[Planning, Subdivision, and Administrative Codes and Zoning Map - Family Housing Opportunity Special Use District]

Ordinance amending 1) the Planning Code to create the Family Housing Opportunity
Special Use District; 2) the Planning Code to authorize the greater of up to four units or
one unit per 1,000 square feet of lot area on individual lots in the RH (Residential,
House) District, excluding lots located in the Telegraph Hill - North Beach Residential
Special Use District and the North Beach Special Use District, the greater of up to
twelve units <u>or one unit per 1,000 square feet of lot area</u> on <u>three</u> merged lots <u>and the</u>
greater of up to eight units or one unit per 1,000 square feet of lot area on two merged
lots in RH-1 (Residential, House: One Family) districts, and Group Housing in RH-1
districts for eligible projects in the Special Use District; 3) the Planning Code to exempt
eligible projects in the Special Use District from certain height, open space, dwelling
unit exposure, and rear-yard setback requirements, and exempt eligible projects that
do not propose the demolition of any units subject to the rent increase limitations of
the Rent Ordinance from conditional use authorizations, and neighborhood notification
requirements; 4) amending the Subdivision Code to authorize eligible projects in the
Special Use District to qualify for condominium conversion or a condominium map that
includes the existing dwelling units and the new dwelling units that constitute the
project; 5) amending the Administrative Code to require new dwelling or group housing
units constructed pursuant to the density limit exception to be subject to the rent
increase limitations of the Rent Ordinance; 6) 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 Section 21000 *et seq.*). Said determination is on file with the Clerk of the Board of Supervisors in File No. 230026 and is incorporated herein by reference. The Board affirms this determination.
- (b) On June 1, 2023, the Planning Commission, in Resolution No. 21327, 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. 230026, 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. 21327, 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. 230026 and is incorporated herein by reference.

Section 2. General 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.
- (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 the Bay Area. 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 the general rate of inflation. 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.

- (e) Moreover, San Francisco will be challenged to meet increased Regional Housing Needs Allocation ("RHNA") goals in the 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. Of those units, 46,598 units must be affordable to extremely-low, very-low, low-, and moderate-income households. 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.
- (f) 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.
- (g) 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 20202021 TCAC/HCD Opportunity Map is the basis for the Well-Resourced Neighborhoods Map in the 2023-2031 Housing Element, on file with the Clerk of the Board of Supervisors in File No. 230001. The Well-Resourced Neighborhoods Map is also on file with the Clerk of the Board of Supervisors in File No. ———230026 and is incorporated herein by reference.

- (h) Since 2005, just 10% of all new housing in San Francisco and 10% of new affordable housing in San Francisco 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. While these land use and development patterns characterize many western neighborhoods in the City, most residential parcels in northeastern neighborhoods contain multifamily homes of two or more units. Permitting additional units in high-resource areas where the built environment is primarily comprised of single-family homes will increase the supply of available housing, including the supply of modestly-sized family units that are more affordable than large, single-family homes.
- (i) While recent legislation has authorized multi-family homes in these neighborhoods, additional procedural requirements may render them too expensive to deliver. 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.
- (j) This ordinance creates the Family Housing Opportunity Special Use District (SUD), whose boundaries are generally coterminous with the Well-Resourced Neighborhoods Map in the 2023-2031 Housing Element. This legislation expands upon and complements recently enacted state legislation, such as SB 9, that aims to promote multifamily housing development in single-family neighborhoods. To this end, the legislation provides project sponsors flexibility to choose from a menu of incentives to fit their project needs be it relief from procedural requirements like conditional use authorizations, neighborhood notification, and public-initiated discretionary review, relief from development standards like density, or a combination of the two.

- (k) The Family Housing Opportunity SUD permits development of the greater of up to four units or one unit per 1,000 square feet of lot area on an individual parcel in an RH District, provided that the proposed project is not located in the Telegraph Hill - North Beach Residential Special Use District or the North Beach Special Use District. While the boundaries of these SUDs overlap with the boundaries of the Family Housing Opportunity SUD, these areas already contain multifamily housing on most parcels. The proposed project must also comply eemplies 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. The SUD also permits up to one Group Housing unitbedroom per 415 square feet of lot area in RH-1, RH-1(D), and RH-1(S) districts. In those same districts, the SUD permits the greater of up to 12 units or one unit per 1,000 square feet of lot area if the lot is the result of a merger of three lots, or the greater of eight units or one unit per 1,000 square feet of lot area if the lot is the result of a merger of two lots. This ordinance also streamlines approval by exempting certain eligible projects that do not propose the demolition of rent-controlled units from conditional use authorization and neighborhood notification requirements and public-initiated discretionary review hearings in Planning Code Section 311.
- (I) 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).
- (ml) 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 for projects that enter into regulatory agreements with the City acknowledging that, in consideration for the density exceptions, the new units shall be subject to local rent control notwithstanding the Costa-Hawkins Rental Housing Act (California Civil Code Section 1954.50 et seq.). Increasing density in this manner meaningfully addresses

significant disparities in housing needs and access to opportunity. Additionally, this ordinance streamlines the approval process to promote certainty in development outcomes in high- and highest-resource neighborhoods.

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

(en) This Board recognizes that additional development opportunities may lead to speculative real estate investments that may seek to displace current residents, demolish existing housing stock, build new units, and quickly sell those units. To discourage such speculation, demolition of existing units, and displacement of current residents, particularly in existing multifamily buildings, this ordinance makes the benefit of the streamlining and development incentives available only to persons who have owned their properties for enefive years prior to the date of their application, if the project contains two or more dwelling units, or one year prior to the date of their application, if the lot contains one or fewer dwelling units or a single-family home with an Unauthorized Unit. These requirements includeing the ownership duration of theiran Eligible Predecessor, as defined herein, subject to exceptions for multiple ownership structures and vacant buildings described further in the ordinance.

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) Purpo	se. To incentivize i	the development of	multifamily housi	ing in the City	<u>'s well-</u>
resourced neighbo	orhoods, a special i	use dis <u>trict</u> en <u>ti</u> tled	"Family Housing	<u>Opportunity</u>	Special Use
District" is hereb	v established.				

- (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 generally of the areas designated as high-resource and highest-resource on the Well-Resourced Neighborhoods Map of the 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 an RH District in the Family Housing Opportunity Special Use District, and is not located in the Telegraph Hill North Beach Residential Special Use District (Section 249.49) or the North Beach Special Use District (Section 780.3):
- (2) is not seeking or receiving approval under the provisions of Planning Code Sections 206.3, 206.5, or 206.6;
- (3) is not located on a parcel resulting from a lot split under California Government Code Section 66411.7;
 - (4) proposes any of the following project types:
- (A) Single-Lot Development Project. The construction on a single lot, including through the alteration of an existing structure, of at least two dwelling units and no more than the maximum number of four dwelling units on a single lot prescribed in subsection (d)(1)(A) of this Section 249.94, inclusive of any existing dwelling units on the site and any Unauthorized Units, as defined in Section 317, occupied by a tenant at any time within the five years preceding application. For a project proposing four dwelling units, the fourth dwelling unit shall be constructed in the rear yard pursuant to subsection (d)(3) of this Section 249.94. If the proposed rear-yard unit does not meet the requirements of subsection (d)(3) of this Section

249.94, the project shall be limited to three units. For a project proposing fewer than four dwelling units, up to one unit may be located in the rear yard pursuant to subsection (d)(3) of this Section 249.94.

(B) Lot-Merger Development Project in RH-1 Districts. A merger of up to three lots in RH-1, RH-1(D), or RH-1(S) districts and the construction on the resulting lot of at least nine dwelling units and no more than the maximum number of 12 dwelling units prescribed in subsection (d)(1)(B) of this Section 249.94 for a three-lot merger project, or at least six dwelling units and no more than the maximum number of eight dwelling units prescribed in subsection (d)(1)(B) of this Section 249.94 for a two-lot merger project. A project proposing a lot merger shall not be eligible to construct a rear-vard unit pursuant to subsection (d)(3) of this Section 249.94.

(C) Group Housing Development Project. A single-lot project pursuant to subsection (c)(4)(A) of this Section 249.94 and a lot-merger project pursuant to subsection (c)(4)(B) of this Section 249.94 may also propose the construction of Group Housing up to the density limits prescribed in subsection (d)(1)(C) of this Section 249.94 for projects located in RH-1, RH-1(D), or RH-1(S) districts. For projects outside of those districts, the group housing density limit shall be the limits or currently otherwise-permitted under the Planning Code, whichever is greater. A project shall not propose both dwelling units and Group Housing bedrooms. Projects proposing Group Housing unitsbedrooms shall not be eligible for condominium subdivision, including but not limited to conversion pursuant to Subdivision Code Section 1396.7-;

(5) contains the following bedroom configurations:

(A) for single-lot projects under subsection (c)(4)(A) of this Section

249.94, at least two dwelling units with two or more bedrooms, unless the project proposes the addition of one dwelling unit to a lot with three existing dwelling units, in which case the required bedroom configurations in this subsection (c)(5)(A) shall not apply;

(E) listed in or determined eligible for listing in the National Register of

Historic Places individually and/or as a contributor to a historic district;

(8) complies with the Planning Code and any applicable design guidelines, including but not limited to the provisions of this Section 249.94 and does not seek any variances or exceptions from the Planning Code. Notwithstanding the previous sentence, an eligible project shall strive for consistency with the Residential Design Guidelines to the extent feasible;

(9) complies with the requirements of Section 66300(d) of the California Government Code, as may be amended from time to time and as are in effect at the time a complete project application is submitted, except as otherwise specified herein, including but not limited to requirements to replace all protected units and to 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 therein. Notwithstanding the foregoing sentence, if California Government Code Section 66300 becomes inoperative, the project shall comply with the last operative version of Section 66300 before it became inoperative. This subsection (c)(9) does not modify or supersede any other City requirements related to relocation, including but not limited to the requirements of Chapter 37 of the Administrative Code;—and

the time of the submittal of their application, the project sponsor has owned the subject lot for a minimum of one five years if the site contains two or more dwelling units, or a minimum of one year if the site contains one or fewer dwelling unitsprior to the time of the submittal of their application. Notwithstanding the foregoing sentence, a single-family home that contains an Unauthorized Unit shall be subject to the one-year requirement. This ownership requirement in this subsection (c)(10) shall be subject to the following:

(A) Eligible Predecessor. A property owner who has inherited the subject lot, including any inheritance in or through a trust, from a blood, adoptive, or step family relationship,

specifically from either (i) a grandparent, parent, sibling, child, or grandchild, or (ii) the spouse or registered domestic partner of such relations, or (iii) the property owner's spouse or registered domestic partner (each an "Eligible Predecessor"), may add an Eligible Predecessor's duration of ownership of the subject lot to the property owner's duration of ownership of the same lot.

(B) Multiple Ownership. Whenever property proposed for development is jointly owned, owned as common property, or is otherwise subject to multiple ownership, the durational requirements of this subsection (c)(10) must be satisfied by: (i) the majority ownership, whether represented by stock, membership interest, partnership interest, co-tenancy interest, or otherwise, in the case of projects proposed under subsection (c)(4)(A); or (ii) the majority ownership of each lot to be merged, whether represented by stock, membership interest, partnership interest, co-tenancy interest, or otherwise, in the case of projects proposed under subsection (c)(4)(B).

(C) Vacant or Abandoned Property. The ownership requirement in this subsection (c)(10) that the project sponsor has owned the subject lot for a minimum of one year prior to the time of the submittal of their application shall not apply if the property has been vacant for one or more years at the time of application, or if the property has been registered as a vacant or abandoned building pursuant to Building Code Section 103A.4 et seq. for at least five years preceding the application submittal if the existing site contains two or more dwelling units, or one year preceding application submittal if the site contains one or fewer dwelling units or a single-family home containing an Unauthorized Unit.; and

(D) The requirements of this subsection (c)(10) shall apply regardless of the legal form of ownership of the property, including but not limited to properties owned by a limited liability company.

(11) the project sponsor certifies under penalty of perjury that the project does not propose the demolition of:

(A) three or more dwelling units that are or were:

1	(i) subject to a recorded covenant, ordinance, or law that restricts
2	rents to levels affordable to persons and families of lower or very low income within the past
3	five years; or
4	(ii) subject to limits on rent increases under the Residential Rent
5	Stabilization and Arbitration Ordinance (Chapter 37 of the Administrative Code) within the pas
6	five years; or
7	(iii) rented by lower or very low income households within the past
8	five years; or
9	(B) a dwelling unit occupied by a tenant at the time of application; or
10	(C) a dwelling unit from which a tenant has been evicted under
11	Administrative Code Sections 37.9(a)(8)-(12) or 37.9(a)(14)-(16) within the past five years or a
12	dwelling unit that has been vacated within the past five years pursuant to a Buyout
13	Agreement, pursuant to the requirements of Administrative Code Section 37.9E, as it may be
14	amended from time to time, regardless of whether the Buyout Agreement was filed and
15	registered with the Rent Board pursuant to Administrative Code Section 37.9E(h).
16	(D) For the purposes of this subsection (c)(11) of Section 249.94, "lower
17	or very low income households" shall have the same meaning as in Government Code
18	Section 66300 ₇ ; and
19	(12) the project sponsor has conducted one pre-application meeting prior to
20	filing a development application. The Planning Department shall not accept a development
21	application under this Section 249.94 without confirmation that the project sponsor has held a
22	least one pre-application meeting conforming to the requirements of this subsection (c)(12)
23	and any additional procedures established by the Planning Department. The project sponsor
24	shall provide mailed notice of the pre-application meeting to the individuals and neighborhood
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	<u>(6) 1</u>	Minimum De	nsity Requir	<u>rement on Me</u>	erged Lots.	For lots n	<u>ierged pui</u>	rsuant t	<u>o</u>
<u>subsectio</u>	n (c)(4)(B)) of this Section	on 249.94, ai	<u>ıy developme</u>	nt on the re	esulting lot	shall be s	ubject t	o the
following	minimum	densities:							

- (A) six units per lot, if the lot results from a two-lot merger; or
- (B) nine units per lot, if the lot results from a three-lot merger.

(e) Applicability of Rent Ordinance; Regulatory Agreements.

(1) Sponsors of projects utilizing any of the density exceptions above the base density up to the limits in subsection (d)(1) of this Section 249.94 shall enter into a regulatory agreement with the City subjecting the new units created pursuant to such density exception, except for any required Affordable Units as defined in Planning Code Section 401, to the Residential Rent Stabilization and Arbitration Ordinance (Chapter 37 of the Administrative Code), as a condition of approval of the density exception ("Regulatory Agreement").

(2) The property owner and the Planning Director, or the Director's designee, on behalf of the City, will execute the Regulatory Agreement, which is subject to review and approval by the City Attorney's Office. The Regulatory Agreement shall be executed prior to the City's issuance of the First Construction Document for the project, as defined in Section 107 A.13.1 of the Building Code. Following execution of the Regulatory Agreement by all parties and approval by the City Attorney, the Regulatory Agreement or a memorandum thereof shall be recorded in the title records in the Office of the Assessor-Recorder against the property and shall be binding on all future owners and successors in interest.

(3) At a minimum, the Regulatory Agreement shall contain the following:

(A) A description of the total number of units approved, including the number of units subject to the Rent Stabilization and Arbitration Ordinance and other restricted units, if any, and the location, square footage of dwelling units, and number of bedrooms in each unit;

and County of San Francisco are hereby amended, as follows:

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Van Ness between Bush and California; 2 California between Van Ness and Steiner; 3 Steiner between California and Sutter; Sutter 4 between Steiner and Gough; Gough 5 between Sutter and Geary; Geary between 6 Gough and Baker; St. Joseph's Avenue 7 between Geary and Turk; Turk between St. 8 Joseph's Avenue and Scott; Scott between 9 Turk and McAllister; McAllister between 10 Scott and Steiner: Steiner between McAllister and Fulton; Fulton between 11 12 Steiner and Laguna; Laguna between Fulton 13 and Oak; Oak between Laguna and 14 Fillmore; Fillmore between Oak and Page; 15 Page between Fillmore and Webster; 16 Webster between Page and Haight; Haight 17 between Webster and Laguna; Laguna 18 between Haight and Market; Market between 19 Laguna and Castro; Castro between Market 20 and 21st Street; 21st Street between Castro 21 and Dolores: Dolores between 21st Street 22 and Cesar Chavez; Cesar Chavez between 23 Dolores and Noe; Noe between Cesar Chavez and Laidley; Harry Street Stairs 24 25 between Laidley and Beacon; Beacon

between Harry Street Stairs and Miguel; 1 2 Miguel between Beacon and Bemis; Bemis 3 between Miguel and Castro; Sussex 4 between Castro and Diamond; Diamond 5 between Sussex and Surrey; Surrey 6 between Diamond and Bosworth; Bosworth 7 between Surrey and San Jose; San Jose 8 between Bosworth and Ocean; Ocean 9 between San Jose and Howth; Howth between Ocean and Mt. Vernon; Mt. Vernon 10 11 between Howth and Harrold; Grafton 12 between Harold and Capitol; Capitol 13 between Grafton and Lakeview; Lakeview 14 between Capitol and Ashton; Ashton 15 between Lakeview and Holloway; Holloway 16 between Ashton and Junipero Serra; 17 Junipero Serra between Holloway and 19th 18 Avenue: 19th Avenue between Junipero 19 Serra and Eucalyptus; Eucalyptus between 20 19th Avenue and Middlefield; Middlefield 21 between Eucalyptus and Lake Merced 22 Boulevard; Lake Merced Boulevard between 23 Middlefield and Skyline Boulevard; Skyline between Lake Merced Boulevard and Sloat; 24

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;	Sloat between Skyline and the Great		
	Highway.		

Section 5. Article 9 of the Subdivision Code is hereby amended by amending Sections 1359, 1396.4,1396.5 and adding Section 1396.7, to read as follows:

SEC. 1359. PARCEL MAP.

* * * *

(c) In the case of Conversions where a Tentative Map is not required, the requirements of Section 1314 and the requirements of Article 9 on Conversions shall apply, provided that hearings as provided in Sections 1313 and 1332 shall not be required, and provided further that Article 9 shall not be applied to two-unit buildings where both units are owner-occupied for one year prior to the application for Conversion. This exemption for owner-occupied two-unit buildings shall not apply to units legalized pursuant to Section 207.3 of the Planning Code or units constructed pursuant to Section 249.94 of the Planning Code.

* * * *

SEC. 1396.4. CONDOMINIUM CONVERSION FEE AND EXPEDITED CONVERSION PROGRAM.

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

(b) Any building may be exempted from the annual lottery provisions of Section 1396 if the building owners for said building comply with either: (1) Section 1396.3(g)(1) and all the requirements of this Section 1396.4; er-(2) all the requirements of Section 1396.6; or (3) all the requirements of Section 1396.7. Notwithstanding the foregoing sentence, no property or applicant subject to any of the prohibitions on conversions set forth in Section 1396.2, in particular a property with the eviction(s) set forth in Section 1396.2(b), is eligible for the Expedited Conversion program under this Section 1396.4. Eligible buildings as set forth in this subsection (b) may exercise their option to participate in this program according to the following requirements:

* * * *

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

* * * *

(c) Except as otherwise authorized under Section 1396.6 or Section 1396.7, the Department shall not accept an application for the conversion of residential units under Section 1396 nor conduct a lottery under this Article prior to January 1, 2024. Thereafter, the lottery shall resume upon the earlier of the following: (1) the first February following the Mayor's Office of Housing and Community Development report pursuant to subsection (b) showing that the total number of Conversion Replacement Units produced in the City of San Francisco exceeded the total number of units converted as identified in the Department's report prepared pursuant to Subsection (a); or (2) completion of the "Maximum Suspension Period" as defined below.

* * * *

SEC. 1396.7. CONDOMINIUM CONVERSION ASSOCIATED WITH PROJECTS CONSTRUCTED PURSUANT TO PLANNING CODE SECTION 249.94.

- (a) Findings. The findings of Planning Code Section 415.1 concerning the City's inclusionary affordable housing program are incorporated herein by reference and support the basis for charging the fee set forth herein as it relates to the conversion of dwelling units into condominiums.
- (b) **Definition**. "Existing Dwelling Unit" shall mean the dwelling unit in existence on a lot at the time of the submittal of an application to construct a new dwelling unit pursuant to Planning Code Section 249.94.
- (c) Notwithstanding Section 1396.4 of this Code and Ordinance No. 117-13, a subdivider of a one-unit building that has obtained a permit to build one or more new dwelling units pursuant to Planning Code Section 249.94, which results in two or more dwelling units, and that has signed an affidavit stating the subdivider's intent to reside in one of those resulting dwelling units, or in the Existing Dwelling Unit, for a period of three years after the approval of the Certificate of Final Completion and Occupancy for the new dwelling units, shall (1) be exempt from the annual lottery provisions of Section 1396 of this Code with respect to the dwelling units built as part of the Project and (2) be eligible to submit a condominium conversion application for the Existing Dwelling Units and/or include the Existing Dwelling Units in a condominium map application for the project approved pursuant to Planning Code Section 249.94. Notwithstanding the foregoing sentence, no property or applicant subject to any of the prohibitions on conversions set forth in Section 1396.2 of this Code, including but not limited to a property with the eviction(s) set forth in Section 1396.2(b), shall be eligible for condominium conversion under this Section 1396.7. Eligible buildings as set forth in this subsection (c) may exercise their option to participate in this program according to the following requirements:

- (1) The applicant(s) for the subject building seeking to convert dwelling units to condominiums or subdivide dwelling units into condominiums under this subsection shall pay the fee specified in Section 1315 of this Code.
- (2) In addition to all other provisions of this Section 1396.7, the applicant(s) shall comply with all of the following:
- (A) The requirements of Subdivision Code Article 9, Sections 1381, 1382, 1383, 1386, 1387, 1388, 1389, 1390, 1391(a) and (b), 1392, 1393, 1394, and 1395.
- (B) The applicant(s) must certify under penalty of perjury that within the 60 months preceding the date of the subject application, no tenant resided at the property.
- any tenant vacated their unit after March 31, 2013, and before recordation of the final parcel or subdivision map, such tenant did so voluntarily or if an eviction or eviction notice occurred it was not pursuant to Administrative Code Sections 37.9(a)(8)-(12) and 37.9(a)(14)-(16). The applicant must also certify under penalty of perjury that to the extent any tenant vacated their unit after March 31, 2013, and before recordation of the final parcel or subdivision map, such tenant did not vacate the unit pursuant to a Buyout Agreement, pursuant to the requirements of Administrative Code Section 37.9E, as it may be amended from time to time, regardless of whether the Buyout Agreement was filed and registered with the Rent Board pursuant to Administrative Code Section 37.9E(h). If a temporary eviction occurred under Sections 37.9(a)(11) or 37.9(a)(14), then the applicant(s) shall certify under penalty of perjury that the original tenant reoccupied the unit after the temporary eviction.
- (3) If the Department finds that a violation of this Section 1396.7 occurred prior to recordation of the final map or final parcel map, the Department shall disapprove the application or subject map. If the Department finds that a violation of this Section occurred after recordation of the

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

(4) This Section 1396.7 shall not prohibit a subdivider who has lawfully exercised the subdivider's rights under Administrative Code Section 37.9(a)(13) from submitting a condominium conversion application under this Section 1396.7.

(d) Decisions and Hearing on the Application.

(1) The applicant shall obtain a final and effective tentative map or tentative parcel map approval for the condominium subdivision or parcel map within one year of paying the fee specified in subsection (e) of this Section 1396.7. The Director of the Department of Public Works or the Director's designee is authorized to waive the time limits set forth in this subsection (d)(1) as it applies to a particular building due to extenuating or unique circumstances. Such waiver may be granted only after a public hearing and in no case shall the time limit extend beyond two years after submission of the application.

(2) No less than 20 days prior to the Department's proposed decision on a tentative map or tentative parcel map, the Department shall publish the addresses of buildings being considered for approval, and post such information on its website, post notice that such decision is pending at the affected buildings, and provide written notice of such pending decision to the applicant, all tenants of such buildings, and any member of the public who interested party who has requested such notice. During this time, any interested party may file a written objection to an application and submit information to the Department contesting the eligibility of a building. In addition, the Department may elect to hold a public hearing on said tentative map or tentative parcel map to consider the information presented by the public, other City department, or an applicant. If the Department elects to hold such a hearing it shall post notice of such hearing, including posting notice at the subject building, and provide written notice to the applicant, all tenants of such building, any member of the public who submitted information to the Department, and any interested party who has

requested such notice. In the event that an objection to the conversion application is filed in accordance with this subsection (d)(2), and based upon all the facts available to the Department, the Department shall approve, conditionally approve, or disapprove an application and state the reasons in support of that decision.

- (3) Any map application subject to a Departmental public hearing on the subdivision or a subdivision appeal shall receive a six-month extension on the time limit set forth in subsection (d)(1) of this Section 1396.7.
- (e) Should the subdivision application be denied or be rejected as untimely in accordance with the dates specified in subsection (d)(1) of this Section 1396.7, or should the tentative subdivision map or tentative parcel map be disapproved, the City shall refund the entirety of the application fee.
- (f) Conversion of buildings pursuant to this Section 1396.7 shall have no effect on the terms and conditions applicable to such buildings under Section 1385A or 1396 of this Code.

Section 6. Chapter 37 of the Administrative Code is hereby amended by revising Sections 37.2 and 37.3, to read as follows:

SEC. 37.2. DEFINITIONS.

* * * *

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

* * * *

The term "rental units" shall not include:

* * * *

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

* * * *

- (D) The term "rental units" shall include (i) Accessory Dwelling Units constructed pursuant to Section 207(c)(4) of the Planning Code and that have received a complete or partial waiver of the density limits and the parking, rear yard, exposure, or open space standards from the Zoning Administrator pursuant to Planning Code Section 307(l); and (ii) New Unit(s) constructed and funded pursuant to Administrative Code Chapter 85; (iii) new dwelling units created pursuant to the density exception set forth in Section 207(c)(8) of the Planning Code; (iv) new dwelling units created pursuant to the HOME-SF Program set forth in Section 206.3(c)(1)(B) of the Planning Code; and (v) new dwelling units created pursuant to the density exception set forth in Section 249.94(d)(1) of the Planning Code.
- (E) The term "rental units" shall include any new dwelling units created pursuant to the density exceptions set forth in Sections 207(c)(8) and 249.94 of the Planning Code.
- (E) The term "rental units" shall include any new dwelling units created pursuant to the HOME-SF Program set forth in Section 206.3(c)(1)(B) of the Planning Code.

 * * * *

SEC. 37.3. RENT LIMITATIONS.

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

* * * *

- (d) Costa-Hawkins Rental Housing Act (Civil Code Sections 1954.50. et seq.).

 Consistent with the Costa-Hawkins Rental Housing Act (Civil Code Sections 1954.50. et seq.)

 and regardless of whether otherwise provided under Chapter 37:
- (1) Property Owner Rights to Establish Initial and All Subsequent Rental Rates for Separately Alienable Parcels.
- (A) An owner or residential real property may establish the initial and all subsequent rental rates for a dwelling or a unit which is alienable separate from the title to any other dwelling unit or is a subdivided interest in a subdivision as specified in subdivision (b), (d), or (f) of Section 11004.5 of the California Business and Professions Code. The owner's right to establish subsequent rental rates under this paragraph shall not apply to a dwelling or unit where the preceding tenancy has been terminated by the owner by notice pursuant to California Civil Code Section 1946 or has been terminated upon a change in the terms of the tenancy noticed pursuant to California Civil Code Section 827; in such instances, the rent increase limitation provisions of Chapter 37 shall continue to apply for the duration of the new tenancy in that dwelling or unit.

. . . .

(D) An owner's right to establish subsequent rental rates under subsection 37.3(d)(1) shall not apply to a dwelling or unit that is a new dwelling unit created pursuant to the Code provisions specified in Section 37.2(r)(4)(D).density exceptions set forth in Sections 207(c)(8) and 249.94 of the Planning Code.

* * * *

(g) New Construction and Substantial Rehabilitation.

- (1) An owner of a residential dwelling or unit which is newly constructed and first received a certificate of occupancy after the effective date of Ordinance No. 276-79 (June 13, 1979), or which the Rent Board has certified has undergone a substantial rehabilitation, may establish the initial and all subsequent rental rates for that dwelling or unit, except:
- (A) where rent restrictions apply to the dwelling or unit under Sections 37.3(d) or 37.3(f);
- (B) where the dwelling or unit is a replacement unit under Section 37.9A(b);
- (C) as provided for certain categories of <u>unitsAccessory Dwelling Units</u> and New Unit(s) under Section 37.2(r)(4)(D); and
- (D) as provided in a development agreement entered into by the City under Administrative Code Chapter 56; and.
- (E) as provided for certain categories of new dwelling units under Section 37.2(r)(4)(E).
- Section 7. The Planning Department, the Department of Public Works, and the Rent Board are authorized to adopt regulations to implement this ordinance.
- Section 8. 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.

Section 89. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of the ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this ordinance or application thereof would be subsequently declared invalid or unconstitutional.

Section 910. No Conflict with Federal or State Law. Nothing in this ordinance shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any federal or state law.

Section 1011. 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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City and County of San Francisco Tails

City Hall
1 Dr. Carlton B Goodlett Place
San Francisco, CA 94102-4689

Ordinance

File Number: 230026 Date Passed: September 05, 2023

Ordinance amending 1) the Planning Code to create the Family Housing Opportunity Special Use District; 2) the Planning Code to authorize up to four units on individual lots in the RH (Residential, House) District, excluding lots located in the Telegraph Hill - North Beach Residential Special Use District and the North Beach Special Use District, the greater of up to twelve units or one unit per 1,000 square feet of lot area on three merged lots and the greater of up to eight units or one unit per 1,000 square feet of lot area on two merged lots in RH-1 (Residential, House: One Family) districts, and Group Housing in RH-1 districts for eligible projects in the Special Use District; 3) the Planning Code to exempt eligible projects in the Special Use District from certain height, open space, dwelling unit exposure, and rear-yard requirements, and exempt eligible projects that do not propose the demolition of any units subject to the rent increase limitations of the Rent Ordinance from conditional use authorizations and neighborhood notification requirements; 4) the Subdivision Code to authorize eligible projects in the Special Use District to qualify for condominium conversion or a condominium map that includes the existing dwelling units and the new dwelling units that constitute the project; 5) the Administrative Code to require new dwelling or group housing units constructed pursuant to the density limit exception to be subject to the rent increase limitations of the Rent Ordinance; 6) 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.

June 12, 2023 Land Use and Transportation Committee - CONTINUED

July 10, 2023 Land Use and Transportation Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

July 10, 2023 Land Use and Transportation Committee - DUPLICATED AS AMENDED

July 10, 2023 Land Use and Transportation Committee - CONTINUED AS AMENDED

July 17, 2023 Land Use and Transportation Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

July 17, 2023 Land Use and Transportation Committee - CONTINUED AS AMENDED

July 24, 2023 Land Use and Transportation Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

July 24, 2023 Land Use and Transportation Committee - RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

July 25, 2023 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

September 05, 2023 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 230026

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 9/5/2023 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed Mayor Date Approved