File No.	160510	Committee Item No.	3
_		Board Item No	2-3

### COMMITTEE/BOARD OF SUPERVISORS

		KET CONTENTS		
Committee:	Land Use and Transpo	ortation	Date	November 14, 2016
Board of Su	pervisors Meeting		Date	Norember 29,2016
Cmte Boar	d .			
	Motion Resolution Ordinance Legislative Digest Budget and Legislative Youth Commission Relative Introduction Form Department/Agency Common Security Memorandum of Under Grant Information For Grant Budget Subcontract Budget Contract/Agreement Form 126 - Ethics Common Security Application Form 700 Vacancy Notice Information Sheet Public Correspondence	eport cover Letter and erstanding (MOU m	or Re	port
OTHER	(Use back side if addi	tional space is r	neede	d)
	CEQA Determination Planning Commission Resolution No. 19731			
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NOTE:

[Planning Code - Student Housing Exemption from Inclusionary Housing Requirements]

Ordinance amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Unchanged Code text and uncodified text are in plain Arial font.

Additions to Codes are in single-underline italics Times New Roman font.

Deletions to Codes are in strikethrough italics Times New Roman font.

Board amendment additions are in double-underlined Arial font.

Board amendment deletions are in strikethrough Arial 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. The Board of Supervisors of the City and County of San Francisco hereby finds and determines that:

- (a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 160510 and is incorporated herein by reference. The Board affirms this determination.
- (b) On September 8, 2016, the Planning Commission, in Resolution No. 19731, adopted findings that the actions contemplated in this ordinance are consistent, on balance,

with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 160510, and is incorporated herein by reference.

(c) On September 8, 2016, the Planning Commission, in Resolution No. 19731, approved this ordinance, recommended it for adoption by the Board of Supervisors, and adopted findings that it will serve the public necessity, convenience, and welfare. Pursuant to Planning Code Section 302, the Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 160510, and is incorporated herein by reference.

Section 2. The Planning Code is hereby amended by revising Section 415.3(c)(5), to read as follows:

SEC. 415.3. APPLICATION.

\* \* \* \*

(c) Section 415.1 et seq., the Inclusionary Housing Program, shall not apply to:

.\* \* \* \*

- (5) A Student Housing project that meets all of the following criteria:
- (A) The building or space conversion does not result in loss or conversion of existing housing, including but not limited to rental housing and dwelling units;
- (B) An institutional master plan (IMP) pursuant to Section 304.5 is on file with the Planning Department prior to the issuance of any building permit or alteration permit in connection with the creation of the Student Housing project, and, in addition to the requirements of Section 304.5, such IMP shall describe:
- (i) to the extent such information is available, the type and location of housing used by its students;

- (ii) any plans for the provision of Student Housing; and
- (iii) the Educational Institution's need for student housing to support its program; and
- (iv) the percentage of its students, on an average annual basis, that receive some form of need-based assistance-*as described in (113B)*.
- (C) The Mayor's Office of Housing <u>and Community Development (MOHCD)</u> is authorized to monitor this program. MOH<u>CD</u> shall develop a monitoring form and annual monitoring fee to be paid by the owner of the real property or the Post-Secondary Educational Institution or Religious Institutions, as defined in Section 102 of this Code. The owner of the real property and each Post-Secondary Educational Institution or Institutions shall agree to submit annual documentation to <u>the Mayor's Office of Housing (MOHCD)</u> and the Planning Department, on or before December 31 of each year, that addresses the following:
- (i) Evidence that the Post-Secondary Educational Institution continues to own or otherwise control the Student Housing project under a master lease or other contractual agreement with at least a *5two*-year term, including a certificate from the owner of the real property and the Post-Secondary Educational Institution attaching a true and complete copy of the master lease or other contractual agreement (financial information may be redacted) and certifying that the lease or contract has not otherwise been amended or terminated; and
- (ii) Evidence, on an average annualized basis, of the percentage of students in good standing enrolled at least half time or more in the <u>pPost-sSecondary</u> Educational Institution or Institutions who are occupying the beds or accessory living space in the Student Housing project; and

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(iii) The owner of the real property records a Notice of Special Restrictions (NSR) against fee title to the real property on which the Student Housing is located that states the following:

-<u>a.</u> The Post-Secondary Educational Institution, or the owner of the real property on its behalf, must file a statement with the Department if it intends to terminate the Student Housing project at least 60 days before it terminates such use ("statement of termination");

The Student Housing project becomes subject to the Inclusionary Housing Ordinance requirements applicable to Housing Projects other than Qualified Housing Projects if (1) a Post-Secondary Educational Institution files a statement of termination with the Department and another ppost-specondary Educational Institution or Institutions have not been substituted or obligated to meet the requirements of this subsection; or (2) the owner of the real property or the ppost-specondary Educational Institution fails to file a statement of termination and fails to meet the requirements for a Student Housing project, then within not more than one year of a Notice Of Violation issued by the Planning Department:

to the Inclusionary Housing Ordinance then the owner of those units shall (1) pay the Affordable Housing Fee plus interest from the date the project received its first construction document for the project if there is no evidence the Pproject ever qualified as Student Housing or, if Student Housing was provided and occupied, then the Affordable Housing Fee with no interest is due on the date the units were no longer occupied by qualifying households and interest would accrue from that date if the fee is not paid; or (2) provide the required number of on-site affordable units required at time of original project approval and that those units shall be subject to all of the requirements of this Program. In this event, the owner of the real

property shall record a new NSR providing that the designated units must comply with all of the requirements of this Program.

The Post-Secondary Educational Institution is -d. required to report annually as required in Subsection (c)(5)(C) above;

The City may commence legal action against the owner and/or Post-Secondary Educational Institution to enforce the NSR and the terms of Article IV of the Planning Code and Planning Code Section 415 et seq. if it determines that the project no longer meets the requirements for a Student Housing project; and

-f. The Student Housing project may be inspected by any City employee to determine its status as a Student Housing project and its compliance with the requirements of this Code is Section at any time upon at least 24 hours' prior notice to the owner of the real property or to the master lessee.

Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

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Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

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

Ву:

ANDREA RUIZ-ESQUIDE Deputy City Attorney

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### **LEGISLATIVE DIGEST**

[Planning Code - Student Housing Exemption from Inclusionary Housing Requirements]

Ordinance amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

#### **Existing Law**

The Planning Code exempts Student Housing, as defined in the Code, from the requirements of the Inclusionary Housing Ordinance, if some conditions are met. One of those conditions currently requires the Post-Secondary Educational Institution that owns or controls the Student Housing to submit annual documentation to the Mayor's Office of Housing (MOHCD) and the Planning Department demonstrating, among other things, that the Post-Secondary Educational Institution owns or otherwise controls the Student Housing project under a master lease or other contractual agreement with at least a five-year term.

#### Amendments to Current Law

This Ordinance changes the requirement that the Post-Secondary Educational Institution control the Student Housing project for at least a five-year term, to at least a two year term.

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#### BOARD of SUPERVISORS



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

May 18, 2016

File No. 160510

Sarah Jones Environmental Review Officer Planning Department 1650 Mission Street, Ste. 400 San Francisco, CA 94103

Dear Ms. Jones:

On May 10, 2016, Supervisor Wiener introduced the following proposed legislation:

File No. 160510

Ordinance amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

Byt Andrea Ausberry, Assistant Clerk

Land Use and Transportation Committee

Attachment Guidelines S

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

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.

Joy Navarrete Digitally signed by Joy Navarrete DN: cn=Joy Navarrete, o=Planning, ou=Environmental Planning, email=joy.navarrete@sfgov.org, c=US
Date: 2016.05.19 17:07:33 -07'00'

September 15, 2016

Ms. Angela Calvillo, Clerk Honorable Supervisor Wiener Board of Supervisors City and County of San Francisco City Hall, Room 244 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102 1650 Mission St. Suite 400 San Francisco, CA 94103-2479

Reception: 415.558.6378

Fax: 415.558.6409

Planning Information: 415.558.6377

Re:

Transmittal of Planning Department Case Number 2016-006593PCA: Student Housing Exemption from Inclusionary Housing Program Board File No. 160510 Planning Commission Recommendation: *Approval* 

Dear Ms. Calvillo and Supervisor Wiener,

On September 8, 2016, the Planning Commission conducted duly noticed public hearings at regularly scheduled meetings to consider the proposed Ordinance that would amend Planning Code Section 415.3, introduced by Supervisor Wiener. At the hearing the Planning Commission recommended approval.

Additionally, the Commissioner Moore requested that staff include comments from Planning Commissioners which included the following:

- Commissioner Moore questioned the reasoning behind the reduction from five years to two years for a Master Lease at the hearing. She did receive an answer from Staff and Andres Powers;
- She was concerned about the monitoring abilities from the Mayor's Office of Housing and Community Development (MOHCD) and enforcement capabilities from the Planning Department; and
- She commented on the important role students can play in the monitoring of Student Housing to ensure that students are graduating on time.

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.

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,

Aaron D. Starr

Manage of Legislative Affairs

# Transmital Materials Student Housing Exemption from Inclusionary Housing Program

CASE NO. 2016-006593PCA

cc:

Andrea Ruiz-Esquide, Deputy City Attorney Andres Power, Aide to Supervisor Wiener Andrea Ausberry, Office of the Clerk of the Board

## Attachments:

Planning Commission Resolution Planning Department Executive Summary Public Comment

# Planning Commission Resolution No. 19731

**HEARING DATE: SEPTEMBER 8, 2016** 

1650 Mission St. Suite 400 San Francisco, CA 94103-2479

Reception: 415.558.6378

415.558.6409

Planning Information: 415.558.6377

Project Name:

Student Housing Exemption from Inclusionary Housing Program

Case Number: Initiated by:

**2016-006593PCA** [Board File No. 160510]

Staff Contact:

Supervisor Wiener/ Introduced May 10, 2016 and June 21, 2016

Menaka Mohan, Legislative Affairs

menaka.mohan@sfgov.org, 415-575-9141

Reviewed by:

Aaron Starr, Manager of Legislative Affairs

aaron.starr@sfgov.org, 415-558-6362

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND PLANNING CODE SECTION 415.3 TO CODE TO CHANGE THE REQUIREMENT THAT STUDENT HOUSING BE OWNED OR LEASED BY AN EDUCATIONAL INSTITUTION TO BE EXEMPT FROM THE INCLUSIONARY HOUSING PROGRAM FROM FIVE TO TWO YEARS; ADOPTING 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 May 10, 2016 and June 21, 2106 Supervisor Wiener introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 160510 which would amend Section 415.1 of the Planning Code to Code to change the requirement that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program from five to two years.;

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on September 8, 2016; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 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 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors approve 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:

- 1. There is a shortage of nearly 40,000 beds for Student Housing in the City and this shortfall contributes to the overall housing crises as students are forced to look for housing in the very limited and expensive existing housing stock.
- 2. The proposed ordinance does not change the current law which prohibits the conversion of the existing housing stock to Student Housing.
- 3. The current ordinance also does not change the law as it relates to the Inclusionary Affordable Housing Ordinance. Namely, if units in a student housing project become subject to the Inclusionary Housing Ordinance then the owner of those units shall pay the Affordable Housing Fee or provide the required number of on-site affordable units required at the time of the original project approval.
- 4. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are is consistent with the following Objectives and Policies of the General Plan:

#### HOUSING ELEMENT

#### **OBJECTIVE 1**

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

#### Policy 1.9

Require new commercial developments and higher educational institutions to meet the housing demand they generate, particularly the need for affordable housing for lower income workers and students.

The proposed Ordinance will potentially facilitate the creation of more Student Housing by reducing the master lease time required from five years to two years lowering the financial burden on educational institutions thereby enhancing their ability to lease with property owners.

- 5. 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:
  - 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.

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.

6. **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 as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on September 8, 2016

Jonas P. Ionin

Commission Secretary

AYES:

Richards, Fong, Hillis, Johnson, Moore

NOES:

None

ABSENT:

None

ADOPTED:

September 8, 2016

# **Executive Summary Planning Code Text Amendment**

HEARING DATE: SEPTEMBER 8, 2016 EXPIRATION DATE: SEPTEMBER 16, 2016 1650 Mission St. Suite 400 San Francisco, CA 94103-2479

Reception: 415.558.6378

Fax:

415.558.6409

Planning Information: 415.558.6377

Project Name:

Student Housing Exemption from Inclusionary Housing Program

Case Number:

**2016-006593PCA** [Board File No. 160510]

Initiated by:

Supervisor Wiener/Introduced May 10, 2016 and June 21, 2016

Staff Contact:

Menaka Mohan, Legislative Affairs

Reviewed by:

menaka.mohan@sfgov.org, 415-575-9141 Aaron Starr, Manager of Legislative Affairs

aaron.starr@sfgov.org, 415-558-6362

Recommendation:

Recommend Approval

#### PLANNING CODE AMENDMENT

The proposed Ordinance amends the Planning Code to change the requirement that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program from five to two years.

#### The Way It is Now:

In Section 415.3, the Inclusionary Housing Program, Student Housing Projects that meet certain criteria are exempt from the inclusionary housing requirement. The Student Housing Project must complete an Institutional Master Plan (IMP) and meet several requirements. Currently, the Post-Secondary Institution that is leasing the Student Housing Project must have at least a five year master lease or other contractual agreement, including a certificate from the owner of the real property and the Post-Secondary Educational Institution attaching a true and complete copy of the master lease or other contractual agreement that certifies that the lease or contract has not otherwise been amended or terminated.

#### The Way It Would Be:

In Section 415.3, the Inclusionary Housing Program, Student Housing Projects would still be required to meet the same requirements in order for the Student Housing Project to be exempt from the inclusionary housing requirements, including completing an IMP and meeting several requirements; however, the ordinance proposes that the Post-Secondary Institution that is leasing the Student Housing Project must have at least a two year master lease or other contractual agreement, including a certificate from the owner of the real property and the Post-Secondary Educational Institution attaching a true and complete copy of the master lease or other contractual agreement that certifies that the lease or contract has not otherwise been amended or terminated.

Executive Summary
Hearing Date: September 8, 2016

#### **BACKGROUND**

San Francisco is home to around 80,000 students and over 30 educational institutions which provide only 9,000 beds. Assuming that 50% of students commute or live at home, this still leaves a huge shortfall-around 40,000 beds are still needed to meet demand. This shortfall contributes to the overall housing crises as students are forced to look for housing in the very limited and expensive existing housing stock. The lack of student housing also impacts educational institutions as they struggle to attract desirable students due to the high cost of housing in San Francisco.

#### Current Policy in San Francisco

In the Housing Element, Policy 1.9 states that that new commercial developments and educational institutions should meet the housing demand they generate, especially for low income workers and students. Additionally, since 2010, there have been two ordinances to aid educational institutions build the housing that is generated from the student body. The intent of these legislative changes has been two-fold, (1) to encourage the production of new student housing and (2) protect existing housing.

In 2010, Supervisor Bevan Dufty introduced legislation<sup>2</sup> that removed the inclusionary requirement from student housing. Housing projects not dedicated to students are required to pay the Inclusionary Housing fee or are required to provide Inclusionary Affordable units, either on-site or off site. The Inclusionary Housing requirement is the largest impact fee in San Francisco and removing this fee provided a significant fiscal incentive to build more housing for students. Given that students are generally low income, and because the student housing is in short supply, the exemption from Inclusionary Housing was approved. This 2010 ordinance paired this significant incentive with a provision that prevented the conversion of existing housing to student housing, or what became known as the "cannibalization" of existing housing.

In 2012, Supervisor Wiener introduced legislation<sup>3</sup> that sought to expand on these goals by increasing the effectiveness of the current law while easing compliance. The original law included a burdensome requirement that required annual reports on the incomes of the specific people living in student housing. The 2012 law changed the reporting requirement to ensure a diverse student body, without requiring reporting on specific individual's incomes. Under the new law, instead of each development documenting that 30% of the residents were low-income; the associated educational institution must document that 30% of their overall student body is low-income.

The law also established Student Housing as a use type so it could be tracked and regulated effectively. Additionally the ordinance established a mechanism to recapture inclusionary fees if the project ever converted to a standard residential use in the future. More importantly, the ordinance continued the prohibition on the conversion of existing housing to Student Housing.

On February 29, 2016 Supervisor Wiener held a hearing on Student Housing Needs and Production<sup>4</sup> at a regularly scheduled Land Use and Transportation Committee. At the hearing, the Planning Department presented as well as four institutions which included: University of California, San Francisco (UCSF),

Sources: Business Times, February 4, 2016; SF Controller's Office of Economic Analysis Report on Student Housing, 12/6/2010, Housing Action Coalition website <a href="http://www.sfhac.org/policy-advocacy/student-housing">http://www.sfhac.org/policy-advocacy/student-housing</a>

Ordinance No. 321-10 https://sfgov.legistar.com/View.ashx?M=F&ID=1123080&GUID=39A95781-C62D-4E92-AA77-920A1922BBE8

<sup>&</sup>lt;sup>3</sup>Ordinance No. 188-12 <a href="https://sfgov.legistar.com/View.ashx?M=F&ID=2125602&GUID=27090DC1-993D-486A-9F99-2D258CF1CB3F">https://sfgov.legistar.com/View.ashx?M=F&ID=2125602&GUID=27090DC1-993D-486A-9F99-2D258CF1CB3F</a>

Video from the hearing can be found here: http://sanfrancisco.granicus.com/MediaPlayer.php?view\_id=177&clip\_id=24825

Executive Summary
Hearing Date: September 8, 2016

Student Housing Exemption from Inclusionary Housing Program

University of California, Hastings College of Law (UC Hastings), San Francisco State University (SF State), and California College of the Arts (CCA). Each institution presented on the current student body, housing needs and challenges, and projected student housing need. Three of the institutions that presented are exempted from the Planning Code requirements of an IMP because they are state universities and not subject to local land use law.

#### Table 1: Rate of Student Housing Provided:

University of San Francisco	38%
University of California, Hastings	
University of California, San Francisco	

During the hearing, Supervisor Wiener asked the universities and the City to generate ideas that could increase the production of Student Housing. During public comment it was suggested that reducing the time of a master lease from five years to two years, with the option to renew after three years could incentivize the creation of more Student Housing. Given that universities are often wary of committing to a five year lease as the institution may want to see how the Student Housing operates, may not have the financial resources to commit to a five year lease, and a longer term lease may impede the institution's ability to build its own housing. This suggestion resulted in the ordinance before the Commission today.

#### **ISSUES AND CONSIDERATIONS**

#### **Student Housing Definition**

The definition of Student Housing<sup>5</sup> is as follows: a Residential Use characteristic defined as a living space for students of accredited Post-Secondary Educational Institutions that may take the form of Dwelling Units, Group Housing, or SRO Unit and is owned, operated, or otherwise controlled by an accredited Post-Secondary Educational Institution. The land use type, Student Housing, is permitted where the underlying form of housing is permitted in the Zoning District in which it is located. Student Housing may consist of all or part of a building.

#### State of Student Housing in San Francisco

The Department estimates that there are currently around 9,000 beds provided for students based on a survey of Institutional Master Plans<sup>6</sup> and information retrieved from other news sources.<sup>7</sup> The table below shows new Student Housing added since 2012, which results in approximately 1200 beds:

<sup>&</sup>lt;sup>5</sup>The definition is in Section 102 of the Planning Code

Institutional Master Plans can be found here <a href="http://sf-planning.org/institutional-master-plans">http://sf-planning.org/institutional-master-plans</a>

Sources: Business Times, February 4, 2016; SF Controller's Office of Economic Analysis Report on Student Housing, 12/6/2010, Housing Action Coalition website <a href="http://www.sfhac.org/policy-advocacy/student-housing">http://www.sfhac.org/policy-advocacy/student-housing</a>

Table 2: New Student Housing Added since 2012

	7 <u>1</u> 4.7 (1.2 (1.3))		Special States
1321 Mission	120 studios & 40 bedroom suites		½ CCA/½ SF Planning Permit Conservatory of Music
38 Harriet	23 units	46 beds	California College Planning Permit of the Arts (CCA)
SF State Campus	Not specified	+800 Beds, through remo	San Francisco Business Times odel State

 $Table \ 3 \ shows \ the \ projected \ pipeline \ as \ of \ February \ 2016, which \ will \ result \ in \ approximately \ 1700 \ beds.$ 

Table 3: New Student Housing in the Pipeline as of February 2016

	i ye. 14 Tanin	vojasti teroti.	Şahani	Sicions
75 Arkansas	30	228	CCA Lease	Under Review
2500 Turk	155 units	606	University of San Francisco	Under Review
200 Van Ness	144 Units	320	Conservatory of Music	Under Review
188 Hooper		600	CCA	Under Review

Executive Summary
Hearing Date: September 8, 2016

#### **Group Housing**

In 2015, Supervisors Avalos, Campos, Kim, and Mar sponsored legislation<sup>8</sup> to clarify that Inclusionary Housing Requirements specified in Planning Code section 415 apply to Group Housing projects. The definition of Student Housing states that the housing may take the form of Group Housing. Group Housing is defined in Section 102 as the following, "A Residential Use that provides lodging or both meals and lodging, without individual cooking facilities, by prearrangement for a week or more at a time, in a space not defined by this Code as a dwelling unit. Such group housing shall include, but not necessarily be limited to, a Residential Hotel, boardinghouse, guesthouse, rooming house, lodging house, residence club, commune, fraternity or sorority house, monastery, nunnery, convent, or ashram. It shall also include group housing affiliated with and operated by a medical or educational institution, when not located on the same lot as such institution, which shall meet the applicable provisions of Section 304.5 of this Code concerning institutional master plans." Given that if the Student Housing were to be built and no longer used as Student Housing but as Group Housing, the project would still have to pay the Affordable Housing Fee detailed in Section 415.1.

#### Academy of Art

Any discussion of Student Housing must also include a discussion of the Academy of Art. On January 21, 2016 the Government Audit and Oversight Committee of the Board of Supervisors held a hearing regarding AAU's Institutional Master Plan and the AAU's numerous Planning Code Violations. At this hearing the total number of AAU properties used as student housing was 17, providing a total of 1,810 student beds. Of these beds, only 38 percent or 690 beds were authorized as student housing whereas the remaining 62 percent, or 1,120 beds, were unauthorized. The Planning Commission initiated an ordinance on July 28, 2016 that proposes a path to legalization for two properties owned by AAU and will be considered for adoption on September 22, 2016 along with a Planning Code Amendment that is initiated by the Academy of Art.

However, the legislation before the Commission today does not impact the Department's ability to enforce on unauthorized conversions of existing housing to Student Housing. Furthermore the legislation does not change the mechanism to collect Affordable Housing Fees or Affordable Housing Units if the units in a student housing project become subject to the Inclusionary Housing Ordinance.

#### IMPLEMENTATION

The Department has determined that this ordinance will not impact our current implementation procedures. In addition, the Department has consulted with the Mayor's Office of Community Development-the agency that monitors student housing as it relates to inclusionary fees and affordable units-and MOHCD is comfortable with the shorter time frame that this legislation proposes.

#### 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.

<sup>&</sup>lt;sup>8</sup>Ordinance No. 164-15 <a href="https://sfgov.legistar.com/View.ashx?M=F&ID=4051149&GUID=42F922BD-FF9B-49A1-9FCB-FE4F38D96B9D">https://sfgov.legistar.com/View.ashx?M=F&ID=4051149&GUID=42F922BD-FF9B-49A1-9FCB-FE4F38D96B9D</a>

The Planning Department Executive Summary can be found here: <a href="http://commissions.sfplanning.org/cpcpackets/2016-007198PCA">http://commissions.sfplanning.org/cpcpackets/2016-007198PCA</a> 2012.0646PCA 2016-000559PCA.pdf

## CASE NO. 2016-006593PCA

Student Housing Exemption from Inclusionary Housing Program

#### RECOMMENDATION

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

#### BASIS FOR RECOMMENDATION

The Department is supportive of the proposed legislation even if it shortens the master lease time from five years to two years because the private developer given the following:

#### The Shortage of Student Housing

The City currently faces an estimated 40,000 shortage of beds generated by post-secondary educational institutions. This shortfall contributes to the overall housing crises as students are forced to look for housing in the very limited and expensive existing housing stock. At the February 29, 2016 Land Use and Transportation Committee hearing, Supervisor Wiener asked several universities and the City to develop ideas to address this significant shortage. The shortened master lease time was suggested during public comment. The shortened lease time is beneficial to post-secondary institutions as it allows the institutions to evaluate how the building will be run and a longer term lease may impede the institution's ability to build its own housing. This ordinance proposes that change with the goal of creating more Student Housing which is desperately needed in the City.

#### **Existing Housing Stock**

The proposed ordinance does not change the current law which prohibits the conversion of the existing housing stock to Student Housing. The City still has the ability to enforce on any universities that purchase existing housing to convert to Student Housing.

#### Inclusionary Fees and Affordable Units

The current ordinance also does not change the law as it relates to the Inclusionary Affordable Housing Ordinance. Namely, if units in a student housing project become subject to the Inclusionary Housing Ordinance then the owner of those units shall pay the Affordable Housing Fee or provide the required number of on-site affordable units required at the time of the original project approval.

#### **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**

As of the date of this report, the Planning Department has received a letter of support from the California College of Arts (CCA) and a letter of support signed by the following educational institutions, UC Hastings College of the Law, Golden Gate University, California Institute of Integral Studies, California College of the Arts, American Conservatory Theater, Fashion Institute of Design and Merchandising, San Francisco Conservatory of Music, and the San Francisco Art Institute.

RECOMMENDATION:

Recommendation of Approval

Executive Summary

CASE NO. 2016-006593PCA
Student Housing Exemption from Inclusionary Housing Program

Hearing Date: September 8, 2016

#### Attachments:

Exhibit A: Draft Planning Commission Resolution

Exhibit C: Letters of Support/Opposition

Exhibit B: Board of Supervisors File No. 160510

5212 Broadway Oakland, CA 94618 510.594.3600 cca.edu

## CCO CALIFORNIA COLLEGE OF THE ARTS

San Francisco Board of Supervisors 1 Dr. Carlton B Goodlett Place San Francisco, CA 94102 August 26, 2016

San Francisco Planning Commission 1650 Mission Street, Suite 400 San Francisco, CA 94103

RE: Minimum Lease Period for Qualified Student Housing Shortening from Five to Two Years (FILE NO. 160510)

Dear Supervisors and Planning Commissioners:

We are writing to urge you to support the proposed ordinance that amends the length of student housing leases required by the planning code.

The ordinance was initially passed in 2012 to encourage developers to build more affordable student housing. Our institution, the California College of the Arts, and the San Francisco Conservatory of Music are the only institutions to act on this ordinance to date, in part because of the required five-year term.

The current lease period requires our institution to carry a large liability on our balance sheets, which in turn, constrains us fiscally and hinders the flexibility of our organizations. A shorter lease period would reduce this burden.

Further, all educational institutions in San Francisco are at a disadvantage to those in other cities across California and the U.S., as the shortage and high cost of student housing can be a significant deterrent to many students considering matriculation in San Francisco.

Reducing the number of years required for a lease from five to two years will significantly enhance our ability to source and execute leases with property owners.

With the passing of this ordinance, we believe it will encourage the construction of new housing to target the chronically low student housing stock in San Francisco. Thank you for the opportunity to comment on this important proposal.

Sincerely,

David Meckel

Director of Campus Planning

San Francisco Board of Supervisors 1 Dr. Carlton B Goodlett Place San Francisco, CA 94102

San Francisco Planning Commission 1650 Mission Street, Suite 400 San Francisco, CA 94103

August 17, 2016

RE: Shortening the Minimum Lease Period for Qualified Student Housing from Five to Two Years

Dear Members of the Board of Supervisors and the Planning Commission:

The proposed ordinance amends the length of student housing leases required by the planning code. We are writing to urge you to support that resolution.

The ordinance was initially passed in 2012 to encourage developers to build more student housing. The California College of the Arts and the San Francisco Conservatory of Music are the only institutions to avail of the ordinance to date.

The current lease period of five years requires our institutions to carry a large liability, which in turn, constrains us fiscally and hinders the flexibility of our organizations. A shorter lease period would reduce this burden.

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Thank you for the opportunity to comment on this important proposal.

Sincerely,

David I. Faloman

David L. Faigman Chancellor & Dean

Danil The

David J. Fike President

Joseph L. Subbiondo
President







David Meckel Director of Campus Planning CCO CALIFORNIA COLLEGE OF THE ARTS

Jameser

Jason Seifer Director of Finance & Operations ACT AMERICAN CONSERVATORY

M. Wershew

Anna Clenshaw Housing Director

De H. Start

David Stull President

Party Schul

Rachel Schreiber President



San Francisco Conservatory of Music



cca.edu

# CCO CALIFORNIA COLLEGE OF THE ARTS

San Francisco Board of Supervisors 1 Dr. Carlton B Goodlett Place San Francisco, CA 94102 August 26, 2016

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Sincerely

Director of Campus Planning

#### BOARD of SUPERVISORS



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

May 18, 2016

File No. 160510

Sarah Jones Environmental Review Officer Planning Department 1650 Mission Street, Ste. 400 San Francisco, CA 94103

Dear Ms. Jones:

On May 10, 2016, Supervisor Wiener introduced the following proposed legislation:

File No. 160510

Ordinance amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

Byt "Andrea Ausberry, Assistant Clerk

Land Use and Transportation Committee

Attachment

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

#### **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

May 18, 2016

Planning Commission Attn: Jonas Ionin 1650 Mission Street, Ste. 400 San Francisco, CA 94103

Dear Commissioners:

On May 10, 2016, Supervisor Wiener introduced the following legislation:

File No. 160510

Ordinance amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

By: Andrea Ausberry, Assistant Clerk

Land Use and Transportation Committee

John Rahaim, Director of Planning
 Aaron Starr, Acting Manager of Legislative Affairs
 Scott Sanchez, Zoning Administrator
 Sarah Jones, Chief, Major Environmental Analysis

AnMarie Rodgers, Legislative Affairs Jeanie Poling, Environmental Planning Joy Navarrete, Environmental Planning

#### BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
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## MEMORANDUM

TO:

Olson Lee, Director, Mayor's Office of Housing and Community

Development

Tiffany Bohee, Executive Director, Office of Community Investment and

Infrastructure :

FROM:

<sup>Y</sup> Andrea Ausberry, Assistant Clerk ູ

Land Use and Transportation Committee

DATE:

May 18, 2016

SUBJECT:

LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Wiener on May 10, 2016:

File No. 160510

Ordinance amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: <a href="mailto:andrea.ausberry@sfgov.org">andrea.ausberry@sfgov.org</a>.

c: Eugene Flannery, Mayor's Office of Housing and Community Development Sophie Hayward, Mayor's Office of Housing and Community Development Claudia Guerra, Office of Community Investment and Infrastructure 12<sup>-</sup>

[Approval of a 30-Day Extension for Planning Commission Review for Student Housing Exemption from Inclusionary Housing Requirements (File No. 160510)]

Resolution extending by 30 days the prescribed time within which the Planning Commission may render its decision on an Ordinance (File No. 160510) amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

WHEREAS, On May 10, 2016, Supervisor Wiener introduced legislation amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302; and

WHEREAS, On or about May 18, 2016, the Clerk of the Board of Supervisors referred the proposed ordinance to the Planning Commission; and

WHEREAS, The Planning Commission shall, in accordance with Planning Code Section 306.4(d), render a decision on the proposed Ordinance within 90 days from the date of referral of the proposed amendment or modification by the Board to the Commission; and

WHEREAS, Failure of the Commission to act within 90 days shall be deemed to constitute disapproval; and

WHEREAS, The Board, in accordance with Planning Code Section 306.4(d) may, by Resolution, extend the prescribed time within which the Planning Commission is to render its decision on proposed amendments to the Planning Code that the Board of Supervisors initiates; and

WHEREAS, Supervisor Wiener has requested additional time for the Planning Commission to review the proposed Ordinance; and

WHEREAS, The Board deems it appropriate in this instance to grant to the Planning Commission additional time to review the proposed Ordinance and render its decision; now, therefore, be it

RESOLVED, That by this Resolution, the Board hereby extends the prescribed time within which the Planning Commission may render its decision on the proposed Ordinance for approximately 30 additional days, until September 16, 2016.



# City and County of San Francisco Tails

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

#### Resolution

File Number:

160726

Date Passed: June 28, 2016

Resolution extending by 30 days the prescribed time within which the Planning Commission may render its decision on an Ordinance (File No. 160510) amending the Planning Code to change the requirement from five to two years that Student Housing be owned or leased by an educational institution to be exempt from the Inclusionary Housing Program; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, Planning Code, Section 302, and the eight priority policies of Planning Code, Section 101.1.

June 28, 2016 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 160726

I hereby certify that the foregoing Resolution was ADOPTED on 6/28/2016 by the Board of Supervisors of the City and County of San Francisco.

> Angela Calvillo Clerk of the Board

Mayor

**Date Approved** 



# **Introduction Form**

By a Member of the Board of Supervisors or the Mayor

Time stamp

I hereby submit the following item for introduction (select only one):	or meeting date
1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter American State of the Committee).	endment)
	Situmont)
2. Request for next printed agenda Without Reference to Committee.	•
☐ 3. Request for hearing on a subject matter at Committee.	
4. Request for letter beginning "Supervisor	inquires"
☐ 5. City Attorney request.	
6. Call File No. from Committee.	
7. Budget Analyst request (attach written motion).	
8. Substitute Legislation File No.	,
9. Reactivate File No.	
10. Question(s) submitted for Mayoral Appearance before the BOS on	
☐ Planning Commission ☐ Building Inspection Com	Commission mission
ote: For the Imperative Agenda (a resolution not on the printed agenda), use a Impe	rauve form.
Wiener	· · · · · · · · · · · · · · · · · · ·
Subject:	
Planning Code - Student Housing Exemption from Inclusionary Housing Requirements	
The text is listed below or attached:	
Ordinance amending the Planning Code to change the requirement from five to two years to woned or leased by an educational institution to be exempt from the Inclusionary Housing Planning Department's determination under the California Environmental Quality Act; and public necessity, convenience, and welfare under Planning Code Section 302, and of consistent and the eight priority policies of Planning Code Section 101.1.	Program; affirming the making findings of of
Signature of Sponsoring Supervisor:	Itema
For Clerk's Use Only:	