

**EXHIBIT III.1 -
- PLANNING CODE AND
ADMINISTRATIVE CODE
AMENDMENTS CASE REPORT**



SAN FRANCISCO PLANNING DEPARTMENT

Approval of Planning Code and Administrative Code Amendments Case Report

HEARING DATE: MAY 10, 2018

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Project Name: Central SoMa Plan Planning Code and Administrative Code Amendments
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Record Number: 2011.1356EMTZU
Initiated By: Mayor Farrell and Supervisor Kim on February 27, 2018
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Recommendation: Approval with Modifications

BACKGROUND

For background on the Central SoMa Plan, see the accompanying Executive Summary case report.

PLANNING CODE AND ADMINISTRATIVE CODE AMENDMENTS

The proposed Ordinance would amend the Planning Code and Administrative Code to give effect to the Central South of Market (SoMa) Area Plan, generally bounded on its western portion by 6th Street, on its eastern portion by 2nd Street, on its northern portion by the border of the Downtown Plan Area, and on its southern portion by Townsend Street.

The following is a summary of the major Code changes proposed by the Central SoMa Plan, organized by topic. For a detailed section-by-section explanation of the proposed amendments, see Exhibit III.4 "Summary of Revisions – Planning Code and Administrative Code."

Zoning and Land Use

The Plan proposes to accommodate growth and facilitate the provision of public benefits by rezoning much of the area to the newly created CMUO (Central SoMa Mixed Use-Office) (Section 848) (see the Case Report to the Zoning Map Amendments (Exhibit IV.1)). The CMUO largely would replace zoning districts that only allow production/distribution/repair uses (SLI and WS-SALI), only allow commercial uses (WS-MUO), or are largely limited to housing (MUR, WS-MUG, and RED). In general, the CMUO zoning is very flexible, allowing residential, office, retail, hotel, and production/distribution/repair (PDR) uses.

In addition, the whole Plan Area would be part of a new Central SoMa Special Use District (Section 249.78). The creation of this SUD facilitates the implementation of many of the Plan's core objectives and

policies, as discussed here and elsewhere in this document. To facilitate the creation of jobs on the small handful of the largest sites, the SUD would require sites over 40,000 square feet to be predominantly non-residential. PDR replacement would be required per existing Section 202.8, though the SUD would require additional PDR uses in large office projects. The SUD would enable nighttime entertainment uses to continue to be permitted west of 4th Street and south of Harrison Street, and be conditionally permissible in much of the rest of the area. To facilitate active and engaging ground floors, per Section 145, many of the major streets would be required to have ground floor commercial uses, while per the SUD large projects would be required to provide “micro-retail” units of 1,000 square feet or less, but offices would not be allowed on the ground floor, and formula retail uses would be limited. Finally, Section 128.1 extends the right to sell Transferable Development Rights (TDRs) to the neighborhood’s important historic buildings and 100% affordable housing sites, and the SUD requires purchase of these TDRs in large non-residential projects.

Physical Character

The Plan proposes to help respect and enhance the neighborhood’s physical character through a number of zoning strategies. Per Sections 132.4, 261.1, and 270, projects would have to: help create the “urban room” by being built up to the sidewalk edge and have a height roughly equivalent to the width of the street; ensure light and air on the street while facilitating architectural creativity by requiring setbacks and performance based measures (“skyplane”) for buildings where height limits exceed the urban room; and minimize the impact of the limited number of tower sites by requiring them to be substantially separated and have floor plates smaller than those permitted in the core of the downtown. Because of the comprehensiveness of bulk controls proposed in the Plan, per Section 124, FAR limits would not apply in most zoning districts. To maintain areas of fine-grained building pattern of historic and/or character enhancing buildings, the SUD (Section 249.78) would prohibit lot mergers for such buildings. Per the SUD (Section 249.78), the Code would include restrictions on wind conditions in this area for the first time.

Open Space, Greening, and Environmental Sustainability:

The Plan proposes a number of ways to ensure the direct provision of the public benefits of open space, greening, and environmental sustainability. Per Section 138, Privately-Owned Public Open Spaces (POPOS) would be required for non-residential uses. Generally these will need to be at the ground floor, open to the sky, and be publicly accessible seven days a week. The Planning Commission would be able to permit alternative means of satisfying this requirement, including providing the POPOS indoor or off-site, or paying a fee. Per the SUD (Section 249.78), buildings would be required to provide living roofs on at least 50% of their roof area, more buildings would be required to provide solar photovoltaic and/or thermal systems than currently required, and buildings would be required to use electricity that is 100% greenhouse gas-free.

Parking and Loading

The Plan’s Code amendments include a number of provisions that would improve conditions and reduce conflicts between private vehicles and people walking, biking, and taking transit and support the City’s Transit First Policy and Vision Zero Policy. In addition to the street improvements discussed in the Public Benefits Program (Exhibit IV.2), per Section 151.1 residential parking would be capped at an absolute maximum of 0.5 spaces per unit, and office parking would be capped at an absolute maximum of one

space per 3,500 square feet. Per Section 155, curb cuts would be banned on many major streets and require conditional use on the other major streets. Also per Section 155, projects would need to prepare a Driveway and Loading Operations Plan for City approval to reduce potential driveway operational conflicts, including loading activities, and to maximize reliance of on-site loading spaces to accommodate new loading demand.

Exactions

In order to pay for the proposed public benefits, the Plan includes a number of new fees and taxes. Section 423 classifies parcels into Central SoMa fee tiers, based on the additional development capacity created by the Plan. Section 432 creates a new Central SoMa Community Facilities Fee and Fund to help pay for new community facilities such as health care clinics and job training centers. Section 433 creates a new Central SoMa Infrastructure Impact Fee and Fund to help pay for enhanced local transit service. Sections 413, 415, 417, and 419 include mechanisms to facilitate affordable housing in SoMa, including requirements that funding generated by development projects in Central SoMa be expended in SoMa. Section 426 and 427 include revised in-lieu fees for open space, reflecting the appropriate cost for providing such space in a dense area such as SoMa, including land acquisition and construction costs. Additionally, it is expected that the ultimate Ordinance would include language regarding participation in the Plan's proposed Mello-Roos Community Facilities District for large projects that opt to utilize upzoning allowances (including greater height, bulk, density, and use provisions) provided by the Plan rather than building under zoning applicable prior to adoption of the Plan.

Process

The Central SoMa Plan includes a number of important changes to process. Section 329 raises the threshold for projects in Central SoMa to come before the Planning Commission to over 85 feet in height and/or 50,000 square feet. Section 329 also includes additional flexibility for the Planning Commission in their review of the area's largest development projects. Sections 169, 411A, and 415 state that requirements for the Transportation Demand Management (TDM), Transportation Impact Development Fee (TIDF), and Inclusionary Housing Program would not be reduced for projects that receive an increase in development capacity due to the Plan, whereas Section 175.1 states that projects that could be built without the Plan and have already submitted an application could proceed under existing controls.

RECOMMENDATION

The Department recommends that the Commission *approve with modifications* the proposed Ordinance and adopt the attached Draft Resolution to that effect.

The Departments proposed modifications are as follows:

- 128.1(c): Reverse the terms "Development Lot" and "Transfer Lot".
- 132.4(d)(1)(B)(iv): Increase allowed streetwall architectural modulation from five feet to eight feet.
- 135.3: Clarify that satisfaction of POPOS under 138 satisfies the open space requirements of 135.3.
- 138(a)(2): Eliminate the requirement for retail uses to provide POPOS.
- 138(d)(2), (2)(A), (2)(B), and (e)(2): Update references to point to appropriate subsections.
- 138(d)(2)(E)(i): Allow up to 10% of outdoor POPOS to be under a cantilevered portion of the building if the building is at least 20 feet above grade.

- 138(d)(2)(F)(ii): Allow up to 25% of indoor POPOS to have ceiling height of less than 20 feet.
- 140(a): In the Central SoMa SUD, allow units above 85' in height to meet exposure requirements if they are 15' back from the property line; allow 10% of units at or below 85' to have an exposure of 15'x15' instead of 25'x25'; and do not require the increase in setback at every horizontal dimension that increases of 5' at each subsequent floor.
- 154 and 155: Allow approval of the "Driveway and Loading Operations Plans" (DLOP) per Section 155(u) to meet the freight loading requirements of Sections 152.1, 154. And 155 .
- 155(r)(2)(JJ): Update reference to point to 329(e)(3)(B).
- 249.78(c)(1) and 329(d): Allow "active uses" to only be to a depth of 10 feet from the street (as opposed to the current standard of 25 feet) for 1) micro-retail uses on minor streets, 2) along minor streets as there is a doorway every 25 feet, and 3) at corners for lots less than 50 feet in width
- 249.78(c)(1)(D): Add that hotels are allowed as an active commercial use per 145.4(c).
- 249.78(c)(5)(B): Expand the uses allowed to fulfill the PDR requirements of large office projects to also include nonprofit community services, city-owned public facilities, and Legacy Businesses.
- 263.32, 263.33, 263.34: Clarify that projects that comply with these sections do not need a Conditional Use approval.
- 263.32(b)(1): Clarify that sites that donate land for affordable housing are eligible for this Special Height Exception
- 263.32(c)(3): Clarify that sites that utilize this Special Height Exception to exceed 160 feet are still subject to controls in Section 270 for mid-rise projects and not towers.
- Table 270(h): For Perry Street, make the Base Height "none".
- 329(d): Add a subsection referencing the ability to grant exceptions for wind per the controls contained in Section 249.78(d)(7).
- 329(d): Add a subsection referencing the ability to grant tower separation exceptions per the controls contained in Section 132.4(d)(3)(B).
- 329(d): Add a subsection enabling exceptions for the freight loading requirements of Sections 154 and 155.
- 329(d): Add a subsection allowing for exceptions for exposure requirements under Section 140.
- 329(e)(2): Add Block 3786 Lot 322 as a Key Site .
- 329(e)(3): Clarify that Key Sites may utilize the exceptions granted in 329(d).
- 329(e)(3)(A): Include donation of land for affordable housing and construction of affordable units as qualified amenity.
- 329(e)(3)(B): Limit certain exceptions to specific Key Development Sites, as discussed in the Key Development Sites Guidelines.
- 406: Include a waiver that allows land dedication of space for and construction of a public park on Block 3777 to count against various fees, including the TSF and Central SoMa Fee (such a waiver already exists for the Eastern Neighborhoods Infrastructure Impact Fees).
- 411A: Provide a \$5/gsf exception from the Transportation Sustainability Fee (TSF) for projects within the Central SoMa SUD (pending the adoption of a \$5/gsf increase by proposed legislation contained in Board File No. 180117).
- 418.7(a): Update SoMa Stabilization Fund to allow funding to accrue from the Central SoMa Community Facilities District.
- 434: Add a Section that describes the purpose, applicability, and requirements of the Central SoMa Mello-Roos Community Facilities District (CFD). This CFD should be applicable to projects that (1) includes new construction or net additions of more than 40,000 gross square feet, (2) the project site includes residential development in Central SoMa Development Tiers B and C and non-residential development in Central SoMa Development Tier C, and (3) the project proposed project is greater, in terms of square footage, than what would have been allowed without the Central SoMa Plan.

- Admin Code 10E.2: Amend the Eastern Neighborhoods CAC to create two CACs – one for the three SoMa Plan Areas (East SoMa, Central SoMa, and Western SoMa) and one for the other three Plan Areas (Mission, Showplace Square/Potrero Hill, and Central Waterfront).

BASIS FOR RECOMMENDATION

The Department recommends Commission approval of the proposed Ordinance because it will allow for the Central SoMa Plan effort to move forward. The Plan is the result of a multi-year public and cooperative interagency planning process that began in 2011. Central SoMa is a 230-acre area that sits adjacent to downtown, has excellent transit access, and contains numerous underdeveloped sites. As such, the neighborhood is well positioned to accommodate needed employment, housing, and visitor facilities in the core of the city and Bay Area region. It is also a neighborhood with an incredible history and a rich, ongoing, cultural heritage. As it grows and evolves over the next 25 years, Central SoMa has the opportunity to become a complete, sustainable, and vital neighborhood without losing what makes it special and unique today. The Central SoMa Plan contains the goals, objectives, and policies to guide this growth and evolution such that the results serve the best interests of San Francisco – in the present and the future. This includes a public benefits package of over \$2 billion to serve the needs of the neighborhood.

The basis for the recommended modifications is as follows:

#	Section	Change	Rationale
1	128.1(c)	Reverse the terms “Development Lot” and “Transfer Lot”	Corrects drafting error in sequence of terms.
2	132.4(d)(1)(B)(iv)	Increase allowed streetwall architectural modulation from five feet to eight feet	Preserves the sense of a substantial edifice while allowing for inset balconies.
3	135.3	Clarify that satisfaction of POPOS under 138 satisfies the open space requirements of 135.3	Corrects drafting error to properly cross-reference 135.3 and 138.
4	138(a)(2)	Eliminate the requirement for retail uses to provide POPOS	Corrects drafting error to include retail uses. Retail uses (like institutionally uses) would still need to provide open space per Section 135.3.
5	138(d)(2), (2)(A), (2)(B), and (e)(2)	Update references to point to appropriate subsections	Corrects drafting error in references within Section 138.
6	138(d)(2)(E)(i)	Allow up to 10% of outdoor POPOS to be under a cantilevered portion of the building if the building is at least 20 feet above grade	Facilitates architectural creativity in projects while maintaining the goal of having outdoor POPOS feel outdoors
7	138(d)(2)(F)(ii)	Allow up to 25% of indoor POPOS to have ceiling height of less than 20 feet	This change would facilitate the creation of mezzanines within the POPOS
8	140(a)	In the Central SoMa SUD, allow units above 85’ in height to meet exposure requirements if they are 15’ back from the property line; allow 10% of units at or below 85’ to have an exposure of	These changes would make a rule of commonly granted exceptions.

#	Section	Change	Rationale
		15'x15' instead of 25'x25'; and do not require the increase in setback at every horizontal dimension that increases of 5' at each subsequent floor	
9	154 and 155	Allow approval of the "Driveway and Loading Operations Plans" (DLOP) per Section 155(u) to meet the freight loading requirements of Sections 152.1, 154. And 155	Currently exceptions for freight loading controls are routinely granted. The DLOP is meant to ensure that freight loading strategies are vetted and approved by MTA and Planning. This change thus eliminates redundant process.
10	155(r)(2)(JJ)	Update reference to point to 329(e)(3)(B)	Corrects drafting error in references
11	249.78(c)(1) and 329(d)	Allow "active uses" to only be to a depth of 10 feet from the street (as opposed to the current standard of 25 feet) for 1) micro-retail uses on minor streets, 2) along minor streets as there is a doorway every 25 feet, and 3) at corners for lots less than 50 feet in width	Active use requirements are to ensure proper street activation. However, some flexibility may be beneficial in the case of micro-retail uses (i.e., uses less than 1,000 square feet), along narrow streets and alleys, and on small corner lots where the requirements of one frontage impinge on the perpendicular frontage.
12	249.78(c)(1)(D)	Add that hotels are allowed as an active commercial use per 145.4(c).	Hotels generally have very active ground floors, including lobbies, bars, and restaurants.
13	249.78(c)(5)(B)	Expand the uses allowed to fulfill the PDR requirements of large office projects to also include nonprofit community services, city-owned public facilities, and Legacy Businesses	Like PDR, these uses are beneficial to the community and can only pay limited rent
14	263.32, 263.33, 263.34	Clarify that projects that comply with these sections do not need a Conditional Use approval.	The intent of 263.32-34 is that projects that meet certain definitive standards can receive a height increase, as occurs in other subsections of 263. This change would remove any uncertainty around the intent.
15	263.32(b)(1)	Clarify that sites that donate land for affordable housing are eligible for this Special Height Exception	Corrects oversight such that dedicated affordable housing sites can receive the height bonus just as sites that build units or that dedicate land for open space.
16	263.32(c)(3)	Clarify that sites that utilize this Special Height Exception to exceed 160 feet are still subject to controls in Section 270 for mid-rise projects and not towers	The purpose of this height bonus is to incentive projects to provide sites for affordable housing and open space - provide benefits that are otherwise difficult to site in a dense neighborhood. This change is in

#	Section	Change	Rationale
			keeping with the intent of this section in that it maintains the benefit for projects in 160' height districts.
17	Table 270(h)	For Perry Street, make the Base Height "none"	This is the correct change to effectuate the goal of treating Perry St. like current northern sides of alleys, as discussed in the Central SoMa Plan's Implementation Matrix.
18	329(d)	Add a subsection referencing the ability to grant exceptions for wind per the controls contained in Section 249.78(d)(7)	Corrects drafting error to properly cross-reference 249.78(d)(7) and 329(d).
19	329(d)	Add a subsection referencing the ability to grant tower separation exceptions per the controls contained in Section 132.4(d)(3)(B)	Corrects drafting error to properly cross-reference 132.4(d)(3)(B) and 329(d).
20	329(d)	Add a subsection enabling exceptions for the freight loading requirements of Sections 154 and 155.	These are commonly granted exceptions that are important to maintain but would otherwise be removed based on proposed changes to 329(d)(12).
21	329(d)	Add a subsection allowing for exceptions for exposure requirements under Section 140	This is a commonly granted exception that is important to maintain but would otherwise be removed based on proposed changes to 329(d)(12).
22	329(e)(2)	Add Block 3786 Lot 322 as a Key Site	As discussed in the Key Development Sites guidelines, this site has the potential to build additional public amenities (e.g., the Bluxome Linear Park) but would require additional exceptions to do so.
23	329(e)(3)	Clarify that Key Sites may utilize the exceptions granted in 329(d)	Extra language needed to make sure intent of this section is clear.
24	329(e)(3)(A)	Include donation of land for affordable housing and construction of affordable units as qualified amenity	Corrects oversight based on benefits proposed by Key Sites.
25	329(e)(3)(B)	Limit certain exceptions to specific Key Development Sites, as discussed in the Key Development Sites Guidelines.	Certain exceptions were developed recognizing the specific needs and opportunities of certain Key Development Sites. However, these exceptions should not be broadly applicable to all the Key Sites.
26	406	Include a waiver that allows land dedication of space for and construction of a public park on Block 3777 to count against various fees, including the TSF and Central SoMa	Such a waiver would facilitate the timely and cost-effective construction of the proposed one-acre park on the block between 4 th , 5 th , Bryant, and Brannan Streets. The transit fees waived for this

#	Section	Change	Rationale
		Fee (such a waiver already exists for the Eastern Neighborhoods Infrastructure Impact Fees).	project would be refunded through other mechanisms, such as the Central SoMa CFD.
27	411A	Provide a \$5/gsf exception from the Transportation Sustainability Fee (TSF) for projects within the Central SoMa SUD (pending the adoption of a \$5/gsf increase by proposed legislation contained in Board File No. 180117).	The Central SoMa Plan's public benefits package is structured to maximize feasible contribution, and the addition of \$5/gsf fee may render some projects infeasible.
28	418.7(a)	Update SoMa Stabilization Fund to allow funding to accrue from the Central SoMa Community Facilities District	Change necessary to legalize the funding structure proposed by the Plan.
29	434	Add a Section that describes the purpose, applicability, and requirements of the Central SoMa Mello-Roos Community Facilities District (CFD). This CFD should be applicable to projects that (1) includes new construction or net additions of more than 40,000 gross square feet, (2) the project site includes residential development in Central SoMa Development Tiers B and C and non-residential development in Central SoMa Development Tier C, and (3) the project proposed project is greater, in terms of square footage, than what would have been allowed without the Central SoMa Plan.	This language was always proposed for inclusion but was not ready for discussion until this time.
30	Admin Code 10E.2	Amend the Eastern Neighborhoods CAC to create two CACs - one for the three SoMa Plan Areas (East SoMa, Central SoMa, and Western SoMa) and one for the other three Plan Areas (Mission, Showplace Square/Potrero Hill, and Central Waterfront).	The Eastern Neighborhoods CAC has proven to be an unwieldy size for administering its oversight responsibilities.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may approve it, reject it, or approve it with modifications.

ENVIRONMENTAL REVIEW

The Department published the Draft Environmental Impact Report in December 2016 and the Response to Comments in March 2018. The Planning Commission will consider certification of the Final Environmental Impact Report on the Central SoMa Plan and adoption of CEQA findings prior to consideration of this item at a hearing on May 10, 2018.

RELATED ACTIONS

In conjunction with these Planning Code and Administrative Code amendments, the Department is proposing approval of amendments to the General Plan and to the Zoning Map and approval of the Plan's Implementation Program. These proposed actions are covered in separate Staff Reports.

ATTACHMENTS

- Exhibit III.2 – Planning Code and Administrative Code Amendments Draft Resolution
- Exhibit III.3 – Planning Code and Administrative Code Draft Ordinance
- Exhibit III.4 – Summary of Planning Code and Administrative Code Amendments
- Exhibit III.5 – Changes to the Planning Code and Administrative Code Amendments Draft Ordinance since Introduction
- Exhibit III.6 – Planning Code and Administrative Code – Issues for Consideration