



# SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: October 24, 2014  
TO: Peter Cohen and Fernando Marti, Co-directors,  
Council of Community Housing Organizations (CCHO)  
FROM: Menaka Mohan and Audrey Desmuke  
REVIEWED BY: Kearstin Dischinger  
RE: Draft 2014 Housing Element

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It was a pleasure meeting with you on September 30<sup>th</sup> to discuss your proposed changes to the 2014 Housing Element. The following provides a summary of our conversation and an attachment which will be added as an addendum to the 2014 Housing Element. We've organized the responses to correspond with your September 10<sup>th</sup> letter.

**1. Add new housing sales price data to the quarterly Residential Pipeline Summary report**

Per our conversation, the Department is committed to providing the public access to public data and records. Also the Department is committed to assuring that all data published and collated by the Department continue to be well vetted for accuracy and consistency. In response to your comments, the Department proposes some changes to **Implementation measures one and two** in response to your requests (see attached).

**2. Tiered Zoning.**

The Planning Department is currently studying how to implement the State Density Bonus law in San Francisco to encourage deeper levels of affordability. In response to your comment, the Department proposes to add **Implementation Measure 38b** to clearly reflect this effort (see attached).

**3. Incentive mixed income housing.**

In response to your comment, the Department proposes modifications to **Implementation Measure 43 (see attached)** to reflect the program changes to be included in the package of amendments to Planning Code Section 415 and related implementation documents. These changes reflect the overall goals of these program updates rather than discussing potential outcomes.

**4. In-lieu fee tiers.**

As stated above, the Department proposes modifications to **Implementation Measure 43 (see attached)** to reflect the changes to be included in the package of

amendments to Planning Code Section 415. These changes reflect the overall goals of these amendments rather than discussing potential outcomes.

**5. Family Sized Units.**

The draft 2014 Housing Elements has two Implementation Measures that address family size units (34 (below) and 35). The Department proposes keeping Implementation Measure 34 as drafted. Also, in response to your comments, the Department proposes to modify Implementation Measure 35 to call for a study or an evaluation of unit sizes and household size and types before a policy is developed (see attached).

“34. The Mayor’s Office of Housing shall develop, and City agencies shall utilize, a common definition for family housing (2 or more bedrooms), to guide the provision of family units in both private and public construction.”

**6. Public Sites program.**

In response to your comment, Planning has proposes modifications to Implementation Measure 4 and Policy 1.3 to further clarify the role of the public sites program in achieving the 2014 Housing Element goals (see attached).

**7. Short-term rentals.**

The City is currently in the midst of policy discussions and legislation regarding short-term rentals. In an effort to insure that the Housing Element reflects the City’s intended policy direction, the Department anticipates ongoing conversation and revision to this policy.

**8. Affordable Housing Strategy.**

Proposition K is before the voters this fall. Pending the outcome of the election, the City will have a clear direction from voters on some of the issues you raised.

In response to your comment, the Department proposes some modifications to Implementation Measure 69 that references a commitment to studying different funding mechanisms for affordable housing.

**9. Area Plans Strategy.**

Proposition K is before the voters this fall. Pending the outcome of the election, the City will have a clear direction from voters on some of the issues you raised.

The draft 2014 Housing Element, includes an idea similar to the area plan strategy:

**Objective 7, Secure Funding and Resources for Permanently Affordable Housing, Including Innovative Program that are not Solely Reliant on Traditional Mechanisms or Capital, in strategies for further review:**

*MOH and Planning should continue to consider, within the context of a community planning process, zoning categories which require a higher proportion of affordable housing where increased density or other benefits are granted. Options include Affordable Housing Only Zones (SLI); Affordable Housing Priority Zones (UMU) or Special Use Districts on opportunity sites.*

If Prop K is passed, the Department can look into refining this strategy into an implementation measure

## **10. Housing Balance Count**

If voters support Prop K, the Department will reword Implementation 1 as follows:

Planning staff shall continue to provide data to the Planning Commission through the Quarterly Residential Pipeline Dashboard on the expected unit type and income level of any proposed projects or area plans under review, and the cumulative ratio of affordable and inclusionary housing to market rate housing, including how such units would address the City's fair share of the Regional Housing Needs. The Department will also add a link to the Office of the Assessor's data to the Quarterly Residential Pipeline Dashboard to help understand real-time trends in housing prices of new construction.

11. Currently the City regulates the costs associated with displacement. The General Plan is a broad policy document that provides guidance on how to address housing issues. Your proposed amendments are specifics that would be determined when legislation is undertaken for implementation of such this policy. Planning will add an implementation measure for this policy calling for enhancing the relocation services.

**Policy 7.6** The draft 2014 Housing Element references the Small Site program in Implementation Measure 31 (see below).

**Implementation Measure 31:** MOH shall continue to implement the Small Site Acquisition and Rehabilitation Program using inclusionary in-lieu fees and other public funds, to enable non-profits to acquire existing rental properties under 25 units for long-term affordability; and shall explore other methods of support, such as low-interest rate financing and technical assistance for small site affordable development.

**Policy 10.2** Planning will incorporate the suggested edits into the draft 2014 Housing Element (see attached).

October 24, 2014

**Attachments:**

- Attachment 1. Draft 2014 Housing Element – Addendum October 2014
- Attachment 2. CCHO September 10 Letter

## Attachment 1.

### Draft 2014 Housing Element – Addendum October 2014

The following document reflects proposed changes to the draft 2014 Housing Element posted August 2014. Text that is underlined or is ~~struck through~~ reflects an addition or deletion respectively.

#### Housing Element Policies

**Policy 1.2 Focus housing growth and infrastructure-necessary to support growth according to community plans. Complete planning underway in key opportunity areas.**

...Plans and projects underway include Central SoMa, 4<sup>th</sup> and King Railyard site, and smaller community planning efforts.

**Policy 1.3 Work proactively to identify and secure opportunity sites for permanently affordable housing.**

The City should aggressively and systematically pursue opportunity sites for permanently affordable housing development through a comprehensive Public Sites Program.

**Policy 10.2 Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.**

.....In December 2013, a multi city agency effort began in response to a mayoral initiative to streamline processing and permitting of all new housing construction including permanently affordable housing. ~~This~~ That effort has resulted in several administrative reforms is ~~seeking~~ regulations to streamline permit process and to facilitate preservation of existing housing stock. In addition, as a result of this effort the city agencies have now prioritized permitting process for 100% affordable housing projects, and market rate projects with at least 20% on-site Below Market Rate units or 30% off-site Below Market Rate units.

#### **Housing Element Implementation Measures**

##### **Implementation Measure 1**

Planning staff shall continue to provide data to the Planning Commission through the Quarterly Residential Pipeline Dashboard on the expected unit type and income level of any proposed projects or area plans under review, including how such units would address the City's fair share of the Regional Housing Needs. The Department will also

add a link to the Office of the Assessor's data to the Quarterly Residential Pipeline Dashboard to help understand real-time trends in housing prices of new construction.

**Implementation Measure 2**

Planning shall continue to make data on housing production available to the public through the annual Housing Inventory, including breaking out housing production trends by income level for all Planning Areas, and increase its notification and distribution to neighborhood organizations.

**Implementation Measure 4**

MOH shall continue to actively pursue surplus or underused publicly-owned land for housing potential, working with agencies not subject to the Surplus Property Ordinance such as the SFPUC, SFUSD and MTA to identify site opportunities early and quickly. City agencies shall continue to survey their properties for affordable housing opportunities or joint use potential, and OEWD and MOH will establish a Public Sites Program that will assist in identifying opportunity sites and priorities for affordable housing development.

**Implementation Measure 35**

Planning should study the relation between unit sizes and household size and types through evaluating units build as a result of minimum percentages of two and three bedroom requirements in new recently adopted community plans. This study should also evaluate use of older stock of dwelling units by household type. Such study shall inform future policies and regulations related to unit and bedroom sizes to accommodate larger households and/or families in San Francisco.

**Implementation Measure 38 b**

Planning will develop a density bonus program with the goal of increasing the production of affordable housing. The program will be structured highly incentivize market rate projects to provide deeper levels of affordable housing than required by existing City Programs.

**Implementation Measure 43**

Planning and MOH shall continue to implement and update the Citywide Inclusionary Housing Program which promotes the inclusion of permanently affordable units in housing developments of 10 or more units. The City shall evaluate the effectiveness of this program including: on-site, off-site, in-lieu fees, and land dedication options, and develop modifications to enhance the delivery process affordable housing units in San Francisco through this program.

**Implementation Measure 48b** The City should continue to evaluate the effectiveness of existing programs to discourage displacement and to provide evicted tenants with sufficient relocation accommodations. The City should continue to pursue necessary

legislative modifications at the State level to minimize the adverse effects of evictions on tenants.

**Implementation Measure 69:**

The City shall continue to implement the Housing Trust Fund. OEWD shall continue to coordinate with institutions and employer organizations such as the Chamber of Commerce, to facilitate their advocacy, of the housing trust fund. The San Francisco Housing Trust Fund was a ballot-initiative measure that was passed in November of 2012. The Housing Trust Fund begins in year one with a general fund revenue transfer of \$20 million and increases to \$50 million over time. The Housing Trust Fund will capture revenue from former Redevelopment Agency Tax Increment funds (an example of what is being referred to as “boomerang” funds in post-redevelopment California), a small portion of the Hotel Tax which has been appropriated yearly for affordable housing, plus an additional \$13 million in new General Fund revenue from an increase in business license fees. The consensus business tax reform measure, Proposition E, which also passed on the November ballot, will generate \$28.5 million in the first year—\$13 million of which will go to fund affordable and workforce housing. It is estimated that \$1.5 billion will be invested in affordable. In addition to the Housing Trust fund, City Agencies and other institutions will continue to work on additional funding sources for affordable housing.