that the existing use is likely to be discontinued during the planning period (Gov. Code, § 65583.2, subd. (g)(2)). Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA. The City must make these findings as part of its adoption resolution.

Public participation in the development, adoption, and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to a link must be emailed to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criterion. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities Program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With an adopted, compliant housing element, the City will meet housing element requirements for these and other funding sources.

HCD appreciates the ongoing dedication and commitment that you and your housing element team have provided during the review and looks forward to receiving the City's adopted housing element. If you have any questions or need additional technical assistance, please contact Sohab Mehmood, of our staff, at sohab.mehmood@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall
Program Manager, Planning Grants and Incentives