San Francisco Planning

49 South Van Ness Avenue, Suite 1400
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August 6, 2026

Ms. Angela Calvillo, Clerk
Honorable Mayor Lurie
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 2025-012151PCA:**
Planning Code - 100% Affordable Housing
Board File No. 251213

Planning Commission Action: **Adopted a Recommendation for Approval**

Dear Ms. Calvillo and Mayor Lurie,

On July 23, 2026, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Mayor Lurie that would amend Planning Code to support affordable housing. The Ordinance would exempt 100% affordable housing developments from active use (Sections 145.1), ground floor commercial use (Section 145.4), and mid-block alley requirements (Sections 270.2 and 270.3); expand temporary use authorizations (Section 205.5) to 100% affordable housing developments that have not submitted a development application; and facilitates the conversion of Residential Care Facilities to 100% affordable housing developments by exempting such adaptive reuse projects from certain residential use and development standards (Sections 210.6 and 188). At the hearing the Planning Commission adopted a recommendation for approval.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

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,

Veronica Flores, Acting Manager of Legislative Affairs

cc: Guilia Gualco, Deputy City Attorney
Adam Thongsavat, Liaison to the Board of Supervisors Aide to Mayor Lurie
John Carroll, Office of the Clerk of the Board

ATTACHMENTS :

Planning Commission Resolution
Planning Department Executive Summary

San Francisco Planning

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PLANNING COMMISSION RESOLUTION NO. 21936

HEARING DATE: July 23, 2026

Project Name:	Planning Code - 100% Affordable Housing
Case Number:	2025-012151PCA [Board File No. **251213**]
Initiated by:	Mayor Lurie
Staff Contact:	David H. García, Community Planning Division david.h.garcia@sfgov.org, 628-652-7433
Reviewed by:	Lisa Gluckstein, Manager of Government Affairs lisa.gluckstein@sfgov.org, 628-652-7475

RESOLUTION ADOPTING A RECOMMENDATION FOR APPROVAL OF A PROPOSED ORDINANCE AMENDING THE PLANNING CODE TO EXEMPT 100% AFFORDABLE HOUSING DEVELOPMENTS FROM ACTIVE USE, GROUND FLOOR COMMERCIAL USE, AND MID-BLOCK ALLEY REQUIREMENTS, EXPAND TEMPORARY USE AUTHORIZATIONS TO 100% AFFORDABLE HOUSING DEVELOPMENTS THAT HAVE NOT SUBMITTED A DEVELOPMENT APPLICATION, AND FACILITATE THE CONVERSION OF RESIDENTIAL CARE FACILITIES TO 100% AFFORDABLE HOUSING DEVELOPMENTS BY EXEMPTING SUCH ADAPTIVE REUSE PROJECTS FROM CERTAIN RESIDENTIAL USE AND DEVELOPMENT STANDARDS; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1; AND MAKING FINDINGS OF PUBLIC NECCESSITY, CONVENIENCE, AND WELFARE UNDER PLANNING CODE, SECTION 302.

WHEREAS, on December 9, 2026, Mayor Lurie introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 251213, which would amend the Planning Code to exempt 100% affordable housing developments from active use, ground floor commercial use, and mid-block alley requirements; expand temporary use authorizations to 100% affordable housing developments that have not submitted a development application; and facilitate the conversion of Residential Care Facilities to 100% affordable housing developments by exempting such adaptive reuse projects from certain residential use and development standards;

WHEREAS, on June 16, 2026, Mayor Lurie introduced a proposed substitute Ordinance under Board File Number 251213

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on July 23, 2026; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15378 and 15060(c)(2); 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 adopts a **recommendation for approval** of the proposed Ordinance.

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:

The proposed Ordinance removes Planning Code barriers that limit the delivery of 100% affordable housing in San Francisco and improves feasibility across diverse sites. It exempts affordable housing from commercial and mid-block alley requirements, reducing costs and enabling development on parcels with limited commercial demand or large frontages. The Ordinance also allows temporary uses earlier in predevelopment to prevent long vacancies and encourage productive interim land use. It establishes an adaptive reuse pathway for Residential Care Facilities, preserving existing affordable homes and aligning regulations with how these facilities operate. These updates support livability, enhance feasibility, and expand the City's ability to provide affordable housing and long-term care for vulnerable residents as 100% affordable housing.

General Plan Compliance

The proposed Ordinance is consistent with the following Objectives and Policies of the Housing Element of the General Plan:

HOUSING ELEMENT

OBJECTIVE 1.A
ENSURE HOUSING STABILITY AND HEALTHY HOMES.

Policy 2
Preserve affordability of existing subsidized housing, government-owned or cooperative-owned housing, or SRO hotel rooms where the affordability requirements are at risk or soon to expire.

OBJECTIVE 1.B
ADVANCE EQUITABLE HOUSING ACCESS.

Policy 7
Pursue permanently affordable housing investments that are specific to the geographic, cultural, and support needs of recently arrived or newly independent residents or residents from marginalized groups, including transgender and LGBTQ+ people.

OBJECTIVE 4.A
SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS.

Policy 26
Streamline and simplify permit processes to provide more equitable access to the application process, improve certainty of outcomes, and ensure meeting State- and local-required timelines, especially for 100% affordable housing and shelter projects.

Policy 30
Support the reduction of non-governmental challenges that enable affordable housing and small and mid-rise multi-family buildings as a prominent housing type.

OBJECTIVE 4.C
DIVERSIFY HOUSING TYPES FOR ALL CULTURES, FAMILY STRUCTURES, AND ABILITIES.

POLICY 32
Promote and facilitate aging in place for seniors and multi-generational living that supports extended families and communal households.

Action 6.3.4
Implement new strategies to support and prevent the loss of residential care facilities, using the recommendations of the Assisted Living Working Group of the Long-term Care Coordinating Council, including business support services, as well as City-funded subsidies for affordable placement of low-income residents.

The proposed ordinance is consistent with the Housing Element because it expands and preserves affordable housing feasibility (Objective 4.A). It also reduces regulatory barriers that limit production and access (Policy 26), and supports efforts to address external challenges facing small and mid rise multifamily housing (Policy 30). Exempting 100% affordable projects from ground floor commercial requirements improves production efficiency and supports equitable housing access for communities with cultural or supportive needs (Objective 1.B; Policy 7). Expanding temporary use authorizations increases land use flexibility, activates vacant sites, and provides near term community serving uses (Objective 1.B). The proposed Adaptive Reuse Program for

RCFs to 100% affordable housing promotes aging in place (Policy 32; Objective 4.C) and align with strategies that prevent loss of residential care facilities and support low income residents who rely on them (Action 6.3.4). Allowing Residential Care Facilities to modify or enlarge their buildings, and convert to 100% affordable housing when appropriate, preserves specialized housing (Policy 2) and supports safe, stable homes (Objective 1.A). Together, these amendments strengthen the City's ability to deliver inclusive, stable, and accessible affordable housing that serves a wide range of communities while preserving specialized housing and preventing displacement.

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 but would help preserve and enhance it by enabling the creation and retention of permanently affordable homes.

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 ADOPTS A RECOMMENDATION FOR APPROVAL of the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on July 23, 2026.

Jonas Ionin Digitally signed by Jonas Ionin Date: 2026.08.04 13:50:18 -07'00'

Jonas P. Ionin
Commission Secretary

AYES:	McGarry, So, Braun, Campbell
NOES:	None
ABSENT:	None
ADOPTED:	July 23, 2026

San Francisco Planning

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EXECUTIVE SUMMARY
PLANNING CODE AMENDMENT

HEARING DATE: July 23, 2026

90-Day Deadline: September 14, 2026

Project Name:	Planning Code - 100% Affordable Housing
Case Number:	2025-012151PCA [Board File No. 251213]
Initiated by:	Mayor Lurie
Staff Contact:	David H. García, Community Planning Division david.h.garcia@sfgov.org, 628-652-7433
Reviewed by:	Lisa Gluckstein, Manager of Government Affairs lisa.gluckstein@sfgov.org, 628-652-7475
Environmental Review:	Not a Project Under CEQA

RECOMMENDATION: **Adopt a Recommendation for Approval**

Planning Code Amendment

The proposed Ordinance would amend the Planning Code to exempt 100% affordable housing developments from active-use, ground-floor commercial use, and mid-block alley requirements; expand temporary use authorizations to 100% affordable housing developments that have not submitted a development application, and facilitate the conversion of Residential Care Facilities (RCFs) to 100% affordable housing developments by exempting such adaptive reuse projects from certain residential use and development standards.

Code	The Way It Is Now	The Way it Would Be
Ground Floor Commercial and Active Use	All projects, including 100% affordable housing projects, must meet ground-floor active-use and commercial requirements.	100% affordable housing projects would be exempt from active-use and ground-floor commercial requirements.
Temporary Uses	Temporary uses on 100% affordable housing sites are allowed only after a development application has been submitted.	Temporary uses would be permitted on sites pursuing 100% affordable housing that are actively engaged in the Mayor's Office of Housing and Community Development's predevelopment process prior to the submission of a development application.
Mid-block Alleys	All projects, including 100% affordable housing projects, must incorporate mid-block alleys on parcels that meet specific size and frontage requirements.	All 100% affordable housing projects would be exempt from applicable mid-block alley requirements.
Conversion of Residential Care Facilities	Residential use and development standards apply to the conversion of a RCF to 100% affordable housing, and while a noncomplying RCF structure may be reused, it may not be enlarged or altered for this purpose.	The Residential Care Facility Adaptive Reuse Program would allow existing RCFs to convert to 100% affordable housing and would exempt such conversions from residential use and development standards that have not historically applied to RCFs and allow enlargement and modification of existing structures. These waived standards include: • Bulk and dimensional requirements • Objective design standards • Bicycle parking and car-share rules • Dwelling-unit mix requirements • Residential-care change-of-use provisions • Development impact fees • Common space requirements under group housing The Planning Director may also grant limited modifications that improve feasibility without substantially altering the permitted envelope.

Background

The proposed Ordinance aims to remove regulatory barriers that delay or increase the cost of delivering 100% affordable housing in San Francisco. It addresses four issues that affect affordable housing feasibility: ground-floor commercial requirements, activation of vacant sites prior to a project application, mid-block alley requirements, and barriers to adapting Residential Care Facilities (RCFs) to affordable housing.

Issues and Considerations

Ground-floor Use Requirements and Affordable Housing Feasibility

Ground-floor active-use and commercial requirements generally apply to residential projects in neighborhood commercial districts, including 100% affordable housing projects. These requirements are intended to activate commercial corridors through public-facing uses in residential buildings. However, these requirements can also create feasibility challenges for affordable housing projects since these spaces are often difficult to fill with commercial tenants. Practically speaking, many projects waive this requirement through State Density Bonus Law.

For example, Tenderloin Neighborhood Development Corporation (TNDC) shared that across their properties with commercial space, more than 20% are currently vacant, and the organization faces lengthy, resource-intensive timelines to secure leaseholders. One illustrative case is TNDC's 222 Taylor building, where the commercial space has remained vacant since 2018. Recent preliminary data compiled by MOHCD staff underscores these feasibility challenges: early findings indicate significantly high commercial vacancy rates in neighborhoods where many 100% affordable housing projects are located, including a 25.7% vacancy rate in the Tenderloin and 19.2% in District 5 overall. Comprehensive citywide data is forthcoming.

MOHCD is also working to address persistent commercial vacancies through its Vacant Commercial Spaces Funding Program, which provides financial assistance to help overcome build-out and code-compliance barriers that often prevent long-vacant storefronts from being leased. While this program supports activation efforts citywide, the continued difficulty in filling commercial spaces, particularly in neighborhoods with high commercial vacancy rates and concentrated affordable housing, illustrates the broader challenge for both developers and public agencies. These conditions reinforce why mandatory commercial requirements can be especially burdensome for 100% affordable housing projects.

Requiring ground-floor commercial uses in areas with low commercial demand can further constrain the feasibility of 100% affordable housing projects and contribute to long-term vacant storefronts. These conditions reinforce why the proposed exemption is necessary: aligning local requirements with market realities helps reduce development costs and enables affordable housing projects to proceed without burdensome leasing obligations. While projects may still include commercial spaces voluntarily when they serve community needs or are financially viable, removing the mandate acknowledges that most 100% affordable projects already secure waivers through State Density Bonus Law and allows developers to prioritize housing production over difficult-to-fill commercial space.

Interim Uses on Affordable Housing Sites

Many affordable housing sites experience extended predevelopment periods (often five to seven years) during which properties may remain vacant or underutilized. Expanding temporary-use authorization to sites active in the Mayor's Office of Housing and Community Development (MOHCD) predevelopment process would allow site activation earlier in the pipeline, which can help offset holding costs, activate sites, and reduce blight on vacant sites. Examples of interim uses on predevelopment sites include parking lots, community spaces, and interim (tiny home) housing.

The City's annual holding costs for acquired sites awaiting development range from $34,000 to $453,000 per site, adding 1–17% to acquisition costs. Earlier authorization of temporary uses may help reduce these costs while improving neighborhood conditions.[1]

Mid-block Alley Requirements

Mid-block alley requirements are intended to maintain appropriate building scale on very large sites. However, constructing new alleys reduces developable area and adds substantial infrastructure costs, which can significantly undermine the feasibility of 100% affordable housing projects. This challenge was evident in the 1234 Great Highway proposal, where the mid-block alley requirement would have rendered an otherwise feasible 100% affordable housing development impossible to pursue. Although the project ultimately waived the requirement through waivers under state law, doing so added further complexity to the planning process and required additional steps to secure necessary approvals. The impact of this requirement is especially pronounced on long, narrow parcels that exceed the 200-foot frontage threshold. Eliminating this requirement for 100% affordable housing projects would reduce unnecessary costs and streamline the development process, supporting the City's broader goal of delivering affordable housing more efficiently.

Adaptive Reuse of Residential Care Facilities (RCFs)

This Ordinance establishes a Residential Care Facility Adaptive Reuse Program to provide relief from residential use standards that might complicate the conversion of former RCFs to 100% affordable housing. These changes are intended to improve feasibility and support the reuse of older care facilities while ensuring buildings can continue serving their communities as affordable housing.

San Francisco's RCF stock includes both small homes retrofitted to meet state care standards and larger purpose-built institutional structures. These buildings often differ from current residential zoning requirements and are frequently classified as noncomplying structures, which limits straightforward conversion to housing. RCFs, including Residential Care Facilities for the Elderly (RCFEs) and Adult Residential Facilities (ARFs), provide essential community-based housing for seniors and adults with diverse care needs and disabilities. Many facilities also support transitions from higher levels of institutional care.

[1] SF Planning. (2025). *Affordable Housing Sites Analysis and Strategies Final Report*. SF Planning. Access Via: https://sfplanning.org/sites/default/files/documents/citywide/AHSAS-final-report-2025.pdf

Financial pressures have made continued operation difficult for many RCFs. Operating costs often exceed reimbursement rates, contributing to closures and reducing the supply of affordable assisted-living options. Some facilities may also no longer serve their original purpose. For example, some RCFs were established to provide care for residents with HIV who required intensive support, and advances in treatment have reduced the need for this specific care model as an RCF. Other operators face growing maintenance costs, licensing challenges, or staffing shortages that make continued operation impractical. [2]

Under current Planning Code provisions, RCFs are classified as Institutional uses. Their layouts often differ significantly from residential standards, and while existing noncomplying structures may be reused, they generally cannot be expanded or significantly altered for residential purposes. These limitations reduce feasibility for adaptive reuse, particularly for buildings that need upgrades to provide safe and livable housing. The proposed Ordinance aims to create a predictable and efficient pathway to convert older care facilities to 100% affordable housing. They reduce the need for costly reconstruction, support faster housing delivery, and ensure that buildings leaving the care system continue to serve low-income residents. The program also provides flexibility to coordinate transitions for existing RCF residents when conversions occur.

General Plan Compliance

The proposed ordinance is consistent with the Housing Element because it expands and preserves affordable housing feasibility (Objective 4.A). It also reduces regulatory barriers that limit production and access (Policy 26), and supports efforts to address external challenges facing small and mid-rise multifamily housing (Policy 30). Exempting 100% affordable projects from ground-floor commercial requirements improves production efficiency and supports equitable housing access for communities with cultural or supportive needs (Objective 1.B; Policy 7). Expanding temporary use authorizations increases land-use flexibility, activates vacant sites, and provides near-term community-serving uses (Objective 1.B). The proposed Adaptive Reuse Program for RCFs to 100% affordable housing promotes aging in place (Policy 32; Objective 4.C) and align with strategies that prevent loss of residential care facilities and support low-income residents who rely on them (Action 6.3.4). Allowing Residential Care Facilities to modify or enlarge their buildings, and convert to 100% affordable housing when appropriate, preserves specialized housing (Policy 2) and supports safe, stable homes (Objective 1.A). Together, these amendments strengthen the City's ability to deliver inclusive, stable, and accessible affordable housing that serves a wide range of communities while preserving specialized housing and preventing displacement.

Racial and Social Equity Analysis

The proposed ordinance would likely advance racial and social equity by reducing barriers that limit 100% affordable housing for low-income households, seniors, people with disabilities, and communities of color. Streamlining ground-floor commercial requirements may improve a 100% affordable housing project's feasibility in areas with less commercial demand and allow more space for other services for building residents or allow more space for housing. It could also redirect budget and staff time from leasing commercial space to other project-aligned activities. Some community advocates are concerned that

[2] City and County of San Francisco. (2019). *Supporting Affordable Assisted Living in San Francisco*. Long-Term Care Coordinating Council Assisted Living Workgroup. City and County of San Francisco. Accessed via: https://www.sfhsa.org/sites/default/files/media/document/2024-10/report_ltccc_assisted_living_01.2019.pdf

removing mandatory commercial space could reduce opportunities in specific communities such as the Mission, where immigrant-owned businesses or community-based nonprofits have leveraged these spaces to provide context specific services. The Ordinance does not prohibit such spaces and allows them where they support feasibility or meet community needs.

Other proposed changes further support equitable outcomes. Expanding temporary use authorizations can activate vacant sites in communities with limited access to services or safe public spaces. Removing mid-block alley requirements may reduce costs in neighborhoods and increase building area for delivering more housing. Adaptive reuse provisions for Residential Care Facilities present mixed equity impacts, as they can expand long-term affordability but may reduce RCF capacity for low-income seniors and adults with higher levels of need. State delicensing requirements do provide support to help people with specific health needs identify adequate alternatives. Nevertheless, this program was designed specifically to support conversions when RCF operations are no longer viable and when alternative care placements or supportive housing options exist. Overall equity outcomes depend on careful implementation, strong coordination with care agencies, and maintaining safe, accessible, high-quality housing conditions in adapted buildings.

Implementation

The Department has determined that this Ordinance will not significantly impact our current implementation procedures.

Recommendation

The Department recommends that the **Commission adopt a recommendation for approval** of the proposed Ordinance and adopt the attached Draft Resolution to that effect.

Basis for Recommendation

The Department supports the ordinance because it removes Planning Code barriers that limit delivery of 100% affordable housing in San Francisco. Exempting projects from ground-floor commercial requirements and mid-block alley requirements may improve feasibility where such uses are costly or impractical. Expanding temporary use authorizations earlier in predevelopment may reduce prolonged vacancies on future housing sites. Establishing a clear process for adaptive reuse of Residential Care Facilities may also support more efficient use of existing buildings. Allowing existing RCFs that were legally established prior to the ordinance's effective date to be enlarged or altered for the purpose of developing affordable housing will make adaptive reuse more feasible. Together, these amendments better align land-use regulations with the financial and operational challenges of affordable housing production.

Required Commission Action

The proposed Ordinance is before the Commission so that it may adopt a recommendation of approval, disapproval, or approval with modifications.

Environmental Review

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

Public Comment

No public comment letters have been received as of the date of finalization of this staff report.

ATTACHMENTS:

Exhibit A: Draft Planning Commission Resolution
Exhibit B: Board of Supervisors File No. **251213**

Portions of this report were drafted and/or edited with the assistance of Microsoft Copilot, in accordance with the City and County of San Francisco's policy on the use of generative AI tools.