

1 [Initiative Ordinance - Planning Code - Requiring Conditional Use Requiring Replacement of
2 Production, Distribution, Repair, Institutional Community, and Arts Activities Uses]

3 **Motion ordering submitted to the voters an Ordinance amending the Planning Code to**
4 **require replacement space and Conditional Use authorization for conversion of**
5 **Production, Distribution, and Repair Use, Institutional Community Use, and Arts**
6 **Activities Use; and affirming the Planning Department's determination under the**
7 **California Environmental Quality Act, at an election to be held November 8, 2016.**

8
9 MOVED, That the Planning Department has determined that the actions contemplated
10 in this ordinance comply with the California Environmental Quality Act (California Public
11 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
12 Board of Supervisors in File No. 160698 and is incorporated herein by reference.
13 The Board affirms this determination; and be it

14 MOVED, That the Board of Supervisors hereby submits the following ordinance to the
15 voters of the City and County of San Francisco, at an election to be held on November 8,
16 2016.

17
18 **Ordinance amending the Planning Code to require replacement space and Conditional**
19 **Use authorization for conversion of Production, Distribution, and Repair Use,**
20 **Institutional Community Use, and Arts Activities Use.**

21 NOTE: **Unchanged Code text and uncodified text** are in plain font.
22 **Additions to Codes** are in *single-underline italics Times New Roman font*.
23 **Deletions to Codes** are in ~~italics Times New Roman font~~.
24 **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or
25 parts of tables.

1 Be it ordained by the People of the City and County of San Francisco:

2 Section 1. Findings.

3 (a) While San Francisco’s growing population and severe housing crisis require the
4 development of new housing, the Eastern Neighborhoods community planning process began
5 in 2001 with the goal of developing new zoning controls for the industrial portions of these
6 neighborhoods.

7 (b) At one time, land zoned for industrial uses covered almost the entire eastern
8 bayfront of San Francisco, from the southern county line to well north of Market Street. As the
9 city’s economy has transformed over time, away from traditional manufacturing and “smoke-
10 stack” industry toward tourism, service and “knowledge-based” functions, the city’s industrial
11 lands have shrunk steadily.

12 (c) By the 1990s, land zoned for industrial uses stood at about 12% of the city’s total
13 usable land (i.e., not including parks and streets). This period was one of strong economic
14 growth in which the city gained thousands of new jobs and residents. As a result, capital,
15 business and building activity surged into the industrial and residential Eastern
16 Neighborhoods, south of Downtown. While this wealth brought needed resources, it also
17 created conflicts around the use of land. San Francisco’s industrial zoning has historically
18 been permissive – allowing residences, offices and other uses, in addition to industrial
19 businesses.

20 (d) As part of the Eastern Neighborhoods planning process, the Planning Department
21 conducted a series of workshops where stakeholders articulated goals for their neighborhood,
22 considered how new land use regulations (zoning) might promote these goals, and created
23 several rezoning options representing variations on the amount of industrial land to retain for
24 employment and business activity.

1 (e) Starting in 2005, the community planning process expanded to address other
2 issues critical to these communities including affordable housing, transportation, parks and
3 open space, urban design and community facilities. The Planning Department began working
4 with the neighborhood stakeholders to create Area Plans for each neighborhood to articulate
5 a vision for the future.

6 (d) Based on several years of community input and technical analysis, the Eastern
7 Neighborhoods Program calls for transitioning about half of the existing industrial areas in
8 these four neighborhoods to mixed use zones that encourage new housing. The other
9 remaining half would be reserved for Production, Distribution and Repair zoning districts,
10 where a wide variety of functions such as Muni vehicle yards, caterers, and performance
11 spaces can continue to thrive.

12 (e) The initial Eastern Neighborhoods Area Plans were adopted in 2008.

13 (f) At their core, the Eastern Neighborhoods Plans try to accomplish two key policy
14 goals: 1) They attempt to ensure a stable future for Production, Distribution and Repair (PDR)
15 uses in the city, mainly by reserving a certain amount of land for this purpose; and 2) they
16 strive to provide a significant amount of new housing affordable to low, moderate, and middle
17 income families and individuals, along with “complete neighborhoods” that provide appropriate
18 amenities for these new residents.

19 (g) Because San Francisco has very limited land available, it is important to evaluate
20 the current state of land available for PDR use and to protect PDR uses because of
21 competing pressure from residential and office uses, which can afford to pay far more to buy
22 and develop land.

23 (h) Office tenants are willing to pay well over twice what PDR commands — creative
24 tech space goes for \$70 a square foot in SoMa or the Inner Mission. This leads to the loss of
25 space critical for PDR activities and therefore the loss of jobs that result from these activities.

1 (i) The Planning Department prepared a report in April 2005, on the demand for and
2 supply of PDR in the City. This report is known as the EPS PDR Study. To alleviate the
3 impact of loss of PDR uses and to revitalize PDR uses and to attract technology and biotech
4 businesses to the City, it is necessary for the City to aggressively pursue retention of PDR
5 and its associated job sectors. Development that removes PDR use should have the option of
6 replacing the lost space at a one-to-one ratio. To accomplish this, a PDR replacement
7 program should be established.

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9 Section 2. The Planning Code is hereby amended by adding a new Section 202.8, to
10 read as follows:

11 SEC. 202.8 LIMITATION ON CONVERSION OF PRODUCTION, DISTRIBUTION, AND
12 REPAIR USE, INSTITUTIONAL COMMUNITY USE, AND ARTS ACTIVITIES USE.

13 The following controls shall apply in the following Eastern Neighborhoods Plans Areas:
14 Mission; Eastern SoMa; and Western SoMa. Notwithstanding any other provision of this Code,
15 conversion of building space where the prior use in such space was a Production, Distribution, and
16 Repair (PDR) use of at least 5,000 square feet, an Institutional Community use of at least 2,500 square
17 feet, or an Arts Activities use, all as defined in Section 102, through change in use or any other
18 removal, including but not limited to demolition of a building that is not unsound, shall require
19 Conditional Use authorization pursuant to Section 303 and shall be subject to the following additional
20 requirements:

21 (a) To preserve the existing stock of building space suitable for PDR, Institutional Community,
22 and Arts Activities uses, if a project would result in conversion of building space, where the prior use in
23 such space was PDR of at least 5,000 square feet, Institutional Community of at least 2,500 square feet,
24 or Arts Activities use, through removal, including through demolition of a building that is not unsound,
25 or through change of use, such space shall be replaced in compliance with the following criteria:

1 (1) In the areas that, as of July 1, 2016, are zoned SALI, PDR, C-3-G, or M, the
2 replacement space shall include one square foot of PDR, Institutional Community, or Arts Activities
3 use for each square foot of the use proposed for conversion.

4 (2) In the areas that, as of July 1, 2016, are zoned UMU, MUO, MUG, or MUR, the
5 replacement space shall include 0.75 square foot of PDR, Institutional Community, or Arts Activities
6 use for each square foot of the use proposed for conversion if replaced on the same property or shall
7 include one square foot of PDR, Institutional Community, or Arts Activities use for each square foot of
8 the use proposed for conversion if replaced off-site.

9 (3) The replacement space may be space for PDR, Institutional Community, or Arts
10 Activities use, regardless of which of those uses is proposed for conversion. The replacement space
11 shall be located on the same property or, if located off-site, shall be in the same area plan area or
12 within 1/4 mile of the property, or, if replacing PDR space off-site, in any area that is zoned for PDR as
13 a principally permitted use.

14 (4) The replacement requirements of this subsection (a) may be reduced by 0.25 for any
15 project subject to a development agreement approved by the City under California Government Code
16 Section 65864 et seq. if, as part of the terms of such development agreement, the required replacement
17 space is rented, leased, or sold at 50% below market rate for such commercial space.

18 (b) Definitions. For the purposes of this Section 202.8, the following definitions shall apply:

19 “Replacement space” shall mean newly developed building space and shall not include
20 building space that was previously used for PDR, Institutional Community, or Arts Activities.

21 “Unsound” shall mean a building for which rehabilitation would cost 50% or more of
22 the cost to construct a comparable building.

23 (c) The amount of replacement space required under subsection (a)(1) may be reduced by the
24 amount that is necessary to provide building entrances and exits; maintenance, mechanical, and
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1 utilities facilities; and on-site open space and bicycle facilities required under this Code; provided that
2 no reduction shall be permitted for non-car-share vehicle parking spaces.

3 (d) In determining whether to grant Conditional Use authorization, in addition to making the
4 required findings under Section 303, the Planning Commission shall consider the suitability of the
5 replacement space for the use proposed for conversion.

6 (e) Exemptions. The following shall be exempt from the requirements of this Section 202.8:

7 (1) Any property under the jurisdiction of the Port of San Francisco or the Recreation
8 and Park Commission; and all Redevelopment Plan Areas in effect as of July 1, 2016.

9 (2) Undeveloped property. The requirements of this Section 202.8 shall only apply to
10 those portions of a site that are developed with building space where the prior use in such space was
11 PDR use of at least 5,000 square feet, an Institutional Community use of at least 2,500 square feet, or
12 an Arts Activities use.

13 (3) Any project where the PDR use, Institutional Community use, or Arts Activities use
14 subject to conversion commenced after June 14, 2016.

15 (4) Any project that has received final Planning approval by June 14, 2016.

16 (5) Any public transportation project.

17 (f) This Section 202.8 shall not authorize a change in use if the new use or uses are otherwise
18 prohibited.

19 (g) In Lieu Fee. The City may enact an ordinance adopting an in lieu fee to meet the
20 replacement requirements set forth in subsection (a). The proceeds from any such in lieu fee shall be
21 used for the preservation and rehabilitation of existing PDR, Institutional Community, and Arts
22 Activities spaces.

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1 (h) The Board of Supervisors may amend the provisions of this measure at any time after its
2 initial effective date to promote or better achieve the underlying goal of protecting and enhancing these
3 PDR, Institutional Community, and Arts Activities uses.

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5 APPROVED AS TO FORM:
6 DENNIS J. HERRERA, City Attorney

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8 By: _____
9 MARLENA BYRNE
 Deputy City Attorney

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