



SAN FRANCISCO PLANNING DEPARTMENT

June 21, 2106

Ms. Angela Calvillo, Clerk of the Board
Honorable Supervisor Yee
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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**Re: Transmittal of Planning Department Case Number 2016-004077PCA
Dwelling Unit Mix Option in Large Buildings
Planning Commission Recommendation: Approval with Modifications**

Dear Ms. Calvillo and Supervisor Yee:

On June 16, 2016 the Planning Commission conducted a duly noticed public hearing at regularly scheduled meetings to consider the proposed Ordinance that would amend Planning Code Sections 207.6 and 329 introduced by Supervisor Yee. At the hearing the Planning Commission recommended approval with modifications.

The Commission's proposed modifications were as follows:

1. To Provide the Dwelling Unit Mix Option for Bedrooms in RTO, Hayes Gough NCT, Upper Market NCT, and NCT-3 Districts
2. To include a minimum percentage floor for three bedroom units in the new Dwelling Unit Mix Option
3. To Monitor Projects that choose the bedroom option and include the data in the annual Housing Inventory starting in 2019.

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.

Supervisors Yee, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

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,

A handwritten signature in black ink, appearing to read "Aaron D. Starr", with a long horizontal line extending to the right.

Aaron D. Starr
Manage of Legislative Affairs

Transmittal Materials
Dwelling Unit Mix Option in Large Buildings

CASE NO. 2016-004077PCA

cc:

Jen Low, Aide to Supervisor Yee
Judy Boyajan, Deputy City Attorney
Alisa Somera, Office of the Clerk of the Board

Attachments:

Planning Commission Resolution
Planning Department Executive Summary



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 19667

Hearing Date: June 16, 2016

Project Name: Dwelling Unit Mix Requirements
Case Number: 2016-004077PCA [Board File No. 160281]
Initiated by: Supervisor Yee / Introduced March 22, 2016 and May 17, 2016
Staff Contact: Menaka Mohan, Legislative Affairs
menaka.mohan@sfgov.org; 415-575-9141
Aaron Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org; 415-558-6362

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RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT WITH MODIFICATIONS A PROPOSED ORDINANCE AMENDING THE PLANNING CODE TO ADD AN ADDITIONAL OPTION FOR THE DWELLING UNIT MIX OF LARGE BUILDINGS IN SPECIFIED ZONING DISTRICTS TO ALLOW DEVELOPERS TO HAVE A MIX OF TWO- AND THREE-BEDROOM UNITS THAT RESULTS IN AT LEAST 50% OF THE BEDROOMS BEING IN UNITS THAT HAVE MORE THAN ONE BEDROOM; ADOPT FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on March 22, 2016 and May 17, 2016 Supervisor Yee introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 160281, which would amend the Planning Code Section 207.6 to provide an additional option for dwelling unit mix to allow developer to have a mix of two and three bedroom units that result in at least 50% of the bedrooms being in units that more than one bedroom; and

WHEREAS, the proposed ordinance amends Planning Code Section 329 by adding back Variance findings to the exceptions to the Dwelling Unit Mix requirement; and

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors **approve with modifications** the proposed ordinance. Specifically, the Commission recommends the following modifications:

1. **Provide the Dwelling Unit Mix Option for Bedrooms in RTO, Hayes-Gough NCT, Upper Market Street NCT and NCT-3 districts.**
These Districts are found in the Market and Octavia Area Plan and currently are subject to the 40% two-bedroom option. Providing another option for zoning districts could encourage the production of more multi-bedroom units.
2. **To include a minimum percentage floor for three bedroom units in the new Dwelling Unit Mix Option.**

3. Monitor projects that choose the bedroom option and include the data in the annual Housing Inventory starting in 2019.

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:

1. The City encourages the production of a variety of housing types and is currently working on a Family-Friendly Design Program which focuses on the quality of the housing stock suitable to a family's needs.
2. In 2015, San Francisco had a total of 382,551 units, with the largest share (32%) comprising of single-family homes.¹
3. Although, San Francisco has a healthy existing stock of larger units, these units are more likely to be occupied by single-person households and unrelated individuals. In particular, only 30% of existing three or more bedroom units are occupied by families with children while 25% is occupied by seniors, 3% by singles, 13% unrelated individuals, and 25% couples living together.
4. At the same time, new units produced in the City tend to be smaller than the existing housing stock.
5. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are, *on balance*, consistent with the Objectives and Policies of the General Plan (Staff discussion is added in *italic font* below):

HOUSING ELEMENT

OBJECTIVE 4

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES

Policy 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

CENTRAL WATERFRONT

OBJECTIVE 1.2

IN AREAS OF THE CENTRAL WATERFRONT WHERE HOUSING AND MIXED-USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER

POLICY 1.2.3

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

¹2015 San Francisco Housing Inventory http://default.sfplanning.org/publications_reports/2015_Housing_Inventory_Final_Web.pdf

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

EAST SOMA

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

POLICY 2.3.3

Require that a significant number of units in new developments have two or more bedrooms, except Senior Housing and SRO developments unless all Below Market Rate Units are two or more bedrooms.

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

MARKET AND OCTAVIA

OBJECTIVE 2.2

ENCOURAGE CONSTRUCTION OF RESIDENTIAL INFILL THROUGHOUT THE PLAN AREA

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

MISSION

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

RINCON HILL

OBJECTIVE 1.1

ENCOURAGE THE DEVELOPMENT OF A UNIQUE DYNAMIC, MIXED-USE RESIDENTIAL NEIGHBORHOOD CLOSE TO DOWNTOWN, WHICH WILL CONTRIBUTE SIGNIFICANTLY TO THE CITY'S HOUSING SUPPLY

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

SHOWPLACE SQUARE/POTRERO

OBJECTIVE 1.2

IN AREAS OF SHOWPLACE/POTRERO WHERE HOUSING AND MIXED USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER

POLICY 1.2.2

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

WESTERN SOMA

OBJECTIVE 3.5

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

The proposed ordinance provides the option to project sponsors to provide a mix of two and three bedroom units which could serve the needs of families.

6. **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 will not have a negative effect on existing neighborhood serving retail uses as it only addresses the City's dwelling unit mix.

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 will help maintain a diversity of housing types and income types in the City's various neighborhoods; helping to preserving the cultural and economic diversity of the City's neighborhoods.

3. That the City's supply of affordable housing be preserved and enhanced;

The proposed amendments will not affect the supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance will 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 will 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 will not have an adverse effect on City's preparedness against injury and loss of life in an earthquake because the Ordinance modifies the City's dwelling unit mix requirements.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance will not have an adverse effect on the City's Landmarks and historic buildings because the Ordinance only addresses the City's dwelling unit mix requirements.

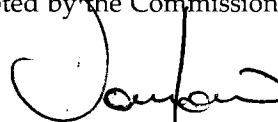
8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance will not have an adverse effect on the City's parks and open space and their access to sunlight and vistas because it only addresses the City's dwelling unit mix requirements.

7. **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 recommends that the Board ADOPT the proposed Ordinance with the modification as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on June 16, 2016.


Jonas P. Ionin
Commission Secretary

AYES: Richards, Antonini, Wu, Johnson, Hillis, Moore

NOES: None

ABSENT: Fong

ADOPTED: June 16, 2016



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Amendment

HEARING DATE: JUNE 16, 2016

90 DAY DEADLINE: AUGUST 22, 2016

Date: June 16, 2016
Project Name: **Dwelling Unit Mix Requirements**
Case Number: 2016-004077PCA [Board File No. 160281]
Initiated by: Supervisor Yee / Introduced March 22, 2016 and May 17, 2016
Staff Contact: Menaka Mohan, Legislative Affairs
menaka.mohan@sfgov.org; 415-575-9141
Aaron Starr, Manager of Legislative Affairs
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Recommendation: **Recommend Approval with Modifications**

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PLANNING CODE AMENDMENT

The proposed Ordinance would add an additional option for the dwelling unit mix of large buildings in specified zoning districts to allow developers to have a mix of two- and three-bedroom units that results in at least 50% of the bedrooms being in units that have more than one bedroom.

The Way It Is Now:

1. In the RTO, Hayes-Gough NCT, Upper Market Street NCT, and NCT-3 districts no less than 40% of the total number of Dwelling Units on site shall contain at least two-bedrooms.
2. In all other RTO, RCT, NCT, DTR, and Eastern Neighborhoods Mixed Use Districts, one of the following two must apply:
 1. No less than 40% of the total number of proposed Dwelling Units shall contain at least two-bedrooms. Any fraction resulting from this calculation shall be rounded to the nearest whole number of dwelling units, or
 2. No less than 30% of the total number of proposed Dwelling Units shall contain at least three-bedrooms. Any fraction resulting from this calculation shall be rounded to the nearest whole number of dwelling units.
3. Section 329(d)(6), which provides exceptions from the required minimum dwelling unit mix requirement in Large Project Authorizations, does not reference any criteria for granting such exceptions.

The Way It Would Be:

1. The controls for RTO, Hayes-Gough NCT, Upper Market Street NCT, and NCT-3 districts would stay the same.
2. The proposed controls for all other RTO, RCD, NCT, as well as DTR and Eastern Neighborhoods Mixed Use Districts would also stay the same; however, a new option would be added to the other two options, which is as follows:

- At least 50% of the bedrooms are in units that have more than one bedroom.
3. Planning Code Section 329(d)(6) would be amended to reference Section 305(c), which is the criteria the Zoning Administrator uses to grant variances.

BACKGROUND

The City is currently exploring different policies to support families in San Francisco, and the Department is working with Supervisor Yee's office on family friendly design guidelines. While there are many factors influencing a family's decision to stay in the City, the Family-Friendly Design Program focuses on the quality of the housing stock suitable to a family's needs. Creating quality stock that is flexible enough and suitable for a family to grow and change over time ensures that not only is the housing provided suitable and desired by our families, but also for our constantly changing households. The project includes a Family-Friendly Design Whitepaper discussing San Francisco's family-housing needs, current housing that is being constructed, and strategies that other cities have used to inform our most appropriate next steps to encourage a family-friendly City. The whitepaper will recommend actions for potential next steps; including creating a family-friendly housing definition.

One issue that has continued to emerge is the lack of family-sized units, or multi-bedrooms dwelling units in new developments. Encouraging family sized units, must also be examined with the existing housing stock and demographic trends.

Additionally, the Department is adding back a code section to 329 which was inadvertently deleted during a routine code clean up. This code section requires that the Planning Commission to make the findings required in a Variance¹ if a project sponsor chooses to request a dwelling unit mix exception.

Households

Households in San Francisco vary from those in the Bay Area²; the City has a higher proportion of single-person households, unrelated individuals, and unmarried couples living together. The City has a similar proportion of families without children and seniors as compared to the Bay Area (see the chart below for a full breakdown). At the same time, as the region recovers from the recession (2007) and housing prices are rising, the number of single-person households is falling and the number of unrelated individuals living together is rising.³ In the City, single-person households have fallen by 2% since the 2007, while unrelated and individuals have grown by 21 percent. As a share of all households, single-person households decreased from 30% to 27% from 2007-2013, while unrelated couples and individuals living together rose from 14% to 16%. The City is also grappling with an aging baby boomer generation, with

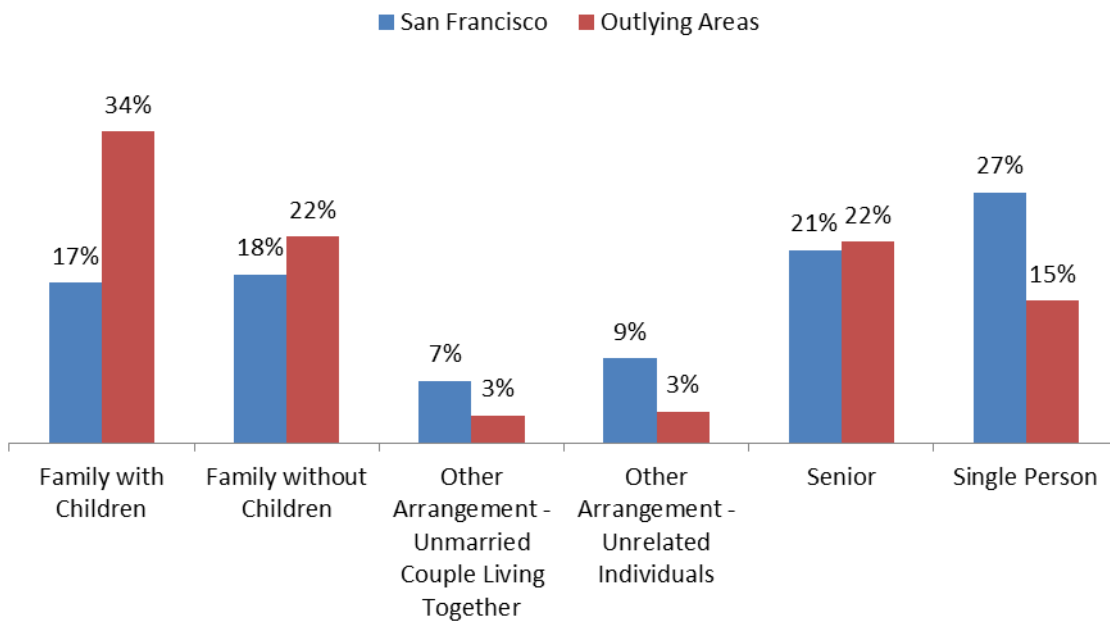
¹Variance findings can be found in Section 305 of the Planning Code: [http://library.amlegal.com/nxt/gateway.dll/California/planning/article3zoningprocedures?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco_ca\\$anc=ID_305](http://library.amlegal.com/nxt/gateway.dll/California/planning/article3zoningprocedures?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$anc=ID_305)

² Bay Area is defined as the nine county region by the Association of Bay Area Governments (ABAG) which include Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma County. Source of data is an analysis of Census Public Use Microdata Sample (PUMS), accessed via IPUMS USA.

³ Source of data is an analysis of Census Public Use Microdata Sample (PUMS), accessed via IPUMS USA and was prepared by Graham MacDonald.

the number of senior households and families without children increasing 13% from 2007 to 2013 with similar trends in the Bay Area region.

San Francisco Houses many Fewer Families with Children than Other Bay Areas Counties (Share of all Households)

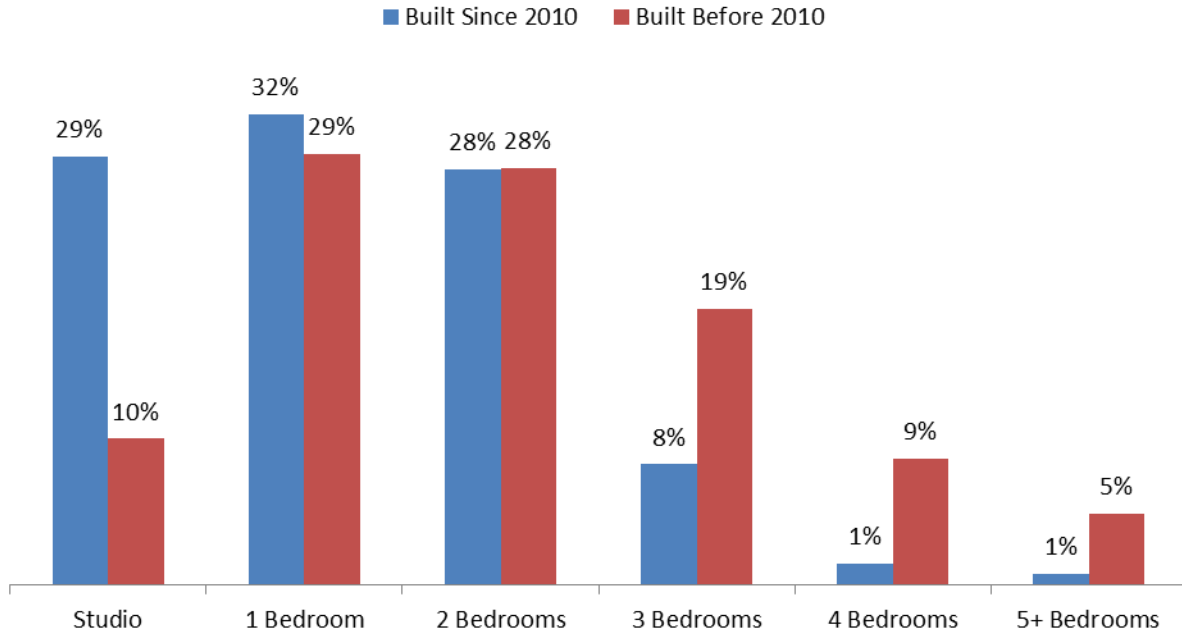


Housing Stock

In 2015, San Francisco had a total of 382,551 units, with the largest share (32%) comprising of single-family homes.⁴ The San Francisco Housing Inventory provides data on the number of units in the City, but Census data is used to determine the number of bedrooms for the housing stock. Although, San Francisco has a healthy existing stock of larger units, these units are more likely to be occupied by single-person households and unrelated individuals. In particular, only 30% of existing three or more bedroom units are occupied by families with children while 25% is occupied by seniors, 3% by singles, 13% unrelated individuals, and 25% couples living together. At the same time, new units produced in the City tend to be smaller than the existing housing stock.

⁴2015 San Francisco Housing Inventory
http://default.sfplanning.org/publications_reports/2015_Housing_Inventory_Final_Web.pdf

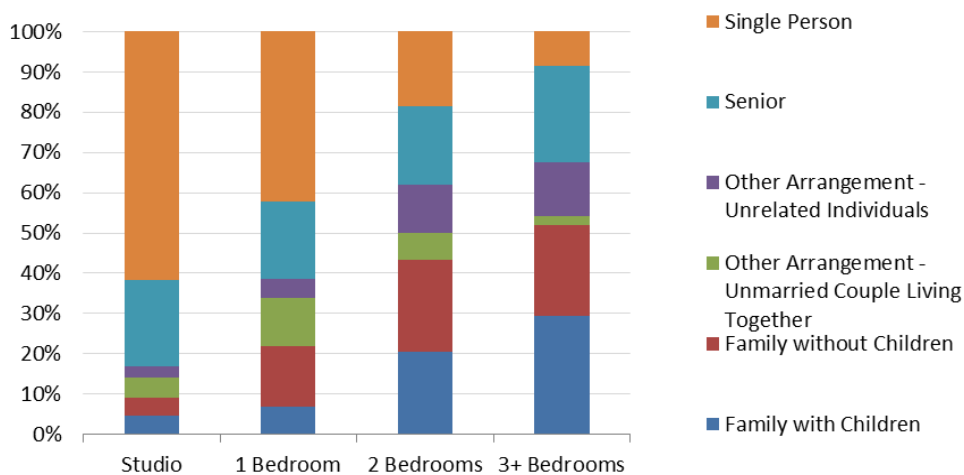
Newly Constructed Units (Rental and Sales) Tend to be Smaller than Other Units (Share of Units by Date Constructed)



Source: Analysis of SF Planning Department San Francisco Housing Database

The lack of available family-sized units for families with children in the City and other Bay Area counties tends to lead to households that are overcrowded-22% in San Francisco compared to 20% in the Bay Area.

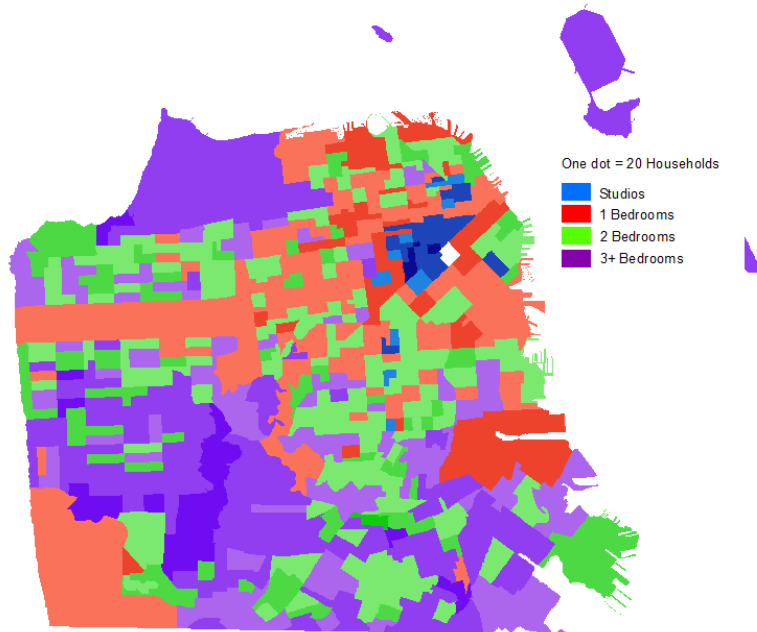
Larger Units in San Francisco are More Likely to Be Occupied by Single Person Households and Unrelated Individuals... (Share of All Households, 2013)



Housing Mix by Neighborhood

Housing data, including number of units by unit size (bedroom count), was collected from the 5 year American Community Survey, years 2009 to 2012. While unit mix varies by neighborhood, on a whole, the City's housing stock consists mostly of three-bedroom or fewer units, with one- and two- bedrooms predominating (27% and 31% of the housing stock, respectively) and 90% of housing units in the City contain three or fewer bedrooms, however newly constructed rentals on the market have more one and two-bedroom units and less three- bedroom units. Units near downtown area tend to be studios and one-bedrooms, while units in the outer areas tend to two or more units. The map below demonstrates the dominate bedroom typology based on the analysis of five-year American Community Survey data and as expected larger units tend to be located on the western and southern portions of San Francisco:

Units, by Dominant Number of Bedrooms Category, 2009-13



ISSUES AND CONSIDERATIONS

Balancing large units with affordability

Understanding exactly what motivates a project sponsor to provide a certain size and mix of units is not an exact science- market condition and preferences affecting unit sizes and affordability changes over time. Furthermore, larger units tend to have higher sales prices and higher rental prices. A recent look at both Padminer demonstrates that multi-bedroom units are generally more expensive.

Rental Price per month based on Bedroom Count Using Padmapper as of 5/10/2016

Bedrooms	Count of beds	%of bedrooms	Average price
0	16870	22%	\$1,851
1	30069	39%	\$2,752
2	19934	26%	\$3,799
3	7664	10%	\$4,581
4	1868	2%	\$ 5,257
5	379	0%	\$ 6,102
6	64	0%	\$6,137
7	15	0%	\$4,571
8	14	0%	\$6,617
Grand Total	76877	100%	\$3,089

Sales Prices, May 2014 to May 2015

Beds	San Francisco			Other Bay Area Counties		
	25th Perc.	50th Perc.	75th Perc.	25th Perc.	50th Perc.	75th Perc.
1 Bedroom	\$636,250	\$750,000	\$900,000	\$260,000	\$339,000	\$445,000
2 Bedroom	\$840,000	\$1,100,000	\$1,408,750	\$329,000	\$469,000	\$670,000
3+ Bedrooms	\$1,050,000	\$1,435,000	\$2,142,125	\$450,000	\$680,000	\$990,000

Source: Analysis of San Francisco Assessor-Recorder office data.

Additionally, requiring larger units could reduce the overall unit count in some building types which could result in the loss of some affordable units given that the inclusionary program applies to projects with ten or more units. Furthermore, while the City can regulate the unit mix in new market rate developments, it cannot regulate that families be given preference for those units.

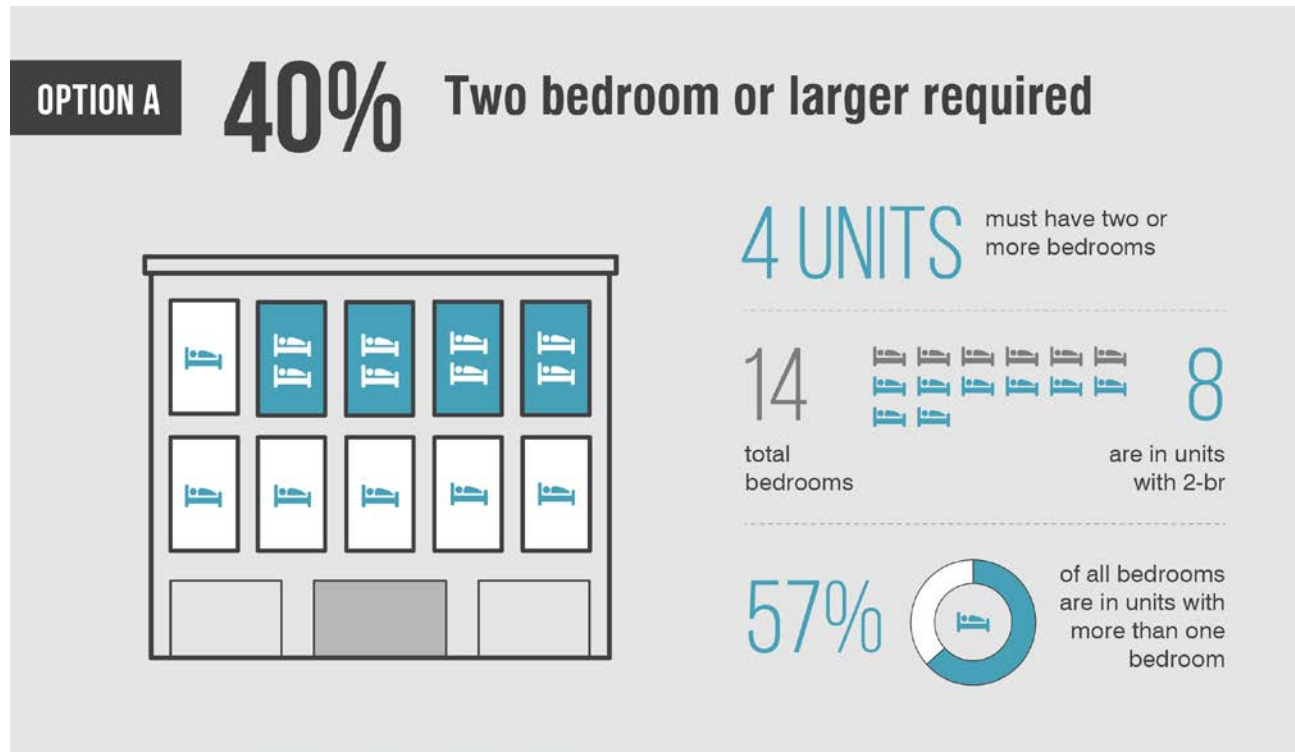
Providing Flexibility-Some Scenarios

This ordinance provides flexibility in parcels that are governed with by a Dwelling Unit Mix, which is found in districts without density controls based on lot area. The current options regulate unit mix by the number of units while this ordinance provides a third option to regulate unit mix by bedroom. The following provide examples on the options for a ten unit building⁵.

⁵ Note that this does not indicate a trend in building types in San Francisco, a ten unit building was chosen as an easy number to demonstrate how the ordinance would operate.

Option A. 40% At least two-bedrooms⁶

- $0.4 * 10 = 4$ units must have two or more bedrooms
- 14 bedrooms total, 8 bedrooms are in units with 2 bedrooms
- $8/14 = 57\%$ of all bedrooms are in units with more than one bedroom



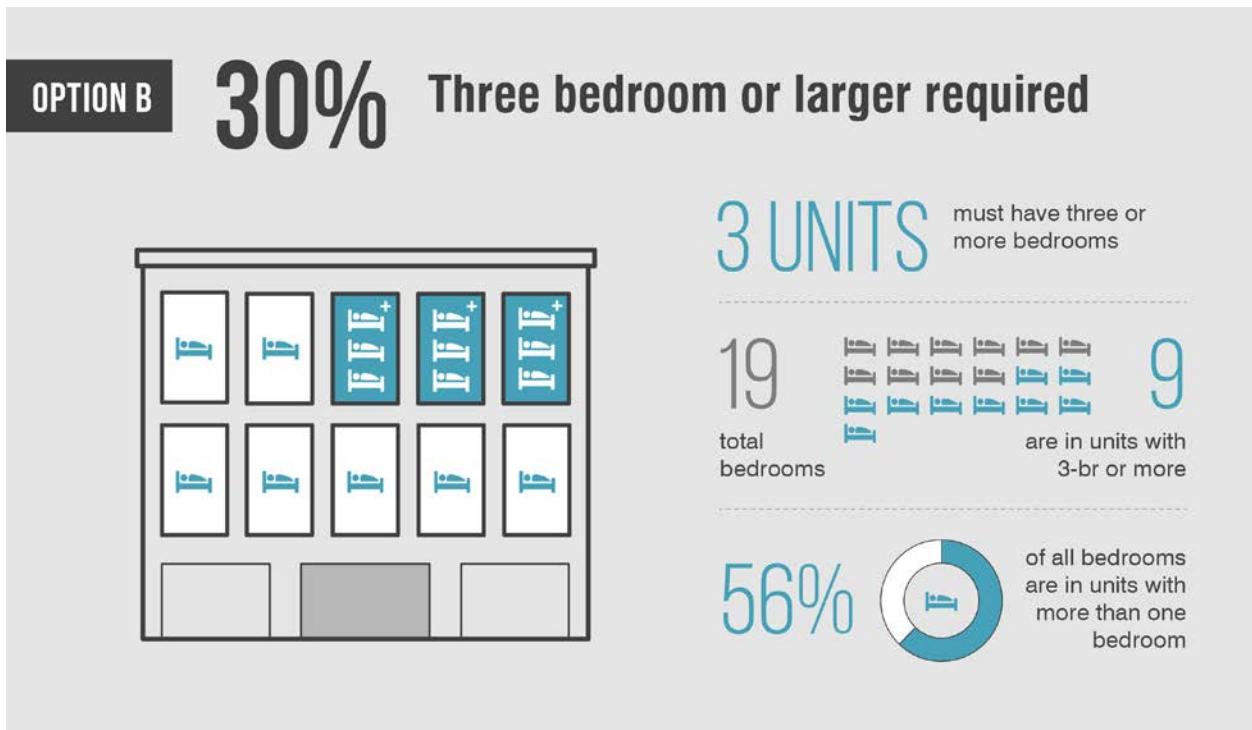
This is the most commonly used option by developers with most providing the remaining 60% as a mix of studios and one bedroom units. Some larger projects provide a mix of two and three-bedrooms, for example the recently approved project on 1301 16th Street provides 176 dwelling units, consisting of 62 two-bedroom units and ten three-bedroom units with the rest as studios and one bedroom units.⁷

⁶ Graphics created by Gary Chen, staff at SF Planning

⁷ <http://commissions.sfplanning.org/cpcpackets/2013.0698X.pdf>

Option B. 30% At least three-bedrooms

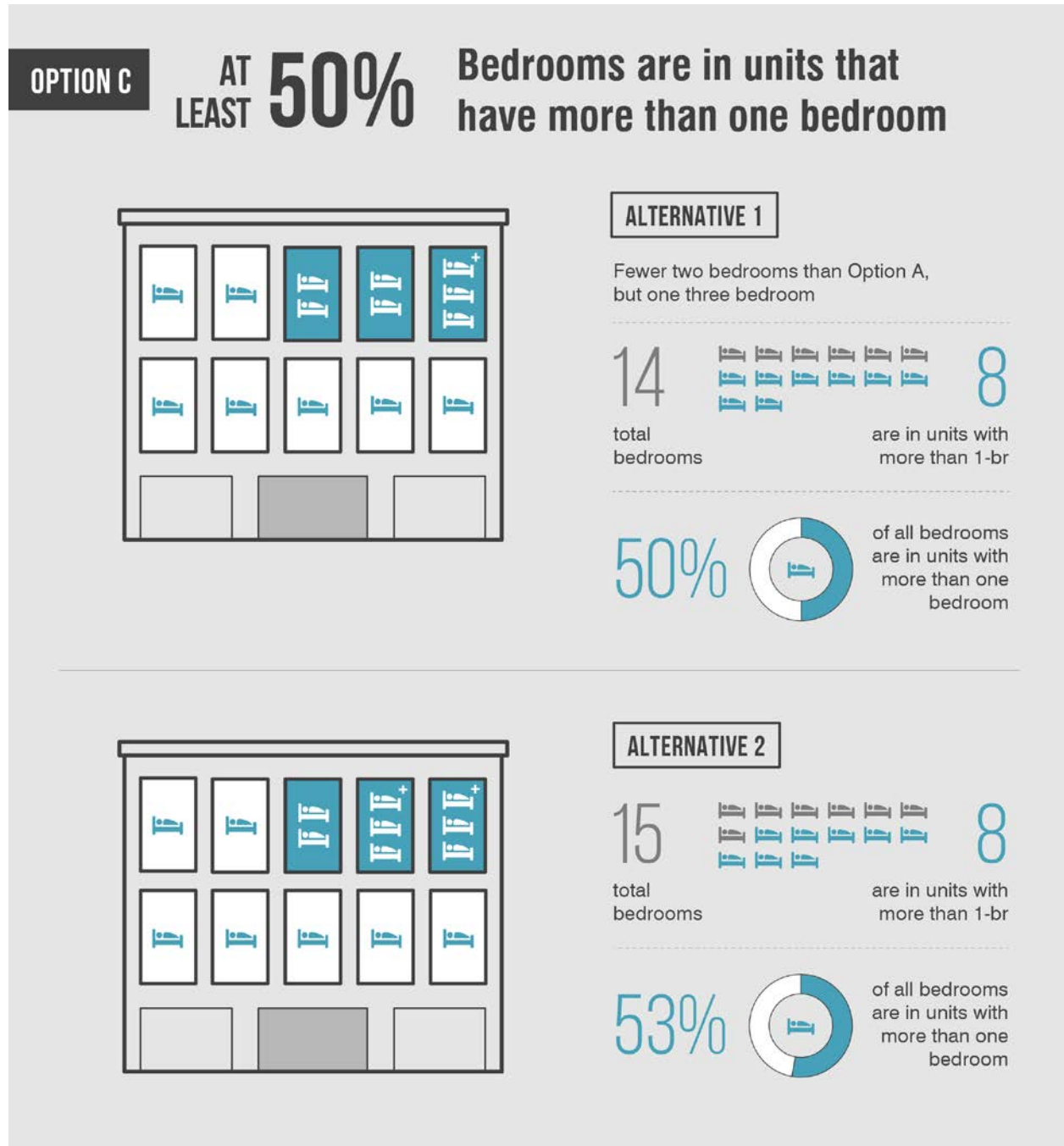
- $0.3 * 10 = 3$ units must have three or more bedrooms
- 19 bedrooms total, 9 bedrooms are in units with 3 bedrooms or more
- $9/16 = 56\%$ of all bedrooms are in units with more than one bedroom



Option C. At least 50% of the bedrooms are in units that have more than one bedroom

Alternative 1

- 14 bedrooms total, 8 bedrooms are in units with more than one bedroom
- $7/14 = 50\%$ of all bedrooms are in units with more than one bedroom



This alternative results in less two bedroom units than Option A, but produces one three-bedroom unit.

Alternative 2

- 15 bedrooms total, 8 bedrooms are in units with more than one bedroom
- $8/15 = 53\%$ of all bedrooms are in units with more than one bedroom

This alternative also produces fewer two-bedroom units than the 40% two or more bedroom requirements, but results in two additional three-bedroom units.

Note that as the unit count increases beyond ten units, a project sponsor could have more flexibility in providing more three-bedrooms and fewer-two bedroom options.

IMPLEMENTATION

The Department has the ability to implement the ordinance noting that studios and one bedroom units will be counted as one bedroom if a project sponsor elects to use the option to provide that 50% of all bedrooms in a project should be in units with more than one bedroom.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Provide the Bedroom Dwelling Unit Mix Option in RTO, Hayes-Gough NCT, Upper Market Street NCT and NCT-3 zoning districts.
2. Monitor projects that choose the Bedroom Option and Include the Data in the Annual Housing Inventory Starting in 2019.

BASIS FOR RECOMMENDATION

The Department is pursuing efforts such as the Family Friendly Design Guidelines to focus the housing stock on meeting the needs of families. To accommodate family friendly housing in new housing stock, the Department instituted the dwelling unit mix option that currently exists in parcels that govern density by height, bulk and other planning code standards; however few developers have ever chosen the option to provide 30% of the units as three-bedrooms. Some project sponsors provide a mix of two-bedrooms and threes but the new housing stock is primarily composed of one bedroom and two-bedrooms. By providing another option for developers, new multi-unit projects could use the bedroom option to provide a few more three bedroom units in a project that would have just provided the standard two bedroom unit mix.

This proposed legislation provides an option—not a requirement—for developers to provide a mix of multi-bedroom units by counting bedrooms and not units and grants the ability to be flexible to regarding bedroom counts based on input by the community and the Department. The ordinance also contributes to multi-bedroom housing stock by having some projects build more three-bedroom units.

Given, that the current housing stock in San Francisco is primarily composed of single family homes and yet new construction tends to produce units that are smaller than the existing housing stock providing flexibility to developers in how they choose to meet the bedroom mix requirement can contribute to more multi-bedroom units. Additionally, as the demographics of San Francisco continue to change it is

important that as a City we provide a balanced housing stock that meets the needs of current and future residents.

The Department is also recommending that a reference to Section 329 regarding the exception to the dwelling unit mix be added back into the Planning Code. This section of the code states the project sponsors who are seeking an exception to dwelling unit mix must meet *all* of the findings required in a variance. To be granted a variance, the project sponsor must meet the following five requirements to be considered for a dwelling unit mix exception:

- (1) That there are exceptional or extraordinary circumstances applying to the property involved or to the intended use of the property that do not apply generally to other property or uses in the same class of district;
- (2) That owing to such exceptional or extraordinary circumstances the literal enforcement of specified provisions of this Code would result in practical difficulty or unnecessary hardship not created by or attributable to the applicant or the owner of the property;
- (3) That such variance is necessary for the preservation and enjoyment of a substantial property right of the subject property, possessed by other property in the same class of district;
- (4) That the granting of such variance will not be materially detrimental to the public welfare or materially injurious to the property or improvements in the vicinity; and
- (5) That the granting of such variance will be in harmony with the general purpose and intent of this Code and will not adversely affect the General Plan.

The Planning Commission would need to make findings regarding these five requirements in order for any dwelling unit mix exception to be considered. It is a high bar to meet these findings and one the Department wants to keep for the housing stock or projects subject to Planning Code Section 329.

Recommendation 1: Provide the Bedroom Dwelling Unit Mix Option in RTO, Hayes-Gough NCT, Upper Market Street NCT and NCT-3 Zoning Districts

Currently, the RTO, Hayes-Gough NCT, Upper Market Street NCT and NCT-3 zoning districts, which are found in the Market and Octavia Plan Area-are only subject to the 40% two-bedroom requirement. Given that that the zoning in Market and Octavia is similar to Eastern Neighborhoods it makes sense to provide the option to encourage the production of more multi-bedroom units in the RTO, Hayes-Gough NCT, Upper Market NCT and NCT-3 Zoning Districts.

Recommendation 2: Monitor Projects that Choose the Bedroom Option and Include the Data in the annual Housing Inventory Starting in 2019

At the request of Supervisor Yee, the Department is adding a recommendation to monitor the number of bedrooms in projects that require a dwelling unit mix. Currently, the Department tracks the number of units in each project; however most of the bedroom counts are tracked through ACS data. While the bedroom count is marked on actual project plans the ability of bedroom data to be entered into a specific field was limited. Sometimes the number of bedrooms in a project is noted in the project description which is difficult to retrieve in data collection. Given this difficulty, there is now a requirement to add bedroom data to the Department's PPTS-or permit tracking system. This requirement, however, has only been instituted in the past month. Therefore meaningful data generated from the new requirement will take a few years to accumulate as it generally takes three to five years for a project to navigate through the City process and begin construction.

ENVIRONMENTAL REVIEW

The proposed Ordinance is not defined as a project under CEQA Guidelines Section 15378 and 15060(c) (2) because it does not result in a physical change in the environment.

PUBLIC COMMENT

To date the Planning Department has received no public comment on this legislation.

RECOMMENDATION: Recommendation of Approval with Modifications

Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 160281