



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Change HEARING DATE: JUNE 28TH, 2012

Project Name: **Housing Production Reports**

Case Number: 2012.0604T [Board File No. 120352]
Initiated by: Supervisors Olague, Kim, Campos, and Mar
Introduced on: April 10, 2012
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90-Day Deadline: July 16th

Recommendation: **Recommend Approval with Modifications**

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PLANNING CODE AMENDMENTS

The proposed Ordinance would initiate amendments to the San Francisco Planning Code by 1) adding Article 5 to implement San Francisco's housing preservation and production policies and goals; and 2) making environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the Priority Policies of Planning Code Section 101.1.

The Way It Is Now:

San Francisco Housing Element signifies San Francisco's fair share of the regional housing need during defined statutory cycles. This fair share is determined by the state Department of Housing and Community Development, along with the Association of Bay Area Governments. This state mandated process, called Regional Housing Needs Allocation (RHNA), identifies how many housing units each jurisdiction must plan to accommodate and how they should be distributed across different household income segments. Currently, the Planning Department provides annual analysis reports on how the Department accommodates production of housing units determined in RHNA projections. This report is developed as a part of the state mandated Housing Element Annual Progress report. In addition, the Planning Department, either voluntarily or at the request of the Planning Commission, presents such annual reports to the Commission. The Planning Department also currently publishes annual Housing Inventory reports, as well as Quarterly Pipeline Project reports. These reports are not mandated by the law and therefore have not always been presented to the Commission. Consistent and mandated reporting to the Planning Commission on how the Department has accommodated RHNA projections could better clarify the City's housing production prospects, especially when new development projects are proposed and evaluated.

The Way It Would Be:

The proposed Ordinance would codify annual and quarterly reports to the Commission on how the Department has accommodated production of RHNA projections. It would also include a new attachment to case reports of residential projects the Commission (See Exhibit A). The new attachment constitutes a Housing Production Summary, illustrating how housing production trends contribute towards RHNA projections. Updating this summary would be required quarterly.

ISSUES AND CONSIDERATION

Background

The California state law has declared availability of decent housing for every Californian a vital statewide importance and priority. This law has vested power in local and state governments to facilitate the improvement and development of housing to accommodate meeting the housing needs of all economic segments of the community. In order to achieve this goal, the state law has mandated that local jurisdictions adopt a Housing Element as a part of their General Plans. In addition to providing goals and policies for enhancing housing production and preservation, the Housing Element should identify and analyze the existing and projected housing needs of the locality. The California Department of Housing and Community Development (HCD) determine the total housing need for a region, and the Association of Bay Area Governments distributes this need to local governments, through the Regional Housing Need Allocation (RHNA) process. RHNA projects the number of units across four household income segments that each locality should accommodate in order to fulfill the projected housing needs. The current RHNA projection for San Francisco is shown below:

Regional Housing Needs Assessment for San Francisco, 2007- June 2014

Household Income Category	No. of Units	% of Total	Annual Production Goal
Very Low (30 - 49% AMI)	6,590	21.2%	878
Low (50 - 80% AMI)	5,535	17.7%	738
Moderate (80 - 120% AMI)	6,754	21.7%	901
Above Moderate (over 120% AMI)	12,315	39.5%	1,642
TOTAL UNITS	31,193	100.0%	4,159

RHNA clarifications

It is important to note that the regional housing needs allocation is determined based on existing and projected need for housing, which are both determined through estimates of household growth. Housing element law requires local governments to plan for the existing and projected housing need. The state's primary "market-based strategy" is to increase housing supply. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land-use plans and regulations, i.e., zoning, that provide opportunities for housing development, rather than

constrain opportunities¹. In a report published in 2007, ABAG reviews some concerns raised by local governments regarding RHNA. These concerns highlight the focus of RHNA on *planning* for housing rather than *producing* housing. The private market forces drive housing production; while local governments can exert influence on how and where development occurs, they cannot control these market forces and decisions about if housing actually gets built. This also relates to another concern that RHNA numbers are usually high compared to the market's capacity and therefore, given market constraints, RHNA goals cannot be completely fulfilled². Based on these concerns, RHNA projections do not always mirror realistic housing production targets in localities. They only represent estimates of housing needs at each income level.

Current housing related reports developed by the Planning Department

The proposed Ordinance mandates reports on housing production trends that the Department should prepare and present before the Commission. The Department currently prepares reports that address the requirements of this Ordinance. However, these reports are either non-mandated or not targeted towards informing the Commission or Board of Supervisors. In order to clarify what type of report regarding housing are already being developed, below is a summary of these reports.

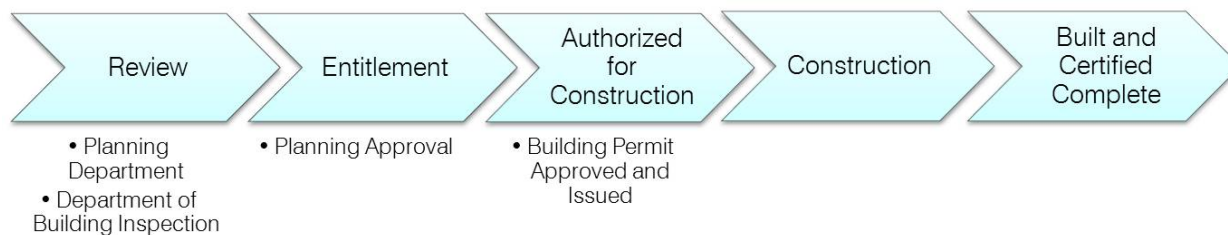
1. *State mandated Annual Housing Element Progress Report*: State law³ requires all government bodies to prepare an annual report on the status and progress in implementing the jurisdiction's housing element using forms and definitions adopted by the Department of Housing and Community Development. The Annual Progress Report is due every 1st of April and reports on the preceding calendar year. This report includes information on jurisdiction's progress in addressing the RHNA projections, as well as the status of housing programs and efforts to remove government constraints. The content of this existing report addresses most of the requirements proposed in the Ordinance.
2. *Annual Housing Inventory Report (non-mandated)*: The Housing Inventory is the Planning Department's annual survey of housing production trends in San Francisco. It has reported changes in the City's housing stock, including housing construction, demolition, and alterations, since 1967. The Housing Inventory reports housing production, which begins when a building permit application for a project is filed with the City (See Figure A). The report includes the following information:
 - Housing production trends
 - Affordable housing production (including inclusionary housing)
 - Changes in housing stock (by unit type) by planning district

¹ Association of Bay Area Governments, San Francisco Bay Area Housing Needs Plan 2007-2014.

² Association of Bay Area Governments, A Place to Call Home: Housing in the San Francisco Bay Area, 2007.

³ Government Code Section 65400.

Figure A- Housing Production Process



3. *Quarterly project pipeline reports (non-mandated):* The Department has produced this report every three months since 2003. The San Francisco consolidated pipeline consists of development projects that would add residential units or commercial space, applications for which have been formally submitted to the Planning Department or the Department of Building Inspection (DBI). Pipeline projects are at various stages of development: from applications having been filed to entitlements secured; from building permits approved and issued to projects under construction. This would constitute any project falling under the first three boxes illustrated in Figure A⁴.

REQUIRED COMMISSION ACTION

The proposed Resolution is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATIONS

Staff generally supports the proposals laid out in this legislation. As described in the Issues and Considerations, the Department already conducts most of the analyses suggested by this legislation. Codifying these reports and their presentation before the Commission would ensure the Commission is informed how housing production in San Francisco contributes towards regional housing needs allocations. Staff proposes two major modifications to the legislation:

1. **Include the proposed law in the Administrative Code:** Staff believes that the Planning Code does not include any regulations on the Departments reports. Section 10.E in the Administrative

⁴ To filter inactive projects, the current pipeline only includes projects filed during the last five years, projects approved in the last four years, and projects that started construction during the past three years. In addition, when a project is issued a Certificate of Final Completion by the DBI, it is taken out of the pipeline.

Code, however, regulates the Department's Area Plan Monitoring reports⁵. In order to maintain consistency of the content of the entirety of San Francisco City Code, staff proposes to include the new law in the Administrative Code, where similar regulations regarding Planning Department reports exist.

2. **Include residential projects at any stage of housing production process** (as shown in Figure A and detailed in Exhibit A) in the analyses of how housing production trends contribute towards regional housing needs allocation. The Ordinance, as proposed, only requires number of entitled units to be counted in this analysis. However, as required by the state, only units in projects with building permits are reported towards fulfillment of RHNA goals. More specifically, in San Francisco, due to the unique characteristics of development market, only completed projects with building permits are reported to count towards RHNA projections. Therefore, only counting entitled residential projects towards RHNA projections, as proposed by the Ordinance, does not depict the true likelihood of housing production.
3. **Codify creating the reports but not the detailed content of the reports.** In order to avoid having outdated language in the Code, staff suggests only codifying the reports and their main goal; and not specifically regulating how the reports should conduct analyses. **Instead, we recommend that the Commission establish some details of these reports, where necessary, as proposed in the attached draft resolution.**

In order to more clearly lay out the proposals of this Ordinance and staff's recommendations on each piece, below a more detailed discussion of staff's proposal is provided.

Detailed Proposals of the Ordinance and Staff Modifications

Exhibit B presents Department's modifications to the proposed legislation, resulting in a new section of the Administrative Code. In order to further clarify the Department's position on the proposed legislation, below Department's proposals are provided in more detail. For each report required by the Ordinance, staff proposes to codify the major contents of the report and to elaborate on the details, where necessary, in the Commission resolution.

1. *Housing Production Summary Attachment:*

As discussed at the Commission's June 14, 2012 hearing, staff supports codifying this proposal to include a new attachment to the case report of all residential projects. This new attachment, the Housing Production Summary report⁶, would include numbers of all residential cases at any stage of production process compared to the regional housing needs allocations at each household income level as determined by the Housing Element. This attachment summarizes the City's achievements in meeting housing needs as espoused by the Housing Element. Specifically, it illustrates the number of units in the production process according to income level since January 2007, the beginning of the current Housing

⁵ Currently this Chapter of the Administrative Code mandates monitoring reports of the Downtown Plan, the Eastern Neighborhoods Area Plans, and the Balboa Park Station Area Plan.

⁶ Staff proposes this new title instead of what is proposed -- Housing Dashboard.

Element period. The table will be updated quarterly. If the Commission supports the staff recommendation, they would endorse Exhibit A in the attached draft resolution as prototype for future reports.

This attachment represents the Department's ongoing effort to provide Commissioners and the public with more information. This attachment is also as part of the implementation of the 2009 Housing Element. The Housing Production Summary report would serve only as information for the Commission and would not be a basis for recommendation for projects.⁷

2. *Quarterly Housing Production Report:*

Staff supports codifying a required, quarterly report to the Commission that would update the Housing Production Summary every three months.

Staff suggests not codifying analysis of housing production trends in Area Plans. This is because RHNA projections represent housing needs at the city level and do not break these numbers down into Area Plans. Instead, staff recommends that this report should include a geographic presentation of all projects entitled, permitted, and completed with an overlay of the Area Plans. Map graphics would better visualize where projects are being proposed or built relative to the Area Plans. Staff recommends including these details in the Commission Resolution instead of the new law, in order to provide the Commission with flexibility for future fine-tuning of these reports.

a) Housing production trends: Information provided in the Annual Housing Inventory vs. Housing Element and Area Plan Progress Monitoring Reports

The Department currently publishes an annual housing inventory as described in the earlier section in this report. Staff supports requiring this report in the new law. This data should include housing units at any stage of production process⁸. Currently, this report does not include how the housing production trend has met the RHNA projections. Staff proposes to codify that such analysis be provided with adoption of this proposed Ordinance.

However, staff believes that discussion on how the goals and policies of the Housing Element are being implemented, as requested by this legislation, would more appropriately belong in the annual Housing Element Progress Report where this topic is currently being addressed. The Department believes that inventories should present statistical data while progress and monitoring reports should provide the analysis of data. The attached draft resolution establishes that Commission request staff to continue to provide the Housing Element Progress report.

b) Inclusionary Housing and Below Market Rate Housing production trends: Annual Housing Inventory Content vs. Housing Element and Area Plan Progress Monitoring Reports

Staff supports including in the law that the Annual Housing Inventory should describe inclusionary housing and below market rate housing production trends. The Department would obtain information from the Mayor's Office of Housing regarding the patterns of inclusionary housing requirement

⁷ This is due to the concerns associated with RHNA raised by local jurisdictions, discussed earlier in this report. See "Issues and Considerations- RHNA Clarifications" for more information.

⁸ See figure A

implementation to include in the report. This data should include reporting the number of housing units at any stage of production process⁹.

However, further analysis of implications of such patterns, does not belong in the annual Housing Inventory report; this report's goal is to present quantitative analysis to depict housing production trends. Staff suggests not requiring such analysis in the new law. The attached draft Commission resolution would have the Commission request that staff continue providing such analysis through the Housing Element Progress Report.

Additionally, staff does not believe that Annual Housing Inventory Report should include analysis of how inclusionary housing production trends have advanced Area Plan goals and policies. Such analysis is most appropriately discussed in the mandated Area Plan Monitoring reports. This report is to be a statistical inventory.

3. Planning Commission Hearing: The time for presentation of data and analysis

Staff supports requiring in the new law that the Department should hold a hearing before the Commission annually to present the reports required by this Ordinance. These reports would include: the Annual Housing Inventory Report (data report) as well as the Housing Element Progress Report (analysis report). Since the deadline for the state-mandated annual Housing Element Progress Report is April 1st each year, staff proposes that the hearing be held on the first hearing Commission hearing in April each year, followed by report to the Board of Supervisors on the reports and any recommendations the Commission provides.

In sum, the Department recommends 1) codification through Administrative law that three reports would be mandated including: The Housing Production Summary Attachment, the Quarterly Housing Production Report, and the Annual Housing Inventory 2) Including the analysis on how residential projects at any stage of housing production contribute to RHNA projections in all these three reports, 3) codifying that these reports along with the Annual Housing Element Progress Report be presented at the first hearing of the Planning Commission in April of each year and sent to the Board of Supervisors; and 3) that the Commission would establish (through resolution, not ordinance) the following details about report contents:

- The Housing Production Summary be provided for both private development projects and area plans under Commission review as presented in Exhibit A.
- The Quarterly Housing Production Report should contain a geographic presentation of all projects entitled, permitted, and completed with an overlay of the Area Plans. Map graphics would better visualize where projects are being proposed or built relative to the Area Plans.
- Housing Element Progress Report should continue analyzing how the housing production trend has met the RHNA projections. Planning Department staff should also analyze both inclusionary housing and below market rate housing production trends as part of this report.

⁹ See Figure A

ENVIRONMENTAL REVIEW

This legislation was reviewed under CEQA and found not a project per CEQA guidelines Sections 15060 (c) (3) and 15378.

PUBLIC COMMENT

The Department has received no public comments regarding this legislation.

RECOMMENDATION: Recommendation of Approval with Modifications

Attachments:

- Exhibit A: Housing Production Summary Attachment
- Exhibit B: Department's modifications to the legislation language
- Exhibit C: Draft Planning Commission Resolution
- Exhibit D: Draft Board of Supervisors Ordinance [Board File No. 12-0352]



SAN FRANCISCO PLANNING DEPARTMENT

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Housing Production Summary Report

2007 TO PRESENT

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State law requires each city and county to adopt a Housing Element as a part of its general plan. The State Department of Housing and Community Development (HCD) determines a Regional Housing Need (RHNA) that the Housing Element must address. The need is the minimum number of housing units that a region must plan for in each RHNA period.

This table represents completed units and development projects in the current residential pipeline. The total number of entitled units is tracked by the San Francisco Planning Department and is updated quarterly in coordination with the *Pipeline Report*. Subsidized housing units, including moderate and low income units, are tracked by the Mayor's Office of Housing, and are also updated quarterly.

Household Income Category	2007-2014 RHNA Production Targets	HOUSING PRODUCTION SUMMARY				TOTALS	TOTALS as % of RHNA Targets
		Completed, 2007 to 2011 and Q1 2012	Under Construction, as of Q1 2012	Building Permits Issued, as of Q1 2012	Entitled by Planning* as of Q1 2012		
Very Low (< 50% AMI)†	6,589	2,836	661	170	771	4,438	67.4%
Low (50-79% AMI)	5,535	736	124	-	105	965	17.4%
Moderate (80-120% AMI)	6,754	957	187	197	361	1,702	25.2%
Above Moderate (over 120% AMI)	12,315	8,029	3,136	1,085	4,741	16,991	138.0%
TOTALS	31,193	12,558	4,108	1,452	5,978	24,096	77.2%

*Does not include three entitled major development projects: Hunters' Point, Treasure Island and ParkMerced.

*This total does not include entitled major development projects such as Candlestick Hunters' Point, Treasure Island, and ParkMerced. While entitled, these projects are not expected to be completed within the current RHNA reporting period (2007 through June 2014).

Exhibit B- Planning Department's Recommended Modifications to the Administrative Code

Note: The Department recommends adding a new Section 10E.4 and modifying the title chapter of 10E.

All additions are shown in *italic, underline font*.

Deletions are shown in ~~*strikethrough italic font*~~.

CHAPTER 10E: ~~NEIGHBORHOOD AREA PLAN~~ PLANNING MONITORING

10E.4 Housing Production Reports and Hearings.

(a) Findings.

A. In Section 65580 of the California Government Code, the State Legislature declared that: 1) the availability of decent housing and a suitable living environment for every Californian is of vital statewide importance and a priority of the highest order, (2) attainment of the State's housing goal requires the cooperative participation of government and the private sector to expand housing opportunities and accommodate housing needs at all economic levels, (3) the provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government, (4) local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community, (5) in carrying out this responsibility, each local government also has the responsibility to consider, among other things, community goals set forth in the general plan, and (6) each local government has a responsibility to cooperate with the state in addressing regional housing needs.

B. The State of California has enacted several laws to implement the State's housing goals. Among these is a requirement that a local jurisdiction have a Housing Element as part of its General Plan that, among other things, contains an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and schedule programs for the preservation, improvement, and development of housing that meets the existing projected needs of all economic segments of the community. (Gov. Code Section 65583 et seq.)

C. Pursuant to Government Code Section 65584, the Association of Bay Area Governments

(ABAG), in coordination with the California State Department of Housing and Community Development (HCD), determines the Bay Area's regional housing need based on regional trends, projected job growth, and existing needs. ABAG calculates San Francisco's fair share of the regional housing need for each statutory period of the Housing Element. The regional housing needs assessment (RHNA) determination includes production targets addressing housing needs of a range of household income categories. Because the median income in San Francisco is lower than the regional median income, the Mayor's Office of Housing publishes a local AMI standard.

D. In 1996, San Francisco enacted a Jobs-Housing Linkage Program in an effort to increase amount of affordable housing being built in the City. In 2002, San Francisco enacted an inclusionary housing ordinance in a further attempt to increase the supply of affordable housing. Housing affordability continues to be a major concern as San Francisco has one of the least affordable housing markets in the nation.

E. In January 2012, the San Francisco Budget and Legislative Analyst published a Performance Audit of San Francisco's Affordable Housing Policies and Programs, which was prepared at the request of the Board of Supervisors. Table 1 of the Performance Audit shows that between 1999 and 2006, San Francisco met 153.4% of its production goal for market-rate housing, 82.8% of its goal for very low income housing, 52.4% of its goal for low income housing, and 12.9% of its goal for moderate income housing. In Table 2 of the Performance Audit, San Francisco's housing production goals for 2007-2014 are: 10.6% of all new housing for extremely low income households, 10.6% for very low income households, 17.7% for low income households, 21.7% for moderate income households, and 39.5% for market rate housing.

F. Among other things, the Performance Audit concluded that the Planning Commission does not receive a sufficiently comprehensive evaluation of the City's achievement of its housing goals and that the Board of Supervisors does not receive consistent information on the overall impact of the City's housing policies on the development of affordable housing in San Francisco.

(b) Planning Department Reports to the Planning Commission.

(1) Housing Production Summary Attachment. Beginning within 30 days after the effective date of this Article, Planning Department staff reports to the Planning Commission on a proposed project containing residential units or area plan shall include a total number of units at all stages of the housing production process, within the current Housing Element statutory period, as it contributes towards meeting San Francisco's regional housing needs allocation for

different household income levels as determined in the General Plan's Housing Element. Baseline data on housing production for this reporting shall be updated quarterly

(2) **Quarterly Housing Production Reports.** Planning Department staff shall provide the Planning Commission with a Quarterly Housing Production Report that contains at a minimum comparative analysis of current housing production and regional housing needs allocation for San Francisco for different household income levels as determined in the General Plan's Housing Element.

(3) **Annual Housing Inventory Reports.** The Planning Department shall publish an annual Housing Inventory on April 1st of each year that contains at a minimum: (i) an evaluation of how residential projects at any stage of the housing production process during the preceding calendar year contribute to the City's regional housing needs allocation for different household income levels as determined in the General Plan's Housing Element and (ii) how residential projects in the housing production process met inclusionary housing requirement as on-site below market-rate (BMR) units, off-site BMR units, or payment of an in-lieu fee.

(c) **Annual Commission Housing Hearing and Annual Report to the Board of Supervisors.**

(1) **Commission Hearing.** The Planning Commission shall hold an annual public hearing subsequent to publishing the Housing Inventory. This hearing shall provide at minimum information on: (i) Findings of the annual Housing Inventory regarding how housing production trends match with San Francisco's regional housing needs allocation for different income levels as determined in the General Plan's Housing Element. (ii) Findings of the state mandated annual Housing Element Progress Report regarding how housing production trends advance the Housing Elements policies and goals.

(2) **Annual Report to Board.** The Planning Department shall provide an annual report to the Board of Supervisors concerning the results of the Commission's hearing and any Commission recommendations.



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Resolution

HEARING DATE: JUNE 28TH , 2012

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Project Name: **Housing Production Reports**
Case Number: 2012.0604T [Board File No. 120352]
Initiated by: Supervisors Olague, Kim, Campos, and Mar
Introduced on: April 10, 2012
Staff Contact: Kimia Haddadan, 415.575.9068
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Reviewed by: AnMarie Rodgers, Manager Legislative Affairs
anmarie.rodgers@sfgov.org, 415.558.6395
90-Day Deadline: July 16th
Recommendation: **Recommend Approval with Modifications**

RECOMMENDING THAT THE BOARD OF SUPERVISORS PASS AN ORDINANCE WITH MODIFICATIONS THAT WOULD INITIATE AMENDMENTS TO THE SAN FRANCISCO PLANNING CODE BY 1) ADDING ARTICLE 5 TO IMPLEMENT SAN FRANCISCO'S HOUSING PRESERVATION AND PRODUCTION POLICIES AND GOALS; AND 2) MAKING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

PREAMBLE

Whereas, on April 10, 2012 Supervisor Chiu introduced a proposed Ordinance under Board File Number 12-0352 that would amend Planning Code by 1) adding Article 5 to implement San Francisco's housing preservation and production policies and goals; and 2) making environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the Priority Policies of Planning Code Section 101.1; and

Whereas, since the introduction of the proposed Ordinance, the Planning Department recommended modifications to the proposed Ordinance; and

Whereas, on June 28th, 2012 the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance and the proposed modification; and

Whereas, the proposed Ordinance have been found exempt from the California Environmental Quality Act per sections 15060 (c) (3) and 15378.

Whereas, the Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented by Department staff, and other interested parties; and

Whereas, the 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 Commission has reviewed the proposed Ordinance; and

MOVED, that the Commission hereby recommends that the Board of Supervisors recommend *approval with modifications* of the proposed Ordinance. The Commission further moves that these future reports should also contain the specific comments listed below and adopts the attached Draft Resolution to that effect.

- **MODIFICATIONS TO PROPOSED ORDINANCE.** The recommended modifications include 1) codification through Administrative law that three reports would be mandated including: The Housing Production Summary Attachment, the Quarterly Housing Production Report, and the Annual Housing Inventory 2) Including the analysis on how residential projects at any stage of housing production contribute to RHNA projections in all these three reports, 3) codifying that these reports along with the Annual Housing Element Progress Report be presented at the first hearing of the Planning Commission in April of each year and sent to the Board of Supervisors; and **Exhibit B to this resolution presents the modifications to the legislation language**; and 3) allowing this Commission resolution to establish the specific contents of the reports as listed below.
 - **CONTENT OF FUTURE REPORTS.** The Housing Production Summary be provided for both private development projects and area plans under Commission review as presented in Exhibit A.
 - The Quarterly Housing Production Report should contain a geographic presentation of all projects entitled, permitted, and completed with an overlay of the Area Plans. Map graphics would better visualize where projects are being proposed or built relative to the Area Plans.
 - Housing Element Progress Report should continue analyzing how the housing production trend has met the RHNA projections. Planning Department staff should also analyze both inclusionary housing and below market rate housing production trends as part of this report.

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. The California state law has declared availability of decent housing for every Californian a vital statewide importance and priority. This law has vested power in local and state governments to facilitate the improvement and development of housing to accommodate meeting the housing needs of all economic segments of the community. In order to achieve this goal, the state law has mandated that local jurisdictions adopt a Housing Element as a part of their General Plans. In addition to providing goals and policies for enhancing housing production and preservation, the Housing Element should identify and analyze the existing and projected housing needs of the locality. The California Department of Housing and Community Development (HCD) determine the total housing need for a region, and the Association of Bay Area Governments distributes this need to local governments, through the Regional Housing Need Allocation (RHNA) process. RHNA projects the number of units across four household income segments that each locality should accommodate in order to fulfill the projected housing needs.
2. RHNA projections focus on *planning* for housing rather than *producing* housing. The private market forces drive housing production; while local governments can exert influence on how and where development occurs, they cannot control these market forces and decisions about if housing actually gets built. Additionally, RHNA numbers are usually high compared to the market's capacity and therefore, given market constraints, RHNA goals cannot be completely fulfilled. Based on these concerns, RHNA projections do not always mirror realistic housing production targets in localities. They only represent estimates of housing needs at each income level.
3. Section 10.E in the Administrative Code regulates the Department's Area Plan Monitoring reports. In order to maintain consistency of the content of the entirety of San Francisco City Code, staff proposes to include the new law in the Administrative Code, where similar regulations regarding Planning Department reports exist.
4. The new Housing Production Summary attachment represents the Department's ongoing effort to provide Commissioners and the public with more information. This attachment is also as part of the implementation of the 2009 Housing Element. The Housing Production Summary report would serve only as information for the Commission and would not be a basis for recommendation for projects.
5. **General Plan Compliance.** The proposed Ordinance is, on balance, consistent with the following Objectives and Policies of the General Plan:

OBJECTIVE 1

Identify and make available for development adequate sites to meet the City's housing needs, especially permanently affordable housing.

POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

San Franciscans are a diverse population, with a diverse set of housing needs. Future housing policy and planning efforts must take into account the diverse needs for housing. The RHNA projections indicate housing goals for various income levels, these provide basic planning goals for housing affordability. San Francisco's housing policies and programs should provide strategies that promote housing at each income level, and furthermore identify sub-groups, such as middle income and extremely low income households that require specific housing policy. In addition to planning for affordability, the City should plan for housing that serves a variety of household types and sizes.

The proposed Ordinance would help advance this policy by providing consistent information for the public and before the Planning Commission regarding how the current housing production trends contribute towards RHNA projections. The mandated frequent and consistent reporting would help Department's analysis at the end of each Housing Element statutory period.

6. The proposed replacement project is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

- A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed Ordinance will have no adverse impact on the neighborhood-serving retail uses.

- B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed Ordinance will have no adverse effect on existing housing and neighborhood character.

- C) The City's supply of affordable housing will be preserved and enhanced:

The proposed Ordinance will have no adverse effects on the City's supply of affordable housing.

- D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed Ordinance will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

- E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposed Ordinance will not result in displacement of industrial or service sectors.

- F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The proposed Ordinance would not affect the preparedness against injury and loss of life in an earthquake.

- G) That landmark and historic buildings will be preserved:

The proposed Ordinance would not adversely affect landmark and historic buildings.

- H) Parks and open space and their access to sunlight and vistas will be protected from development:

The proposed Ordinance would not adversely affect parks and open spaces in terms their access to sunlight and vistas.

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on June28, 2012.

Linda Avery
Commission Secretary

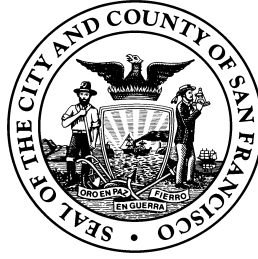
AYES:

NAYS:

ABSENT:

ADOPTED:

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
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April 16, 2012

Planning Commission
Attn: Linda Avery
1660 Mission Street, 5th Floor
San Francisco, CA 94103

Dear Commissioners:

April 10, 2012, Supervisor Olague introduced the following proposed legislation:

File No. 120352

Ordinance amending the San Francisco Planning Code by: 1) adding Article 5 to implement San Francisco's housing preservation and production policies and goals; and 2) making environmental findings, Planning Code Section 302 findings, and findings of consistency with the General Plan and the 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 & Economic Development Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Alisa Miller".

By: Alisa Miller, Committee Clerk
Land Use & Economic Development Committee

- c: John Rahaim, Director of Planning
- Scott Sanchez, Zoning Administrator
- Bill Wycko, Chief, Major Environmental Analysis
- AnMarie Rodgers, Legislative Affairs
- Monica Pereira, Environmental Planning
- Joy Navarrete, Environmental Planning

1 [Planning Code - Housing Preservation and Production]

2
3 **Ordinance amending the San Francisco Planning Code by: 1) adding Article 5 to**
4 **implement San Francisco's housing preservation and production policies and goals;**
5 **and 2) making environmental findings, Planning Code Section 302 findings, and**
6 **findings of consistency with the General Plan and the Priority Policies of Planning**
7 **Code Section 101.1.**

8 NOTE: Additions are single-underline italics Times New Roman;
9 deletions are ~~strike-through italics Times New Roman~~.
10 Board amendment additions are double-underlined;
11 Board amendment deletions are ~~strikethrough normal~~.

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

13 Section 1. Findings. The Board of Supervisors of the City and County of San Francisco
14 hereby finds and determines that:

15 (a) Environmental Findings. The Planning Department has determined that the actions
16 contemplated in this ordinance comply with the California Environmental Quality Act
17 (California Public Resources Code Section 21000 et seq.). Said determination is on file with
18 the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by
19 reference.

20 (b) Section 302 Findings. Pursuant to Planning Code Section 302, the Board finds that
21 the proposed ordinance will serve the public necessity, convenience and welfare for the
22 reasons set forth in Planning Commission Resolution No. _____, which reasons are
23 incorporated herein by reference as though fully set forth. A copy of Planning Commission
24 Resolution No. _____ is on file with the Board of Supervisors in File No. _____.

25 (c) General Plan and Planning Code Section 101.1 Findings. At a duly noticed public
hearing held on _____, 2012, the Planning Commission in Resolution No.

Supervisors Olague, Kim, Campos, Mar
BOARD OF SUPERVISORS

1 _____ found that the proposed Planning Code amendments contained in this
2 ordinance were consistent with the San Francisco General Plan and with Planning Code
3 Section 101.1(b). The Board finds that the proposed Planning Code amendments contained in
4 this ordinance are consistent with the San Francisco General Plan and with Planning Code
5 Section 101.1(b) for the reasons set forth in said Resolution.

6
7 Section 2. The San Francisco Planning Code is hereby amended by adding Article 5, to
8 read as follows:

9 **ARTICLE 5**

10 **HOUSING PRESERVATION AND PRODUCTION**

11 **SEC. 501. Findings.**

12 A. In Section 65580 of the California Government Code, the State Legislature declared that:
13 (1) the availability of decent housing and a suitable living environment for every Californian is of vital
14 statewide importance and a priority of the highest order, (2) attainment of the State's housing goal
15 requires the cooperative participation of government and the private sector to expand housing
16 opportunities and accommodate housing needs at all economic levels, (3) the provision of housing
17 affordable to low- and moderate-income households requires the cooperation of all levels of
18 government, (4) local and state governments have a responsibility to use the powers vested in them to
19 facilitate the improvement and development of housing to make adequate provision for the housing
20 needs of all economic segments of the community, (5) in carrying out this responsibility, each local
21 government also has the responsibility to consider, among other things, community goals set forth in
22 the general plan, and (6) each local government has a responsibility to cooperate with the state in
23 addressing regional housing needs.

24 B. The State of California has enacted several laws to implement the State's housing goals.
25 Among these is a requirement that a local jurisdiction have a Housing Element as part of its General

1 Plan that, among other things, contains an identification and analysis of existing and projected housing
2 needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled
3 programs for the preservation, improvement, and development of housing that meets the existing and
4 projected needs of all economic segments of the community. (Gov. Code Section 65583 et seq.)

5 C. Pursuant to Government Code Section 65584, the Association of Bay Area Governments
6 (ABAG), in coordination with the California State Department of Housing and Community
7 Development (HCD), determines the Bay Area's regional housing need based on regional trends,
8 projected job growth, and existing needs. ABAG has calculated San Francisco's fair share of the
9 regional housing need for January 2007 through 2014 – the implementation period for the current
10 Housing Element -- as 31,190 units, or about 4,160 units per year.

11 D. The regional housing needs assessment (RHNA) determination includes production targets
12 addressing housing needs of a range of household income categories. ABAG has projected that at least
13 39% of new housing demands will be from low and very low income households (households earning
14 under 80% of area median income), and another 22% should be affordable to households of moderate
15 means (earning between 80% and 120% of area median income). Market-rate housing is considered
16 housing that is generally available to households making at or above 120% of median income. Because
17 the median income in San Francisco is lower than the regional median income, the Mayor's Office of
18 Housing publishes a local AMI standard.

19 E. In 1996, San Francisco enacted a Jobs-Housing Linkage Program in an effort to increase the
20 amount of affordable housing being built in the City. In 2002, San Francisco enacted an inclusionary
21 housing ordinance in a further attempt to increase the supply of affordable housing. Nonetheless,
22 although over 4,920 new affordable housing units were added to the City's housing stock between 2000
23 and 2008, the City did not meet its fair share of the regional housing needs production targets,
24 especially for low and moderate income housing.

1 F. Housing affordability continues to be a major concern as San Francisco has one of the least
2 affordable housing markets in the nation. Under the heading "Why is Housing an Issue," Part II:
3 Objectives & Policies of the Housing Element's introduction says:

4 "Based on the growing population, and smart growth goals of providing housing in central
5 areas like San Francisco, near jobs and transit, the State Department of Housing and Community
6 Development (HCD), with the Association of Bay Area Governments (ABAG), estimates that San
7 Francisco must plan for the capacity for roughly 31,000 new units, 60% of which should be suitable for
8 housing for the extremely low, very low, low and moderate income households, in the 2007-2014
9 Housing Element period to meet its share of the region's projected housing demand."

10 Objective 1 of the San Francisco Housing Element states that the City should "identify and
11 make available for development adequate sites to meet the City's housing needs, especially permanently
12 affordable housing." Objective 7 states that San Francisco's projected affordable housing needs far
13 outpace the capacity for the City to secure subsidies for new affordable units. Therefore, the City needs
14 to look for creative ways to facilitate affordable housing development.

15 G. San Francisco has an older housing stock, with 75% of all units over 50 years old. This is
16 the largest concentration of older housing stock in California. Most of this older housing stock is in
17 sound condition. The Housing Element recognizes that this existing housing is an important cultural
18 and housing asset and that conserving and improving it is critical to San Francisco's long-term housing
19 strategy. Existing housing is the greatest stock of rental and financially accessible residential units, and
20 conserving it reduces the need for resources to build new housing. In 2008, a Planning Commission
21 policy requiring a public hearing prior to the approval of any permit that would remove existing
22 housing through merger, demolition, or conversion was enacted into law.

23 H. In January 2012, the San Francisco Budget and Legislative Analyst published a
24 Performance Audit of San Francisco's Affordable Housing Policies and Programs, which was prepared
25 at the request of the Board of Supervisors. Table 1 of the Performance Audit shows that between 1999

1 and 2006, San Francisco met 153.4% of its production goal for market-rate housing, 82.8% of its goal
2 for very low income housing, 52.4% of its goal for low income housing, and 12.9% of its goal for
3 moderate income housing. In Table 2 of the Performance Audit, San Francisco's housing production
4 goals for 2007-2014 are: 10.6% of all new housing for extremely low income households, 10.6% for
5 very low income households, 17.7% for low income households, 21.7% for moderate income
6 households, and 39.5% for market rate housing.

7 I. Among other things, the Performance Audit concluded that the Planning Commission does
8 not receive a sufficiently comprehensive evaluation of the City's achievement of its housing goals and
9 that the Board of Supervisors does not receive consistent information on the overall impact of the City's
10 housing policies on the development of affordable housing in San Francisco. Among other things, the
11 Budget and Legislative Analyst recommended that: (1) Planning Department staff reports to the
12 Planning Commission include data on the expected unit type and income level of any proposed projects
13 or area plans under review, including how such units would address the City's fair share of the
14 Regional Housing Need, (2) the Planning Department resume providing the Commission with a
15 Quarterly Housing Production Report, and (3) the Planning Department include in the annual Housing
16 Inventory an evaluation of (a) how residential projects entitled in the preceding calendar year
17 contributed to the City's housing goals for each income level and to the Housing Element's policies and
18 objectives, (b) how entitled housing projects met inclusionary housing or affordable housing fee
19 requirements, and their expected impact on achieving the City's housing goals for each income level,
20 (c) whether entitled housing projects advanced various Area Plan goals and objectives, and(d) the
21 current and projected status of housing development in the City compared to the City's housing goals.

22
23 **SEC. 502. Affordable Housing Requirements. This Chapter does not intend to modify or**
24 **supersede San Francisco's affordable housing requirements for certain development projects that are**
25 **contained in other Article 4 of this Code:**

1
2 SEC. 503. Affordable Housing and Senior Housing Special Use Districts. This Chapter does
3 not intend to modify or supersede the sections in Article 2 of this Code that establish affordable housing
4 and senior housing development projects for specific properties.
5

6 SEC. 504 (formerly Section 317). **LOSS OF DWELLING UNITS THROUGH MERGER,**
7 **CONVERSION, AND DEMOLITION.**

8 (a) **Findings.** San Francisco faces a continuing shortage of affordable housing. There
9 is a high ratio of rental to ownership tenure among the City's residents. The General Plan
10 recognizes that existing housing is the greatest stock of rental and financially accessible
11 residential units, and is a resource in need of protection. Therefore, a public hearing will be
12 held prior to approval of any permit that would remove existing housing, with certain
13 exceptions, as described below. The Planning Commission shall develop a Code
14 Implementation Document setting forth procedures and regulations for the implementation of
15 this Section 317 as provided further below. The Zoning Administrator shall modify economic
16 criteria related to property values and construction costs in the Implementation Document as
17 warranted by changing economic conditions to meet the intent of this Section.

18 (b) **Definitions.** For the purposes of this Section 317, the terms below shall be defined
19 as follows:

20 (1) "Conversion of Residential Unit" shall mean the removal of cooking facilities in a
21 Residential Unit or the change of occupancy (as defined and regulated by the Building Code),
22 or the change of use (as defined and regulated by the Planning Code), of any Residential Unit
23 to a non-residential use.

24 (2) "Demolition of Residential Buildings" shall mean any of the following:
25

1 (A) Any work on a Residential Building for which the Department of Building Inspection
2 determines that an application for a demolition permit is required, or

3 (B) A major alteration of a Residential Building that proposes the Removal of more
4 than 50% of the sum of the Front Facade and Rear Facade and also proposes the Removal of
5 more than 65% of the sum of all exterior walls, measured in lineal feet at the foundation level,
6 or

7 (C) A major alteration of a Residential Building that proposes the Removal of more
8 than 50% of the Vertical Envelope Elements and more than 50% of the Horizontal Elements of
9 the existing building, as measured in square feet of actual surface area.

10 (D) The Planning Commission may reduce the above numerical elements of the
11 criteria in Subsections (b)(2)(B) and (b)(2)(C), by up to 20% of their values should it deem that
12 adjustment is necessary to implement the intent of this Section 317, to conserve existing
13 sound housing and preserve affordable housing.

14 (3) "Facade" shall mean an entire exterior wall assembly, including but not limited to all
15 finishes and siding, fenestration, doors, recesses, openings, bays, parapets, sheathing and
16 framing.

17 (4) "Front Facade" shall mean the portion of the Facade fronting a right-of-way, or the
18 portion of the Facade most closely complying with that definition, as in the case of a flag lot.
19 Where a lot has more than one frontage on rights-of-way. all such frontages shall be
20 considered Front Facades except where a facade meets the definition of "Rear Facade."

21 (5) "Horizontal Elements" shall mean all roof areas and all floor plates, except floor
22 plates at or below grade.

23 (6) "Mandatory Discretionary Review" shall mean a hearing before the Planning
24 Commission that is required by this Section 317 at which the Commission will determine
25 whether to approve, modify or disapprove a permit application.

1 (7) "Merger" shall mean the combining of two or more legal Residential Units, resulting
2 in a decrease in the number of Residential Units within a building, or the enlargement of one
3 or more existing units while substantially reducing the size of others by more than 25% of their
4 original floor area, even if the number of units is not reduced. The Planning Commission may
5 reduce the numerical element of this criterion by up to 20% of its value should it deem that
6 adjustment is necessary to implement the intent of this Section 317, to conserve existing
7 housing and preserve affordable housing.

8 (8) "Rear Facade" shall mean that portion of the Facade facing the part of a lot that
9 most closely complies with the applicable Planning Code rear yard requirements.

10 (9) "Removal" shall mean, with reference to a wall, roof or floor structure, its
11 dismantling, its relocation or its alteration of the exterior function by construction of a new
12 building element exterior to it. Where a portion of an exterior wall is removed, any remaining
13 wall with a height less than the Building Code requirement for legal head room shall be
14 considered demolished. Where exterior elements of a building are removed and replaced for
15 repair or maintenance, in like materials, with no increase in the extent of the element or
16 volume of the building, such replacement shall not be considered Removal for the purposes of
17 this Section. The foregoing does not supersede any requirements for or restrictions on
18 noncomplying structures and their reconstruction as governed by Article 1.7 of this Code.

19 (10) "Removal" shall mean, with reference to a Residential Unit, its Conversion,
20 Demolition, or Merger.

21 (11) "Residential Building" shall be mean any structure containing one or more
22 Residential Units as a principal use, regardless of any other uses present in the building.

23 (12) "Residential Unit" shall mean a legal conforming or non-conforming dwelling unit
24 as defined in Planning Code Section 102.7, or a legal non-conforming Live/Work Unit as
25 defined in Planning Code Section 102.13.

1 (13) "Vertical Envelope Elements" shall mean all exterior walls that provide weather
2 and thermal barriers between the interior and exterior of the building, or that provide structural
3 support to other elements of the building envelope.

4 (c) **Applicability.** Where an application for a permit that would result in the loss of one
5 or more Residential Units is required to obtain Conditional Use authorization by other sections
6 of this Code, the application for a replacement building or alteration permit shall also be
7 subject to Conditional Use requirements. Any application for a permit that would result in the
8 loss or Removal of three or more Residential Units, notwithstanding any other sections of this
9 Code, shall require a Conditional Use authorization for the Removal and replacement of the
10 units. Approval of any other application that would result in the loss or Removal of up to two
11 Residential Units is prohibited unless the Planning Commission approves such permit
12 application and the replacement structure permit application at a Mandatory Discretionary
13 Review hearing, with certain exceptions specified below.

14 (d) **Loss of Residential Units Through Demolitions.**

15 (1) No permit to Demolish a Residential Building in any zoning district shall be issued
16 until a building permit for the replacement structure is finally approved, unless the building is
17 determined to pose a serious and imminent hazard as defined in the Building Code. A building
18 permit is finally approved if the Board of Appeals has taken final action for approval on an
19 appeal of the issuance or denial of the permit or if the permit has been issued and the time for
20 filing an appeal with the Board of Appeal has lapsed with no appeal filed.

21 (2) If Conditional Use authorization is required for approval of the permit to Demolish a
22 Residential Building by other sections of this Code, the Commission shall consider the
23 replacement structure as part of its decision on the Conditional Use application. If Conditional
24 Use authorization is required for the replacement structure by other sections of this Code, the
25 Commission shall consider the demolition as part of its decision on the Conditional Use

1 application. In either case, Mandatory Discretionary Review is not required, although the
2 Commission shall apply appropriate criteria adopted under this Section 317 in addition to the
3 criteria in Section 303 of the Planning Code in its consideration of Conditional Use
4 authorization. If neither permit application is subject to Conditional Use authorization, then
5 separate Mandatory Discretion Review cases shall be heard to consider the permit
6 applications for the demolition and the replacement structure.

7 (3) For those applications to Demolish a Residential Building in districts that require
8 Mandatory Discretionary Review, administrative review criteria shall ensure that only
9 applications to demolish Single-Family Residential Buildings that are demonstrably not
10 affordable or financially accessible housing, or Residential Buildings of two units or fewer that
11 are found to be unsound housing, are exempt from Mandatory Discretionary Review hearings.
12 Specific numerical criteria for such analyses shall be adopted by the Planning Commission in
13 the Code Implementation Document, in accordance with this Section 317, and shall be
14 adjusted periodically by the Zoning Administrator based on established economic real estate
15 and construction indicators.

16 (A) The Planning Commission shall determine a level of affordability or financial
17 accessibility, such that Single-Family Residential Buildings on sites in RH-1 Districts that are
18 demonstrably not affordable or financially accessible, that is, housing that has a value greater
19 than at least 80% of the combined land and structure values of single-family homes in San
20 Francisco as determined by a credible appraisal, made within six months of the application to
21 demolish, are not subject to a Mandatory Discretionary Review hearing. The demolition and
22 replacement building applications shall undergo notification as required by other sections of
23 this Code. The Planning Commission, in the Code Implementation Document, may increase
24 the numerical criterion in this subsection by up to 10% of its value should it deem that
25

1 adjustment is necessary to implement the intent of this Section 317, to conserve existing
2 housing and preserve affordable housing.

3 (B) The Planning Commission, in the Code Implementation Document, shall adopt
4 criteria and procedures for determining the soundness of a structure proposed for demolition,
5 where "soundness" is an economic measure of the feasibility of upgrading a residence that is
6 deficient with respect to habitability and Housing Code requirements, due to its original
7 construction. The "soundness factor" for a structure shall be the ratio of a construction
8 upgrade cost (i.e., an estimate of the cost to repair specific habitability deficiencies) to the
9 replacement cost (i.e., an estimate of the current cost of building a structure the same size as
10 the existing building proposed for demolition), expressed as a percent. A building is unsound if
11 its soundness factor exceeds 50%. A Residential Building that is unsound may be approved
12 for demolition.

13 (C) The Planning Commission shall consider the following additional criteria in the
14 review of applications to demolish Residential Buildings:

- 15 (i) whether the property is free of a history of serious, continuing Code violations;
- 16 (ii) whether the housing has been maintained in a decent, safe, and sanitary condition;
- 17 (iii) whether the property is an "historical resource" under CEQA;
- 18 (iv) whether the removal of the resource will have a substantial adverse impact under
19 CEQA;
- 20 (v) whether the project converts rental housing to other forms of tenure or occupancy;
- 21 (vi) whether the project removes rental units subject to the Rent Stabilization and
22 Arbitration Ordinance;
- 23 (vii) whether the project conserves existing housing to preserve cultural and economic
24 neighborhood diversity;

1 (viii) whether the project conserves neighborhood character to preserve neighborhood
2 cultural and economic diversity;

3 (ix) whether the project protects the relative affordability of existing housing;

4 (x) whether the project increases the number of permanently affordable units as
5 governed by Section 315;

6 (xi) whether the project locates in-fill housing on appropriate sites in established
7 neighborhoods;

8 (xii) whether the project creates Quality, new family housing;

9 (xiii) whether the project creates new supportive housing;

10 (xiv) whether the project promotes construction of well-designed housing to enhance
11 existing neighborhood character;

12 (xv) whether the project increases the number of on-site dwelling units;

13 (xvi) whether the project increases the number of on-site bedrooms.

14 (4) Nothing in this Section is intended to permit the Demolition of Residential Buildings
15 in those areas of the City where other sections of this Code prohibit such demolition or
16 replacement structure.

17 (5) Nothing in this Section is intended to exempt buildings or sites where demolition is
18 proposed from undergoing review with respect to Articles 10 and 11 of the Code, where the
19 requirements of those articles apply. Notwithstanding the definition of "Demolition of
20 Residential Buildings" in this section and as further described in the Code Implementation
21 Document with regard to the loss of Residential Units, the criteria of Section 1005 shall apply
22 to projects subject to review under the requirements of Article 10 with regard to the structure
23 itself.

24 (e) **Loss of Residential Units Through Merger.**

1 (1) The Merger of Residential Units not otherwise subject to Conditional Use
2 authorization by this Code, shall be prohibited, unless the Planning Commission approves the
3 building permit application at a Mandatory Discretionary Review hearing, applying criteria in
4 subsection (2) below, or the project qualifies for administrative approval and the Planning
5 Department approves the project administratively in accordance with subsections (3) or (4)
6 below.

7 (2) The Planning Commission shall consider these criteria in the review of applications
8 to merge Residential Units:

9 (i) whether removal of the unit(s) would eliminate only owner occupied housing, and if
10 so, for how long the unit(s) proposed to be removed have been owner occupied;

11 (ii) whether removal of the unit(s) and the merger with another is intended for owner
12 occupancy;

13 (iii) whether removal of the unit(s) will bring the building closer into conformance with
14 the prevailing density in its immediate area and in the same zoning district;

15 (iv) whether removal of the unit(s) will bring the building closer into conformance with
16 prescribed zoning;

17 (v) whether removal of the unit(s) is necessary to correct design or functional
18 deficiencies that cannot be corrected through interior alterations.

19 (3) Administrative review criteria shall ensure that only those Residential Units
20 proposed for Merger that are demonstrably not affordable or financially accessible housing
21 are exempt from Mandatory Discretionary Review hearings. Applications for which the least
22 expensive unit proposed for merger has a value greater than at least 80% of the combined
23 land and structure values of single-family homes in San Francisco, as determined by a
24 credible appraisal, made within six months of the application to merge, are not subject to a
25 Mandatory Discretionary Review hearing. The Planning Commission, in the Code

1 Implementation Document, may increase the numerical criterion in this subsection by up to
2 10% of its value should it deem that adjustment is necessary to implement the intent of this
3 Section 317, to conserve existing housing and preserve affordable housing.

4 (4) Projects that meet a supermajority of the merger criteria, in subsection (d)(2)
5 above, may be approved administratively by the Planning Department, consistent with this
6 Section 317.

7 (f) **Loss of Residential Units Through Conversion.**

8 (1) Conversion of Residential Units not otherwise subject to Conditional Use
9 authorization by this Code, shall be prohibited, unless the Planning Commission approves the
10 building permit application at a Mandatory Discretionary Review hearing.

11 (2) The Planning Commission shall consider these criteria in the review of applications
12 for Conversion of Residential Units;

13 (i) whether conversion of the unit(s) would eliminate only owner occupied housing, and
14 if so, for how long the unit(s) proposed to be removed were owner occupied;

15 (ii) whether conversion of the unit(s) would provide desirable new non-residential
16 use(s) appropriate for the neighborhood and adjoining district(s);

17 (iii) whether conversion of the unit(s) will bring the building closer into conformance
18 with the prevailing character of its immediate area and in the same zoning district;

19 (iv) whether conversion of the unit(s) will be detrimental to the City's housing stock;

20 (v) whether conversion of the unit(s) is necessary to eliminate design, functional, or
21 habitability deficiencies that cannot otherwise be corrected.

22 (g) This Section 317 Shall Not Apply to Property:

23 (1) Owned by the United States or any of its agencies;

24 (2) Owned by the State of California or any of its agencies, with the exception of such
25 property not used exclusively for a governmental purpose;

1 (3) Under the jurisdiction of the Port of San Francisco or the San Francisco
2 Redevelopment Agency or its successor agency where the application of this ordinance is
3 prohibited by State or local law; or

4 (4) Where demolition of the building or Removal of a Residential Unit is necessary to
5 comply with a court order or City order that directs the owner to demolish the building or
6 remove the unit, due to conditions that present an imminent threat to life safety.

7
8 **SEC. 505. Housing Production Reports.**

9 **(a) Department Staff Reports to the Planning Commission.**

10 (1) Beginning within 30 days after the effective date of this Article and no later than July 1,
11 2012, Planning Department staff reports to the Planning Commission and case reports for 311 or 312
12 building or site permits on a proposed residential project or area plan shall include data on the
13 expected unit type and household income level of any such proposed project or area plan under review,
14 including a running total of housing approved to date and how the additional units in the subject
15 proposed project would address the City's quantified production goals in the General Plan's Housing
16 Element. Baseline data on entitled projects for this reporting shall be updated on at least a quarterly
17 basis, such that the staff reports and case reports will provide a "dashboard" of current progress
18 toward the Housing Element's production targets.

19 (2) Planning Department staff shall provide the Planning Commission with a Quarterly
20 Housing Production Report that contains, at a minimum, information on whether the housing
21 production targets in the Housing Element are being met on a Citywide basis and also how the Housing
22 Element production targets are being achieved within particular geographic areas that are covered by
23 an area plan.

24 (3) The Planning Department shall publish an annual Housing Inventory that contains at a
25 minimum:

1 (i) an evaluation of how residential projects entitled in the preceding calendar year contributed
2 to the City's quantified housing goals for each household income level and to the Housing Element's
3 policies and objectives;

4 (ii) how entitled housing projects met inclusionary housing requirement as on-site below-
5 market-rate (BMR) units, off-site BMR units, or payment of an in-lieu fee, and the implications of that
6 pattern on achieving the City's housing goals for moderate-income households;

7 (iii) whether entitled housing projects to date have advanced various Area Plan goals and
8 objectives, and

9 (iv) the current and projected status of the overall housing entitlement and construction
10 pipelines in the City compared to the City's quantified production goals in the General Plan's Housing
11 Element.

12
13 **SEC. 506. Annual Hearing by Planning Commission; Report to the Board.** The Planning
14 Commission shall hold a public hearing one year from the effective date of this Chapter, and annually
15 thereafter, to review the Department's annual Housing Inventory and other reports that have been
16 provided to the Commission pursuant to Section 506. The Commission shall consider the information
17 that is contained in these reports and provided at the public hearing to determine whether:

18 (a) the numerical housing production goals set forth in the San Francisco Housing Element for
19 various income levels and types of housing are on target for being met for the current Housing Element
20 implementation period; and

21 (b) the mix of housing affordability types and number of units in a geographic area covered by
22 an area plan is being met.

23 The Commission shall also review the policies and goals of the General Plan's Housing
24 Element and determine whether to recommend legislation to further those policies and goals.

1 The Planning Department shall provide an annual report to the Board of Supervisors
2 concerning the results of the Commission's hearing and any recommendations for legislation.

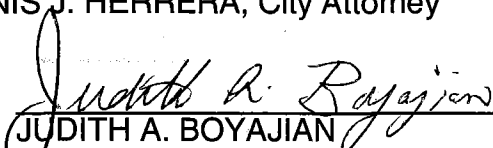
3
4 SEC. 507. Planning Commission Rules and Regulations. The Planning Commission shall
5 adopt rules and regulations to implement the provisions of this Chapter.

6
7 Section 3. Effective Date. This ordinance shall become effective 30 days from the
8 date of passage.

9
10 Section 4. This section is uncodified. In enacting this Ordinance, the Board intends to
11 amend only those words, phrases, paragraphs, subsections, sections, articles, numbers,
12 punctuation, charts, diagrams, or any other constituent part of the Planning Code that are
13 explicitly shown in this legislation as additions, deletions, Board amendment additions, and
14 Board amendment deletions in accordance with the "Note" that appears under the official title
15 of the legislation.

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19 By:

20 
21 JUDITH A. BOYAJIAN
22 Deputy City Attorney