



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Amendment

HEARING DATE: NOVEMBER 4, 2010

Case No.: 2010.0837T
Project: SoMa Youth and Family Special Use District Modifications
Project Sponsor: Supervisor Daly
Staff Contact: Steve Wertheim – (415) 558-6612
steve.wertheim@sfgov.org
Reviewed by: AnMarie Rodgers – (415) 558-6395
anmarie.rodgers@sfgov.org

Recommendation: **Disapproval**

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

CODE AMENDMENT

The proposed Planning Code amendment was introduced as legislation by Supervisor Daly on August 10, 2010 (Board File No. 10109). The proposed Ordinance would increase affordable housing requirements in the SoMa Youth and Family Special Use District (Youth and Family SUD), bounded generally by Natoma Street on the north, Harrison Street on the south, 4th Street on the east, and 7th Street on the west. The increase would be from the City's baseline affordable housing requirements (15% on-site or 20% off-site/in-lieu) to the Eastern Neighborhoods "Tier C" affordable housing requirements (22% on-site or 27% off-site/in-lieu) for projects tangent to the following streets within the Special Use District: 4th St., 5th St., 6th St., 7th St., Howard St., Folsom St., and Harrison St. The Ordinance would only apply to projects of five units and/or in excess of 40 feet in height.

The Way It is Now:

In the Youth and Family SUD, the City's baseline affordable housing requirements (i.e., 15% on site or 20% off-site/in-lieu) apply to development projects on parcels that are tangent to the major arterial streets (i.e., 4th St., 5th St., 6th St., 7th St., Howard St., Folsom St., and Harrison St.). See Attachment C for a zoning map of the Youth and Family SUD, and Attachment D for the Impact Fee and Affordable Housing Tier Map of the Youth and Family SUD. Development projects on parcels within the Youth and Family SUD that are not tangent to these streets, and are either over 40 feet in height or five units or more, are subject to the Eastern Neighborhoods "Tier C" affordable housing requirements (22% on-site or 27% off-site/in-lieu).

The Way It Would Be:

All development projects within the Youth and Family SUD that are over 40 feet in height or five units or more would be subject to the Eastern Neighborhoods "Tier C" affordable housing requirements (22% on-site or 27% off-site/in-lieu).

REQUIRED COMMISSION ACTION

The proposed Resolution is before the Commission so that it may recommend approval or disapproval of Planning Code amendments.

RECOMMENDATION

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

BASIS FOR RECOMMENDATION

The Department recommends disapproval for two reasons: first, that it would be premature to significantly alter the recently adopted Eastern Neighborhoods Plan, and second, that it is not clear that the proposed Ordinance would have a positive affect on affordable housing or other community amenities in the Youth and Family SUD.

- Changing the Recently Adopted Eastern Neighborhoods Plan

The Youth and Family SUD was created to as part of the Eastern Neighborhoods Plan, adopted in December of 2008. The goal of the Eastern Neighborhoods Plan included accommodating a portion of the City's expected growth in "complete neighborhoods" served by transportation options, quality walkable streets, open space, community facilities, and affordable housing. Accomplishing these goals required creating a balanced plan that supported additional development, which in turn would fund community amenities. The creation of this Plan entailed hundreds of community meetings and public hearings over the course of the decade.

The Eastern Neighborhoods Plan is expected to establish the growth patterns in the Eastern Neighborhoods for the next 20 years, with periodic evaluations. Due to the economic downturn, there has not been a substantial amount of development in the Eastern Neighborhoods since the Plan's adoption. Therefore, it is difficult to evaluate its effectiveness and propose substantive revisions based on this evaluation.

The proposed legislation represents a substantial revision to the Eastern Neighborhoods Plan. By increasing affordable housing requirements from 15% on-site to 22% on-site (or 20% off-site/in-lieu fee to 27% off-site/in-lieu fee), it would place significant new economic burdens of developing the affected parcels. This is because the cost of developing affordable units is higher than the allowable sales price. Per the Mayor's Office of Housing's Inclusionary Fee Schedule¹, this "affordability gap" requires developer subsidy of new units of \$179,952 per studio, \$248,210 per one-bedroom, \$334,478 per two-bedroom, and \$374,712 per three-bedroom. Therefore, every additional new affordable housing unit would need an approximate subsidy of the figures above. For example, in a new 100-unit residential development, whereas previously 15 units would require this subsidy, the Ordinance would require that 22% of the units are subsidized by the developer.

By requiring this increased subsidy, this change would therefore affect the aforementioned balance established in the Eastern Neighborhoods Plan and in the existing Youth and Family SUD. The

¹ <http://sf-moh.org/index.aspx?page=307>

Department's position is that such changes should not occur without a thorough evaluation of the effectiveness of the Eastern Neighborhoods Plan, which would be premature at this time. Therefore, the Department recommends disapproval of the proposed legislation until such a time as the effectiveness of the Eastern Neighborhoods Plan can be thoroughly evaluated.

- Unclear Benefit to the People of the Youth and Family SUD

As part of creating "complete neighborhoods", the Eastern Neighborhoods Plan established a community benefits program whereby new development would pay impact fees to support community amenities such as open space, transit, streetscape improvements, child care, and affordable housing. Additionally, where the Eastern Neighborhoods Plan bestowed additional development potential on parcels, it required development to contribute an additional benefit. In the formerly industrial areas of the Eastern Neighborhoods, that additional benefit was in the form of higher affordable housing. In the rest of the Eastern Neighborhoods, the additional benefit was in the form of impact fees. Within the Youth and Family SUD, approximately 33% of impact fees are expected to go to the Mayor's Office of Housing to support affordable housing, 30% each would go to open space and transit/streetscape improvements, and the remaining money to child care and libraries.

As discussed above, the additional affordable housing required by the proposed Ordinance would add a substantial financial burden to new development, many of which are already in the highest Fee Tier in the Eastern Neighborhoods (see Attachment D). As such, it will serve to dampen development in this area, by making it more expensive than other areas, even within the Eastern Neighborhoods. Without development, the City would not collect the impact fees necessary to implement the aforementioned community improvements, which are anticipated to serve both new and existing residents.

Additionally, the additional affordable housing required by the proposed Ordinance would be typically occupied by new residents earning 100-120% of the Area Median Income. By contrast, affordable housing funds contributed to the Mayor's Office of Housing typically is used to support residents making substantially less income (0-60% of the Area Median Income). Therefore, the proposed Ordinance could undermine funding for more at-risk populations.

While the Department is recommending disapproval of the proposed Ordinance, we are committed to continuing to work with Supervisor Daly on ways to fulfill the stated purpose of the Youth and Family SUD to provide affordable housing and protect and enhance the health and environment of youth and families. This includes working with the Mayor's Office of Housing on analyzing affordable housing strategies within the Youth and Family SUD, and developing implementation plans and strategies regarding such amenities as open space and streetscape improvements in the area. The Supervisor's Office has indicated that they may seek to modify the Ordinance to support businesses that are identified as pro-youth and family, such as restricting formula retail by Conditional Use Authorization or removing existing Conditional Use controls on some types of businesses. The Department would recommend support of such modifications.

ENVIRONMENTAL REVIEW

The proposal to amend the Planning Code would result in no physical impact on the environment. The proposed amendment is exempt from environmental review under Section 15060(c)(2) of the CEQA Guidelines.

PUBLIC COMMENT

As of the date of this report, the Planning Department has received no letters regarding this legislation. Planning Department staff and representatives from Supervisor Daly's office discussed this legislation at the Youth Commission on October 4th. The Youth Commission decided to postpone making a recommendation until after the Planning Commission hearing on this item.

RECOMMENDATION: Disapproval

Attachments:

1. Draft Resolution
2. Draft Ordinance
3. Zoning Map of the SoMa Youth and Family Special Use District
4. Impact Fee and Affordable Housing Tier Map of the SoMa Youth and Family Special Use District



SAN FRANCISCO PLANNING DEPARTMENT

Draft Planning Commission Resolution

HEARING DATE: NOVEMBER 4, 2010

Project Name: SoMa Youth and Family Special Use District Modifications
Case No.: 2010.0837T [Board File No. 10-1093]
Initiated by: Supervisor Daly/ Introduced August 10, 2010
Staff Contact: Steve Wertheim
steve.wertheim@sfgov.org, (415) 558-6612
Reviewed by: AnMarie Rodgers, Manager, Legislative Affairs
anmarie.rodgers@sfgov.org, (415) 558-6395
Recommendation: **Recommend Disapproval**

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RECOMMENDING THAT THE BOARD OF SUPERVISORS DO NOT ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE SOMA YOUTH AND FAMILY SPECIAL USE DISTRICT TO REQUIRE ALL PROJECTS CONTAINING FIVE OR MORE DWELLING UNITS AND/OR 40 FEET IN HEIGHT TO BE SUBJECT TO THE EASTERN NEIGHBORHOODS "TIER C" AFFORDABLE HOUSING REQUIREMENTS (22% ON-SITE OR 27% OFF-SITE/IN-LIEU).

PREAMBLE

WHEREAS, on August 10, 2010, Supervisor Daly initiated legislation to an amendment to amend the SoMa Youth and Family Special Use District (Youth and Family SUD) to require all projects containing five or more dwelling units and/or 40 feet in height to be subject to the Eastern Neighborhoods "Tier C" affordable housing requirements (22% on-site or 27% off-site/in-lieu); and,

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed zoning map amendment on November 4, 2010; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c)(2); and,

WHEREAS, the 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:

MOVED, that the Commission hereby recommends that the Board of Supervisors recommends disapproval of the proposed Ordinance, but would support modifications that could provide additional community amenities such as affordable housing, as well as modifications that could enhance the health

and environment of youth and families, such as restricting formula retail by Conditional Use Authorization or removing existing Conditional Use controls on some types of businesses.

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 SoMa Youth and Family Special Use District (Youth and Family SUD) was adopted in December 2008 as part of the Eastern Neighborhoods Plan.
2. The creation of the Eastern Neighborhoods Plan entailed hundreds of community meetings and public hearings over the course of a decade.
3. The Eastern Neighborhoods Plan supports the creation of “complete neighborhoods” by enabling additional development, which in turn would fund community amenities such as open space, transit, streetscape improvements, child care, and affordable housing.
4. The Eastern Neighborhoods Plan is expected to establish the growth patterns in the Eastern Neighborhoods for the next 20 years, with periodic evaluations.
5. Due to the economic downturn, there has not been a substantial amount of development in the Eastern Neighborhoods since the Plan’s adoption. Therefore, it is difficult to evaluate its effectiveness and propose substantive revisions based on this evaluation.
6. The proposed legislation represents a substantial revision to the Eastern Neighborhoods Plan. By increasing affordable housing requirements from 15% on-site to 22% on-site (or 20% off-site/in-lieu fee to 27% off-site/in-lieu fee), it would place significant new economic burdens of developing the affected parcels.
7. By requiring this increased subsidy, this change would therefore affect the aforementioned balance established in the Eastern Neighborhoods Plan and in the existing Youth and Family SUD.
8. By making development more expensive, the proposed Ordinance would have a dampening effect on new development.
9. Without development, the City would not collect the impact fees necessary to implement the aforementioned community improvements, which are anticipated to serve both new and existing residents.
10. The additional affordable housing required by the proposed Ordinance would be typically occupied by new residents earning 100-120% of the Area Median Income. By contrast, affordable housing funds contributed to the Mayor’s Office of Housing typically is used to support residents making substantially less income (0-60% of the Area Median Income).

NOW THEREFORE BE IT RESOLVED that the Commission recommends that the Board *DISAPPROVE* the proposed Ordinance that would amend the SoMa Youth and Family Special Use District to require all projects containing five or more dwelling units and/or 40 feet in height to be subject to the Eastern Neighborhoods “Tier C” affordable housing requirements (22% on-site or 27% off-site/in-lieu).

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on November 4, 2010.

Linda D. Avery
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED:

1 [Zoning - South of Market Youth and Family Special Use District]

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3 **Ordinance amending the San Francisco Planning Code by amending Section 249.40A**
4 **concerning the South of Market (SoMa) Youth and Family Special Use District, bounded**
5 **generally by Natoma Street on the north, Harrison Street on the south, 4th Street on the**
6 **east, and 7th Street on the west, to require that all projects containing 5 or more**
7 **dwelling units be subject to the Tier C affordable housing requirements established in**
8 **the Eastern Neighborhoods Plan; and adopting environmental findings and findings of**
9 **consistency with the General Plan and the Priority Policies of Planning Code Section**
10 **101.1(b).**

11 Note: Additions are *single-underline italics Times New Roman*;
12 deletions are *strikethrough italics Times New Roman*.
13 Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

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

15 Section 1. Findings.

16 (a) Pursuant to Planning Code Section 302, this Board of Supervisors finds that this
17 ordinance will serve the public necessity, convenience, and welfare for the reasons set forth in
18 Planning Commission Resolution No. _____, and incorporates those reasons herein
19 by reference. A copy of said Planning Commission Resolution is on file with the Clerk of the
20 Board of Supervisors in File No. _____.

21 (b) The Board of Supervisors finds that this ordinance is, on balance, consistent
22 with the General Plan and the Priority Policies of Planning Code Section 101.1(b) for the
23 reasons set forth in Planning Commission Resolution No. _____, and incorporates
24 those reasons herein by reference.

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1 (c) In accordance with the actions contemplated herein, this Board adopted
2 Resolution No. _____, concerning findings pursuant to the California Environmental
3 Quality Act (California Public Resources Code sections 21000 et seq.). A copy of said
4 Resolution is on file with the Clerk of the Board of Supervisors in File No. _____ and is
5 incorporated by reference herein.

6 Section 2. The San Francisco Planning Code is hereby amended by amending Section
7 249.40A, to read as follows:

8 **SEC. 249.40A. SOMA YOUTH AND FAMILY SPECIAL USE DISTRICT.**

9 (a) Purpose. The South of Market (SoMa) Youth and Family Special Use District is
10 intended to expand the provision of affordable housing in the area defined below. In addition,
11 this zoning is intended to protect and enhance the health and environment of youth and
12 families by adopting policies that focus on certain lower density areas of this District for the
13 expansion of affordable housing opportunities. The findings of Planning Code Section 319.1
14 concerning the provision of affordable housing are incorporated herein by reference.

15 (b) Geography. The general boundaries of the SoMa Youth and Family Special Use
16 District are Natoma Street on the north, Harrison Street on the south, 4th Street on the east,
17 and 7th Street on the west. The Special Use District is more particularly identified in the
18 Zoning Map.

19 (c) Controls.

20 (1) For the entire Special Use District, all provisions of the Planning Code shall
21 continue to apply, except for the following:

22 (A) The following uses shall require a Conditional Use authorization, pursuant to
23 Section 303, unless the underlying zoning is more restrictive:

24 (i) Religious facilities, as defined in Sec. 890.50(d);

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- 1 (ii) Bars, as defined in Sec. 890.22;
- 2 (iii) Liquor stores, as defined in Sec. 790.55;
- 3 (iv) Amusement arcades, as defined in Sec. 890.4;
- 4 (v) Full service restaurants, as defined in Sec. 890.92;
- 5 (vi) Large fast food restaurants, as defined in Sec. 890.91;
- 6 (vii) Adult entertainment, as defined in Sec. 890.36;
- 7 (viii) Other entertainment, as defined in Sec. 890.37;
- 8 (ix) Movie theatres, as defined in Sec. 890.64;
- 9 (x) Parking lots, as defined in Sections 890.7, 890.9, and 890.11; and
- 10 (xi) Parking garages, as defined in Sections 890.8, 890.10, and 890.12.

11 (B) The Land Dedication alternative is available for any project of 55 feet or
12 more under the same terms and conditions as provided for in Section 319.4(b)(2)(A) — (J).

13 ~~(2) In addition to the controls above, the following provisions shall apply to all properties that~~
14 ~~are not tangent to the following streets: Howard Street, Harrison Street, Folsom Street, 4th, 5th, 6th~~
15 ~~and 7th Streets:~~

16 (A-C) Any project containing 5 or more dwelling units or in excess of 40 feet in
17 height within this Special Use District shall be subject to the Tier C affordable housing
18 requirements of Sections 319 et seq.

19 Section 3. This Section is uncodified. Neighborhood Preference in Allocation of
20 Affordable Housing. The Board urges the Mayor's Office of Housing, in consultation with the
21 Planning Department, to prepare a written report analyzing the maximum extent to which the
22 allocation of affordable housing can include a preference for the residents of the Youth and
23 Family Zone Special Use District taking into account the diversity of such residents and the
24 their need and ability to purchase such housing. The Mayor's Office of Housing shall submit

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1 the report to the Board of Supervisors within 6 months of the effective date of this Ordinance.
2 The report also shall include recommendations for legislation or programmatic changes to the
3 procedures for affordable housing allocation based on the findings of the report.

4 Section 4. This Section is uncodified. Severability. If any provision of this Ordinance
5 or its application to any housing project or to the subject Special Use District areas, is held
6 invalid, the remainder of this Ordinance, or the application of such provision to other housing
7 projects or to the subject Special Use District areas, shall not be affected thereby.

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

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12 By: _____
John D. Malamut
Deputy City Attorney

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SoMa Youth and Family Special Use District - Affordable Housing and Impact Fee Tiers

