

REVISED LEGISLATIVE DIGEST

(12/5/2016, Amended in Committee)

[Planning Code - Inclusionary Housing Small Sites Program]

Ordinance amending the Planning Code to create an alternative for project sponsors of smaller market rate projects to direct the Affordable Housing Fee to Small Sites Projects; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1, and a finding of public necessity, convenience, and welfare under Planning Code Section 302.

Existing Law

Under the City's Inclusionary Affordable Housing Program, Planning Code Sections 415 et seq., a project sponsor of a residential development must pay an Affordable Housing Fee or, in the alternative, choose to provide On-site or Off-site units, or a combination thereof. (Planning Code § 415.5(g).)

The City's existing Small Sites Fund consists of 10% of all fees deposited into the Citywide Affordable Housing Fund, excluding fees that are geographically targeted such as those referred to in Sections 415.5(b)(1) and 827(b)(1), up to a total of \$15 million. These funds are designated to support acquisition and rehabilitation of Small Sites, defined as properties consisting of 2-25 units. Units supported by monies from the fund are to be designated as housing affordable to qualified households as set forth in Section 415.2 for no less than 55 years. Properties supported by the Small Sites Funds must be:

- (i) rental properties that will be maintained as rental properties;
- (ii) vacant properties that were formerly rental properties as long as those properties have been vacant for a minimum of two years prior to the effective date of this legislation;
- (iii) properties that have been the subject of foreclosure; or
- (iv) a Limited Equity Housing Cooperative as defined in Subdivision Code Sections 1399.1 et seq. or a property owned or leased by a non-profit entity modeled as a Community Land Trust. (Planning Code § 415.5(f)(2)(B).)

Amendments to Current Law

This ordinance would create a third alternative to payment of the Affordable Housing Fee for sponsors of projects comprised of 24 or fewer residential units. These project sponsors may elect to meet their Inclusionary Affordable Housing requirement by designating their payment of the Affordable Housing Fee into a Small Sites program, pursuant to which the funds would be used to acquire or rehabilitate Small Sites. Affordable Housing Fees designated for the

new Small Sites program would be expended on a Small Sites Project that meets the existing requirements for the City's Small Sites Program (Section 415.5(f)(2)(B)) and that is located in the same neighborhood as the principal project, as determined by the Planning Department's Neighborhood Groups Map. If MOHCD is unable to identify and apply the fee to a qualifying Small Sites Project within the same neighborhood as the principal project within two years of the payment of the fee, such fee shall be released into the Affordable Housing Fund to fund other qualifying Small Sites Projects in San Francisco. The funds would not be considered part of the designated funds specified by Section 415.5(f).

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