



SAN FRANCISCO
PLANNING DEPARTMENT



DATE: February 3, 2014
TO: Honorable Mayor Edwin M. Lee
FROM: DBI Director Tom C. Hui and Planning Director John S. Rahaim
RE: Executive Directive 13-01

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This memorandum responds to your Executive Directive 13-01: Housing Production and Preservation of Rental Stock. In that Directive, you charged the Directors of the Planning Department and Department of Building Inspection (DBI) to form a working group and to implement three primary tasks: 1) recommend City policies and administrative actions to preserve and promote rental housing in San Francisco; 2) implement a process for Planning Commission Discretionary Review hearings when a loss of housing is proposed; and 3) serve as an advisory body to municipal departments with permitting authority and as a clearinghouse for code compliance checks for buildings that are being withdrawn from the rental market (collectively, the “Executive Directive Tasks” or “Tasks”).

To this end, we co-chaired a working group including representatives from the Mayor’s Office, Planning Department, DBI, Mayor’s Office of Housing, Rent Board, Fire Department, SFPDW, SFPUC, MoD, OCII, City Attorney’s Office, Planning Commission, and Building Inspection Commission, as well as representatives from non-City agencies, such as SPUR, Council of Community Housing Organizations, SF Apartment Association, Small Property Owners, and the Housing Rights Committee. The Working Group met three times in public meetings during January, 2014. This document memorializes the Working Group’s recommendations.

The Working Group organized the recommendations under each of the three Executive Directive tasks, with a specific focus on short-term tasks that the Departments can implement without legislation or further extensive study. We are committed to implement immediately the responses under each Task. These responses include:

Tasks 1 and 2: Thirteen short-term, administrative changes that will speed review and approval of new housing permits; retain existing, habitable units; and encourage private parties to build more housing, consistent with our General Plan.

Task 3: Two short-term measures will ensure that the Rent Board will be able to inform tenants about their rights to habitable units and that the City routinely checks on and enforces existing compliance as units transition under Rent Ordinance Sections 37.9(a)(8-10, 13).

We understand that in February you will convene a Task Force consisting of housing experts, City departments, tenant and housing advocates, realtors and property owners to work with you and the Board of Supervisors on housing issues. The goal of this group will be to set the stage for 30,000 new and rehabilitated homes by 2020 and to implement the seven pillars of your housing plan. We have

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additional mid-term and long-term ideas that may either require community vetting and/or legislation to realize. We believe this Task Force would be the appropriate ad hoc body to vet the Working Group's ideas for mid-term and long-term strategies to produce and preserve housing that are not included in this document. We are pleased to offer these ideas to your Task Force, and to present them in more detail at the appropriate time.

Task 1: Recommendations to the Mayor.

Prior to a final decision on implementing any of the measures listed below, to the degree that is required, appropriate environmental review as required by CEQA would be undertaken.

There are general process-improvement changes Planning and DBI could make to facilitate the production of affordable units and the retention of existing units. These changes include the following:

1. **Priority Processing.** Revise the Planning Director's Bulletin Number Two to prioritize 100% affordable housing projects, followed by projects with at least 20% on-site or 30% off-site affordable housing, as the Planning Department's highest priority. Market-rate housing projects will be prioritized based on how the Project intends to satisfy its inclusionary affordable housing obligation. Priority will be based on the project's proportion of affordable units produced – either on-site or off-site. The Planning Department will revise the *Affidavit for Compliance with the Inclusionary Affordable Housing Program* to indicate that if an affordable housing project is seeking priority processing, the *Affidavit for Compliance* must be completed and submitted in conjunction with the filing of the Environmental Evaluation Application, entitlement, or Building Permit Application (whichever is filed first).

Also, revise administrative polices for priority project review currently contained in DBI's Administrative Bulletin, AB-004, Priority Permit Processing Guidelines, in a similar fashion. Assist other City agencies in preparing administrative policies that prioritize affordable housing, if no such policies currently exist.

2. **Ombudsman for HOPE SF and Affordable Housing Projects.** Assign one primary staff person each in Planning and DBI to facilitate the entitlement and plan-check process for HOPE SF and affordable housing projects.
3. **Affordable Housing Policies and Procedures.** Establish inter-agency MOU's relating to the review and approval process for affordable housing projects, including internal agency policies and procedures to implement the goals and objectives of Mayor's ED 13-01.
4. **Encourage density.** Ask the Planning Commission to adopt a policy that encourages developers to maximize their permitted density when constructing major alterations or new construction projects.
5. **Training/Public Information.** Create informational bulletins and/or training sessions relating to the City's permitting process for housing projects.
6. **Justify Removal of Illegal Units.** If a property owner seeks to remove an illegal dwelling unit, require the submittal of findings that outline why they are removing, rather than legalizing, the dwelling-unit. These findings would be considered by the Planning Commission at a Mandatory Discretionary Review Hearing (see Task 2).

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7. **Housing Element EIR.** Prioritize and support the Housing Element EIR so that the Planning Department can rely on it for housing initiatives.
8. **Concurrent Review.** Ensure that City agencies (Planning, DPW, MoD, DBI, Fire) review applications simultaneously for housing projects, when appropriate. For 100% affordable housing projects, and projects with at least 20% on-site or 30% off-site affordable housing, require pre-application meetings with all relevant City agencies before permits are filed, and establish a requirement for concurrent review for all reviewing agencies. Concurrent review should occur when projects are well-defined and unlikely to substantially change in such a way that would compromise the efficiencies gained by concurrent review. The Departments may consider offering a fee waiver for pre-applications meetings for 100% affordable housing projects if approved by the Board of Supervisors.
9. **Improve Tracking and Transparency of 100% Affordable Projects:** Implement a system to identify pipeline projects that are 100% affordable and implement a publically-accessible tracking system with an up-to-date status of all such projects. When housing projects are approved, an on-line tracking system should indicate the number of affordable units and market rate units approved for construction, and confirm when CFCs/TCOs have been issued.
10. **Agency Coordination on Affordable Housing Projects.** Interagency coordination – including coordination of design review – is of paramount importance for affordable housing projects. Key projects such as Mother Brown’s Emergency Shelter require efficient, timely cooperation from not only the permitting agencies but also asset-holding agencies such as the School District and the Human Services Agency. Those responding to agency comments and corrections also must act within agency-set response timelines/deadlines.
11. **Expedite Hiring of City Staff who Review Housing Permits.** The City’s hiring process is lengthy. Permitting agencies can commit to quick filling of positions but need the assistance of other agencies such as the Department of Human Resources to hire in an efficient manner.
12. **Accountability.** Create performance standards for recommendations that will be implemented as a result of this Executive Directive.

Task 2: Discretionary Review for Loss of Housing Units.

The Working Group has identified two implementation measures for Task 2.

1. **DBI Housing Checklist.** DBI will create a new housing checklist for building permit applications connected to buildings larger than two units. Should any of the following occur in the building, the permit may not be approved over-the-counter and shall instead be referred to the Planning Department to be processed as a Mandatory Discretionary Review:
 - a. The work will result in the removal or loss of a housing unit, legal or otherwise.
 - b. The work will result in the permanent displacement of any tenant from their housing unit, legal or otherwise.
2. **Mandatory Discretionary Review for the loss of Dwelling Units.** For properties with more than two dwelling units, the Planning Department will initiate Discretionary Review for the loss of any dwelling units, legal or otherwise. For building permits to remove an unpermitted unit where there is a feasible path to legalize the unit, the Department will recommend that

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the current housing affordability crises creates an “exceptional and extraordinary” circumstance such that the Commission should deny the permit and preserve the unit. For building permits where there is no feasible path to legalize the unit, the Department will place the Discretionary Review on the consent calendar with a recommendation to approve the permit. The Planning Department will work with DBI and with the City Attorney’s Office (and other relevant agencies, including the Fire Department) to ensure this policy addresses possible life-safety issues on the properties.

Task 3: Planning and Building Approvals & Notification.

The Working Group has identified two implementation measures for Task 3.

1. The Department of Building Inspection and Planning Department will review the Notices received from the Rent Board under Task 3 and identify any properties subject to existing administrative code enforcement actions by either Department. The Departments will update the records on those existing violations and, where appropriate, initiate interdepartmental inspections in order to cure the violations.
2. The Rent Board will include information on applicable City Codes designed to ensure the habitability of residential units and each Departments' code enforcement process in the tenant information packet currently provided to tenants affected by a Notice of Intent to Withdraw units from the residential market under Rent Ordinance Section 37.9A.

We look forward to continue to work with you on ways to encourage the production of housing in the City, especially low and moderate income housing. We are available to discuss our proposal with you in detail and look forward to implementing these concepts as quickly as possible.