SAN FRANCISCO
PLANNING DEPARTMENT

Planning Department Report

Date:	September 26, 2023
Report Name:	Interim Controls – Conditional Use Authorization for Parcel Delivery Service Uses
Case Number:	2022-002847PCA
First Initiated by:	Supervisor Walton / Board File 220159
Current Sponsor:	Supervisor Dorsey
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STATEMENT OF PURPOSE

This report was prepared in response to a resolution (BF 220159), introduced by Supervisor Walton on February 15, 2022, and enacted into law on April 1, 2022 (enactment number 109-22). This resolution imposes interim zoning controls for 18 months to require a Conditional Use Authorization (CUA) and specified findings for proposed Parcel Delivery Service uses. These interim controls were scheduled to expire on September 30, 2023; however, the Board extended the interim controls for an additional six months (BF 230817) on September 19, 2023.

Interim control resolutions direct the Planning Department to submit a written report to the Clerk of the Board six months after the effective date, and every six months thereafter the resolution is in effect. The report should describe the measures taken to alleviate the conditions that led to the adoption of resolution 109-22. Upon receipt of the report, the resolution directs the Clerk of the Board to calendar a motion for the full Board of Supervisors (Board) to consider and approve this report.

BACKGROUND

A Parcel Delivery Service is defined in Planning Code Section 102 as follows:

> *A Non-Retail Automotive Use limited to facilities for the unloading, sorting, and reloading of local retail merchandise for deliveries, including but not limited to cannabis and cannabis products, where the operation is conducted entirely within a completely enclosed building, including garage facilities for local delivery trucks, but excluding repair shop facilities. Where permitted in PDR Districts, this use is not required to be operated within a completely enclosed building.*

Historically, Parcel Delivery Service Uses have been clustered in the southeast sector of the city, especially in Supervisorial District 10. The Parcel Delivery Service industry has grown in recent years in response to more online shopping. The interim controls were introduced to assess the ways the Parcel Delivery Service industry has evolved and to better understand the most appropriate performance standards for them. The interim controls also recognize that the growing Parcel Delivery Service industry may preclude other types of uses, which may create more job opportunities.

Supervisor Walton expressed concern about the size of and additional trucks and trips generated by Parcel Delivery Service uses in the city. The interim controls do not prohibit businesses from opening a new Parcel Delivery Service, but they do require a CUA application and public hearing to learn more about the specific proposal and discuss any community concerns.

The interim controls also allow for temporary Parcel Delivery Service Uses for a period of up to 60-days within a 12-month period. This provision benefits short-term, seasonal uses. For example, the United States Postal Service (USPS) may temporarily expand their sorting and storage facilities during the holiday season to accommodate additional cards and packages. The temporary Parcel Delivery Service Use provision allows them to temporarily expand without having to officially establish a new Parcel Delivery Service Use. USPS would still be able to operate a temporary, seasonal Parcel Delivery Service Use in this case without a CUA.

On July 11, 2023, Supervisor Dorsey introduced a resolution (BF 230817) to extend and modify the subject interim controls. This item was approved by the Full Board on September 19th and will likely become effective on September 29th. Once enacted, it would extend the interim controls to March 30, 2024. Additionally, any proposed Parcel Delivery Service Uses less than 5,000 square feet in size would be exempt from the CUA required under these interim controls. The temporary Parcel Delivery Services Use provisions from BF 220159 would not be changed under BF 230817.

AFFECTED PROJECTS

Prior to the interim controls, Amazon filed a building permit for a "last mile" Parcel Delivery Service use at 900-7th Street (2021-012250PRJ). After the Board passed the interim controls, they put their building application on hold. Amazon recently filed for a new CUA that is currently under staff review. No public hearing date has been scheduled yet.

Since the Board passed the interim controls, several other applicants filed building permit applications that trigger the interim controls; however, after being informed that their proposed project would require a CUA due to the interim controls, only two applicants decided to move forward. One was a proposed Parcel Delivery Service use and Private Parking Lot at 290 San Bruno Avenue, which was approved with conditions by the Planning Commission on July 20, 2023. The other project at 1313 Armstrong is proposing a Parcel Delivery use in addition to other PDR, accessory office, and accessory parking uses. The Department is awaiting final confirmation from the applicant on what land use(s) they would like to move forward with to determine what approvals would be required. Pending this confirmation, other aspects of the proposal may still require a CUA such as a curb cut, making the effects of the interim controls less consequential for this project.

The interim controls also impact cannabis delivery businesses because this use is included in the Parcel Delivery Service use definition. Since the last report, the Office of Cannabis (OOC) has started their review of Tier 6 applications and higher priority tiers. Tier 6 are applicants that were previously operating in compliance with the Compassionate Use Act of 1996 or that hold a Temporary Cannabis Business Permit; therefore, these are cannabis businesses that were operating prior to adult use cannabis being legalized. The Department is not aware of any land use conflicts or enforcement complaints generated by these existing businesses; however, we are concerned that requiring a CUA for these businesses would put their business and the jobs they provide in jeopardy. OOC has referred nine locations to the Planning Department to move forward with Planning approval. Of these nine locations, three locations are seeking Parcel Delivery Service alone. Additionally, only one of these locations is known to be greater than 5,000 square feet; however, the Parcel Delivery Service Use portion is likely less than 5,000 square feet. The Department is aware of at least seven locations that have temporary business licenses from OOC for *non-storefront retail* but have yet to be referred to Planning. As such, the Department does not know the Use Sizes of these businesses or if the interim controls would impact them.

ENVIRONMENTAL REVIEW

This Report was determined not to be a project per State CEQA Guidelines, Sections 15378 and 15060(c)(2), because it does not result in a physical change to the environment.

REPORT CONCLUSION

Limiting the interim controls to businesses that are over 5,000 square feet has exempted most, and possibly all, pending cannabis delivery businesses from the interim controls while still providing additional review for larger (more intense) facilities. The adoption resolution expresses concern over understanding emerging Parcel Delivery Services and the competition for space with more job-dense uses. Cannabis delivery is a use that has been in San Francisco for several years now, and tends to have a lighter footprint than traditional Parcel Delivery Services. Further, cannabis-related Parcel Delivery Service businesses have been complying with all Building Code and Police Code requirements since the filing of their applications. The revised interim controls allow small business owners, who have been waiting many years in the queue, to now move forward with their application review.

REQUIRED BOARD ACTION

The Board may approve or reject this report