

**LEGISLATIVE DIGEST**

[Business and Tax Regulations, Planning Codes - Central South of Market Housing Sustainability District]

**Ordinance amending the Business and Tax Regulations and Planning Codes to create the Central South of Market Housing Sustainability District (encompassing an area generally bounded on its western portion by Sixth Street, on its eastern portion by Second Street, on its northern portion by the border of the Downtown Plan Area (an irregular border that generally tracks Folsom, Howard, or Stevenson Streets), and on its southern portion by Townsend Street) to provide a streamlined and ministerial approval process for certain housing projects within the District meeting specific labor, on-site affordability, and other requirements; creating an expedited Board of Appeals process for appeals of projects within the District; and making approval findings under the California Environmental Quality Act, findings of public convenience, necessity, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

Existing Law

1. City law.

The Planning Code regulates development in the City, including residential and mixed-use developments. Article 3 of the Planning Code sets forth zoning procedures, including procedures for the City's consideration and approval of certain development permit applications.

Section 8 of the Business and Tax Regulations Code sets forth requirements for the appeal of permit decisions to the Board of Appeals, including the timeline for filing such appeals. Section 26 of the Business and Tax Regulations Code permits City departments to exercise discretion as to whether permits should be granted, transferred, denied, or revoked.

2. New State law.

Assembly Bill 73 (AB 73), California Government Code Sections 66200 et seq., authorizes local agencies to establish by ordinance one or more Housing Sustainability Districts (HSD) to provide a streamlined, ministerial approval process for residential and mixed use developments meeting certain requirements. Local agencies must obtain approval of any HSD ordinance from the California Department of Housing and Community Development.

AB 73 requires local agencies to prepare an Environmental Impact Report (EIR) to identify and mitigate the environmental impacts of the HSD designation. Projects approved under an HSD ordinance must implement applicable mitigation measures identified in the EIR.

An HSD ordinance must require that at least 20 percent of the residential units constructed within an HSD be affordable to very low, low-, and moderate-income households and subject to a recorded affordability restriction for at least 55 years.

Among other requirements, at least 10 percent of the units in any development project seeking approval under an HSD ordinance must be affordable for lower income households, unless the local agency has adopted a requirement that a greater percentage of the units be affordable for lower income households. Subject to certain exceptions, project sponsors must commit to complying with certain prevailing wage and skilled and trained workforce requirements when constructing a project approved under an HSD ordinance.

AB 73 authorizes local agencies to adopt design review standards applicable to development projects within the HSD.

If a development project meets the requirements of an HSD ordinance, the local agency must hold a hearing and issue a written decision on the project within 120 days of receipt of an application, and must exercise ministerial approval of the project. AB 73 limits the grounds on which a local agency may deny an application for approval under the HSD ordinance.

A local agency that establishes an HSD approved by the California Department of Housing and Community Development will be entitled to a zoning incentive payment, based on the number of new residential units constructed within the HSD, upon appropriation of funds by the California Legislature for that purpose.

#### Amendments to Current Law

The ordinance would add new Planning Code Section 343 to establish the Central SoMa Housing Sustainability District (Central SoMa HSD). The Central SoMa HSD would include all parcels within the proposed Central SoMa Special Use District.

The ordinance would create a streamlined, ministerial approval process for residential and mixed use developments meeting the requirements of AB 73 and other eligibility criteria. The ordinance would provide that the Planning Department, the Planning Commission, and the Board of Appeals will not exercise discretionary review of projects seeking approval under the Central SoMa HSD.

The ordinance would require the Planning Department to hold an informational hearing and issue a written decision on the project within 120 days of receiving a complete application.

The ordinance would require the project sponsor of any project approved under the Central SoMa HSD to obtain the first site or building permit for the project from the Department of Building Inspection within 36 months of the Planning Department's issuance of a written decision on the project. The ordinance would create a process for revocation of the Planning Department's approval.

The ordinance would require the Planning Department to review projects seeking approval under the Central SoMa HSD for compliance with the design standards set forth in the San Francisco Urban Design Guidelines and the Central SoMa Plan's Guide to Urban Design.

The ordinance would require the Planning Department to monitor and enforce compliance with the requirements of the Central SoMA HSD ordinance.

The ordinance would amend Section 8 of the Business and Tax Regulations Code to expedite appeals to the Board of Appeals of permit decisions made under the Central SoMa HSD, as follows: such appeals must be taken within 10 days of the permit decision; the Board of Appeals must set the hearing no less than 10 days after the filing of the appeal; and the Board of Appeals must act on the appeal not more than 30 days after the filing, and shall not entertain a motion for rehearing.

The ordinance would amend Section 26 of the Business and Tax Regulations Code to provide that the Central SoMa HSD's ministerial approval process in Planning Code Section 343 will govern permit decisions.

The ordinance would become operative upon receipt of preliminary approval by the California Department of Housing and Community Development. The ordinance would expire by operation of law seven years after its operative date, unless renewed.

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