

File No. 160049

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date February 16, 2016

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Proposed Initiative Ordinance submission</u> |
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Completed by: Derek Evans Date February 12, 2016

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages.  
The complete document can be found in the file.

PROPOSED INITIATIVE OR ordinance TO BE SUBMITTED BY THE  
MAYOR TO THE VOTERS AT THE June 7, 2016 ELECTION

2016 JAN 19 PM 4:27

[Under Charter Sections 3.100(16) and 2.113(b), this measure must be submitted to the Board of Supervisors and filed with the Department of Elections no less than 45 days prior to deadline for submission of such initiatives to the Department of Elections set in Municipal Elections Code Section 30(b).]

Initiative Ordinance

**Ordinance amending the Planning Code to maximize inclusionary or affordable housing obligations for housing development projects based on economic feasibility studies.**

NOTE: **Unchanged Code text and uncodified text** are in plain font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in *strikethrough italics Times New Roman 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. Findings

*To date, San Francisco's Inclusionary Housing Program has produced approximately 1,000 rental units in mixed income developments, and has contributed, with other sources, to the production of close to 20,000 affordable housing units citywide. The program has created stable rental homes for tens of thousands of low-income households, and has produced more than 2,000 first time home ownership opportunities for moderate- and middle-class San Francisco families.*

*Despite production and preservation of over 1,750 affordable units in the last two years alone, San Francisco continues to experience a housing crisis that requires a broad spectrum of land use and financing tools to address. San Francisco's inclusionary and affordable housing obligations, which require housing developers to provide affordable units at no cost to the City, are a critical component of expanding the City's affordable housing options.*

SAN FRANCISCO  
FILED

Private developers will only build new housing if it is economically feasible to do so, and the levels of affordable housing obligations the City requires is a major factor in these decisions.

If affordable housing requirements are set significantly lower than the maximum generally found to be economically feasible, the ability to produce affordable housing will not be maximized because the City would not be asking housing developers to provide their fair share.

However, if affordable housing requirements are set significantly higher than what is generally found to be economically feasible, most housing projects – including middle class housing – will not be able to move forward, and it is possible that only very high end, luxury housing projects will be able to afford to comply with City requirements.

The purpose of this ordinance is to maximize housing affordability in San Francisco by setting inclusionary and affordable housing obligations at such a level that market-rate developers provide the greatest amount of affordable units possible while maintaining general economic feasibility for residential development, within the established legal framework. To do otherwise would constrict production, increase housing prices, and could inadvertently lead to not much else except high-end, luxury housing projects.

Section 2. The Planning Code is hereby amended by adding Section 415.10, to read as follows:

SEC. 415.10. ECONOMIC FEASIBILITY STUDY TO MAXIMIZE HOUSING AFFORDABILITY

With the support of an independent consultant, the Controller and the Planning Department shall study the economic feasibility of San Francisco's inclusionary or affordable housing obligations, including the affordable housing fee and on-site and off-site alternatives, and report to the Board of Supervisors within six months of the effective date of this Ordinance.

If such study demonstrates that San Francisco's existing inclusionary or affordable housing obligations are either not set high enough to maximize housing affordability or are set too high to be generally economically feasible, the Planning Department shall propose adjusted levels of inclusionary or affordable housing obligations and income levels based on this study, with the objective to maximize housing production and affordability. The Planning Commission shall forward a proposed ordinance amending the inclusionary or affordable housing requirements to the Board of Supervisors within nine months of the effective date of this

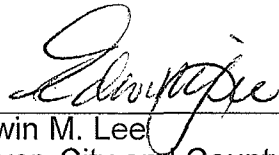
Ordinance, setting forth the recommended levels of inclusionary or affordable housing for various income levels.

The proposed ordinance should include affordable housing obligation levels based on the economic feasibility study, in conjunction with other relevant data, including but not limited to the City's Nexus Analysis, and should address affordable housing fees, onsite affordable housing and off-site affordable housing, as well as the provision of affordable housing available to low-income households at or below 55% of Area Median Income, moderate-income households at or below 120% of Area Median Income, and middle-income households at or below 150% of Area Median Income.

The Controller and the Planning Department shall repeat this process no less frequently than every 24 months after the issuance of the first report to the Board of Supervisors.

\* \* \*

SUBMITTED.



Edwin M. Lee  
Mayor, City and County of San  
Francisco

Date:

1/19/16

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DEPARTMENT OF ELECTIONS

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: John Arntz, Director, Department of Elections  
Jon Givner, Office of the City Attorney  
Nicole Elliot, Mayor's Office

FROM: Derek Evans, Assistant Clerk, Rules Committee  
Board of Supervisors

DATE: February 2, 2016

SUBJECT: HEARING MATTER INTRODUCED

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The Board of Supervisors Rules Committee has received the following hearing matter, introduced by Mayor Lee on January 26, 2016. This matter is being referred to you in accordance with Rules of Order 2.22.4.

**File No. 160049 Hearing - Initiative Ordinance - Planning Code - Inclusionary or Affordable Housing Obligations Based on Economic Feasibility Studies**

**Hearing to consider the proposed initiative ordinance submitted by the Mayor to the voters at the June 7, 2016, Election, entitled "Ordinance amending the Planning Code to maximize inclusionary or affordable housing obligations for housing development projects based on economic feasibility studies."**

Please review and submit any reports or comments you wish to be included with the legislative file.

If you have any questions or concerns please call me at (415) 554-7702 or email [derek.evans@sfgov.org](mailto:derek.evans@sfgov.org). To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Ben Rosenfield, City Controller

FROM: Derek Evans, Assistant Clerk, Rules Committee  
Board of Supervisors

DATE: February 2, 2016

SUBJECT: HEARING MATTER INTRODUCED

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The Board of Supervisors Rules Committee has received the following hearing request, introduced by Mayor Lee on January 26, 2016. This matter is being referred to you in accordance with Elections Code, Section 305(B)(2), and Rules of Order 2.22.3.

**File No. 160049 Hearing - Initiative Ordinance - Planning Code - Inclusionary or Affordable Housing Obligations Based on Economic Feasibility Studies**

**Hearing to consider the proposed initiative ordinance submitted by the Mayor to the voters at the June 7, 2016, Election, entitled "Ordinance amending the Planning Code to maximize inclusionary or affordable housing obligations for housing development projects based on economic feasibility studies."**

Please review and prepare a financial analysis of the proposed measure prior to the first Rules Committee hearing.

If you have any questions or concerns please call me at (415) 554-7702 or email [derek.evans@sfgov.org](mailto:derek.evans@sfgov.org). To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Office of the City Controller  
Maura Lane, Office of the City Controller

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February 2, 2016

File No. 160049

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Jones:

On January 26, 2016, Mayor Lee introduced the following proposed Initiative Ordinance for the June 7, 2016, Election:

**File No. 160049    Hearing - Initiative Ordinance - Planning Code -  
Inclusionary or Affordable Housing Obligations Based  
on Economic Feasibility Studies**

**Hearing to consider the proposed initiative ordinance submitted by the Mayor to the voters at the June 7, 2016, Election, entitled "Ordinance amending the Planning Code to maximize inclusionary or affordable housing obligations for housing development projects based on economic feasibility studies."**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By: Derek Evans, Committee Clerk  
Rules Committee

Attachment

c: Joy Navarrete, Environmental Planner  
Jeanie Poling, Environmental Planner