



**SAN FRANCISCO  
PLANNING DEPARTMENT**

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BOARD OF SUPERVISORS  
SAN FRANCISCO

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June 6, 2008

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Ms. Angela Calvillo, Clerk  
Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Re: Transmittal of Planning Department Case Number 2007.0291T  
Board File Number 08-0282: Section 315.5 - Off-Site Inclusionary Housing  
Requirements

Dear Ms. Cavillo,

The Planning Commission held a duly noticed public hearing on a proposed Ordinance contained in the aforementioned Board file on May 29, 2008.

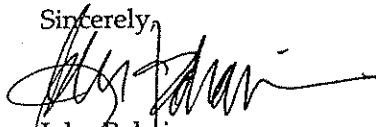
The proposed Ordinance would amend Planning Code Section 315.5 to provide that 25% of off-site units given site permits annually may be built outside of the currently-required one-mile radius from the market-rate project, and to provide that these off-site units cannot be located in industrially-zones areas or within a quarter mile of developments containing 200 or more publicly-owned and operated affordable housing requirements.

Environmental Review of the project was completed and a General Rule Exclusion was issued by the Planning Department on March 13, 2008.

At the May 29<sup>th</sup> hearing, the Planning Commission adopted Resolution Number 17607 to recommend that the Board of Supervisors vote to disapprove the proposed Ordinance.

Please find attached documents relating to the Commission's action. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

  
John Rahaim  
Director of Planning

Attachments

Planning Commission Resolution Number 17607

cc: Supervisor Sandoval

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SAN FRANCISCO  
PLANNING COMMISSION  
RESOLUTION NO. 17607

**RECOMMENDING THAT THE BOARD OF SUPERVISORS DO NOT ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE BY AMENDING SECTION 315.5 OF THE OFF-SITE INCLUSIONARY AFFORDABLE HOUSING PROGRAM TO PERMIT 25% OF OFF-SITE AFFORDABLE UNITS BE BUILT OUTSIDE OF THE CURRENTLY REQUIRED ONE-MILE RADIUS FROM THE MARKET RATE PROJECT.**

WHEREAS, on February 26, 2008, Supervisor Sandoval, introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 080282 which will amend Planning Code Section 315.5 to provide that 25% of off-site units given site permits annually may be built outside of the currently-required one-mile radius from the market-rate project, and to provide that these off-site units cannot be located in industrially-zones areas or within a quarter mile of developments containing 200 or more publicly-owned and operated affordable housing requirements.

The proposed zoning changes have been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c)(2).

The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on May 29, 2008.

The Commission believes that the proposed change to Section 315 is inappropriate at this time. First, and most important, a fundamental principal of equitable planning is to create integrated neighborhoods, ones that have a mix of uses and people. Integral to this concept is to encourage a healthy mix of income levels within each neighborhood. San Francisco faces a continuing shortage of affordable housing for low and moderate income residents, and officials have worked diligently to put a system into place that will generate affordable housing yet provide options for developers of residential housing in terms of how to fulfill these requirements (detailed above). The goal is to facilitate the construction of affordable housing on-site. While a developer may choose to meet their requirements off-site, there are limitations as to where these units can be constructed. To meet the goal of integrated neighborhoods, all off-site affordable housing must be constructed within a one-mile radius from the principal project. To relax this requirement, even for 25% of all new affordable units, defeats the goal of creating mixed communities.

There are several policies in the General Plan that reinforce the city's goal of providing affordable housing either on-site or within a mile of the principal project:

Objective 1 of the Housing Element states: "To provide new housing, especially permanently affordable housing, in appropriate locations which meets identified housing needs and takes into account the demand for affordable housing created by employment demand."

Policy 4.2 of the Housing Element states: "Include affordable units in larger housing projects."

Policy 8.4 of the Housing Element states: "Encourage greater economic integration within housing projects and throughout San Francisco."

Planning Code Section 101.1, passed by San Francisco voters in 1986 under Proposition M, reinforces the policy of having integrated neighborhoods and providing affordable housing. The City may not adopt any zoning ordinance that is inconsistent with these policies:

101.1(b)(2): That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

101.1(b)(3): That the City's supply of affordable housing be preserved and enhanced.

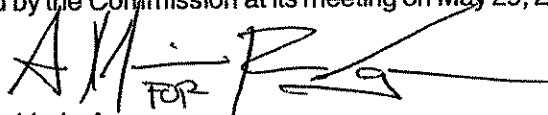
Secondly, the existing provisions in Section 315 have only been in effect since August 2006 – just over 18 months. The Commission is unaware of any limitations to the one-mile requirement and believes that it is premature to determine whether the one-mile requirement works or if it is too limiting for developers to find parcels within this boundary to meet the off-site requirement.

Finally, the recent amendments to Section 315 and those made in the Market-Octavia Area Plan successively strengthened controls designed to ensure increased economic integration in neighborhoods. The proposed amendment reverses that trend and may result in certain neighborhoods with lower land values becoming receiver sites for those wishing to cut costs in satisfying their affordable housing requirement. This change may disrupt the Keyser Marston Associates analysis of July 2006, which set the current requirements.

In sum, the intent of the Inclusionary Affordable Housing Program (codified in Section 315) and recent area plans is to increase the supply of new affordable housing, to revise income standards to reflect San Francisco's demographics and housing needs, to ensure economic integration in new housing development, and to support homeownership opportunities through inclusionary affordable housing. The proposed amendment to Section 315.5 appears to be inconsistent with several objectives and policies of the General Plan because it aims to permit affordable units outside of the neighborhood of the principal project. For that reason, the Commission recommends that the Board not approve the proposed Ordinance.

**NOW THEREFORE BE IT RESOLVED**, that the Planning Commission recommends that the Board of Supervisors do not adopt the proposed Ordinance.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on May 29, 2008.

  
Linda Avery  
Commission Secretary

**AYES:** Olague, Moore, Suguya, Miquel

**NOES:** Antonini

**ABSENT:** B. Lee

**ADOPTED:** May 29, 2008