



# Appendix C: Analysis of Governmental & Non-Governmental Constraints

ADOPTED - January 2023

Prepared as Part of the  
San Francisco Planning Department's

**Housing Element Update 2022**



San Francisco  
**Planning**

# Acknowledgments

The San Francisco Planning Department acknowledges that we are on the unceded ancestral homeland of the Ramaytush Ohlone, who are the original inhabitants of the San Francisco Peninsula. As the indigenous stewards of this land and in accordance with their traditions, the Ramaytush Ohlone have never ceded, lost, nor forgotten their responsibilities as the caretakers of this place, as well as for all peoples who reside in their traditional territory. As guests, we recognize that we benefit from living and working on their traditional homeland. We wish to pay our respects by acknowledging the Ancestors, Elders, and Relatives of the Ramaytush Ohlone community and by affirming their sovereign rights as First Peoples.

The Planning Department wishes to acknowledge the many community and private sector partners who graciously offered their time to help us research and understand their perspectives on the challenges and constraints in the housing application, development, design, and construction process.

Comments in **orange** or **blue** are from a survey, interviews, and a set of focus groups with homeowners who developed their own properties and architects, developers and land use attorneys who work on small, mid, and large-scale multifamily housing projects in San Francisco.

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# Executive Summary

The people of San Francisco, through the regulatory systems of the city and their leaders, have elevated collective values around housing: that it be equitable to our more vulnerable populations and communities of color, responsible to the climate crisis, and built humanely with qualities that support our health, welfare, and safety. Maintaining and developing housing affordable to our population and workers remains a challenging task. Housing production primarily arrives through a complex financial system that is not motivated to achieve the collective values. Ideally, government provides clear guidance to private developers to meet those goals while supporting investment for practical projects that offer choices and agency for all San Franciscans and reinforces people living sustainably together around shared resources and belonging. However, the current regulatory environment does not result in the production of housing affordable to all segments of our population. Instead, our complex local, State, and Federal government systems often create a contradictory regulatory environment that has not recognized, for decades, the inequities in housing production. This “death by a thousand cuts” -- complex regulations, constrained zoning, high construction and land prices, discriminatory practices, and limited consensus -- is an important reason why private industry, historically responsible for 91% of all housing in San Francisco, is chronically not producing enough housing to meet the needs of all San Franciscans. Underproduction by the private sector is compounded by the decline in public resources to support the retention and production of housing affordable to our low-income households. Recent economic forces have added even more pressure to a tight housing market: a sustained influx of high earners who can

afford higher rents, labor challenges for various trades, inflation, and supply chain disruptions have made the local cost of construction the highest in the nation. To rebalance the production and supply of housing at all income levels, the City will need to stabilize the entire process by addressing harmed communities at a systemic level, revising regulations, expanding housing choice and affordability in areas with higher resources, securing substantial and sustained additional public funding, and supporting the workforce who build housing with the ability to return to the city.

## **Affordable housing faces complex development and funding challenges**

The non-governmental constraints that impact market-rate development—high land values, high construction costs, low site availability, and community resistance—also have significant effects on affordable housing, or housing produced with public subsidy by non-profit developers. Affordable housing developers are also subject to unique governmental constraints including funding subject to specific reporting and requirements, staffing shortages and prevailing wage expectations, and multi-jurisdictional complexities only required of projects receiving public funding.

While inclusionary remains a key program to increase the supply of permanently affordable housing, it remains the highest fee or public benefit demanded of market-rate projects and has a big impact when the system is tuned in ways that stress the process. While the City designed the inclusionary rate system to fluctuate to adapt to market changes, it is also an unpredictable



process that is often out of cycle, tipping market rate projects infeasible. Developer interviewees also stressed that it causes a wider cost gap between market-rate and affordable units and makes it more difficult to provide middle-income housing.

While recent state legislation has provided unique ministerial pathways to approval and has provided density bonus options for eligible projects, many affordable housing projects still seek community acceptance given their missions. Affordable housing also continues to come with stigma associated with poor quality housing of previous public housing projects or rejection of residents with different lifestyles, class, or culture, especially in affluent neighborhoods.

Expanding density limits and zoning at the local level, stabilizing and simplifying the regulatory process, healing community harm, and reducing construction costs would reduce many constraints on affordable housing production. Together these actions would stretch the federal, state, and local funding already in place much farther to meet Affirmatively Furthering Fair Housing requirements and the needs of many more people in San Francisco.

### **Public funding significantly insufficient to retain and add affordable housing units**

San Francisco lacks sufficient resources to retain and expand the number of units affordable to low- and middle-income households required by our RHNA target. San Francisco has been able to meet previous above-moderate RHNA targets but stayed well below the low- and moderate-income housing targets.

Like many other cities, San Francisco is facing a substantial increase in affordable housing unit

targets without a proportional increase in federal funding and fluctuating and increasingly competitive State funding. San Francisco has substantially expanded its local resources for affordable housing through General Fund allocations, development impact fees, and bonds. In 2019-2020, local affordable housing funding reached \$500 million, more than four times the \$110 million which had been the average over the previous 15 years. Inclusionary affordable housing, required as part of any major housing development, represents about one third of all affordable housing production. Local funding has shifted from one third of the federal and State funding to more than double. Still, the overall funding for affordable housing remains below what is required to produce about 45,000 units for low and moderate-income households.

To achieve this substantial goal, City leaders, advocates, policy makers, industry experts, and the public will need to collaborate to invite new models of financing, recognize new revenue streams are needed, and commit to a sustained system. This will also require build capacity in the organizations that produce and maintain such housing to ensure it continues to serve its communities.

### **Fixing inequity reduces constraints on housing**

Community opposition to new market-rate and affordable housing projects has been a consistent constraint for housing approvals. But it is important to recognize the differences in the advocates and forms of protest. Many communities of color, especially the city's Black and American Indian communities, have experienced deep, multi-generational, dispossession, harm, and near erasure, experiences that have yet to be fully told,

documented, recognized, and repaired by City actions. Many communities experiencing intense pressure and displacement express that any new project from the market system is a threat, a layer of imposition piled on decades of distrust. Other constituencies, often more affluent, white, long-time homeowners, also feel under threat with a sense of change and loss of power but sit in a very different history and have more resources to gain advantage.

The City has few established and consistent ways to differentiate between forms or scales of harm, or in people's motivations, vulnerabilities, and race in discretionary outcomes. The lack of established or consistent process results in each project needing to be brought to the attention of the public and city leaders with little time or depth to be able to unpack the just course of action, and overwhelming an administrative system not meant to handle such volume. The scale of energy that all parties-- community voices, project applicants, department staff, and city leaders-- put towards individual decisions diverts energy from and delays systemic solutions. Repairing harm to communities of color who have been historically excluded or dispossessed would significantly improve their outcomes as well as reduce constraints to housing production overall.

This extends to long-range work as many parts of the city that have recently completed area planning still struggle with contentious project approvals. While these were well intended efforts to come to community agreement on principals that would resolve tension and open pathways for housing, in most cases, they were not community led or with a fundamental sense of trust in the motivations for the work. Long-range planning processes in harmed, distressed, and underserved community neighborhoods that do not center equity or address past harms can exacerbate existing political struggles and

animosity, and result in the delay of housing approvals and increased community discontent.

### **Challenges in the entitlement process result in uncertainty and higher development costs**

Despite the potential of significant reward given high sales prices and demand, building housing projects in San Francisco is very risky for private and non-profit developers. The risk is not just that completed products do not provide expected return within an anticipated timeframe but, due to community opposition or regulatory discretion or delays, or more recently higher interest rates and economic downturn, that there may be no project at all. A handful of developers have cultivated the ability to navigate this complexity of this system and gain significant advantage to effectively getting their projects through. Some developers prefer to gain income from their entitlement expertise than to build on sites they own.

Housing development is a business primarily based in financial decisions; uncertainty significantly restricts housing projects from securing financing and makes whatever survives the process significantly more valuable and expensive. Interviews in our developer and land use attorney focus group indicated that 55% of participants say they or their clients have no plans to keep building in San Francisco after their current projects are entitled, and 27% say they or their clients are considering stopping development in San Francisco but haven't finalized their decision. Numerous entitled high-rise projects, efficient forms of construction with well-capitalized developers, have become indefinitely stalled. Uncertainty significantly impedes housing production and restricts untold housing projects from even being considered.

## **Small and mid-sized projects face more government hurdles but fewer non-governmental ones than large ones**

Many of the large housing projects that were built between 2012 and 2018 were in areas of the city that had land use changes and area planning in the previous decade, such as in Market-Octavia, the Transbay Transit Center District, and Rincon Hill. These plans made housing more predictable by codifying most community concerns into regulatory structures and benefits, streamlining application processes, expanding residential uses, increasing height and/or density, and clearing California Environmental Quality Act (CEQA) requirements for expected project types. During the same time, communities in low density areas of the city did not have similar efforts and project applications struggled due to unpredictability, even when not adding additional units.

Through discussion with developers of different types of housing, a common perspective was that it was easier to entitle a high-rise in downtown than to add even a single unit in almost any low-density neighborhood outside of downtown. They indicated that the risks of trying to develop in San Francisco were only worth it for very large projects. Permit processing timeline data indicates that applications for mid-sized projects were similar to large-scaled ones, even in plan areas. And entitlement for large projects did not even take twice as long as site permits for small projects even though they often require substantial review and analysis. Perhaps the most telling indication was that large applications had more consistent permitting timelines than small projects which varied widely.

This pattern has continued to reinforce density in already dense parts of the city-- the southeast neighborhoods such as South of Market, Central Waterfront, the Mission, Potrero, Bayview, and

Hunters Point Shipyard-- and maintain lower density neighborhoods, especially in Well-resourced areas in the north, middle and western portions of the city, as fixed and increasingly exclusive.

While analysis shows that governmental constraints have been restricting housing opportunities in the Well-resourced neighborhoods, non-governmental ones are more optimistic. While financial feasibility on nearly any project type in the city is not currently favorable, mid-scale projects in neighborhoods with higher land values (and rental rates) are more likely to become more feasible as market conditions improve. Projects in areas of lower land values and rates are the least feasible for mid-sized projects. Turning systematic planning attention to Well-resourced neighborhoods will partner with market conditions, advance housing opportunities, and reduce constraints on equitable housing.

## **Constraints are especially high for producing very small, multi-family housing**

The dominance of the single-family home as a preferred housing type for San Francisco's high earners is a considerable constraint to producing housing for the rest of the population. While the rental market plummeted during the pandemic, sales of single-family homes continued to grow substantially, and it has the highest price per square foot of any housing type in the city. While this current pattern stems from zoning constraints, historic discrimination, and cultural ideals, it has been reinforced by decades of business growth in the development and construction industries oriented to fulfill demand for single-family homes. As state programs or local rezoning expand housing capacity in low density neighborhoods, it will take considerable time for these industries to adapt and small, multi-family projects to become

broadly financially viable. At the same time, city leaders and community members express concern about speculative development encouraging tenant evictions, or displacement of low-income homeowners who decide to sell. City leaders and community members seek to keep discretionary procedures in place to avoid such outcomes or organize pathways towards homeowners doing such development themselves and remaining in place. It is not uncommon for homeowners doing simple remodels or additions to vastly underestimate the stress, costs, risk, and time required for such projects, or homeowners who are fully aware decide not to take on such risk; substantial remodels to turn single-family homes into small scale multifamily buildings is an unlikely path for many. City-backed programs to resource middle-, moderate-, and low-income homeowners would be a way to stabilize small-scaled projects and reduce constraints for construction of more housing in Well-resourced neighborhoods.

### **Reliably protecting tenants and rent controlled units will help reduce constraints on housing approvals**

One of the biggest challenges in producing any form of housing is finding an available site and, with limited land, San Francisco has a history of transforming properties with existing uses and structures into new ones. Those with site control change their own outcome but also often directly or indirectly impact others, for example, the destruction of an important cultural resource, the displacement of people living there, or inviting a new sense of place. Yet without that evolution, San Francisco cannot accommodate new residents, future ones, and their needs, as well as balancing the services and businesses that support diverse activities and communities. Keeping San

Francisco's buildings as they are will not ensure that the same people will continue to live here.

There are many planning code and regulatory processes that try to manage this balance, for example, requiring an additional public hearing so that decision-makers have a chance to look more carefully at site specifics or disincentivize the re-use of a site. However, more recently, public dialog has shifted towards protecting tenants in buildings rather than the buildings themselves which is much harder to adjudicate under land use regulations.

Tenant protection policy is a place where State and local leaders increasingly align, wanting to avoid past harm from broad scale government actions, like redevelopment, as well as individual damage to those most vulnerable in a highly unaffordable landscape. Recent State rules, for example under the Housing Crisis Act of 2019, seek to establish new expectations for managing tenant relocation, right to return, or replacement units including defining "protected" unit types. These issues have been a recent frequent topic on project approvals brought to Planning Commission as well.

But enacting and enforcing tenant protections through land use approvals has so far been impractical. It requires planners to reliably unearth five- or ten-year's worth of personal or financial history of the use of space in residential properties including often on unauthorized dwelling units. Some requirements demand former tenants sign off on affidavits or provide tax records to prove they were not low-income or unfairly displaced yet there is no incentive for their participation in this process. Whatever evidence is available can be easily disrupted by any implication of coercion or the memory from a neighbor. This also places decision-makers in the position of adjudicating from a complicated or unclear history and only a

set of intentions about the future. And land value opportunities for property owners will continue to set up outcomes, many of which are unfair, outside of public process, like private-to-private agreements, coercion, or unsafe living conditions.

Making a reliable, implementable system that supports tenants and existing rent-controlled units, first, but then clears a pathway for new or preserved housing where no one is at risk, would substantially reduce stress in communities and offer more sites for new housing.

### **Challenges in Studying Cumulative Impacts**

One of the requests in compliance with the State's requirements is an assessment of the cumulative impacts that constraint housing production which is a daunting task given the range of rules, geographies, and a variety of intangibles. Impact fees have a tremendous range in different locations and types of projects; construction and land costs can vary widely as well.

The high proportion costs would be construction costs incurred through the private market and inclusionary imposed by government requirements, but the question is how are these specific to San Francisco? Or uniquely premium? And then there are many, many small ones, for example: sidewalk improvements, exposure requirements, façade quality to meet design guidelines, loading requirements, permit fees, and on and on as listed here in nearly 300 pages. What

we hear repeatedly is that it isn't one or two or even ten things, that constrain the process, instead it is the accumulation of the many hundreds of requirements and the coordination involved with meeting them, the "death by a thousand cuts."

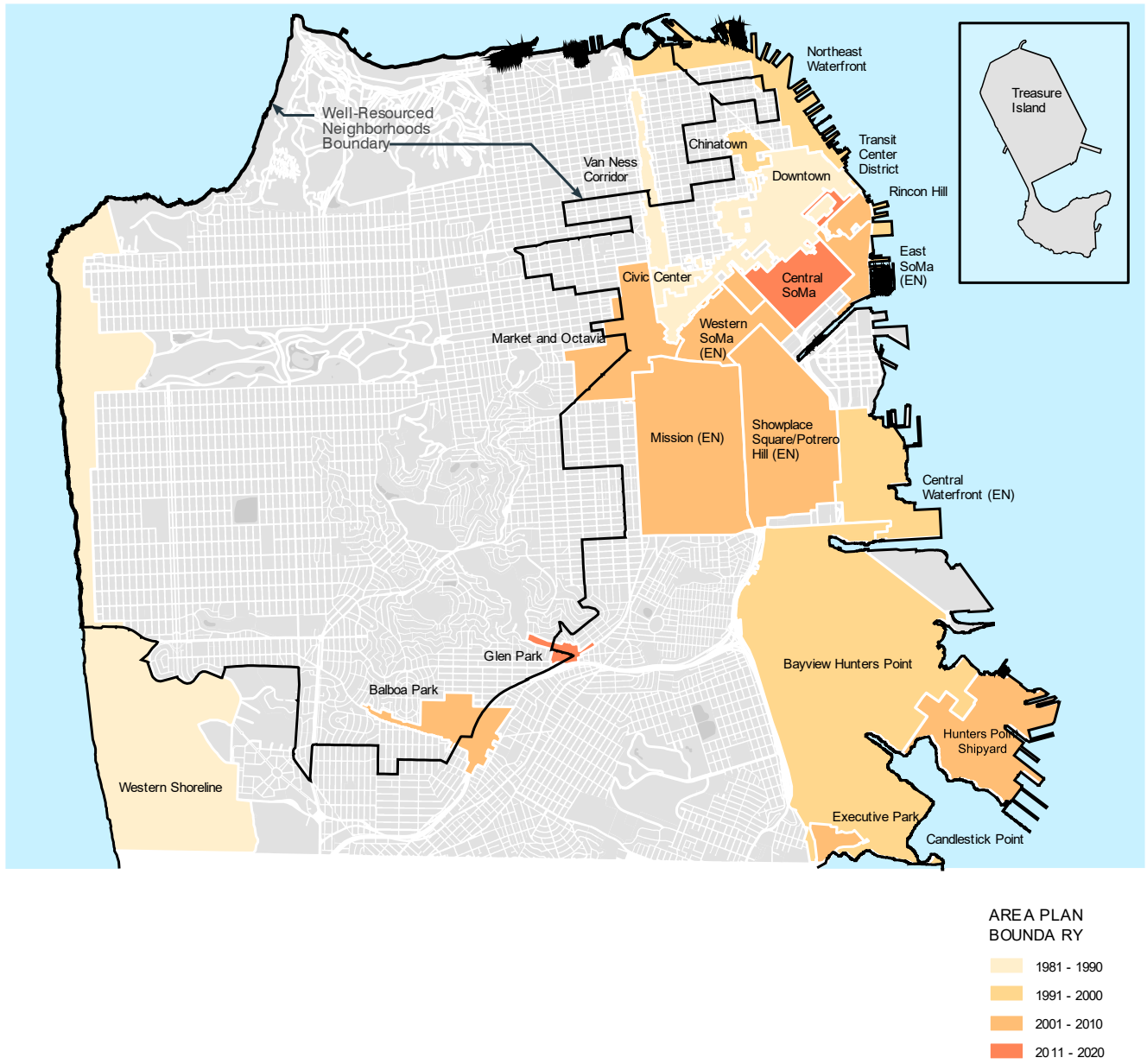
But when working with financial feasibility consultants and talking to industry experts, we find that the most challenging issues to quantify are uncertainty and delay. While projects have to sustain carrying costs, the penalty of long permitting is much more severe with the dramatic increase in construction costs and changeable nature of the market environment unpredictability in the rules also can easily disrupt project planning and contingencies have to be large in preparation. Uncertainty does not just affect projects in development but limits the initiation of projects as well, something nearly impossible to document.

This is an analysis that the City will continue to pursue as part of the inquiry in the HCD Policy and Practice Review anticipated this fall

HCD has notified San Francisco that it will be subject to a Policy and Practice Review which will examine the City's housing approval process, including processing times. The research and recommendations from this process will be integrated into the Housing Element Update 2022. This is expected to begin fall 2022.



**Figure 1.** Plan Areas Completed by Decade



# Governmental Constraints

Most housing in San Francisco is built by private enterprise and is subject to the rules and regulations of the City and the State of California. These requirements, intended to protect or incentivize specific outcomes, also constrain the production of housing. This section will explain the types of rules and procedures that affect housing production but also demonstrate alleviations and process improvements enacted since the last Housing Element, adopted in 2014.

## Land Use Controls

### General Plan

The City's General Plan sets the policy goals and objectives across a variety of topics including housing, commerce and industry, urban design, recreation and open space, transportation, community facilities and safety, arts, environmental protection, and air quality. Some Elements within the General Plan, such as the Transportation and Housing Elements, have scheduled updates as required by the State of California, while others are updated by local initiative. These elements primarily state the City's policy and objectives for City actions and decision-making. To be approved, if the authority rests in the Planning Commission or Department, new housing projects must be in conformance with the General Plan. Recommended actions, as indicated in prepared case reports, before the Planning Commission indicate whether projects are in conformance. The General Plan is the key document that provides the evidence, or findings, that support Planning Commission or Board of Supervisorial actions to approve or disapprove projects. An analysis of such decision-making use and justification can be found in the Decision-making Process section.

A General Plan Referral (GPR) is required to evaluate whether certain types of projects are consistent with the City's General Plan Objectives and Policies. The types of projects that trigger the submittal of a General Plan Referral application are dictated in the City Charter and municipal code, and detailed in the GPR online application and include:

1. Property Acquisition, sale or lease by the City
2. Ordinances concerning the extension, widening, narrowing, removal, relocation, vacation, abandonment, sale, or change in use of any public way, transportation route, ground, open space, building, or structure owned by the City and County of San Francisco
3. Subdivisions of land within the City and County
4. Projects for the construction, improvement of, or demolition of City-owned buildings or structures within the City and County
5. Programs that link the General Plan to the allocation of local, state, and federal sources, the City's annual capital expenditure plan, six-year capital improvement program, a capital

improvement project or a long-term financing proposal, general obligation or revenue bonds or nonprofit corporation proposals

6. Project plans for public housing, or publicly assisted private housing in the City and County
7. Proposed Redevelopment project plans within the City and County
8. Substantial change to the above

All capital projects that involve the use of public money or land, including affordable housing, parks, streets, and facilities such as fire or police stations, or subdivisions of land require a separate application for General Plan Referrals. Once an application is submitted to the Planning Department, at a cost of \$4,629 or \$1,843 for sidewalk width changes, staff evaluate the proposed project within 45 days as to whether the Project is consistent with the General Plan. If the project is consistent, the Department issues a General Plan Referral letter. If the project is found to be inconsistent, the Department brings the project to the Planning Commission for their input. A finding of non-conformity may be overruled by a two-thirds vote of the Board of Supervisors. Out of a total 303 GPR records filed from the start of 2017 to the end of 2021, 245 GPR records were closed/approved by the end of 2021. All affordable housing applications have required General Plan Referrals in the last five years. The average GPR review time from 2017 to 2021 was 98 days, while the median was 73 days. The data may include outliers for a variety of reasons, including a project not having been properly closed out in the project tracking system, the application being incomplete at the time of submittal, or the project sponsor requesting the project be put on hold.

A General Plan Referral can be done concurrently with a project entitlement application and covers nearly the identical subject areas and application requirements as a permit or entitlement application and thus does not affect a significant increase in time or fees, and projects are required to comply with the General Plan prior to approval; however, each additional application incrementally impacts the need for professional services, causes delay, requires coordination, and specific knowledge. General Plan Referrals almost never apply to single-, two- or small, multifamily projects, but almost always apply to large market-rate projects, affordable housing projects, and shelter projects. General Plan Referrals are particularly burdensome on the latter two, which otherwise have very few permitting requirements.

## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Applications for a General Plan referral add process to a project. This process can hinder projects related to City and County property and verified as being in the public interest through more in-depth processes, such as affordable housing.</b>  |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 26</b><br/>Streamline and simplify permit processes to provide more equitable access to the application process, improve certainty of outcomes, and ensure meeting State- and local-required timelines, especially for 100% affordable housing and shelter projects.</p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.6 Support for Affordable Housing and Shelters</b><br/>Action: 8.6.4</p> |

## Area Plans

San Francisco has 19 Area Plans and three Subarea Plans adopted as part of its General Plan, primarily in eastern portions of the city that have higher residential densities and include former industrial zones (see Figure 1 - Plan Areas Completed by Decade).

Prior to the 2014 Housing Element, the Planning Department completed several plans for the Downtown area (Rincon Hill and Transbay), a series of “Better Neighborhoods Plans” (Market & Octavia, Glen Park, Balboa Park and the Central Waterfront), and the Eastern Neighborhoods Plans (East SoMa, Showplace Square/Potrero Hill, and Mission). Adoption of these plans into the City’s General Plan incorporated clearly stated housing development policies and zoning changes that significantly boosted housing applications and pipeline units, specifically by allowing housing or mixed-uses, changing to form-based code from density restrictions by lot area, and allowing greater heights. In many cases, the amendments also included new permit application types, such as the Large Project Authorization, that provide more streamlined outcomes.

### Comment from Developer interviewee

**Plans in Eastern neighborhoods, Market Octavia, and Transbay all have been positive in terms of density updates. Design and public transportation orientation are good for adding more housing instead of parking and provides a good amount of freedom for visual interest/diversity.**

Since the 2014 Housing Element, the City adopted the Central SoMa plan in 2018. This plan is expected to yield 8,800 new housing units, one-third of which will be affordable. The plan included changes to height and bulk limits and zoning districts, and the creation of the Central South of Market Housing Sustainability District, the first housing sustainability district in the state.

In 2020, the Board of Supervisors approved an amendment to the Market & Octavia Area Plan. The goals of the amendment included increasing housing and affordable housing near transit, developing and coordinating designs for the public realm, and updating the public benefits as well as prioritizing projects for implementation. Through changes to

land use controls, specifically by adding height, on three lots within the Market Octavia Hub Plan area, the plan is expected to enable taller projects that will result in hundreds of more units.

Area plans do a variety of things to reduce constraints to housing production. The Eastern Neighborhoods Plan and Downtown Plans created processes, the Large Project Authorization and the Downtown Exception specifically, to establish more predictable and efficient ways for approval of projects through a hearing with common exception requests and design review processes. Many of these exceptions include massing adjustments, and modifications to rear yard, exposure, wind requirements, and open space. The Central SoMa and Market Octavia Plan Amendment expanded areas of residential or mixed uses and added density, height, and bulk for many sites, opening up underutilized sites for housing.

See **Case Study: 5 Thomas Mellon Circle -- Bayview / Executive Park** for an example of a project that received a Downtown Exception and required a Site Permit, Conditional Use Authorization, Planned Unit Development, and Downtown Authorization.

The Central SoMa Plan EIR and the Market Octavia Hub Plan Environmental Impact Report both concluded that there was a significant and unavoidable impact to historic resources and provided mitigation measures in the plan so individual resources located on plan area project sites had a reduced pathway for modifying or demolishing existing structures. Both the area plans' Program EIRs also analyzed the proposed zoning and use changes for the sites across within the plans, thereby offering proposed projects located with the plan areas the ability to take make use of CEQA streamlining through the preparation of Community Plan Exemptions (CPEs), a much faster and efficient CEQA process for individual project approvals.

While area plans reduce constraints to building housing by increasing types of uses, density, and heights, as well as streamlining permitting, they may also come with area-specific fees or other design or massing controls that constrain housing. Through community outreach and planning processes, the City designs area plans to enhance the opportunities of new developments while mitigating its impacts to local and future residents and preparing needed infrastructure expansions. Housing projects, whose applications are submitted after their adoption, either directly provide or pay for infrastructure, such as roadways, sidewalks, bicycling infrastructure, or transit, as well as public parks and open space, inclusionary housing units, community facilities, or other amenities as determined during the area planning process. Many plan areas have Community Advisory Committees that direct the use of these fees through plan implementation. (see Fees and Exactions – Development Impact Fees section).

Area planning is a significant commitment of the Planning Department's staffing and consultant resources across teams and over many years. While most area plan efforts result in approved actions at both the Planning Commission and Board of Supervisors, sometimes those efforts result in no action, or are modified heavily resulting in a reduction of their overall effect. For example, the Better Neighborhoods Plan for Japantown was rejected midway through in the 2000s after review by diverse stakeholders and community interests with divergent perspectives. Amendments to the Market Octavia Plan, that focused on additional height and zoning changes near Market and Van Ness was reduced to only three high-rise sites until production of a Racial and Social Equity Analysis by a non-City agency to



inform and further plan development. In 2022, this work has not yet begun and staff work in proposed zoning changes remain undecided.

Additionally, area plans in the past two decades have also primarily been in the southeast portion of the city which has had more underutilized, formerly industrial areas or redevelopment zones. Given the City's history of harming, excluding, and marginalizing communities of color, these are also areas with higher concentrations of households of color, centers of cultural identity, and recognized Cultural Districts. Although the City performed considerable outreach, many residents and advocates express ongoing dissatisfaction with the process, a continued lack of trust of city agencies, and feel the need to challenge the plans on a project-by-project basis. While area planning has been effective to achieve zoning reforms to advance market-rate and affordable housing, the persistence of income inequity especially in the Priority Equity Geographies, has increased displacement given citywide unaffordability, increased concern of gentrification, and an ongoing, high-level animosity towards new development. An example of unresolved structural equity can be found in the final amendments in the Central SoMa Area Plan in 2018, when "group housing" uses were removed at the request of a community organization concerned about gentrification and displacement within the SOMA Pilipinas Cultural District and expressed that those uses would only serve high-income or work-based residents—so-called "tech-dorms." Group housing by definition does not inherently promote this outcome as it could also support many families through co-housing models, housing with services for seniors or others who need additional resources, and other goals of the community; however, distrust of government action, attention to many changes in the neighborhood that have advanced gentrification, and frustration in not being listened to most likely resulted in late plan changes which reduced future housing opportunities.

Data provided by UC Berkeley researcher Moira O'Neill<sup>1</sup> indicates that eight projects between 2014 and 2017 that were code compliant, had existing industrial or commercial uses, and no residential tenants, and in other jurisdictions would have proceeded without hearings or entitlements, instead had notably inordinate time delays even though they were all Eastern Neighborhood or Western SoMa Plan Areas and should have been able to proceed efficiently under a Large Project Authorizations, for entitlement, and Community Plan Exemptions, for CEQA. These eight projects instead had an average of 854-day permit timelines. Long project timelines can be caused by numerous continuances, requests for additional studies, members of the public or neighborhood groups filing discretionary review applications which required hearings, and on-going decision-making by public leaders who sympathized with the communities in distress but had few tools to support them other than to extend the process. Long-range planning processes in harmed, distressed, and underserved community neighborhoods that do not center equity or address past harms can exacerbate existing political struggles and animosity, and result in the delay of housing approvals and increased community discontent.

Note that along with the above-described constraints, there are constraints on housing in neighborhoods that have actively resisted and avoided area planning entirely. Over recent decades, there have been no

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<sup>1</sup> Data from analysis in Moira O'Neill-Hutson, et al., Report No. 3900-19STC005, Final Report: Examining Entitlement in California to Inform Policy and Process: Advancing Social Equity in Housing Development Patterns (2022) (prepared for the California Air Resources Board and the California Environmental Protection Agency)

area planning attempts outside of the southeastern portion of the city, and in the northern, middle portion which has the highest population of white and affluent households, or in the western portion which has a higher diversity of incomes and race. These areas have maintained lower heights and housing density, along with local control and discretionary levers to push back on development or render them infeasible.

**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Long-range planning processes in harmed, distressed, and underserved community neighborhoods that do not center equity or address past harms can exacerbate existing political struggles and animosity, and result in the delay of housing approvals and increased community discontent.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 29</b>  |
|                             | Implementing Program Areas  |
|                             | <p><b>7.2 Mid-rise and Small Multifamily Buildings</b><br/>         Actions: 7.2.2</p> <p><b>8.4 Process and Permit Procedures</b><br/>         Actions: 8.4.6; 8.4.18</p>  |



### Case Study: 5 Thomas Mellon Circle -- Bayview / Executive Park

This case study describes a **median timeline approval process for a downtown exception project located in the Executive Park Specific Plan**. The proposed project included demolition of the existing three-story commercial office building (100,393 square feet), and new construction of five residential buildings (752,000 square feet) on top of two below-grade parking podiums with up to 585 dwelling units, 9,845 square feet of ground floor commercial space, 756 off-street parking spaces, 252 Class 1 bicycle parking spaces, and 34 Class 2 bicycle parking spaces. Three of the buildings located on the southern portion of the site were proposed to be six-stories (up to 68 feet in height), the northwest building was proposed to be eight-stories (85 feet in height) and the northeast building was proposed to be 17-stories (or 170 feet in height). The project included development of three new private streets and two alleys, including sidewalks, street trees and street furniture, and two pedestrian paseos consistent with the Executive Park Streetscape Master Plan as well as 53,730 square feet of open space. The project contained approximately, 53,730 square feet of open space via pedestrian paseos, private balconies, a podium level courtyard, and a rooftop terrace. The dwelling unit mix consisted of 346 one-bedroom units, 165 two-bedroom units, 73 three-bedroom units and one four-bedroom unit.

The project applicant submitted the project in October 2015. It went to Planning Commission in October 2016 and December 1, 2016, when it was approved. Total days from application submission to approval was 422 (~301 business days). This is a draft assessment of the timing. No appeal was filed.

The application required a site permit, a conditional use authorization, a planned unit development, and a downtown authorization. It was reviewed under addendum #2 to a subarea Plan EIR and was subject to the Executive Park Design Guidelines. It paid a total of \$15,532,001 in impact fees and \$4,108,569 in application fees for a \$33,516 per net new unit.

The approval motion included findings from the Urban Design Element, General 101, and for bulk and massing.

## Special Use Districts

The City includes over eighty Special Use Districts which are responses to unique changes in development opportunities or community requests and often have greater restrictions, such as increased fees, uses, reduced parking maximums, or higher affordability expectations, but may also often offer additional height or other benefits, such as reduced open space requirements, to tailor development to the location (see Figure 9 – Special Use Districts – Residential Focus).

While Special Use Districts can be used to facilitate more housing or higher rates of inclusionary in markets that can viably support them, they are also a legislative method to allow zoning modifications by site to allow certain projects to move forward. On occasion, they are adopted in response to specific political interests who want to protect the status quo. SUDs foster constraints when they are done to avoid solving a more structural problem, as they reinforce existing access to decision-making by requiring ordinances to amend them, and reduce trust in government process.

### Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>SUDs can be used to solve short-term challenges without addressing systemic equity and land use issues.</b> |
| <i>Constraint Reduction</i> | Related Policies<br><b>Policy 29</b>   |

## Development Agreements

A Development Agreement (DA) is mutual contract between the City and one or more parties specifying the terms and conditions for a development project. It confers the necessary development rights to execute a project and codifies the responsibilities, regulations and policies that will bind the development, including required community benefits. Approved through a collection of discretionary legislative actions by the Planning Commission, collaborating Commissions, and the Board of Supervisors, such agreements address the permitted uses of property, density or intensity of use, maximum height and size of proposed buildings, inclusionary requirements and provisions for reservation or dedication of land. DAs are explicitly enabled by CA State law, and their process is codified locally in the San Francisco Administrative Code, Chapter 56.

Development Agreements are typically pursued for the development of large sites, encompassing multiple buildings and/or city blocks and necessitating new infrastructure, streets, parks, and other community facilities. The proposed development diverges significantly from the historic use and/or character of the area, rendering the existing development controls incompatible – as the Planning Code regulations are generally crafted and calibrated for typical smaller parcels of land within the existing developed urban fabric. Typically, the agreement is accompanied by amendments to regulatory documents such as the General Plan, the Zoning Map, and the Planning Code, and supplemented by documents such as Design Standards & Guidelines and Infrastructure Plans, among other exhibits to the DA.

Due to their size, DA projects are normally constructed over time, often in phases, and include the creation of new infrastructure such as blocks and streets, parks, and community facilities. A unique feature of DAs in comparison to typical development entitlements is that the entitlement vesting term of the DA is uniquely set for that project and typically extends for 10-30 years based on the scale of the development, in contrast to the standard 3-year entitlement period by which a sponsor must initiate construction. DA projects provide significant public benefits (such as affordable housing, parks, community facilities) that are responsive to the neighborhood's needs and tailored to the project itself. DAs include measures to keep projects accountable such as frequent reporting requirements, robust monitoring procedures, and ongoing community coordination. Once finalized, the DA remains effective on the project site even if the site is sold to another developer or owner.

Most development agreements active in the City of San Francisco have housing components including Balboa Reservoir, 5M, Pier 70, Potrero HOPE SF, Sunnysdale HOPE SF, Potrero Power Station, Mission Rock, Transbay, Candlestick, Hunters Point Shipyard, Mission Bay, Treasure Island, Parkmerced, and India Basin. Many of these sites are former redevelopment areas or public lands.

There are over 60,000 planned housing units associated with active development agreements anticipated in the next twenty years.<sup>2</sup>

### **Community Benefits**

Development Agreements incorporate a set of community benefits developed in concert with the community and tailored specifically to each project's purpose. State and local law require these benefits have a nexus with the project; they must benefit both the community and the project itself. In negotiating the overall benefits package, the City (in consultation with stakeholders and community members) evaluates short- and long-term impacts and changes induced by the project. Other factors considered include: the geographic or demographic distribution of potential project benefits and burdens; opportunities for the project to support existing neighborhood goals/efforts; and quality and type of benefits to address concerns or decrease impacts. Ways to increase a project sponsor's ability to offer more public benefits, such as by streamlining and expediting project phase / building permit approvals are also incorporated.

### **Generalized Process (33-52 months)**

Development Agreements are negotiated in a multi-year process with many opportunities for communities to engage, including the pre-application outreach by the developer, environmental review and review at the Planning Commission and Board of Supervisors:

- Pre-Application – Led by the Developer, this includes Visioning, Outreach, Program, and preliminary Site Concept Development
- Preliminary Application Submission / Review – The Preliminary Project Application (PPA) is the first formal development proposal filed for review and comment by the Planning Department and

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<sup>2</sup> From SF Planning Jobs Housing Fit Report analysis, 2021

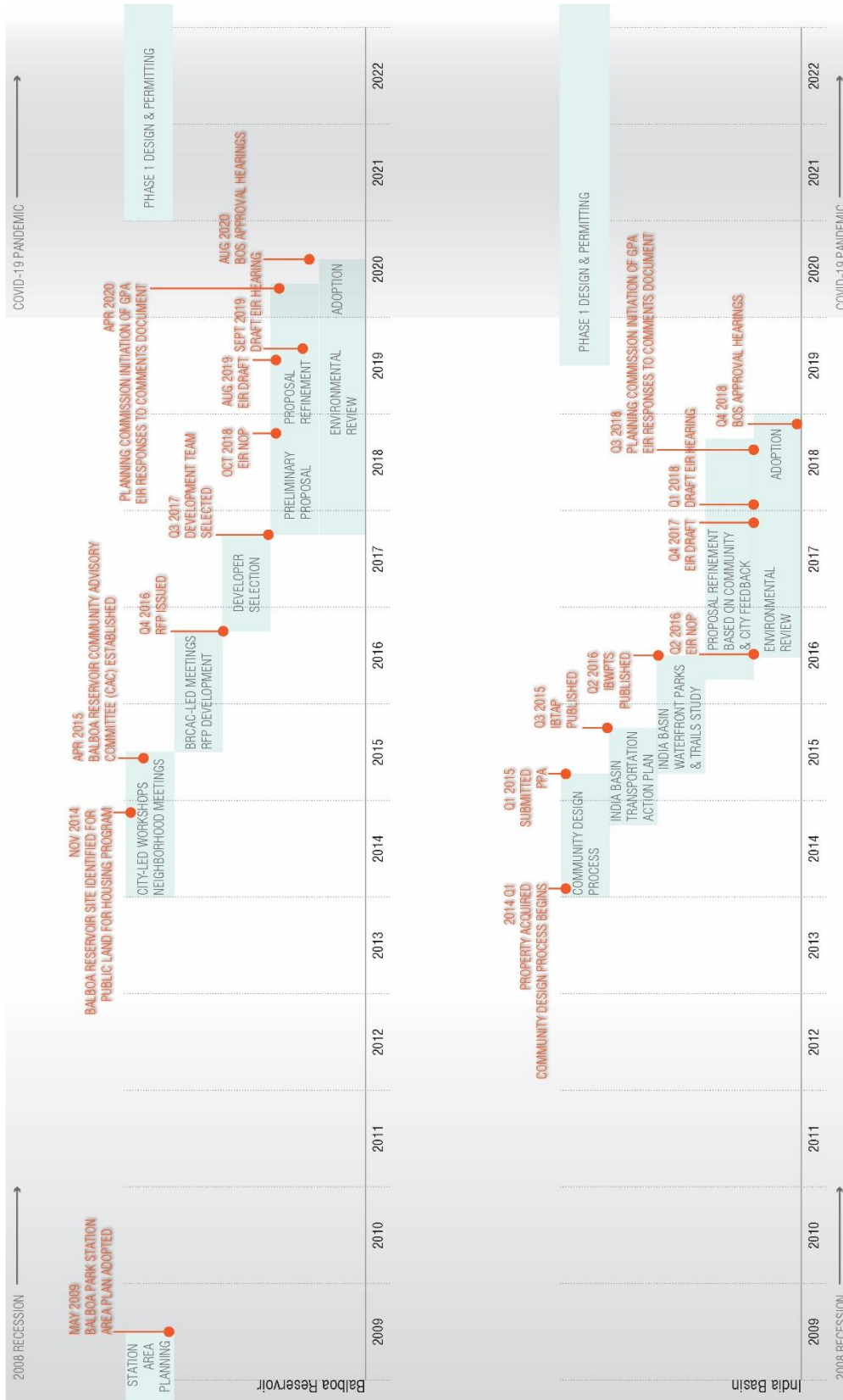


collaborating city agencies. The PPA response letter details the City's coordinated feedback on the proposal as well as the process for moving forward.

- Project Refinement – Following the Preliminary Project Application review and response, the developer revises the proposal in sufficient detail to reach a stable project description, necessary for the Environment Review process to begin.
- Environmental Review Once a stable project description is reached, review for potential impacts pursuant the CA Environmental Quality Act (CEQA) can begin. Additional project details that do not affect the EIR (such as the Infrastructure Plan and Design Standards & Guidelines, the DA Terms and Conditions and Community benefits package) are developed in parallel.
- Approvals by the Planning Commission, collaborating Commissions, and the Board of Supervisors. Once Environmental Review is complete and all project details, terms and conditions are settled, the DA and any accompanying actions can be formally and publicly considered by the Commission(s) having jurisdiction and Board of Supervisors.

Despite the extensive public process involved, DAs are not immune from lawsuits any more than a typical project. Following approval, appeals and lawsuits, typically based on CEQA claims, can further delay implementation for months or years. Due to the scale of projects and expected duration of buildout, DAs are vulnerable to the fluctuations of economic cycles. Implementation can be significantly stalled or undermined by unforeseen macroeconomic disruptions, such as occurred during the 2008 Recession and Recovery, and during the COVID-19 Pandemic.

Figure 2. Development Agreement Timelines



Development Agreement Timelines

## Development on Public Sites

The process for publicly owned sites is even more rigorously scrutinized, with earlier and more extensive opportunities public engagement, especially at the front-end of process where goals and guidelines for the public sites may be established prior to solicitation of a development partner that would then embark on detailed design, negotiation, and carry a project through entitlement. Oversight often includes establishing a formal Community Advisory Committee (CAC) with regular meetings, standard procedures, and processes for recommendation to regulatory bodies. Some CAC's continue during project implementation to advise on detailed programming and design of priority components, such as public open space and community facilities. Public Sites also typically require approval of a property Disposition (sale or long-term lease) Agreement by the Board of Supervisors.



### Example 1: Balboa Reservoir

- 17-acre Public Site, Supervisor District 7
- 1,100 new housing units
- 50% of units affordable to low- and moderate-income households
- 4.0 acres of open space including a public park with playground, community gardens, and lawns
- Public community room, Childcare center
- 6.5 years from project initiation to DA approval



### Example 2: India Basin

- 23-acre Private Site, Supervisor District 10
- 1,575 new housing units
- 25% of units affordable to low- and moderate-income households
- 15.5 acres of open space
- Green Infrastructure, Workforce development funding / training, Business Incubator, Childcare center
- Stewardship Trust established to manage on-site operations, maintenance, programming, capacity building
- 4.5 years from project initiation to DA approval

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Development Agreement projects often require substantial investments of infrastructure over many years from development through construction which is challenging for private companies to sustain and could benefit from public tools.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 24</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.7 Facilitating Large Projects</b><br>Action: 8.7.1  |

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Development Agreements can go through challenging post-entitlement processes that are very difficult across agencies.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 27</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.7 Facilitating Large Projects</b><br>Action: 8.7.3  |

## Zoning Districts and Uses

The land use and development controls used across the City vary by zoning district. For districts that allow residential uses, San Francisco has primarily two types: ones that prescribe maximum number of allowable housing units based on lot size and ones that are “form-based” and manage the number of allowable housing units only through envelope controls, such as height and lot coverage. To decrease constraints on housing production, area planning efforts over the past two decades, for example in the Market-Octavia, Eastern Neighborhoods, and Central SoMa Area Plans, have been reducing the former and increasing the latter. Floor area ratios (FAR) are used in the Downtown or C-3 zoning as well as in some Eastern Neighborhood Mixed Use Zoning Districts (inclusive of Central SoMa), Neighborhood Commercial, named Neighborhood Commercial Zoning Districts, and Chinatown Zoning Districts. Floor area ratios do not apply to residential uses in R, RC, NC, and Mixed-Use Districts.

There are 116 zoning districts within the City, and a total of 13,815 acres zoned for residential uses. Residential development has been allowed as a permitted use in most of the City’s zoning districts. All residential and residential-commercial (RH, RC and RM) districts permit dwelling units as of right. Housing is also permitted in most of the South of Market’s mixed-use districts and all of the mixed-use districts in Chinatown; similarly, residential developments are allowed in downtown and neighborhood commercial districts. In the neighborhood commercial districts, housing is permitted and typically above the commercial ground floor in new construction projects. New residential development is not allowed in the Production, Distribution and Repair (PDR) districts, the Service/Art/Light Industrial District (SALI),

Western SoMa Mixed Use-Office (WMUO), or in Industrial Districts (M) unless it is 100% affordable. 100% affordable housing and educator housing is allowable in Public (P) districts as per Proposition E (2019).

## Residential Uses and Density

RH-1, RH-2, and RH-3 zoning districts allow for just one, two, and three units per lot respectively (in addition to an ADU unit permitted citywide) with additional units allowable by lot area with a Conditional Use Authorization and are the most restrictive residential zoning districts (see Figure 6 – Allowable Housing Density). Together, these zoning districts account for 70 percent of all residentially zoned land, but only accounted for seven percent of recent housing production, between 2005 and 2018.<sup>3</sup> A large share of residentially zoned land in the middle and western portions of San Francisco have these relatively restrictive zoning codes. These areas also correlate with high and highest opportunities areas in the city as defined by the State’s Tax Credit Allocation Committee (TCAC) Opportunity Map.<sup>4</sup>

Multi-family unit-based districts (allowing four units or more) only account for 16 percent of residentially-zoned land. Note that accessory dwelling units are allowable in all districts that allow housing effectively increasing the density as per local and state programs.

Subattachment 1 – Allowable Residential Types by Zoning District indicates what types of residential uses are and are not permitted in San Francisco’s many zoning districts.

## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Multi-family unit-based districts (allowing four units or more) only account for 16 percent of residentially- zoned land.</b>  |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 20</b>  |
|                             | Implementing Program Areas  |
|                             | <p><b>7.1 Rezoning Program</b><br/>           Actions: 7.1.1; 7.1.2</p> <p><b>7.2 Mid-Rise and Small Multifamily Buildings</b><br/>           Actions: 7.2.1</p> <p><b>7.3 Housing Near Job Centers and Transit</b><br/>           Actions: 7.3.2</p> |

3 City of San Francisco, "Regulation of Housing Development in San Francisco," 2020.

4 City of San Francisco, "Regulation of Housing Development in San Francisco," 2020.



## Zoning for Variety

San Francisco must comply with state law. Some state laws specifically mandate that certain types of residential uses be principally permitted in specific areas of the jurisdiction. While San Francisco complies with these codes, the city's definition of certain residential uses may differ from the State definitions at times; clarifying the City's residential use definitions to better reflect the state's definitions will help demonstrate compliance with state law. The sub-sections below define San Francisco's variety of housing types in relation to State law definitions and indicate how San Francisco complies with State requirements.

## Emergency Shelter

San Francisco Administrative Code's definition of Shelter meets Government Code Section 65583 (see Figure 3 – Residential Use Definitions): *a facility, including a resource center, operating under a contract with the City, to provide temporary emergency shelter services for homeless single adults or families.* Standards of care apply under anything considered a Shelter under state law. San Francisco has other forms of temporary places for people to stay, such as transitional housing and crisis interventions like Vehicle Triage Centers or Safe Sleep sites, that the city does not consider "emergency shelter," in line with state and federal guidelines.

San Francisco Planning Code's definition of Homeless Shelter references the Administrative Code's primary section that defines Shelter. Shelters and Homeless Shelters, both of which meet Government Code Section 65583, are principally permitted in at least 21 of San Francisco's zoning districts without density limits (see subattachment 1 - Allowable Residential Types by Zoning table). Roughly 58 other zoning districts principally permit these shelters with density limits regulated by the Administrative Code.

The maximum number of beds on each lot is regulated pursuant to the Standards of Care for City Shelters in the Administrative Code, in addition to the applicable requirements of the Building Code and Fire Code.<sup>5</sup> San Francisco does not apply any development standards that have been constraints to permitting Emergency Shelters. San Francisco eliminated parking minimum requirements citywide and Emergency Shelters are not subject any parking requirements.

In 2019, the Board of Supervisors passed Ordinance 60-19, which amended the Building Code to adopt standards for constructing homeless shelters and created an alternative expedited approval procedure for homeless shelters on City-owned or City-leased property during the duration of the shelter crisis (through the end of 2024 or until the Homeless Count drops below a certain number).<sup>6</sup> As a result of this ordinance, multiple city departments collaborated to draft and sign an interagency MOU that improved the process by which emergency shelters are approved (see subattachment 2 - Emergency Homeless Shelter MOU). Participating departments include Department of Building Inspection, Public Works, Fire Department, Port, Public Utilities Commission, Public Health, Homelessness and Supportive Services,

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5 San Francisco Administrative Code, Article XIII, Standard of Care for City Shelters, [https://codelibrary.amlegal.com/codes/san\\_francisco/latest/sf\\_admin/0-0-0-13200#JD\\_Ch.20Art.XIII](https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_admin/0-0-0-13200#JD_Ch.20Art.XIII)

6 San Francisco Ordinance 60-19, enacted April 4, 2019: Building, Business and Tax Regulations Codes – Temporary Homeless Shelter Provisions During Shelter Crisis, <https://sfgov.legistar.com/LegislationDetail.aspx?ID=3839605&GUID=6BFE5E8C-CD4D-47E7-AAEE-2FAC9BE3B2D6&Options=ID|Text|&Search=190045>

and Planning. The MOU outlines a step-by-step Plan Review and Inspections process. All signatory departments also agreed to waive all fees associated with the opening of new homeless shelters. These departments agreed that shelters no longer require conventional building permits, and instead the departments review approval of shelters for life safety and code requirements through an alternative process resulting in a letter of compliance or appeals for all shelters. SF Planning is the first agency to review the project and is responsible for environmental review, if required, and zoning compliance. A step-by-step walkthrough of this review process is outlined in the section about Process and Permitting Procedures, AB-101: Shelters. This streamlined process is helpful but would be even more impactful if the ordinance covered all City-funded shelters. As currently written, the code streamlining procedures do not apply to shelters at sites where a City-contracted provider is the owner or lessee.

### **Low Barrier Navigation Center (LBNC)**

Low Barrier Navigation Centers are a form of emergency shelter. San Francisco Administrative Code's definition of Navigation Center meets Government Code Section 65660/AB101 (see Figure 3 – Residential Use Definitions): *a temporary, low-barrier-to-entry shelter that, through case management and social service programs, aids in moving homeless people off the streets and into permanent housing or transitional or stable supportive housing that eventually leads to permanent housing.* Onsite case managers connect guests to public benefits, health services, and housing in partnership with Coordinated Entry. Navigation Centers are different from traditional shelters in that they have fewer barriers to entry and more intensive case management. Unlike some traditional shelters, people can come with their partners, pets, and a greater volume of possessions.

Many emergency shelter types not considered of "Navigation Centers" under San Francisco local definitions do count as LBNC under the state's definition because they also provide the various elements required by the state (low barrier, focus on connections to housing, partners, pets, more possessions, and more privacy).

While many of San Francisco's shelters qualify as a Low Barrier Navigation Center per state code, HSH only calls a subset of these shelters "Navigation Centers." The San Francisco Planning Code does not have a definition specifically for Navigation Centers. Although the Administrative Code distinguishes Navigation Centers from Shelters, the Planning Department reviews Navigation Centers as Shelters. This use is principally permitted in all districts other than RH-1, RH-1(D), RH-1(S), and is allowable with a conditional use authorization for RH-2, RH-3, RED-MX, PDR and SALI. Navigation centers are principally permitted in PDR and SALI districts during a declared shelter emergency. In 2019, the Planning Code was amended to allow shelters constructed during a declared shelter crisis to be permanent and removed the CUA requirement in the SALI and PDR Districts during a declared shelter crisis. Therefore, shelters, including emergency shelters and navigation centers, are permitted in all zoning districts of San Francisco today except for RH-1 districts. Permitted density for shelters is specified through the Administrative Code.

Shelters have faced neighborhood opposition when located in more affluent parts of the city. For example, when the shelter was proposed along the Embarcadero in 2019, a group of neighbors opposed it at public hearings and challenged the approval in court, unsuccessfully, seeking to have the construction halted. With the current revised alternative to a building permit process (referenced above)

and the ministerial approval path outlined in AB-101, the process to approving a shelter is more efficient than the approval process required then by the Embarcadero shelter. Now, provided the Criteria in AB-101 are met, shelters can be approved without CEQA review or the possibility of appeal.

See **Case Study: 33 Gough Street** for an example of a low barrier navigation center project in San Francisco.



**Case Study: 33 Gough Street**

San Francisco's review of sites that count as low barrier navigation centers as per state law complies with AB-101 (see Process and Permitting Procedures, Implementing State Requirements, AB-101: Shelters section). For example, for 33 Gough Street, Public Works, in a letter dated June 29, 2021, determined that the Safe Sleeping Cabins at 33 Gough Street complied with the criteria set forth in AB-101. DPW submitted the letter to the Planning Department, where Planning Department staff determined, in a letter dated July 8, 2021 that the project complied with zoning requirements and was exempt from CEQA. The letter explains that the zoning at 33 Gough Street is Public (P) and is classified as a non-residential zone. The Planning Department determined that the low barrier navigation center was considered a principally permitted use in the P zoning district. The remaining findings of compliance, as required by the MOU, were completed by Public Works, San Francisco Fire Department, and DBI by December 27, 2021.

### ***Transitional Housing***

The state's definition of Transitional Housing is comparable to the transitional housing in HSH's portfolio of temporary interventions and falls under the umbrella of "Shelter" use in the Planning Code. Tenants do not have a lease and are intended to have time limited stays. Transitional housing is different from permanent affordable housing in that residents are only permitted to live on-site for a period of two years or less. Transitional Housing is permitted in all zones allowing residential use, except for RH-1, RH-1(D), and RH-1(S). (see subattachment 1 – Allowable Residential Types by Zoning)

### ***Permanent Supportive Housing***

San Francisco Administrative Code's defines Permanent Supportive Housing as "*Housing units for Clients that include on-site supportive services, including, without limitation, intake and assessment of Clients' needs, outreach to the Clients to assist them with health or social needs, management of the health or social needs of Clients, mediation of disputes with the property management, and referrals for services to the Clients.*" Social services are permitted as an accessory use in all of San Francisco's zoning districts, thus supportive housing is allowed wherever residential uses are also allowed.

**Figure 3. Residential Use Definitions**

| <i>State Term</i>                                     | <i>Equivalent or Closest San Francisco City Term</i>                          | <i>City Definition</i>  |
|---|---|---|
| <a href="#"><u>Emergency Shelters</u></a>             | <a href="#"><u>Homeless Shelter (Planning Code Sec. 102)</u></a>              | A Residential Use defined as living and/or sleeping accommodations without any fee to individuals and families who are homeless, as defined in the Federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 (S.896), as amended from time to time. Homeless Shelters shall comply with the requirements of the Standards of Care for City Shelters contained in Administrative Code, Chapter 20, Article XIII, including the requirement for operational standards in Section 20.404(d).  |
|   | <a href="#"><u>Shelter (Admin. Code Sec. 20.401)</u></a>                      | A facility, including a resource center, operating under a contract with the City, to provide temporary emergency shelter services for homeless single adults or families.  |
| <a href="#"><u>Low Barrier Navigation Centers</u></a> | <a href="#"><u>Navigation Center (Admin. Code Sec. 106.1)</u></a>             | A temporary, low-barrier-to-entry shelter that, through case management and social service programs, aids in moving homeless people off the streets and into permanent housing or transitional or stable supportive housing that eventually leads to permanent housing.   |
| <a href="#"><u>Transitional Housing</u></a>           | Transitional Housing  | Transitional Housing in practice falls under HSH's "Shelter" portfolio. San Francisco generally defines transitional housing as housing for people with significant barriers to housing stability for up to 2 years with services as they work toward self-sufficiency and housing stability.   |
| <a href="#"><u>Permanent Supportive Housing</u></a>   | <a href="#"><u>Permanent Supportive Housing (Admin Code Sec. 20.54.3)</u></a> | <p>"Permanent Supportive Housing" shall mean housing units for Clients that include on-site supportive services, including, without limitation, intake and assessment of Clients' needs, outreach to the Clients to assist them with health or social needs, management of the health or social needs of Clients, mediation of disputes with the property management, and referrals for services to the Clients. "Permanent Supportive Housing" shall not include any shelter or site that offers temporary overnight sleeping space on a short-term basis provided by the City on City-owned or leased property or through a contractual arrangement.</p> <p>HSH has a variety of PSH programs offering tenants long-term affordable housing with a range of supportive services, including case management and housing retention assistance. Tenants pay up to 30% of their income in rent.</p>   |
| <a href="#"><u>Employee Housing</u></a>               | n/a   | <p><i>San Francisco does not have a definition of employee housing. The closest defined employee-related housing is for an Educator Housing Project (Planning Code Sec. 206.9):</i></p> <p>A project for the development of deed-restricted Residential Units all of which are restricted for the Life of the Project or 55 years, whichever is longer and consistent with any applicable tax credit regulatory requirements, to occupancy by at least one employee of the San Francisco Unified School District ("SFUSD") or San Francisco Community College District ("SFCCD"), as verified by the Planning Department or MOHCD. At least four-fifths of the units in an Educator Housing Project must be deed restricted for the Life of the Project or 55 years, whichever is longer and consistent with any applicable tax credit regulatory requirements to be affordable to households with an income from 30% to 140% of the unadjusted area median family income (AMI), with an overall average of</p> |

|                                    |   |   |
|------------------------------------|---|---|
|                                    |   | <p>100% AMI across all such units. Up to one-fifth of the units may be deed restricted up to a maximum 160% AMI for the HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco, as published annually by MOHCD. An Educator Housing Project is also allowed to be a mixed-use development project with a maximum 20% of the gross building square footage designated for non-residential neighborhood-serving uses.</p>   |
| <b><u>Manufactured Housing</u></b> | n/a   | <p><i>San Francisco does not have a definition or close alternative for Manufactured Housing. However, the State's definition of Manufactured Housing is code compliant in San Francisco. Potential process differences among code compliant Manufactured Housing projects in San Francisco include hiring pools, trades, and/or local hire agreements related to pre-fabrication and off-site labor.</i></p>   |
| <b>Residential Care Facilities</b> | <p><a href="#">Residential Care Facility/Institutional Use (Planning Code Sec. 102)</a></p> <p><a href="#">Group Housing (Planning Code Sec. 102)</a></p> | <p>An Institutional Healthcare Use providing lodging, board and care for a period of 24 hours or more to persons in need of specialized aid by personnel licensed by the State of California. Such facility shall display nothing on or near the facility that gives an outward indication of the nature of the occupancy except for a sign as permitted by Article 6 of this Code, shall not provide outpatient services, and shall be located in a structure which remains residential in character. Such facilities shall include, but not necessarily be limited to, a board and care home, family care home, long-term nursery, orphanage, rest home or home for the treatment of addictive, contagious or other diseases, or psychological disorders.</p> <p>A Residential Use that provides lodging or both meals and lodging, without individual or limited cooking facilities or kitchens, by prearrangement for 30 days or more at a time and intended as Long-Term Housing, in a space not defined by this Code as a Dwelling Unit. Except for Group Housing that also qualifies as Student Housing as defined in this Section <a href="#">102</a>, 100% Affordable Housing as defined in Planning Code Section <a href="#">315</a>, or housing operated by an organization with tax-exempt status under 26 United States Code Section 501(c)(3) providing access to the unit in furtherance of its primary mission to provide housing, the residential square footage devoted to Group Housing shall include both common and private space in the following amounts: for every gross square foot of private space (including bedrooms and individual bathrooms), 0.5 gross square feet of common space shall be provided, with at least 15% of the common space devoted to communal kitchens with a minimum of one kitchen for every 15 Group Housing units. Group Housing shall include, but not necessarily be limited to, a Residential Hotel, boardinghouse, guesthouse, rooming house, lodging house, residence club, commune, fraternity or sorority house, monastery, nunnery, convent, or ashram. It shall also include group housing affiliated with and operated by a medical or educational institution, when not located on the same lot as such institution, which shall meet the applicable provisions of Section <a href="#">304.5</a> of this Code concerning institutional master plans.</p> |

## Review of Constraints

|                              |  |
|------------------------------|--|
| <i>Constraint</i>            | <b>Under the current shelter crisis declaration, shelters are allowed in all zoning districts by right except for RH-1. Once this expires, this no longer applies and shelters no longer have a codified permit pathway under local rules.</b> |
| <i>Constraint Reductions</i> | Related Policies   |
|                              | <b>Policy 26; Policy 28</b>  |
|                              | Implementing Program Areas   |
|                              | <b>3.3 Temporary Shelter</b><br>Actions: 3.3.4   |
|                              | <b>8.6 Support for Affordable Housing and Shelters</b><br>Actions: 8.6.3; 8.6.4; 8.6.12  |

|                              |  |
|------------------------------|--|
| <i>Constraint</i>            | <b>Group housing definitions may be limiting co-living or supportive housing types.</b>  |
| <i>Constraint Reductions</i> | Related Policies   |
|                              | <b>Policy 34</b><br>Encourage co-housing to support ways for households to share space, resources, and responsibilities, especially to reinforce supportive relationships within and across communities and generations. |
|                              | Implementing Program Areas   |
|                              | <b>7.2 Mid-rise and Small Multifamily Buildings</b><br>Action: 7.2.6; 7.2.7  |

### Single Room Occupancy (SRO)

SRO uses are defined in the Planning Code as “a Residential Use characteristic, defined as a Dwelling Unit or Group Housing room consisting of no more than one occupied room with a maximum gross floor area of 350 square feet and meeting the Housing Code's minimum floor area standards. The unit may have a bathroom in addition to the occupied room. As a Dwelling Unit, it would have a cooking facility and bathroom. As a group housing room, it would share a kitchen with one or more other single room occupancy unit/s in the same building and may also share a bathroom. A single room occupancy building (or "SRO" building) is one that contains only SRO units and accessory living space.” SRO’s are allowed in all districts where residential uses are allowed except in the Central SoMa Area Plan. The City has historical examples of SRO housing downtown as seen in the historic residential hotel stock regulated by Chapter 41 of the Administrative Code. There are also examples of new construction SRO housing.

### Agricultural/Employee Housing

California’s Health and Safety Code Section 17021.5 requires every “each county and city to permit and encourage the development and use of sufficient numbers and types of employee housing facilities as are commensurate with local needs.” San Francisco is highly urbanized and generally a distance from agricultural employment.

Permitting and encouraging development of employee housing facilities in the city typically comes in the form of Intermediate Length Occupancy (ILO) housing, or corporate housing, for employees in higher education, healthcare, and traveling theater/arts. ILO housing often require stays of greater than a month but less than a year. This housing type is not new in San Francisco, but there had been no regulation or monitoring of ILO activity until January 2020. A 2015 Controller’s office report concluded that when short-term renting like ILO housing results in a housing unit being removed from the residential market, the benefits of higher visitor spending and host income are outweighed by the economic harms of reducing housing supply (higher housing costs), and the net economic impact on the city’s economy is negative.<sup>7</sup>

The City passed an ordinance in May 2020 to regulate ILO housing. The Ordinance prohibits the use of rental units for temporary occupancies by non-tenants, requires landlords to disclose in advertisements for such units that the units are subject to the Rent Ordinance, authorizes enforcement through administrative and/or civil penalties, and requires the Controller to conduct a study to analyze the impacts of new Intermediate Length Occupancy units in San Francisco.<sup>8</sup> The City's ILO program does the following:

- Permits a maximum of 1,000 ILOs
- Prohibits ILO housing in rent-controlled units, BMR units, 1-3 unit buildings, and Mixed-Use Districts
- Requires a Conditional Use Authorization (CUA) for lots with 10 or more dwelling units
- Restricts ILO housing approved by CUA to no more than 1/3 of the maximum located outside of the downtown core (C-3 zoning districts), or within census tracts representing a “sensitive community.”

Student housing, certain non-profit housing, and residential hotels (SROs) are not subject to these permitting requirements, or these specific unit number limits.

The Office of the Controller, Rent Board, and Planning Department presented an update on enforcement, implementation, and economic impact of the ILO program in April 2022.<sup>9</sup> As of March 10, 2022, 33 ILO units had received a required CUA, four had received a required building permit, and one had completed all permitting requirements.

While the ILO housing program imposes additional regulations on housing, and therefore constrains the ability to provide workforce housing, it is intended to ensure that units remain in the residential market for long-term tenants. This may also lead well-resourced corporations to find other ways to offer housing to their employees and constrain the housing market in another way. Aside from corporate housing, San Francisco encourages workforce housing through a broad definition of “group housing,” which offers more flexibility than employee housing as defined in HSC Sec. 17021.5. Group housing also includes

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7 Office of Economic Analysis, “[Amending the Regulation of Short-Term Residential Rentals: Economic Impact Report](#)”, May 18th, 2015.

8 Intermediate Length Occupancies, SF Planning Case Number 2019-020940PCA Report, <https://sfgov.legistar.com/View.ashx?M=F&ID=8334634&GUID=1FBA1010-32CB-49C7-B412-0B63B8456228>

9 Intermediate Length Occupancy Program Updates, <https://sfgov.legistar.com/LegislationDetail.aspx?ID=5548607&GUID=A01E37C2-7337-443A-9BD9-03E59D20EBF7>



certain livability requirements that may not be afforded in workforce-specific housing, such as common space and kitchens.

Proposition E (2019) allows affordable housing and educator housing on sites that are zoned for public use. The site must also be larger than 8,000 square feet and not controlled by the Recreation and Parks Department for use as a public park. Critically, this aspect of the measure would enable projects on public sites to take advantage of Government Code section 65913.4 (SB 35). Prop E allows eligible projects to use form-based zoning, instead of limiting density by lot area.



**Case Study:**  
**Shirley Chisholm Village Educator Housing**

Photo by MidPen | BAR Architects

This case study describes a **teacher housing project with 100% affordable housing priority processing**. The project was to demolish an existing public school administrative building and construct a 100% affordable, 135-unit multi-family housing project for educators.

Following the approval of Proposition E 2019, 100% affordable housing projects and educator housing projects would be allowed in Public zoning districts and received expedited City approval. Following Planning Code amendments based on Prop E, the Shirley Chisholm project was required to be reviewed within 90 to 180 days and administratively reviewed without review by the Planning Commission.

The project applicant held three pre-application meetings with community members from August 2018 to February 2019, followed by application submittal in March 2019. The project met criteria for a Mayor's Executive Directive 13-01 Priority Permit and a SB 35 project. The SB 35 application was submitted in February 2020 and approved in May 2020. The project was granted waivers as part of SB 35 for setbacks and yards, usable open space, dwelling unit exposure, off-street loading, and height. A site permit was approved in January 2021 and demolition permit issued in April 2022.

## Manufactured Housing

Some manufactured single-family housing buildings have been erected in San Francisco temporarily but, given the high cost of land, manufactured housing is not desired by project applicants. The San Francisco Planning Code does not have a definition for manufactured housing; manufactured, prefabricated, and mobile home are subject to the same Planning Code and DBI requirements as all other homes. Manufactured housing is permitted in all zoning districts where residential housing is permitted. In addition to the challenges of balancing local and state review (see Maceo May Apartments case study), this type of housing often entails complicated negotiations around local labor and trade agreements due to the introduction of primarily off-site labor.

Due to new techniques and higher-level quality products, factory-built housing is becoming more commonplace in building applications, specifically for mid-rise market-rate and affordable housing projects. Recent improvements in productivity and acceptance by certain labor unions have made this a viable construction type in the Bay Area. There are no planning regulations that differentiate this from

other construction types although it may have challenges meeting design review or historic preservation standards in historic districts given its requirements for repetition of unit types, stacking, and façade treatments. Changes to building code at the state level also facilitated this industry expansion; no local building codes have been made that regulate this product differently.



### Case Study: Maceo May Apartments on Treasure Island

Modular housing faces unique challenges in acquiring a building permit and final inspections as evidenced by Maceo May, a 100% affordable project done as one of three pilot programs by the Mayor’s Office of Housing and Community Development. The project was entitled as part of a Development Agreement administrative process and required State agency building permits, as they oversee the modular construction completed at FactoryOS, a relatively new manufacturing facility in Vallejo, California. Once the modules are brought onsite, the assembly is overseen by local building officials who inspect the trades that do work locally, such as electrical, plumbing, and site work. Unfortunately, there were many unanticipated disruptions caused not only by the pandemic and work shut down, but also intense rainstorms that cause damage to many of the modules during construction. Since the modules were on site, the jurisdiction for permitting and review changed and repairs had to be drawn up and submitted to the San Francisco Department of Building Inspection, requiring a complex process of resubmittal and revisions to meet local interpretations of code under unique circumstances. This delay and trap between state and local officials, reduced the efficiency of factory construction essentially negating the benefit of the chosen process. Additionally, working with a factory with unsure timing through a government process meant that the project had to “get in line” in the floor process and often missed windows for its assembly production.

## Review of Constraints

|                              |   |
|------------------------------|---|
| <i>Constraint</i>            | <b>High cost of land and uncertainty in the review and approval process specific to manufactured housing make manufactured, prefabricated, and mobile homes less desirable to project applicants.</b> |
| <i>Constraint Reductions</i> | Related Policies  |
|                              | <b>Policy 30</b>  |
|                              | Implementing Program Areas  |
|                              | <b>8.1 Cost and Fees</b><br>Actions: 8.1.1  |

## Accessory Dwelling Units

State legislation in 2020 mandated that cities adopt a variety of policies that simplify the accessory dwelling unit (ADU) development process and increase the areas eligible for their development. This legislation has encouraged ADU development (see Figure 8 – Number of ADUs Completed and in the Pipeline). State ADU legislation passed in 2019 required that cities use ministerial review to approve ADUs or junior dwelling units (JDUs), and they must review applications within 60 days. It also prohibits cities from requiring minimum lot sizes or enforcing strict site design standards. An additional state bill also passed in 2019, restricts cities from enforcing owner occupancy requirements for ADUs or collecting impact fees on ADUs smaller than 750 square feet.

The City has extended its ADU Program to all zoning districts that permit residential uses. Existing buildings that have four or fewer units, or new construction on sites that allow four or fewer legal dwelling units allow one ADU; buildings with five or more legal dwelling units, or on sites that allow five or more units on the lot are allowed unlimited ADUs. Under the City’s program, there is no limit on the number of ADUs allowed for projects undergoing Mandatory or Voluntary Seismic upgrades.

## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Non-governmental costs, such as the high cost of construction, can limit their development where they might support multi-generational living.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 32</b>  |
|                             | Implementing Program Areas  |
|                             | <b>6.3 Seniors and People with Disabilities and Chronic Illness</b><br>Actions: 6.3.3   |

## Change of Use to Residential

Housing projects applications that propose the change of use or demolition of movie theaters, grocery stores over 5,000 square feet, laundromats, and residential care facilities require a conditional use authorization. These changes to the latter two resulted from 2021 legislation and were intended to reduce impact of land value pressures on critical private sector businesses for more vulnerable populations including seniors and those with disabilities; however, the requirements do not ensure the survival of those businesses, which is dependent on financial support.

### Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Conditional Use Authorizations are currently required for additional height in certain districts, or for the removal of specific uses, including gas stations, grocery stores, laundromats, and theaters. While these and other community serving uses are important, constraining development of housing by requiring a CUA does not ensure their survival and can result in delay and uncertainty.</b> |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 26</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>9.4 Community Services</b><br/>Actions: 9.4.2</p>   |

### Specific Office Use Districts

Most zoning districts in the Planning Code allow residential units, including the downtown C-3 district, which allows residential by-right on parcels where office uses currently exist. An analysis of non-governmental constraints on conversion of office to residential uses in downtown can be found in the Non-Governmental Constraints, Land/Site Value section.

The Central SoMa Area Plan, however, did include a provision for large sites, where only office would be allowed to retain large-format floorplates preferred by newer office uses, which was intended to reduce the distances between people living in San Francisco and traveling for work outside of the city to more suburban areas, by ensuring space for office uses in the area. This provision was a way to balance this job-housing distribution prior to the pandemic but, given the increase of work-from-home policies for office workers, the requirement may not outweigh the need for additional housing and can be seen as a constraint on the production of housing south of Harrison Street.

## Review of Constraints

|                              |  |
|------------------------------|--|
| <i>Constraint</i>            | <b>Residential uses are only permitted in proportion to office uses on large parcels south of Harrison Street in the Central SoMa Area Plan that may be more suited for residential development given change in work from home patterns.</b> |
| <i>Constraint Reductions</i> | Related Policies   |
|                              | <b>Policy 26</b>   |
|                              | Implementing Program Areas   |
|                              | <b>7.3 Housing Near Job Centers and Transit</b><br>Actions: 7.3.3  |

## Demolition Controls & Tenancy

The Planning code requires the Planning Commission to consider a variety of criteria when considering whether to grant a conditional use authorization for the demolition, merger, or conversion of residential units. These include the length of occupancy of the unit, its owner-occupied status, its affordability status, and how the proposed removed unit compares to the proposed new unit(s).

Most residential demolition applications will require a public hearing; however, the following projects may be reviewed administratively: any existing residential structure that is recommended for demolition by the Director of the Department of Building Inspection and is determined to be a public hazard in accord with provisions of the Building Code; any existing residential structure that is damaged by fire, earthquake, or other act of God, proposed for demolition and to be replaced in extent and kind, as determined by the Zoning Administrator; and structures proposed for demolition, where a Conditional Use hearing would otherwise be required, are exempt from hearing requirements if they are determined by the Department to be “unsound.” Soundness is an economic measure of the feasibility of upgrading a residence that is deficient with respect to habitability and Housing Code requirements, due to inadequacies of original construction. Proposed removal of three or more units will always require a Conditional Use approval.

San Francisco uses a “Tantamount to Demolition” process which establishes a specific and complex procedure for determining if a project is subject to requirements for demolished buildings. It includes calculation of wall and floor areas and the reuse of existing materials or if the floors are being moved vertically. It is a much more time-consuming and challenging design and project review process than for what is required to demolish commercial properties. Permits for demolitions of dwellings cannot be issued until the permits for the replacement structures are issued.

### Rent Control

Given the high cost of housing and recent influx of high earners into San Francisco over the past ten years, many residents, especially in communities of color, those with disabilities, and seniors, have been at high risk of displacement or eviction. Recent legislative proposals have included ways to reduce the impact on these communities by preventing applicability of certain development programs if they require the demolition of housing that has existing tenants, especially if they are in rent stabilized housing units.

While these controls protect existing residents, the requirements constrain the ability of projects to demolish and construct more housing.

In more practical terms, establishing whether there has been a tenant within the timeframes created by state and local legislation--three, five or even ten years in the past-- is very challenging, especially for unauthorized dwelling units. Determining whether there has been a tenant in the relevant time period requires in-depth investigation by planners working in many cases with the San Francisco Rent Board who does not currently track the tenancy of rental units. Absences of this readily accessible information often prompts requests for broader regulatory measures and additional public agency scrutiny, such that each site is examined for the specific owner and resident actions and histories.

The regulations around future tenancy and rent control requirements also provide constraints to the initiation of housing projects. Developers who produce small-multifamily housing or homeowners who wish to add units articulate concern over the long-term consequences of managing tenants and rental units or having the units be subject to the city's affordable housing lottery system. In smaller projects, applicants express concern that they will "get stuck" with a bad or disruptive tenant; for a property manager a bad or disruptive tenant can be a financial or logistical challenge, but homeowners have the additional worry about living in the same structure with a difficult neighbor.

While not required through the State legislation, projects that obtain a waiver from Planning Code requirements to build an ADU(s) under the local program are required to be rent controlled. Note that 85% of ADUs of the 656 ADUs approved prior to March 2022 will be rent controlled, the majority in multifamily buildings where rent control already exists.

### **Rental Registry**

Ordinance No. 265-20, effective January 18, 2021, requires owners of residential housing units in San Francisco to begin reporting certain information about their units to the Rent Board. The Rent Board will use this information to create and maintain a "housing inventory" of all units in San Francisco that are subject to the Rent Ordinance. Owners will be required to report the information using a form prepared by the Rent Board. In addition to (or in lieu of) a paper form, the Rent Board is developing an online form. The Rent Board may also develop a procedure for tenants to report information about their units, but reporting by tenants is optional.

The Rent Board will use the information provided in the housing inventory to generate reports and surveys, to investigate and analyze rents and vacancies, to monitor compliance with the Rent Ordinance, and to assist landlords and tenants and other City departments as needed.



## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Conditional Use Authorizations are currently required for demolition of existing units regardless of tenant status or history, causing additional or unneeded delay or uncertainty in the approval of housing applications.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 26</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.4 Process and Permit Procedures</b><br>Actions: 8.4.9   |

## Legalizing Units

San Francisco has a process to legalize existing dwelling units that were previously unpermitted. This program allows property owners to register these units, avoid potential violations, and ensure that their dwelling units meet safety requirements; to incentivize use of the program, the City waives certain fees.<sup>10</sup> Many homeowners created “in-law” units without permits after World War II to provide homes for returning soldiers. These existing units offer lower rents, as they are generally smaller, often with some physical limitations such as hidden entrances or low ceilings, and sometimes do not meet current health and safety standards. In the past, once the City was made aware of such units through complaints, the unit was required to be removed, and a home was lost. In 2014, the City reversed this approach: a legalization program now allows homeowners to legalize these units requiring compliance with building and safety standards while relaxing other controls, such as parking or density. In addition, the City now provides stronger controls to prevent removal of these units to protect tenants from eviction.

## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Planning Code requirements that require the upgrade of unauthorized dwellings to bring them up to health and safety standards, may impact existing tenants and can present significant financial barriers for property owners.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 4</b>   |
|                             | Implementing Program Areas  |
|                             | <b>2.4 Preserving Rental Unit Availability</b><br>Actions: 2.4.5; 2.4.6; 2.4.7  |

<sup>10</sup> City of San Francisco Department of Building Inspection, 2021



## Development Controls

### Height

Housing development in all districts is constrained by height limitations (see Figure 7 – Height Zoning). But this functions in two primary ways across San Francisco: Downtown, Mixed-Use, and Neighborhood Commercial Transit (NCT) districts use form-based code, where density is constrained by the height and bulk allowable by parcel while most Residential districts (R-s) and Neighborhood Commercial Districts (NCDs) limit density by parcel area where height and bulk are not often constraining factors. For further detail:

Residential districts: RH-1 districts are limited to 35 feet (with some variation in sloped areas), while RH-2, and RH-3 districts to 40 and have resulted in housing that looks two and three stories tall. Projects in RH-1 districts can easily meet their maximum density of only one unit plus an ADU. RM and RC zones vary widely in height; while the majority are zoned for 65 feet or 85 feet, limits range from 40 to 275 feet. In RM districts, height restrictions are less responsible for low-density projects than are density regulations and other physical requirements.

Downtown, Mixed-Use and Neighborhood Commercial Transit Districts: These districts range mostly from 40 feet to 85 feet in height. Downtown, Central SoMa, and Market Octavia area plan areas have height limits above 85 feet to incentivize high-rise construction, and recent entitled projects include residential buildings such as 1 Oak at 400 feet, 10 South Van Ness at 590 feet, and 50 1st Street (Oceanwide Center) at 910 feet. Bulk requirements outside of R districts are split into 21 classifications. Areas with many tall mid-rise buildings, such as along Van Ness Avenue, require setbacks along the front façade. Areas designed for high-rise towers, such as Downtown, Transbay, and Central SoMa, use floor plate area, floor plate dimensions, and tower separate to constrain bulk.

Unlike many other cities, San Francisco regulates maximum building height<sup>11</sup> independently of permitted use(s). Thus, for any given zoning district, the maximum allowable building height varies. Indeed, there are seventy-four unique maximum allowable height limits, ranging from 20 to 1000 feet.

Figure 4 – Percent of Area by Height Classes by Zoning Districts below shows the distribution of maximum building height limits across each use District (or group of use districts) as a percentage of the land area within that district. The table is organized from lowest intensity use at the top to highest intensity use at the bottom, and from lowest (left) to highest (right) height limit.

As the table illustrates, the predominant height limit in San Francisco ranges from 40'-48', or approximately four stories. This four-story limit is characteristic across most RH, RM, RTO, and NC districts, as well as NCT-1 and NCT-2 districts which comprise a nearly 85% of the land area in which residential uses are allowed. In contrast, a wider distribution of height ranges is found in the higher-intensity Residential-Commercial, NCT-3, Named NCT, Eastern Neighborhoods Mixed-Use, Chinatown

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11 Maximum building Height is generally measured to the top of roof (or average of top of roofline) and excludes elevator, stair, and mechanical penthouses as well as mechanical equipment and appurtenances necessary to the operation or maintenance of the building or structure itself, together with visual screening for any such features. See [Planning Code Section 260.\(b\) Exemptions](#).

Mixed-Use, Downtown Residential, and Commercial Use Districts. However, these higher-intensity districts represent only about 15% of the land area in which residential uses are allowed.

Generally, where the permitted number of units is limited per parcel, or as a function of parcel area, height limits are not a constraining factor in the production of housing. For such parcels, the allowable number of units is typically less than could be otherwise accommodated within the buildable area established by form controls. In these areas, which comprise the preponderance of developable land, removing or relaxing the unit limits would permit more housing within existing height (and other form) controls. This is evidenced by San Francisco's abundant stock of 12,650 existing density non-conforming buildings – built prior to the current unit limits – which contain nearly 1/3 of all San Francisco dwelling units.



## Review of Constraints

|                              |   |
|------------------------------|---|
| <b>Constraint</b>            | <b>Low height limits in 85% of the city, predominantly in the Well-resourced neighborhoods where there are also density limits based on lot size, constrain the number of proposed housing units in applications.</b> |
| <b>Constraint Reductions</b> | Related Policies  |
|                              | <b>Policy 20</b>  |
|                              | Implementing Program Areas  |
|                              | <b>7.3 Housing Near Job Centers and Transit</b><br>Actions: 7.3.2   |

### Form-based Code

While some districts of San Francisco restrict density based on the ratio of units to lot area, other districts use form-based density requirements. In these places, the zoning restricts use, building height, bulk, and setbacks, rather than unit density to regulate the scale of buildings. Form-based zoning districts calculate bonuses as a percentage of the residential gross floor area permitted in the base zoning.

Form-based zoning is used in downtown, recently adopted area plans, and a common feature of development agreements, primarily in the eastern portion of San Francisco. Redevelopment areas in Hunters Point and Mission Bay account for 44 percent of the land that follows form-based controls. Other large segments of land covered by form-based controls are those designated as Neighborhood Commercial Transit Districts, primarily in the city's central and eastern areas (16 percent), and Urban Mixed-Use zones in the city's Eastern Neighborhoods (11 percent) which includes Central SoMa.

A large share of recently built housing units have been concentrated in areas with form-based zoning. Form-based zoning is more likely to reduce the cost of housing per unit and improve overall affordability compared with traditional zoning districts, which regulate unit density by capping the number of units per lot. It increases flexibility for design layout, unit types, and unit scales.

### Bulk Restrictions

Bulk controls are defined as a set of districts listed under Section 270 where they control the building envelope in form-based code districts, including the NCT, MU, and C-3 zoning. Areas with 40-foot height limits do not have any bulk controls.

Developers generally do not find bulk controls constricting except in high-rise applications, specifically the Market-Octavia Area Plan / Van Ness SUD and Rincon Hill areas where floor plates are required to have a maximum of 10,000 gross square feet but with linear and diagonal maximums that demand a building to be almost square. Most projects in the Market-Octavia Area Plan have requested exceptions to these bulk controls, as the general rule as noted by architects is that approximately 12,000 gross square feet is the minimum floorplate for residential construction required to accommodate elevator and stairwell cores and efficient unit sizes and shapes. A square tower is not ideal in floorplan layout as it requires inefficient unit proportions. Downtown bulk requirements are set more by building separation

requirements under the Building Code and Planning Code bulk requirements have less impact on floor plate sizes.

Eastern Neighborhoods Mixed Use Districts have a unique bulk control measure, described as an “additional height limit” that restricts the building envelope on parcels that face narrow streets. Section 261.1 requires the use of a “sun access plane” that measures 45 degrees from the parcel across the street. No part of the subject parcel’s building envelope may penetrate above this line, which for parcels that are zoned for 85 feet, can substantially reduce the building envelope. The blocks South of Market are very large and include many of these narrow streets that cut the bigger blocks into smaller ones. This affects many parcels in this portion of the city.

Midblock Alley requirements, found in Planning Code Section 270.2, are required for projects in Eastern Neighborhoods and Downtown areas that are on longer blocks—more than 200’—under certain roadway configurations, or at the Planning Commission’s discretion. This requires projects to provide a publicly accessible alley, open at all times, through the project connecting existing streets or public rights of way. The upper floors of the project must also be set back to accommodate sunlight. It is permissible to connect upper floors across the required alley, but the sunlight and alley requirements usually require large projects to have multiple cores of elevators, stairs, and mechanical systems to serve two or more portions of the structure to meet fire code requirements.

While the above measures could be described as constraints on housing development, they also provide crucial urban design measures for livability in denser neighborhoods and are easy to modify through exceptions during the entitlement process. Projects that use State Density Bonus or similar programs can also easily modify or remove these constraints through incentives, concessions and waivers. Except on rare occasions, issues around these provisions do not delay or constrain housing applications.

### **Site Controls**

Along with height constraints as defined in the zoning maps, the Planning Code includes conventional standards such as minimum lot size, lot coverage or rear yard requirements, open space, and exposure requirements, all in concert with form-based codes, which constrain the production of housing units. These controls are unique by district. (see Figure 5 – Development Controls).

Minimum Lot Sizes and Widths: Minimum lot widths are as follows: RH-1(D) Districts: 33 feet and in all other districts: 25 feet. Minimum lot area are as follows: RH-1(D) Districts: 4,000 square feet and in all other zoning use districts: 2,500 square feet; except that the minimum lot area for any lot having its street frontage entirely within 125 feet of the intersection of two streets that intersect at an angle of not more than 135 degrees (generally, corner lots) shall be 1,750 square feet.

## Review of Constraints

|                              |   |
|------------------------------|---|
| <b>Constraint</b>            | <b>Minimum lot sizes can leave parcels undeveloped.</b>   |
| <b>Constraint Reductions</b> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 26</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.11</p> |

Lot consolidation limits: Planning Code Section 121.1 limits the development of large lots in neighborhood commercial districts and requires Conditional Use Authorizations (see Permit Processing) to expand from the following sizes:

| <i>District</i>                |                              | <i>Lot Size Limits</i> |
|--------------------------------|------------------------------|------------------------|
| North Beach                    | Polk Street                  | <b>2,500 sq. ft.</b>   |
| Pacific Avenue                 |                              |                        |
| NC-1, NCT-1                    | Irving Street                | <b>5,000 sq. ft.</b>   |
| 24th Street-Mission            | Judah Street                 |                        |
| 24th Street-Noe Valley         | Lakeside Village             |                        |
| Broadway                       | Noriega Street               |                        |
| Castro Street                  | Outer Clement Street         |                        |
| Cole Valley                    | Sacramento Street            |                        |
| Glen Park                      | Taraval Street               |                        |
| Haight Street                  | Union Street                 |                        |
| Inner Clement Street           | Upper Fillmore Street        |                        |
| Inner Sunset                   | West Portal Avenue           |                        |
| NC-2, NCT-2                    | Japantown                    |                        |
| NC-3, NCT-3                    | Lower Haight Street          |                        |
| Bayview                        | Lower Polk Street            |                        |
| Cortland Avenue                | Mission Bernal               |                        |
| Divisadero Street              | Mission Street               |                        |
| Excelsior Outer Mission Street | Ocean Avenue                 |                        |
| Fillmore Street                | Outer Balboa Street          |                        |
| Folsom Street                  | Regional Commercial District |                        |
| Geary Boulevard                | San Bruno Avenue             |                        |
| Hayes-Gough                    | SoMa                         |                        |
| Inner Balboa Street            | Upper Market Street          |                        |
| Inner Taraval Street           | Valencia Street              |                        |

## Review of Constraints

|                              |   |
|------------------------------|---|
| <b>Constraint</b>            | <b>Conditional Use Authorization requirements delay housing approvals by adding the number of required hearings, and preventing lot consolidation reduces the architectural efficiency or size of housing projects.</b> |
| <b>Constraint Reductions</b> | <p style="text-align: right;">Related Policies</p> <p><b>Policy 26</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.9</p>       |

Maximum lot coverage requirements generally ensure that some portion of a lot remains as open space. Lot coverage requirements are 75% in form-based districts, including MU, NCT, NCDs, and C-3. The Van Ness SUD allows a maximum of 80% lot coverage. Lower density districts include RH-1 which allows 70% maximum lot coverage and RH-2, RH-3, RM- 1, and RM-2 which is 55%. Projects may apply for a reduction of rear yard requirements (i.e. an increase in the maximum percentage requirement) through an exception or variance process. Rear yards in RH- and RM- districts often fit together to create “midblock open space,” a term defined in the Residential Design Guidelines where the congregation of backyards can give a collective sense of “relief” of building massing, and supports foliage, soil systems, animal or bird habitat, and overall natural ecosystems; this principal has led to discretionary actions where design review staff or the Planning Commission will ask for greater massing reductions so that back walls conform to neighboring back walls. Many RH-1 and 2 blocks demonstrate this pattern, with very large backyards that far exceed rear yard requirements. This principal especially affects “key” lots, lots that are second in from a corner parcel as key lots have the greatest impact on the connectivity between corner lots and the midblock open space.

## Review of Constraints

|                              |   |
|------------------------------|---|
| <b>Constraint</b>            | <b>Design guidelines restrict lot coverage beyond rear yard requirements reducing the potential inclusion of housing units.</b>   |
| <b>Constraint Reductions</b> | <p style="text-align: right;">Related Policies</p> <p><b>Policy 28</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.3 Objective Design Standards &amp; Findings</b><br/>Actions: 8.3.6</p> |

For denser areas of the city, especially in Downtown, Van Ness Corridor, Chinatown or the Tenderloin, projects can often meet lot coverage requirements which are based on a percentage of the lot, but often



request exceptions to meet open space standards which are tied to the number of units provided. Given site constraints in denser areas, open space can be met by providing private balconies, common open space available only to building residents such as courtyards or roof decks, or by paying an in-lieu fee used for the city to provide future public open space. Some districts, Central SoMA for example, allow for public open space as an option, and count public open space at a higher rate than private or common space, since it requires additional liability and security management and benefits the broader neighborhood. This flexibility has been seen by developers as helpful for projects.

Housing projects also must meet “exposure” requirements, which means that all dwelling units must face on an open area, defined as a public right of way or a courtyard. For many housing projects, the rear yard will provide the exposure needed; if the rear yard is compromised given site constraints, developments may require an exception to meet exposure requirements. These exceptions are common through the Downtown Authorization or State Density Bonus process and do not delay housing approvals.

One unique aspect of Section 140, which includes the city exposure requirement, is that if the requirement is met through an inner court (which must be a minimum of 25’ in width and depth), additional 5’ setbacks are required in every horizontal direction at each additional floor. This requirement is burdensome for projects as it disrupts efficient construction techniques which prefer stacked or consistent dimensions, especially for structural and mechanical purposes. Projects nearly always request an exception or waiver of this provision.

**Review of Constraints**

|                              |   |
|------------------------------|---|
| <i>Constraint</i>            | <b>Exposure requirements that demand incremental setbacks at each level decrease the efficiency of construction and increase financial burdens to projects.</b> |
| <i>Constraint Reductions</i> | Related Policies  |
|                              | <b>Policy 26</b>  |
|                              | Implementing Program Areas  |
|                              | <b>8.3 Objective Design Standards &amp; Findings</b><br>Actions: 8.3.3  |

**Parking**

While the city no longer has parking minimum requirements, eliminated per legislation in 2018, as an intensely developed area, the city has considerable measures to reduce transportation impacts. In 2017, San Francisco adopted a transportation demand management (TDM) requirement which applies to projects of 10 units or more. TDM gives applicants flexibility in choosing which mobility measures they will incorporate. It includes options to reduce parking or provide amenities to residents such as bicycle parking, lockers and storage for family needs or delivery, and car share, which is required for any project that voluntarily includes parking.

**Figure 5. Development Controls**

Table Notes:

Base permitted residential use density, not inclusive of ADUs or other bonus density potential. Useable Open Space requirement is listed as square feet per unit.

Additional area-specific or citywide special topic guidelines may apply. Applicable guidelines for each property are listed under the “Design Guidelines” link within the Zoning tab on the San Francisco Planning Department’s Property Information Map.

Height sculpting on Alleys required per § 261.1.

| CATEGORY    |         | CHARACTERISTICS |   | CONTROLS                    |   |   |                                   |      |
|-------------|---------|-----------------|---|-----------------------------|---|---|-----------------------------------|------|
| Zoning      | Density | Description     | Use Limits  | Rear Yard or Coverage Limit | Height/ Setbacks /Bulk Limits                       | Usable Open Space   | Design Guidelines                 |      |
| RESIDENTIAL | RH-1(D) | Very Low        | RH-1(D) Districts: One-Family (Detached Dwellings). These Districts are characterized by lots of greater width and area than in other parts of the City, and by single-family houses with side yards. The structures are relatively large, but rarely exceed 35 feet in height. Ground level open space and landscaping at the front and rear are usually abundant. Much of the development has been in sizable tracts with similarities of building style and narrow streets following the contours of hills. In some cases private covenants have controlled the nature of development and helped to maintain the street areas. | 1 unit per lot              | Minimum 30% Rear Yard, but in no case less than 15' | 35' Height Limit. Front setback required average of adjacent properties. Side setback required, varies per §133 | 300 if private, and 400 if common | RDGs |
|             | RH-1    | Very Low        | RH-1 Districts: One-Family. These Districts are occupied almost entirely by single-family houses on lots 25 feet in width, without side yards. Floor sizes and building styles vary, but tend to be uniform within tracts developed in distinct time periods. Though built on separate lots, the structures have the appearance of small-scale row housing, rarely exceeding 35 feet in height. Front setbacks are common, and ground level open space is generous. In most cases the single-family character of these Districts has been maintained for a considerable time.   | 1 unit per lot              | Minimum 30% Rear Yard, but in no case less than 15' | 35' Height Limit. Front setback required average of adjacent properties.  | 300 if private, and 400 if common | RDGs |
|             | RH-1(S) | Very Low        | RH-1(S) Districts: One-Family with Minor Second Unit. These Districts are similar in character to RH-1 Districts, except that a small second dwelling unit has been installed in many structures, usually by conversion of a ground-story space formerly part of the main unit or devoted to storage. The second unit remains subordinate to the owner's unit, and may house one or two persons related to the owner or be rented to others. Despite these conversions, the structures retain the appearance of single-family dwellings.  | 2 units per lot             | Minimum 30% Rear Yard, but in no case less than 15' | 35' Height Limit. Front setback required average of adjacent properties.  | 300 if private, and 400 if common | RDGs |

| CATEGORY    |         | CHARACTERISTICS |  | CONTROLS   |   |   |                                   | Design Guidelines |
|-------------|---------|-----------------|--|--|---|---|-----------------------------------|-------------------|
| Zoning      | Density | Description     | Use Limits   | Rear Yard or Coverage Limit                      | Height/ Setbacks /Bulk Limits   | Usable Open Space   |                                   |                   |
| RESIDENTIAL | RH-2    | Low             | RH-2 Districts: Two-Family. These Districts are devoted to one-family and two-family houses, with the latter commonly consisting of two large flats, one occupied by the owner and the other available for rental. Structures are finely scaled and usually do not exceed 25 feet in width or 40 feet in height. Building styles are often more varied than in single-family areas, but certain streets and tracts are quite uniform. Considerable ground-level open space is available, and it frequently is private for each unit. The Districts may have easy access to shopping facilities and transit lines. In some cases, Group Housing and institutions are found in these areas, although nonresidential uses tend to be quite limited.   | 2 units per lot                                  | Minimum 45% Rear Yard or average of adjacent neighbors, but in no case less than 15'                                    | 40' Height Limit. Front setback required average of adjacent properties.    | 125 if private, and 166 if common | RDGs              |
|             | RH-3    |                 | RH-3 Districts: Three-Family. These Districts have many similarities to RH-2 Districts, but structures with three units are common in addition to one-family and two-family houses. The predominant form is large flats rather than apartments, with lots 25 feet wide, a fine or moderate scale and separate entrances for each unit. Building styles tend to be varied but complementary to one another. Outdoor space is available at ground level, and also on decks and balconies for individual units. Nonresidential uses are more common in these areas than in RH-2 Districts.  | 3 units per lot                                  | Minimum 45% Rear Yard or average of adjacent neighbors, but in no case less than 15'                                    | 40' Height Limit. Front setback required average of adjacent properties.    | 100 if private, and 133 if common |                   |
|             | RM-1    |                 | RM-1 Districts: Low Density. These Districts contain a mixture of the dwelling types found in RH Districts, but in addition have a significant number of apartment buildings that broaden the range of unit sizes and the variety of structures. A pattern of 25-foot to 35-foot building widths is retained, however, and structures rarely exceed 40 feet in height. The overall density of units remains low, buildings are moderately scaled and segmented, and units or groups of units have separate entrances. Outdoor space tends to be available at ground and upper levels regardless of the age and form of structures. Shopping facilities and transit lines may be found within a short distance of these districts. Nonresidential uses are often present to provide for the needs of residents. | 3 units per lot or 1 unit per 800 sf of lot area | Minimum 45% Rear Yard or average of adjacent neighbors. If averaged, no less than 25% or 15 feet, whichever is greater. | Height Limit varies. Front setback required average of adjacent properties. | 100 if private, and 133 if common |                   |
|             | RM-2    | Moderate        | RM-2 Districts: Moderate Density. These Districts are generally similar to RM-1 Districts, but the overall density of units is greater and the mixture of building types and unit sizes is more pronounced. Building widths and scales remain moderate, and considerable outdoor space is still available. The unit density permitted requires careful design of new structures in order to provide adequate amenities for the residents. Where nonresidential uses are present, they tend to offer services for wider areas than in RM-1 Districts.   | 3 units per lot or 1 unit per 600 sf of lot area | Minimum 45% Rear Yard or average of adjacent neighbors. If averaged, no less than 25% or 15 feet, whichever is greater. | Height Limit varies. Front setback required average of adjacent properties. | 80 if private, and 106 if common  | RDGs              |

| CATEGORY |             | CHARACTERISTICS |  | CONTROLS  |   |   |                                   |      |
|----------|-------------|-----------------|--|---|---|---|-----------------------------------|------|
| Zoning   | Density     | Description     | Use Limits   | Rear Yard or Coverage Limit                                     | Height/ Setbacks /Bulk Limits   | Usable Open Space   | Design Guidelines                 |      |
|          | RM-3        | Moderate        | RM-3 Districts: Medium Density. Predominantly devoted to apartment buildings of six, eight, 10 or more units, with some smaller structures. Most of these districts are close to downtown and have been developed in this manner for some time. The units vary in size, but tend to be smaller than in RM-1 and RM-2 Districts. Many buildings exceed 40 feet in height, and in some cases additional buildings over that height may be accommodated without disruption of the district character. Although lots and buildings wider than 25 or 35 feet are common, the scale often remains moderate through sensitive façade design and segmentation. Open spaces are smaller, but decks and balconies are used to advantage for many units. Supporting nonresidential uses are often found in these areas. | 3 units per lot or 1 unit per 400 sf of lot area                | Minimum 25% Rear Yard, but in no case less than 15'   | Height Limit varies. Front setback required average of adjacent properties. | 60 if private, and 80 if common   | RDGs |
|          | RM-4        | High            | RM-4 Districts: High Density. Devoted almost exclusively to apartment buildings of high density, usually with smaller units, close to downtown. Buildings over 40 feet in height are very common, and other tall buildings may be accommodated in some instances. Despite the intensity of development, distinct building styles and moderation of façades are still to be sought in new development, as are open areas for the residents. Group housing is especially common in these districts, as well as supporting non-residential uses.  | 3 units per lot or 1 unit per 200 sf of lot area                | Minimum 25% Rear Yard, but in no case less than 15'   | Height Limit varies. Front setback required average of adjacent properties. | 36 if private, and 48 if common   |      |
|          | RTO / RTO-M | Moderate        | RTO and RTO-M: Residential Transit Oriented. Composed of multi-family moderate-density areas, primarily areas formerly designated RM and RH-3, and are well served within short walking distance, generally less than one-quarter mile, of transit and neighborhood commercial areas. Transit available on nearby streets is frequent and/or provides multiple lines serving different parts of the City or region.  | 1 unit per 600 sf of lot area<br><br>Density by height and bulk | Minimum 45% Rear Yard or average of adjacent neighbors. If averaged, no less than 25% or 15 feet, whichever is greater. | Height Limit varies. Front setback required average of adjacent properties. | 100 if private, and 133 if common | RDGs |
|          | RC-3        | Moderate        | RC-3 Districts: Medium Density. These Districts provide for a mixture of medium-density Dwellings similar to those in RM-3 Districts, with supporting Commercial uses. Open spaces are required for Dwellings in the same manner as in RM-3 Districts, except that rear yards need not be at ground level and front setback areas are not required.  | 3 units per lot or 1 unit per 400 sf of lot area                | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15'                      | Height Limit varies.  | 60 if private, and 80 if common   | RDGs |
|          | RC-4        | High            | RC-4 Districts: High Density. These Districts provide for a mixture of high-density Dwellings similar to those in RM-4 Districts with supporting Commercial uses. Open spaces are required for Dwellings in the same manner as in RM-4 Districts, except that rear yards need not be at ground level and front setback areas are not required.   | 3 units per lot or 1 unit per 200 sf of lot area                | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15'                      | Height Limit varies.  | 36 if private, and 48 if common   | RDGs |

| CATEGORY                |         | CHARACTERISTICS |  |  | CONTROLS   |  |                                   |      |
|-------------------------|---------|-----------------|--|--|--|--|-----------------------------------|------|
| Zoning                  | Density | Description     | Use Limits   | Rear Yard or Coverage Limit                                | Height/ Setbacks /Bulk Limits  | Usable Open Space                              | Design Guidelines                 |      |
| COMMERCIAL              | C-2     | Moderate        | C-2 Districts: Community Business. Mixed-use and multi-functional; they provide convenience goods and services to Residential areas of the City, both in outlying sections and in closer-in, more densely built communities.   | Units ≤ nearest R district                                 | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15' | Height / Bulk Limit generally 40-X.            | = nearest R district              | UDGs |
|                         | C-3     | High            | C-3 Districts: Downtown Commercial. This group of Districts comprises a wide variety of uses: Retail, offices, hotels, entertainment, clubs and institutions, and high-density residential. Many of these uses have a citywide or regional function. In the vicinity of Market Street, the configuration of commercial districts reflects easy accessibility by rapid transit. Includes: C-3-O, C-3-O(SD), C-3-R, C-3-G, and C-3-S.  | Density regulated by height and bulk                       | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15' | Height and Bulk Limits vary.                   | 36 if private, and 48 if common   | UDGs |
| NEIGHBORHOOD COMMERCIAL | NC-1    | Low             | Neighborhood Commercial Cluster District. NC-1 Districts are intended to serve as local neighborhood shopping districts, providing convenience retail goods and services for the immediately surrounding neighborhoods primarily during daytime hours.   | 1 unit per 800 square foot lot area, or nearest R District | Minimum 25% Rear Yard, but in no case less than 15'  | Height / Bulk Limits vary, but generally 40-X. | 100 if private, and 133 if common | UDGs |
|                         | NC-2    | Low             | Small-scale Neighborhood Commercial District. The NC-2 District is intended to serve as the City's Small-Scale Neighborhood Commercial District. These districts are linear shopping streets which provide convenience goods and services to the surrounding neighborhoods as well as limited comparison shopping goods for a wider market. The range of comparison goods and services offered is varied and often includes specialty retail stores, restaurants, and neighborhood-serving offices. NC-2 Districts are commonly located along both collector and arterial streets which have transit routes. | 1 unit per 800 square foot lot area, or nearest R District | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15' | Height / Bulk Limits vary, but generally 40-X. | 100 if private, and 133 if common | UDGs |
|                         | NC-3    | Moderate        | Moderate-scale Neighborhood Commercial District. NC-3 Districts are intended in most cases to offer a wide variety of comparison and specialty goods and services to a population greater than the immediate neighborhood, additionally providing convenience goods and services to the surrounding neighborhoods. NC-3 Districts are linear districts located along heavily trafficked thoroughfares which also serve as major transit routes.  | 1 unit per 600 square foot lot area, or nearest R District | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15' | Height / Bulk Limits vary, but generally 40-X. | 80 if private, and 100 if common  | UDGs |
|                         | NC-S    | Low             | Neighborhood Commercial Shopping Center District. NC-S Districts are intended to serve as small shopping centers or supermarket sites which provide retail goods and services for primarily car-oriented shoppers. They commonly contain at least one anchor store or supermarket, and some districts also have small medical office buildings. The range of services offered at their retail outlets usually is intended to serve the immediate and nearby neighborhoods.   | 1 unit per 800 square foot lot area, or nearest R District | Not required   | Height / Bulk Limits vary, but generally 40-X. | 100 if private, and 133 if common | UDGs |

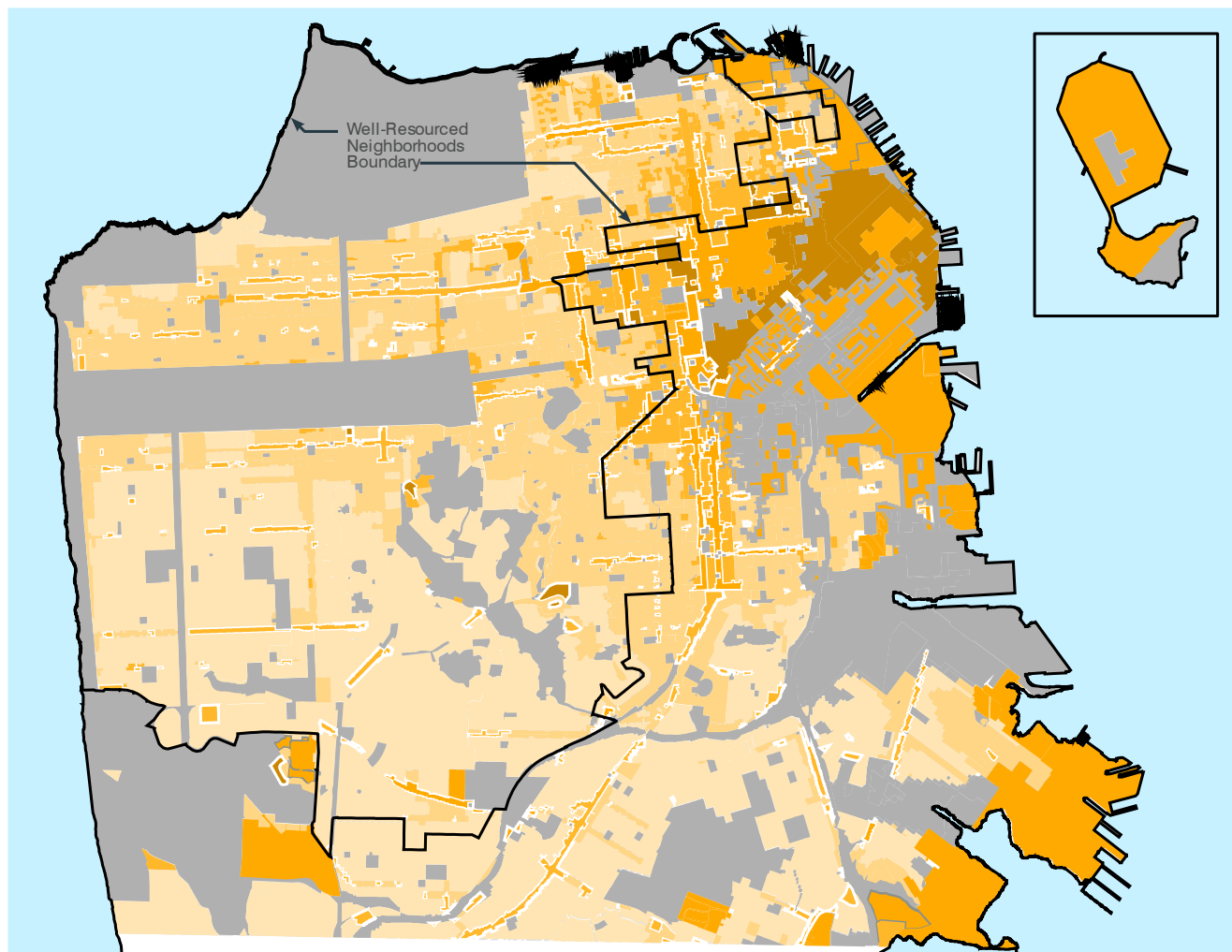
| CATEGORY   |             | CHARACTERISTICS   |                                      | CONTROLS   |                               |                                   |                   |
|------------|-------------|---|--------------------------------------|--|-------------------------------|-----------------------------------|-------------------|
| Zoning     | Density     | Description   | Use Limits                           | Rear Yard or Coverage Limit  | Height/ Setbacks /Bulk Limits | Usable Open Space                 | Design Guidelines |
| Named NCDs | Low to High | Neighborhood Commercial Districts. Low to high density mixed-use neighborhoods of varying scale established around historical neighborhood commercial centers. The Neighborhood Commercial Districts are intended to support neighborhood-serving uses on the lower floors and housing above. These Districts tend to be linear commercial corridors, but may also include small clusters of commercial activity in Residential Districts. Individually named Neighborhood Commercial Districts are intended to provide for more targeted residential and commercial controls to fit the needs of their respective neighborhoods.   | Varies. See Code §714.-§745.         | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15' | Height and Bulk Limits vary.  | Varies. See Code §714.-§745.      | UDGs              |
|            | Moderate    | Neighborhood Commercial Transit Cluster District. Intended to serve as local neighborhood shopping districts, providing convenience retail goods and services for the immediately surrounding neighborhoods primarily during daytime hours. NCT-1 Districts are located near major transit services. They are small mixed-use clusters, generally surrounded by residential districts, with small-scale neighborhood-serving commercial uses on lower floors and housing above. Housing density is limited not by lot area, but by the regulations on the built envelope of buildings, including height, bulk, setbacks, and lot coverage, and standards for residential uses, including open space and exposure, and urban design guidelines.  | Density regulated by height and bulk | Minimum 25% Rear Yard, but in no case less than 15'  | Height and Bulk Limits vary.  | 100 if private, and 133 if common |                   |
|            | Moderate    | Small-Scale Neighborhood Commercial Transit District. Transit-oriented mixed-use neighborhoods with small scale commercial uses near transit services. The NCT-2 Districts are mixed use districts that support neighborhood-serving commercial uses on lower floors and housing above. These Districts are well-served by public transit and aim to maximize residential and commercial opportunities on or near major transit services. The District's form is generally linear along transit-priority corridors, though may be concentric around transit stations or in broader areas where multiple transit services criss-cross the neighborhood. Housing density is limited not by lot area, but by the regulations on the built envelope of buildings, including height, bulk, setbacks, and lot coverage, and standards for residential uses, including open space and exposure, and urban design guidelines. | Density regulated by height and bulk | Required at first residential level and above. Minimum 25% Rear Yard, but in no case less than 15' | Height and Bulk Limits vary.  | 100 if private, and 133 if common | UDGs              |





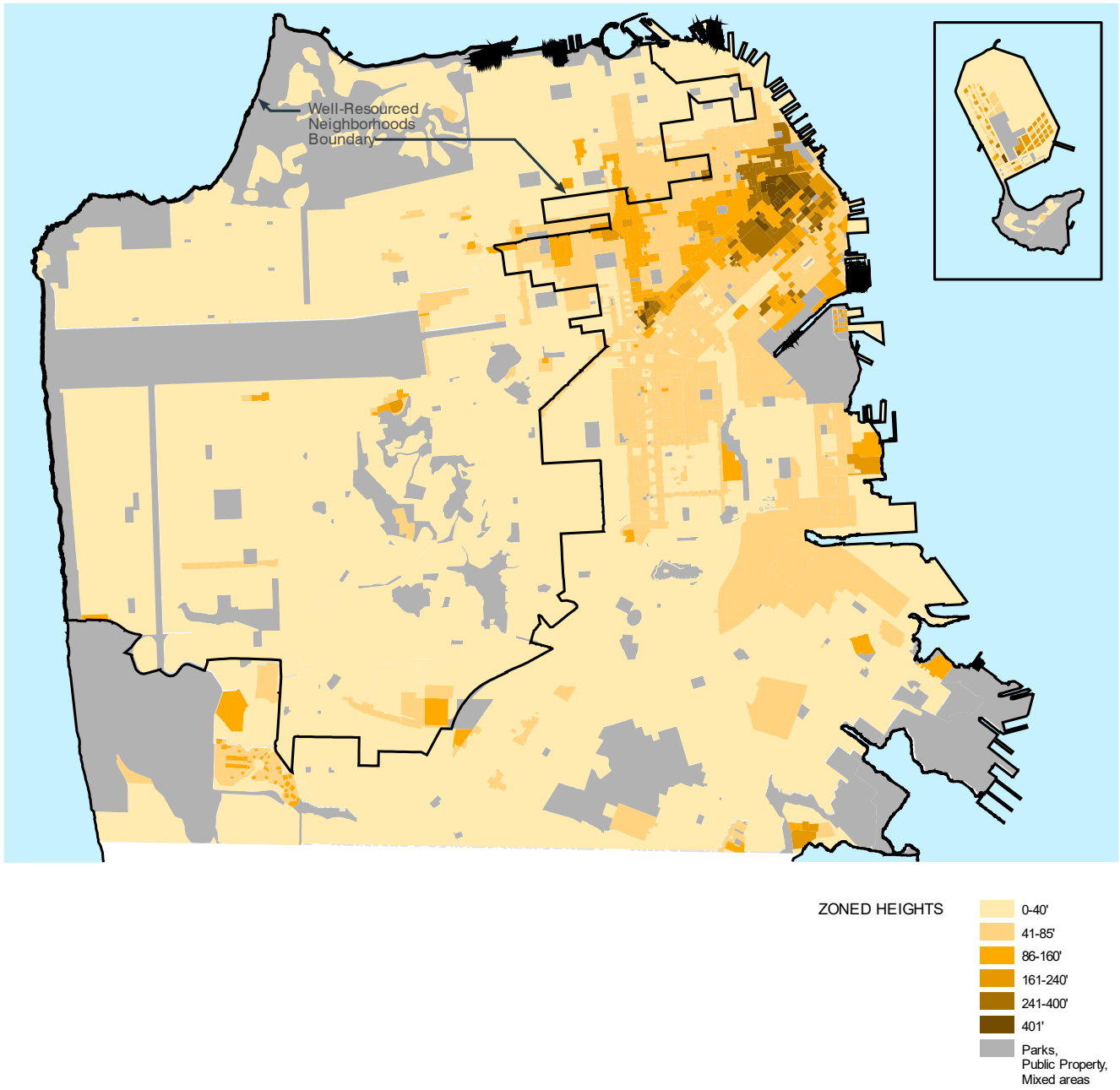
| CATEGORY |         | CHARACTERISTICS  |                                      | CONTROLS   |                                  |  |                   |
|----------|---------|--|--------------------------------------|--|----------------------------------|--|-------------------|
| Zoning   | Density | Description  | Use Limits                           | Rear Yard or Coverage Limit  | Height/ Setbacks /Bulk Limits    | Usable Open Space  | Design Guidelines |
| DTRs     | High    | Downtown Residential Districts. Transit-oriented, high-density mixed-use residential neighborhoods in and around downtown. Includes: Rincon Hill Downtown Residential District (RH-DTR) and South Beach Downtown Residential District (SB-DTR) | Density regulated by height and bulk | 100% lot coverage permitted; up to 80% for parcels where not all residential units face onto streets or alleys | Varies. See Height and Bulk Map. | 75 sf per unit; up to 50% may be provided off-site if publicly accessible. | UDGs              |

Figure 6. Allowable Housing Density



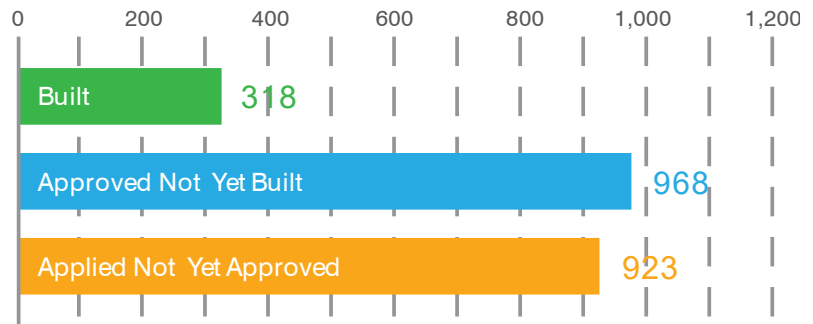
| Zoning Type                      | Percent of Total City Area | Dwelling Units per Acre |
|----------------------------------|----------------------------|-------------------------|
| Very Low Residential             | 28%                        | 10                      |
| Low Residential                  | 20%                        | 23                      |
| Moderate Residential             | 3%                         | 45                      |
| Moderate Neighborhood Commercial | 4%                         | 18                      |
| Medium Residential               | 1%                         | 97                      |
| Medium Neighborhood Commercial   | 2%                         | 30                      |
| Medium Mixed-Use                 | 2%                         | 26                      |
| Medium Commercial                | 1%                         | 5                       |
| Medium Development Agreement     | 8%                         | 7                       |
| High Downtown Commercial         | 2%                         | 30                      |
| High Residential                 | 1%                         | 63                      |

Figure 7. Height Zoning



**Figure 8.**

**Number of ADUs Completed and in the Pipeline, SF Planning 2019**



## Housing Bonus Programs

### State Density Bonus and Local Bonus Programs (Government Code section 65915)

A combination of California state law and local implementation guidelines create a framework for residential projects using density bonuses. The California State Density Bonus allows market rate projects to receive up to a 50 percent density increase, depending on the affordability of the project. The program also requires cities allow concessions and incentives, and waive local development standards that preclude the construction of the additional density or concessions and incentives. Projects providing 100 percent affordable housing can take advantage of special provisions in the State Density bonus program. These projects receive form-based density, a height increase of three stories or 33 feet, and up to four concessions. To qualify, these projects must primarily serve low- and very low-income households. State law also provides other density bonuses for other types of housing, such as student housing, senior housing, or housing for homeless persons.

In order to implement the state law, the City adopted the Individually Requested State Density Bonus Program in 2017. This ordinance provides clear guidance for housing developers seeking to use the state density bonus. City staff first calculate the base density under the existing zoning. The base zoning is the maximum allowable density under existing zoning. The ordinance also includes guidelines around the review and approval processes for projects using the program.. The state density bonus is available for projects providing at least five units.

Programs aimed at increasing affordable housing production, including the 100% Affordable Housing Density Bonus Program (AHBP) and HOME-SF, grant additional height, remove density limitations, and provide exceptions to other constraints to allow for additional capacity. These programs are not applicable in RH-1 and RH-2 residential districts which cover nearly 70% of residentially zoned land.<sup>12</sup>

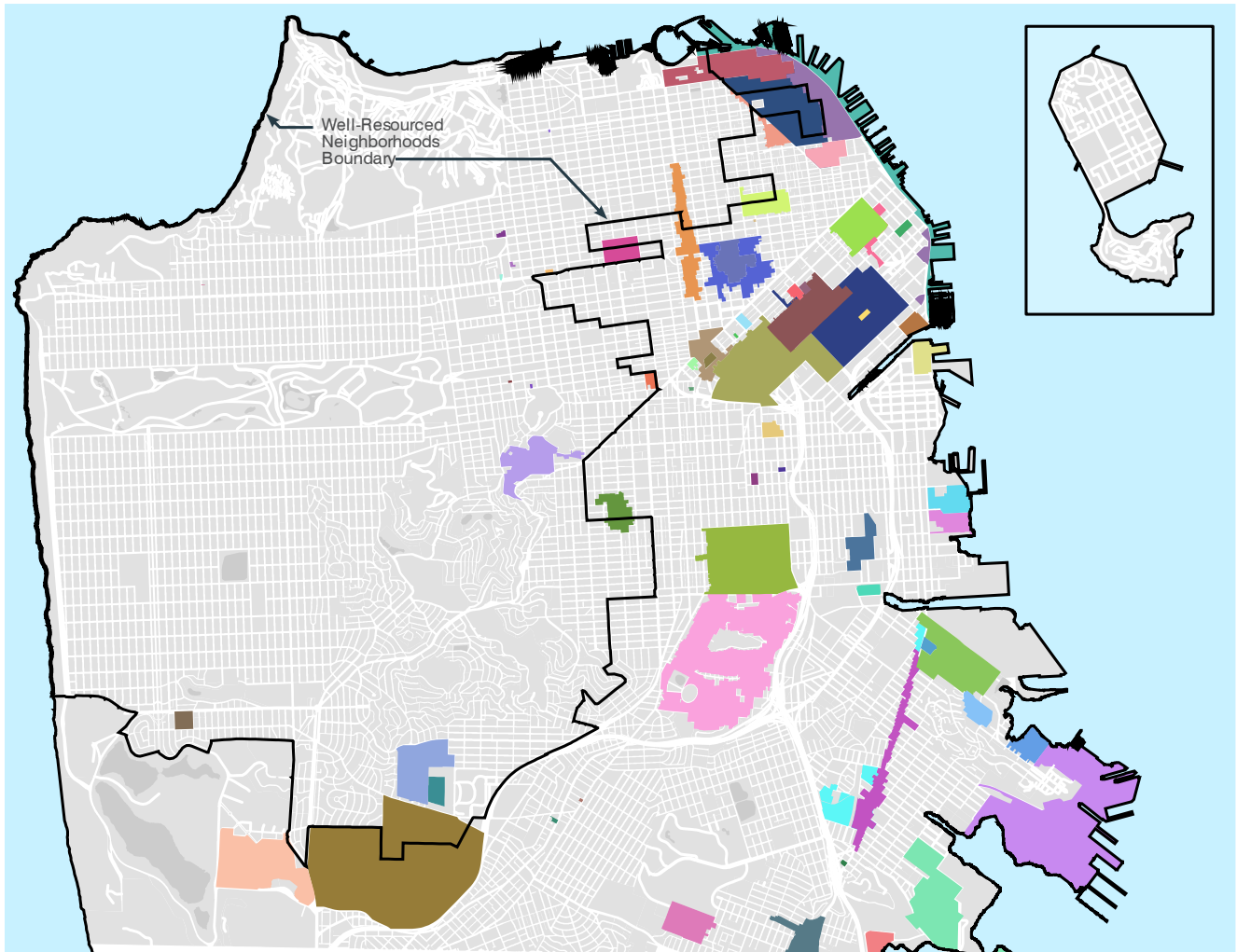
San Francisco's implementation of the State Density Bonus and local bonus programs are detailed further in Process and Permitting Procedures, Implementing State Requirements.

Constraints related to implementation of State Density Bonus and Local Bonus programs are detailed in Process and Permitting Procedures, Implementing State Requirements.

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<sup>12</sup> City and County of San Francisco Housing Affordability Strategies Regulation of Housing Development White Paper, 2020.

Figure 9. Special Use Districts – Residential Focus



SPECIAL USE DISTRICTS

- |  |                               |                                     |
|--|-------------------------------|-------------------------------------|
| 1500 Mission Street                          | Executive Park                | Pier 70                             |
| 1500 Page Street Residential Care            | Fifth and Mission             | Potrero Center Mixed Use            |
| 1550 Evans Avenue                            | Folsom & Main Res Comm        | Potrero Hope SF                     |
| 1629 Market Street SUD                       | Geary Blvd Divisadero St      | Potrero Power Station SUD           |
| 2000 Marin Street SUD                        | Geary-Masonic                 | Presidio-Sutter                     |
| 2500-2530 18th Street Affordable Housing SUD | Haight St Affordable Housing  | Scott St Aff Grp Housing            |
| 3rd Stand Le Conte Affordable                | Hunters Pt Shipyard Phase 2   | Sunnydale Hope SF                   |
| 430 29th Avenue                              | HuntersView SUD               | Telegraph Hill-NB Residential       |
| 4th and Freelon Streets                      | India Basin Industrial Park   | Third Street                        |
| 901 Bush Street SUD                          | India Basin SUD               | Transbay C3                         |
| Alabama 18th Affordable                      | Jackson Square                | Transit Center C-3-O(SD) Commercial |
| Balboa Reservoir                             | Laguna Haight Buchanan Herman | Trinity Plaza                       |
| Bernal Heights                               | Lakeshore Plaza NC            | Van Ness                            |
| C-3-S (SU)                                   | Mission Harrington            | Van Ness and Market Residential     |
| California Presidio Comm Ctr                 | Mission Rock                  | Veterans Commons                    |
| Calle 24 SUD                                 | Mission and 9th Street SUD    | Visitation Valley/Schlage SUD       |
| Candlestick Park Activity Node               | Nob Hill                      | Washington-Broadway SUD             |
| Cayuga/Almany SUD                            | North Beach SUD               | Waterfront 1                        |
| Central SoMa                                 | North China Basin             | Waterfront 2                        |
| Corona Heights Large Residence               | North of Market Residential 1 | Waterfront 3                        |
| Design & Development                         | North of Market Residential 2 | Western SoMa                        |
| Dolores Heights                              | Oceanview Large Residence     | Westwood Park                       |
|  | Parkmerced                    | Youth and Family Zone               |

## Planning Code

The San Francisco Planning Code is approximately 2,000 pages when printed and contains over 840,000 words, 207 zoning and Special Use Districts, and 116 land uses. Legislation often amends or adds to the Planning Code and very rarely reduces it. The Planning Department has completed Planning Code reorganizations to consolidate Articles 1, 2, and 7 which contain various Planning Code sections including General Planning Provisions, Use Districts, and Neighborhood Commercial Districts, respectively.

These reorganizations have consolidated all definitions into one section (previously in five different locations), and land uses have been standardized and categorized in all zoning districts. All zoning control tables were standardized in all districts except Eastern Neighborhoods. An ordinance that would consolidate the remainder of Article 8, primarily the Eastern Neighborhood Mixed Use Zoning Districts, is forthcoming.

The lengthy and complex Planning Code requires significant time from highly trained local professionals. The significant knowledge needed not only includes the code itself, but the General Plan, Bulletins by the Zoning Administrator on how to interpret the code, and Bulletins by the Planning Director on how the Department will implement state or local programs and administrative process. The Planning Code has extensive interpretations that are used as precedents for further code usage and can meaningfully impact a housing project. Projects that can afford to hire experienced local architects, land use attorneys, expeditors, and other development consultants during the permitting or entitlement applications significantly benefit the time necessary for and outcome of projects; given the cost of housing projects, the projects are almost always large multi-family or high-end single-family projects, raising significant questions of inequity for lower-income homeowners.

### Review of Constraints

|                              |  |
|------------------------------|--|
| <b>Constraint</b>            | <b>Specific and institutional knowledge is required to navigate the Planning Code, increasing barriers for members of the public to navigate the permit process.</b> |
| <b>Constraint Reductions</b> | Related Policies<br><b>Policy 28</b>   |
|                              | Implementing Program Areas<br><b>8.4 Process and Permit Procedures</b><br>Actions: 8.4.19  |

### Active Use Requirements

The City's Transit First policy not only has off-site implications for projects but also has resulted in code requirements that enhance the public realm by incentivizing more sustainable mobility choices such as walking, biking, or taking transit. The Planning Code includes active use requirements, as the use and qualities of a building's ground floor can significantly change the way that people experience their neighborhood and how they engage with it. The code requires a percentage of transparency in the façade at the ground floor, as well as clearly located entrances. While some of these are minor in overall

development cost and process, ground floors are increasingly challenging to design given the many requirements for utilities, retail in mixed use buildings, fire exits, mail rooms and lobbies, and trash pickup. Increased delivery services and reduced profitability around retail further impacts a project’s feasibility. The City also requires compliance with Draft Ground Floor Residential Design Guidelines to encourage housing development to either set ground floor residential entries back or to raise them by multiple steps.

**Public Art Requirement**

All projects that involve construction of a new building or addition of floor area more than 25,000 square feet to an existing building in C-3 zoning are required to dedicate and expend an amount of one percent of the construction cost of the building or addition on public art. There is also an option to pay part or all of this as a fee to the Public Art Trust Fund.

**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Public art requirements are a direct cost to housing projects which impacts their financial feasibility. This requirement is an especially difficult challenge for 100% affordable housing projects as they not only struggle to pay for the art, but also to maintain and protect it.</b> |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <hr/> <p><b>Policy 26</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.6 Support for Affordable Housing and Shelters</b><br/>         Actions: 8.6.5</p>   |

**Climate Experience**

San Francisco has several code provisions that can constrain building envelopes to enhance the outdoor experience.

The City restricts the amount of shadow that a housing project over 40 feet can create on specific public parks in Planning Code Section 295 and on “Certain Public Or Publicly Accessible Open Spaces In C-3, South Of Market Mixed Use, And Eastern Neighborhoods Mixed Use Districts” in Section 147. Generally, projects that cast shadow on an identified park such that the park exceeds its established shadow budget require approval at a joint hearing with the Planning Commission and the Recreation and Parks Commission. Many parks have either reached their budget limits or have strong advocates that resist further reductions requiring housing projects to reduce their proposed height, bulk (reducing the number of proposed units), or to navigate complex hearings and public interaction. Both increase uncertainty for housing approvals. Additionally, the procedures for hearings make calendaring difficult. Analysis of impacts from shadow is not required by the CEQA checklist but are reviewed by environmental planners in San Francisco (See “Shadow” section under Environmental Review Process Decision-making).



## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Shadow analysis takes time, resources, and results may require reduction of building envelope, number of housing units, or long and complex permitting process through joint hearings.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 28</b>  |
|                             | Implementing Program Areas  |
|                             | <b>8.4 Process and Permit Procedures</b><br>Actions: 8.4.7  |

In Downtown and Central SoMa, the Planning Code Section 148 Reduction of Ground-Level Wind Currents in C-3 Districts requires projects over 100 feet in height perform a wind analysis and demonstrate that the proposed project will not create wind speeds above set criteria in designated places in the public realm or on private property in publicly accessible spaces. All housing projects that trigger this code provision must go through testing done by specialized consultants and requires physical models studied in wind tunnels to demonstrate compliance. Currently the thresholds that projects must not exceed are under two criteria:

- more than 10 percent of the time year-round, between 7:00 a.m. and 6:00 p.m., the comfort level of 11 m.p.h. equivalent wind speed in areas of substantial pedestrian use and seven m.p.h. equivalent wind speed in public seating areas
- wind speeds to reach or exceed the hazard level of 26 miles per hour for a single hour of the year.

These standards are very challenging to meet, given the natural conditions of the city, and most projects proposed for these areas modify their building massing, provide mitigation strategies such as canopies, but nevertheless still seek an exception. Note that projects may not seek an exception to the hazard level. Like shadow, the CEQA Guidelines do not require analysis of wind impacts, although impacts to wind are analyzed by environmental planners in the Department (see “Wind” section under Environmental Review Process Decision-making).

Compliance with wind requirements also promotes one of the most complex interactions of planning staff between design review, code compliance, environmental review, and applicant consultants including architects and engineers as design changes are made, re-run through wind tunnels, and re-evaluated by planning staff. Wind tunnel testing is only done in a few locations around the world, requires analysis with San Francisco data, and is yet to be duplicated accurately with digital technology. Recent projects show that it is very rare that massing changes are made to reduce wind speeds given the financial impact to projects at the cusp of feasibility. Developers prefer to use external canopies and other public realm shielding, such as trees, to reduce speeds. An exception to this is 1550 Mission Street, which shifted, but did not reduce massing. Unlike other forms of technical study, such as shadow, the science of wind analysis is also very unpredictable and relies on fluid dynamics that do not translate precisely into urban environments. The studies also try to pinpoint specific wind experiences in

the public realm based on a specific location, which is not how human beings actually experience an environment (when walking continuously), nor represents how the city evolves over time as new buildings are constructed. As the wind tends to arrive from the northwest corner of the city, any new project of significant height in “front” of it will change the wind patterns potentially eliminating any mitigations from previous developments or even improving them. The city could consider mitigating wind impacts in the public right of way when conditions arise.

**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Wind analysis takes significant time and resources, and results may require reduction of building envelope, number of housing units, and may not result in a better physical condition on site after construction.</b>           |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 26; Policy 40</b></p>  |
|                             | <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.12</p> <p><b>9.2 Resilient and Healthy Neighborhoods and New Housing</b><br/>Actions: 9.2.11; 9.2.12</p> |

**Sustainability**

The City requires new housing projects to meet a variety of sustainability and greenhouse gas reduction measures including front landscaping, bird safe façade treatments, 100% electric utility usage, and non-potable water reuse. These are mostly regulated by other agencies (described in the Institutional Barriers to Producing and Preserving Affordable Housing section). The Planning Department implements bird safe requirements that primarily require façade glazing treatments; these are a relatively minor cost to the project and do not impact application or approval schedules. The Planning code offers an alternative to the living roof requirements of the SF Green Building Code under certain conditions in Section 149.

**Local Coastal Plan**

The San Francisco Coastal Zone extends approximately six miles along the western shoreline, from the Point Lobos recreational area in the north to the Fort Funston cliff area in the south. Amended in 2018, the Local Coastal Program (LCP) is a policy and regulatory document required by the California Coastal Act that establishes land use, development, natural resource protection, coastal access, and public recreation policies for San Francisco's Coastal Zone. San Francisco's Local Coastal Program was originally certified in 1986. The policies of the LCP were incorporated into the Western Shoreline Area Plan (WSAP), under Objective 12. The WSAP is the element of the General Plan that establishes land use, development, and environmental policies for this area. Despite this recent amendment, the bulk of the Western Shoreline Plan is now 30 years old. Using the best available science, San Francisco amended its Local Coastal Program to provide for long-term resiliency by balancing environmental resources, maintaining coastal access, addressing community needs, and protecting our investment in

public infrastructure, such as roads and wastewater treatment facilities. The LCP amendment covers the entire Coastal Zone, but implementation will largely occur south of Sloat Boulevard, where coastal vulnerabilities are most acute.

## Affordable Housing / Inclusionary

**Current requirements are causing a wider cost gap between market-rate and affordable units and is making it more difficult to provide middle- income housing. For the projects to pencil with current affordability requirements, market rate units have to be top end luxury.**

San Francisco's Inclusionary Ordinance creates a substantial amount of affordable housing to mitigate impacts from the development of market-rate housing projects. Developers who propose residential projects with 10 or more units are required to comply with the Inclusionary Housing Program which requires developers pay a development impact fee, or provide affordable housing on-site or off site, or some combination of these alternatives. The code also provides

additional compliance options via land dedications for the Urban Mixed Use Zoning District, Central SoMa Special Use District, and the Mission Neighborhood Commercial Transit (NCT) Zoning District. Inclusionary Housing Program requirements vary based on the date of project approval, housing tenure, number of units, and geography (see Figure 10 – Inclusionary Requirements for Multifamily Projects).<sup>13</sup> This program aims to create rental housing affordable to households earning between 55 percent of Area Median Income (AMI) and 110 percent of AMI, and ownership housing affordable to households earning between 80 percent of AMI and 130 percent of AMI.

### Comment from Developer interviewee

**Cost of inclusionary zoning is additional \$80,000 per door in a project. This is essentially a large tax on housing.**

Developers that opt to provide on-site affordable units must provide over half of the inclusionary units at the 55 percent AMI level for rental units, or the 80 percent AMI level for ownership units. Large projects in certain neighborhoods, such as the Mission, Tenderloin, and SoMa, require additional units.<sup>14</sup>

While the inclusionary housing ordinance constructs new deed-restricted units, it also adds to development costs, and can often make feasibility for market-rate projects a challenge. Planning data estimates that satisfying the inclusionary requirement can account for up to 15 percent of total development costs.<sup>15</sup>

Two of the significant challenges and constraints created by the inclusionary housing requirements is the instability in the rate and when it is modified. For example, after the market was high between 2014 and 2016, legislation that trailed a voter initiative, arrived in August 2017 and went into effect as the market

13 City of San Francisco Compliance with the Inclusionary Affordable Housing Program Affidavit, 2018.

14 City of San Francisco Affordable Housing Funding, Production, and Preservation White Paper pg. 34, 2020.

15 City of San Francisco Housing Development Feasibility and Costs White Paper pg. 8, 2020.

began a downturn. While it included grandfathering of some projects that had submitted environmental applications beginning in January 2016, developers who had purchased property but not yet submitted applications had an abrupt increase of the inclusionary rate for projects with 25 or more units pushing many projects into infeasibility. Rate increases ranged from 6% to 15% for a total on-site rate ranging between 18% and 27% depending on project tenure and location. Department Preliminary Project Application data shows that in the 12 months (August 2016 – July 2017) immediately preceding this increase there were 21 projects with 25 or more housing units proposed; in the 12 months almost immediately after (October 2017 to September 2018), the number of projects dropped to nine, a reduction of 58%. PPAs for projects with less than 25 units, where the inclusionary rate did not change, actually increased by one in the same period.

The legislation also established a significantly more complex Inclusionary Affordable Housing Program. Not only did the overall inclusionary rates increase, but the legislation introduced four separate criteria that are necessary to determine the applicable requirement: project size (10-24 units or 25+ units), project location, project tenure (rental or ownership) and date of a complete application. The program also includes annual increases of 0.5-1.0% to the base rates. For example, a rental project with more than 25 units that submitted a complete application in 2017 would be subject to an 18% inclusionary rate, while the same project submitted in 2018 would require a 19% inclusionary rate. Rate increases will end when the inclusionary rates reach 24% for rental projects and 26% for ownership projects, except for those projects in areas that require higher rates which include the Tenderloin, SoMa and the Mission. In addition to changing rates, the legislation also expanded the range of income levels served by the program. Projects with on-site inclusionary units are required to provide affordable housing at three income tiers, ranging from 55% AMI to 110% AMI for rental projects and 80% AMI to 130% AMI for ownership projects. Developers cannot modify the required proportions for each of the three tiers.

There are two challenges with this process, the first is that, while there is a desire to capture value from projects and direct it towards affordable housing, the inclusionary rate system tends to lag the market conditions with some properties catching a windfall while others are priced out of creating any housing at all. The second is that this voter or the current technical advisory committee inclusionary rate change not only made projects at the moment less feasible, but the complexity of the program overall also reinforces San Francisco as an uncertain environment, increasing future investment risk.

Another challenge with the Inclusionary Housing Program is the different requirements across San Francisco. Different requirements in different areas make the program complex.

**Figure 10.**  
**Inclusionary Requirements**  
**for Multifamily Projects**  
**[2022 Citywide rates]**

|                     | <i>On-Site</i> | <i>Fee or Off-Site</i> |
|---------------------|----------------|------------------------|
| <b>Rental</b>       |                |                        |
| 10-24 unit projects | 14.5%          | 20%                    |
| 25+ unit projects   | 21.5%          | 30%                    |
| <b>Owner</b>        |                |                        |

Source: Inclusionary Affordable Housing Affidavit, 2021; Strategic Economics, 2021.

|                     |       |     |
|---------------------|-------|-----|
| 10-24 unit projects | 14.5% | 20% |
| 25+ unit projects   | 23.5% | 33% |

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <b>Constraint</b>           | <b>Inclusionary requirements can account for up to 15% of total development costs, are complex to administer and are not well tied to market-conditions. These requirements directly impact housing projects in delays, staffing challenges, and fees.</b> |
| <b>Constraint Reduction</b> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 24</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>1.3 Inclusionary Housing</b><br/>Actions: 1.3.1; 1.3.3</p>   |

## Housing Types

Group housing, which includes dormitories, co-living, and co-housing is not permitted in the low-density neighborhoods and excluded from the Central SoMa, a place anticipated to have significant residential growth. New Group Housing rooms, except in 100% affordable housing projects and single room occupancy residential hotel units, are prohibited in the Chinatown and Tenderloin neighborhoods, where the existing concentration of group housing does not meet the housing needs of the population. These areas are defined by the Group Housing Special Use District. Senior housing projects, as defined under the Planning code, are allowed to have double the residential density otherwise permitted within the zoning district.

Group housing definitions stem from past exclusionary practices with an intent to keep migratory or service workers confined to specific parts of the city and outside of areas with single-family homes. The group housing definition is often used to limit the creation of this type of use, for example “dormitories,” and promote housing for families or larger households. Because of more recent associations where it has been used to create small units for high earners in parts of the city that have been experiencing gentrification, group housing can be controversial and this has been constraining the introduction of co-living, co-housing, or other innovative housing types that can support multi-generational living, or supportive living for seniors, especially in lower-density areas. Because of the history and unique needs in Priority Equity Geographies, especially those in very dense parts of the city, communities there should continue to set the rules that support desired housing types.

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Controversies around the term “group housing,” which has a discriminatory history, have reduced the introduction of co-living, co-housing, or other innovative housing types that enable multi-generational living, support living for seniors, especially in lower-density areas. Because of the history and unique needs in Priority Equity Geographies, especially those in very dense parts of the city, communities there should continue to set the rules that support desired housing types.</b> |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 34</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>7.2 Mid-rise and Small Multifamily Buildings</b><br/>           Actions: 7.2.6; 7.2.7</p>  |

### Unit Mix requirements

Unit mix requirements affect residential projects with at least five units. This requirement is intended to encourage family-sized units, meaning two- and three-bedroom units, in multi-family projects. For all RTO, RCD and NCT districts, as well as DTR, Eastern Neighborhoods Mixed Use Districts, the Van Ness & Market Residential Special Use District, and the Pacific Avenue and Polk Street NCDs, one of the following three must apply: (1) no less than 40% of the total number of proposed dwelling units shall contain at least two bedrooms, or (2) no less than 30% of the total number of proposed dwelling units shall contain at least three bedrooms, or (3) no less than 35% of the total number of proposed dwelling units shall contain at least two or three bedrooms with at least 10% of the total number of proposed dwelling units containing three bedrooms. In all other residential districts: no less than 25% of the total number of proposed dwelling units shall contain at least two bedrooms and no less than 10% of the total number of proposed dwelling units shall contain at least three bedrooms. Unit mix requirements are a small factor in the configuration of new projects but can change the calculation on rents and resale. It is not considered a significant constraint.

### Production, Distribution, and Repair

PDR Zoning Districts provide space for a wide variety of PDR (production, distribution and repair) and other non-residential land uses. PDR-zoned land is an important reservoir of space in San Francisco for new and evolving industry and activity types that cannot practically function or compete for space in a typical downtown office or neighborhood commercial environment. Businesses and activities allowed in PDR Districts generally share a need for flexible operating space that features large open interior spaces, high ceilings, freight loading docks and elevators, floors capable of bearing heavy loads, and large (often uncovered exterior) storage areas. These uses are often not ideally compatible with housing for operational reasons, including the need for significant trucking and delivery activities, 24-hour operation, and emission of noise, odors, and vibrations. Further, PDR uses are limited in the amount of rent they can afford relative to office, retail, and residential uses, yet are important sectors of the City's economy.

To preserve PDR, a conversion from PDR to another land use category requires a conditional use authorization and replacement of the PDR space that would be lost. The replacement requirements apply in the Central SoMa and Eastern Neighborhood Districts and include the following zoning: Service

Arts Light Industrial, Urban Mixed Use, Mixed Use Office, Service Light Industrial, Mixed Use General, and Mixed Use Residential. The replacement ratios range from 0.4 square foot of PDR to a one-to-one PDR replacement requirement. A replacement requirement for a proposed housing project requires the housing project to include uses uncommon to apartment buildings, and with a potential for future noise and resident conflicts and reduces the available area in the building that can be used for housing.

While there are some impacts to housing projects that are required to provide replacement PDR space or to some parcels which are not able to provide housing, the benefits of maintaining workforce jobs, diversity of job types, and the fact that PDR uses are nearly all at ground level in neighborhoods where housing at grade would be impractical, the constraint is minimal.



# **Institutional Barriers to Producing and Preserving Affordable Housing**

## **Agency**

The Mayor's Office of Housing and Community Development (MOHCD) is the lead agency for all publicly funded affordable housing in San Francisco. They are responsible for 290 affordable housing projects with a total unit count of 12,732 units, as of March 2022. MOHCD is a housing delivery agency, working with the Mayor's Director of Housing Delivery and the Housing Delivery Team and other housing delivery agencies which include the Office of Economic and Workforce Development (OEWD), the Office of Community Investment and Infrastructure (OCII), Treasure Island Development Authority (TIDA) and the Port of San Francisco to streamline the production of housing development in San Francisco. In San Francisco, MOHCD is also the lead agency responsible for the consolidated planning process and for submitting the Consolidated Plan, annual Action Plans and Consolidated Annual Performance Evaluation Reports to the U.S. Department of Housing and Urban Development (HUD). MOHCD administers all HOME Investment Partnerships Program (HOME) and Housing Opportunities for Persons with AIDS (HOPWA) activities as well as the Community Development Block Grant (CDBG) housing, public facility, non-workforce development public service and organizational planning/capacity building activities. OEWD is responsible for economic development and workforce development activities of the CDBG program. These City agencies also coordinate in decision-making at the project level on affordable housing developments in the City, including at the level of individual project funding decisions. The Citywide Affordable Housing Loan Committee makes funding recommendations to the Mayor for affordable housing development throughout the City or to the OCII Commission for affordable housing under their jurisdiction.

## **Public Financing**

Affordable housing development and conservation depends largely on the availability of public funding sources. Figure 11 – Affordable Housing Expenditures by Source Past shows the expenditures by source between 2006-2019 and projected forward through to 2030 for affordable housing production for 2021-22. The total allocation includes rollover from years prior to the fiscal year.

Public financing covers capital funding for the acquisition, rehabilitation, construction, and preservation of affordable housing. Other public financial programs also provide for supportive services, rental assistance, and assistance to first-time home buyers, and administrative costs to city agencies and non-profit corporations that provide the affordable housing, as well as other services.

Figure 12 – Affordable Housing Funding Sources shows the recent Local, State, and Federal affordable housing funding sources from 2012 to 2019. Local funding goes farther for new units. At \$700,000 to \$900,000 cost per new affordable unit, federal funding and local funding fund nearly 80% of this cost, and the remainder come from State funding, loans, and other funding sources. Small Sites affordable

units cost roughly \$450,000 each, where local funding and loans contribute entirely to this cost. Figure 13 – Affordable Housing Funding Stack Example gives an example breakdown of the funding sources for a new and Small Sites affordable unit.

Federal and State funding must grow substantially in order to close the funding gap (see Figure 14 – Affordable Housing Funding Gap).

### **Federal Funding**

Federal caps on certain funding sources make them very competitive. These sources of funding are not stable nor the most reliable because of this uncertainty. Some of the funding programs – such as CDBG, HOME – are expected to be stable sources of affordable housing funds. However, these are also subject to budgetary constraints. Recent Federal funding sources include:

- Low Income Housing Tax Credits (LIHTC)
- Private Activity Bonds (PBA)
- HOME Program
- Public Housing funding
- Rental subsidies like Section 8

### **State Funding**

Similar to Federal funding, State funding sources are vulnerable to the budgeting process. Recent State funding sources include:

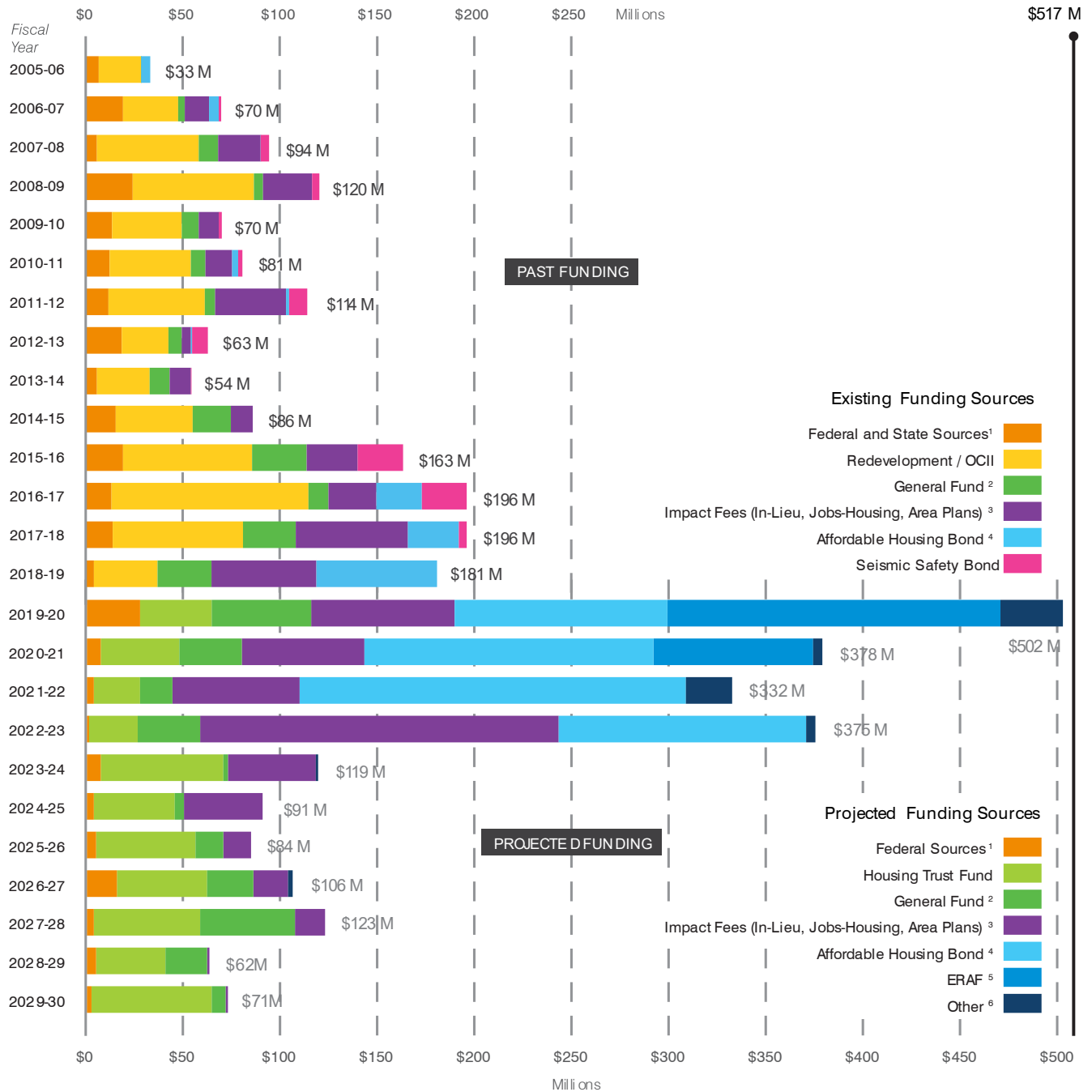
- Affordable Housing and Sustainable Communities program
- Multifamily Housing Program
- Infill Infrastructure Grants

### **Local Funding**

While local funding sources are not necessarily unstable, they come in cycles and can vary. Local funding does not offer a steady and consistent stream of funding from year to year. Impact fees and affordable housing bonds have both grown as local funding sources in recent years, while the Seismic Safety Bond and Redevelopment Funds have decreased. Recent Local funding sources include:

- General Obligation bonds in 2015 and 2019
- Educational Revenue Augmentation Funds (ERAF) and General Fund
- Housing Trust Fund
- Inclusionary Fees
- Property taxes are the largest source of underlying funding in General Obligation Bonds, ERAF, and General Fund.

**Figure 11. Affordable Housing Expenditures by Source Past (2006–2019) and Projected (2020–2030)**



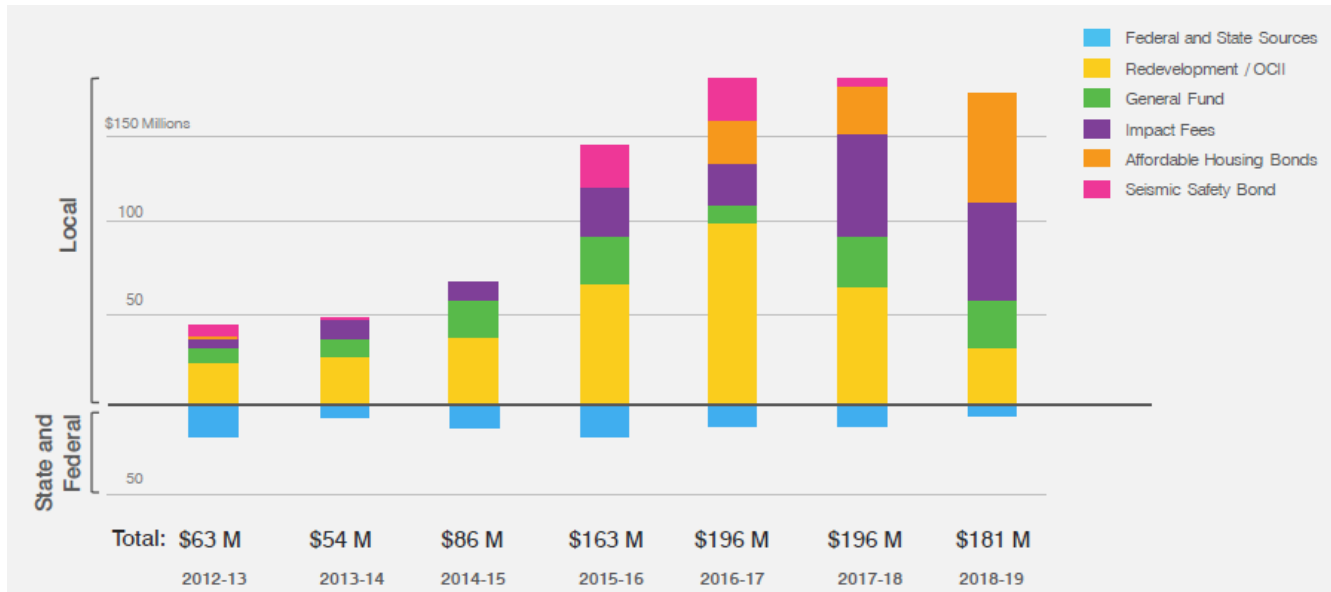
Note: OCII will fund about 2,500 new affordable units on specific sites to meet its enforceable obligations in coming years and these units are accounted for in the 50,000 unit, 30-year total. Redevelopment and OCII are included in past expenditures above because they were the main affordable housing funding source. Projected expenditures by funding source shown above and the \$517 million estimate of annual funding need are for MOHCD-funded affordable units and do not include OCII.

- (1) Includes HOME and CDBG
- (2) Includes land sales and Certificates of Participation (COPs)
- (3) Includes area-specific fees, inclusionary housing fees, and jobs-housing linkage fees
- (4) Includes 2015 Proposition A and 2019 Proposition A housing bonds
- (5) The Board of Supervisors passed an ordinance to establish the use of excess Education Revenue Augmentation Fund (ERAF) revenue for affordable housing production and preservation

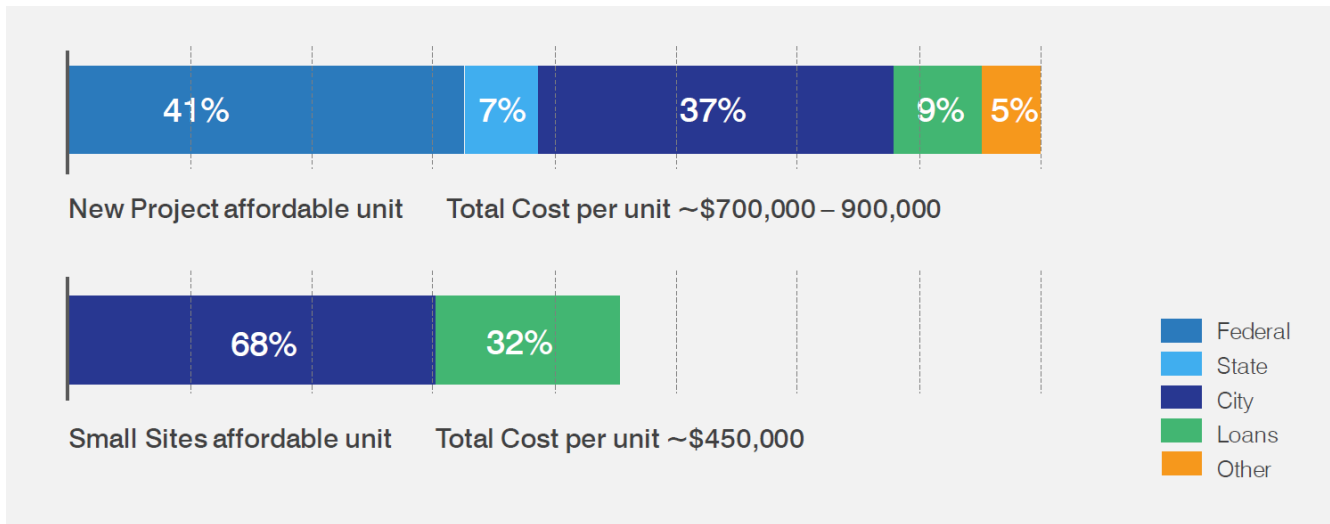
(6) Includes Citywide Development Agreements, Condominium Conversions fees, Low and Moderate Income Housing Asset Fund (LMIHAF), and other project-specific revenue)

Source: Mayor's Office of Housing and Community Development, San Francisco Planning Department, and Strategic Economics, 2020.

**Figure 12.** Affordable Housing Funding Sources (2012–2019)



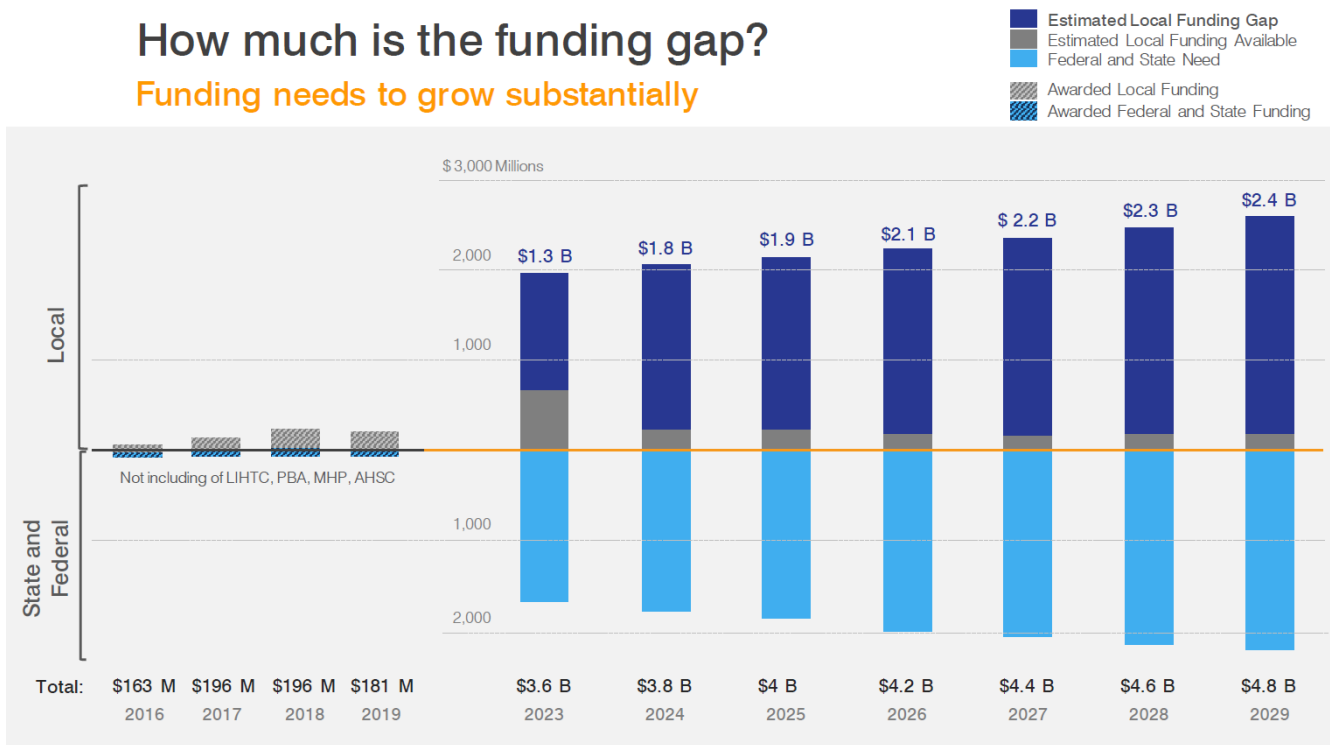
**Figure 13.** Affordable Housing Funding Stack Example



**Figure 14.** Affordable Housing Funding Gap

## How much is the funding gap?

Funding needs to grow substantially



Most local sources such as the Hotel Tax Fund and the Jobs-Housing Linkage Fund are even more dependent on economic trends.

Some public funds are restricted to specific housing types and/or population groups; for example, the elderly housing program (Section 202, Hotel Tax Fund), the disabled housing program (Section 811,

Hotel and Tax Fund), and HOPWA. Administrative costs are also not covered by most public funding sources. Federal grants often carry several restrictions and regulations that can make the funds difficult to use. For example, some federal programs require matching grants while others are impossible to combine with other funds. Most affordable housing programs require three or more sources of funding to become feasible. Different funding sources may have to be tapped for pre-development, construction, and permanent financing costs – leading to considerable transaction and legal costs and delays in the development process.

There are multiple new state funding sources that were adopted in since 2017 as a part of statewide legislation, including the Multifamily Housing Program (MHP), the Infill Infrastructure Grant (IIG), and the Permanent Local Housing Allocation (PLHA).

Additionally, the state added the Homeless Housing, Assistance, and Prevention (HHAP) Program and the Homelessness Emergency Aid Program (HEAP). The City has received \$103.2 in HHAP funding, which HSH has largely used for shelter projects. There have been three rounds of HHAP funding since 2020, with another round anticipated. The HEAP was a one-time block grant. The City received \$27.6 million and spent the funding on shelter programs and housing.

Since 2020, San Francisco was awarded a combined \$212.5 million dollars from the State to purchase six hotel properties to use as Permanent Supportive Housing through Project Homekey. This state funding allowed the City to purchase approximately 800 units of Permanent Supportive Housing with over 1,200 bedrooms. The funding for Homekey is structured to cover capital and five years of operating costs.

San Francisco's primary funding is from property taxes which pay for bonds and which fund large components of both the general fund and the housing trust fund.<sup>16</sup> Property taxes are limited in growth by California's Proposition 13. Bonds as a source of financing are also limited because they are not permanent sources. Similarly, other available sources such as impact fees and hotel occupancy taxes are dependent on the economy and do not provide reliable streams of funding. San Francisco has attempted to create new funding sources by leveraging gross receipts taxes on businesses, which boost the available money in the general fund, but the revenue from an approved proposition to raise this tax further on businesses with the greatest gross receipts is being held as part of a pending lawsuit.<sup>17</sup>

The City needs an average of \$517 million (2020 dollars) per year to produce 1,000 city-funded affordable units and preserve 1,100 affordable units. As of 2020, the City was projected to meet that funding need in fiscal year 2019/2020 but has fallen short in the past and will need to expand funding to meet target."<sup>18</sup>

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16 City of San Francisco Affordable Housing Funding, Production, and Preservation White Paper, 2020.

17 City of San Francisco Affordable Housing Funding, Production, and Preservation White Paper, 2020.

18 City of San Francisco, Housing Affordability Strategies, 2020.

## Funding for Affordable Housing and Addressing Homelessness

The City's affordable housing stock is primarily built through the Inclusionary Housing Program, which provides BMR units, and through 100 percent affordable development projects, which rely on a combination of public funding sources. From 2006-2018, the creation of 100 percent affordable housing constituted two-thirds of all new affordable units. Historically, San Francisco's redevelopment agency was responsible for a large share of affordable housing funding. After redevelopment agencies were dissolved in 2012, new local funding sources have filled the gap. Since 2016, the role of affordable housing in-lieu fees and jobs-housing linkage fees has grown, and local bond measures have become more common. For example, in 2019, San Francisco voters passed Proposition A, which authorizes a \$600 million affordable housing bond.

In 2019, the Board of Supervisors also passed an ordinance establishing that excess revenue in the Education Revenue Augmentation Fund can be used for affordable housing production and preservation. The total amount of public funding leveraged for affordable housing since fiscal year 2015-16 has been larger year-over-year than years prior. For example, the range of annual funding from fiscal year 2011-2012 through 2014-2015 was \$54 million to \$114 million. In contrast, the range of annual funding from fiscal year 2015-2016 to 2018-2019 was \$163 million to \$196 million.

Proposition C was a ballot measure passed by the San Francisco voters in November of 2018 to raise revenue by implementing a Gross Receipts Tax (GRT) on the City's highest earning businesses. While initially mired in litigation, the funds were released in 2020 and will generate a new source of permanent funding for homelessness programs, mental health care, and housing

Figure 15 shows funding sources for addressing homelessness.

**Figure 15.** Department of Homelessness and Supportive Housing Funding Sources

| Source                  | Adopted Budget (\$M) |              |              |
|-------------------------|----------------------|--------------|--------------|
|                         | 2020-2021            | 2021-2022    | 2022-2023    |
| FEMA Revenue            | \$142                | \$0          | \$0          |
| State Homelessness Aid  | \$69                 | \$0          |              |
| Prop C Funding          | \$295                | \$299        | \$233        |
| Additional Funds        | \$109                | \$100        | \$154        |
| <b>Revenue Subtotal</b> | <b>\$615</b>         | <b>\$399</b> | <b>\$387</b> |
| General Fund Support    | \$237                | \$268        | \$285        |
| <b>Total</b>            | <b>\$852</b>         | <b>\$667</b> | <b>\$672</b> |



## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Meeting the RHNA number for moderate- and lower-income units will take new streams of consistent and substantial funding at the local, state, and federal level.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 22</b>  |
|                             | Implementing Program Areas  |
|                             | <b>1.1 Affordable Housing Funding</b><br>Actions: 1.1.1   |

## Site Acquisition

Land values in San Francisco are very high and competitive given the drive of the real estate market for office and housing. This challenge means that MOHCD is often competing with the private market for sites for affordable housing. Additionally, State requirements have narrowed tax credit opportunities towards supporting projects in high and higher opportunity neighborhoods as defined by TCAC; for San Francisco, these are in lower density neighborhoods that represent mid and high tier markets and are full of single-family houses, one of the most valued housing products in the region. Affordable housing site criteria, which generally are 10,000 square foot minimums with capacity to seven stories, is similar to efficient private market projects putting both in competition for the few available sites. Lot sizes in this part of the city are also overwhelmingly smaller, typically 2,500 to 5,000 square feet. The lots that are bigger are often for very large houses, wooded and steeply sloped areas, or extensions of historic resources—schools, university land or other institutions—which are likely too expensive, impractical for construction, or not for sale. There are very few one-story commercial buildings that have not already been slated for market-rate development in these lower-density areas.

One of the best opportunities for sites in these areas are parking lots or other underutilized spaces for institutions that are motivated by their missions to sell or donate land, church congregations, for example. Public land is also more viable and has already provided sites for affordable housing including teachers' housing. This has been facilitated by AB857, a State bill that allowed the City to select ten parcels of Caltrans land for purchase. The SFMTA has also made land available for housing uses, including Potrero Yards and Presidio Yards, but only packaged with transportation benefits and may need expected sales prices that return funding to transportation coffers. These have or will become development agreements that balance the many public needs. The project at 30 Van Ness is another example of public land where the revenue was critical to fund a variety of city projects with a stipulation that the private development focus on providing a significant percentage—25%—affordable housing.

There are significant constraints on the use of public land for housing in that many of these parcels are used for permanent infrastructure (for example highways), are controlled by a different jurisdiction (CalTrans, University of California or California State systems, etc.) or are remnants or sliver parcels that are not viable for housing in dimension or location.

The Inclusionary Housing Ordinance off-site housing option has allowed the city to acquire sites, as private developers have good resources for finding available land and covering some of the affordable housing development challenges through financing a larger project. The site at 1979 Mission Street, originally a large market rate project, was acquired by another large project at Market and Van Ness, 10 South Van Ness, to comply with the Inclusionary Housing Ordinance, a deal that satisfied many residents of the Mission neighborhood, who were seeking additional affordable housing to stabilize its residents.

## Community Opportunity to Purchase Act

The city passed the Community Opportunity to Purchase Act (COPA) in 2019 gives qualified non-profit organizations the right of first offer, and/or the right of first refusal to purchase certain properties offered for sale in the City. COPA was created to prevent tenant displacement and promote the creation and preservation of affordable rental housing. Buildings with three or more residential units or vacant land that could be developed into three or more residential units are properties that are subject to COPA.

### Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Acquiring land for affordable housing is challenging given high land costs and required AMI levels.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 22</b>   |
|                             | Implementing Program Areas   |
|                             | <b>1.2 Affordable Housing Production</b><br>Actions: 1.2.4   |

## Development Goals

Affordable housing is designed to include features that achieve socially driven goals, primarily using public funding to provide housing for people unable to obtain stable housing on the open market. Along with local requirements, federal and state funding and philanthropic sources often come with specific stipulations, requirements, and reporting.

The design and production of affordable housing is a different process than market rate housing production due to these requirements, and local projects tend to use the same architects who are very skilled at navigating the even more complex field of technical requirements. For example, the State sets minimum unit sizes and dimensional requirements for rooms in affordable housing developments, while the US Department of Housing and Urban Development adds additional requirements.

## Community Development

Affordable housing is an integral part of community development that aims to improve the health, well-being and economic opportunity of residents. Affordable housing is designed to support stable tenancy and incorporates social services and community spaces like childcare facilities and health clinics.

## **Family Units**

Affordable housing serves many populations that cannot afford market-rate housing, including families, the number of which has been on the decline in San Francisco. To achieve the City's family-retention and family-friendly goals, affordable housing includes a greater percentage of higher bedroom count units than typically offered by the market, which tends to focus on studio, one- and two-bedroom units. By contrast, affordable housing projects' three- and four-bedroom units are more expensive to build, as they reflect fewer total units across which costs can be shared, and are less able to incorporate construction efficiencies, such as stacking of studios and one-bedroom units that have consistent framing and mechanical systems.

## **Enhanced Accessibility**

Affordable housing meets much higher accessibility standards than market rate (non-publicly funded) housing types. While California's Title 24 requires that 5% of newly constructed units provide mobility features, affordable housing construction projects contain a minimum of 10% of units that are accessible with mobility features, and in San Francisco, this is further enhanced with the voluntary installation of grab bars in all dwelling units. Title 24 also requires 2% of units provide communication features whereas affordable housing provides for 4% of units that have communication features. The remaining 90% of units are adaptable (can be modified to provide accommodations for people with mobility or communication needs). Plan review and field inspection must also be completed by an additional City agency.

## **Public Housing Transformation**

In the case of HOPE SF, the City is not only funding the replacement of 1,900 public housing units with 5,300 new units, but also funding the complete transformation of long underserved communities into vibrant, mixed-income neighborhoods. In 2019-2020, the City will be investing \$90 million in new infrastructure at the HOPE-SF development sites to pave the way for new parks, streets, and utilities. Even though the projects are able to leverage non-City funds to keep the City's subsidy contribution lower than the average affordable unit, the total development costs of the projects are high because of the infrastructure component.

## **Prevailing Wage**

San Francisco sponsored affordable housing projects use only union or prevailing wage labor. This is unlike many other municipalities in California, such as Los Angeles.

## **Anticipating Property Management**

Other practicalities change the design and development process of affordable housing. Since public resources are generally more available for constructing properties than for managing them for long periods of time, developers often include a greater investment up front in energy saving appliances, durable interior finishes, and capital costs to delay replacements, wear and tear, and annual expenses including utilities. Affordable housing projects are commonly known to be "built better" than market rate units, since the latter is often sold or transferred and any damage or resulting deterioration is mediated over future financial calculations.

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Cost of affordable housing construction and development.</b>  |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 30</b>   |
|                             | Implementing Program Areas   |
|                             | <p><b>8.1 Cost and Fees</b><br/>Actions: 8.1.1</p> <p><b>8.6 Support for Affordable Housing and Shelters</b><br/>Actions: 8.6.13; 8.6.14; 8.6.15</p> |

## SRO Protections

Historically, Single Room Occupancy (SRO) hotel rooms were populated by low-wage workers, transient laborers, and recent immigrants for long stays. SRO rooms are differentiated from tourist hotels in that they were meant to house a transient workforce, not tourists visiting the City for pleasure. A typical room in a residential hotel is a single eight (8) x ten (10) foot room with shared toilets and showers on each floor. Approximately 19,000 residential SRO rooms exist in San Francisco, and increasingly many rooms house several people for long periods of time. Approximately 12,500 of those rooms are in for-profit SRO hotels and approximately 6,540 residential rooms are in non-profit owned SRO hotels.

The Residential Hotel Unit Conversion Ordinance (HCO) was adopted on June 26, 1981 by the San Francisco Board of Supervisors. The purpose of this ordinance is to preserve affordable housing by preventing the loss of residential hotel units through conversion to tourist rooms or demolition, and to prevent the displacement of low-income, elderly and disabled persons. This is accomplished by maintaining units reported as residential units within SRO hotels as residential, regulating the demolition and conversion of residential hotel units to other uses, the requirement of a one-to-one replacement of units to be converted from residential use or payment of an in-lieu fee, and appropriate administrative and judicial remedies for illegal conversions.

Some SRO hotels enter master leases with the City, thus ensuring that residential rooms remain at a specific affordability level. However, given the rising housing market, hotel owners have less incentive to enter into master leases and might make a higher profit from listing units at market rate. Some SRO owners have renovated their buildings into higher end group housing by displacing lower-income tenants through eviction or attrition. Units in SRO hotels are generally subject to the rent ordinance (as most were constructed before 1979), but do not typically have permanent price controls like deed-restricted affordable housing. This means that whenever there is a vacant room, prices can increase to market-rate (vacancy decontrol). SRO buildings may also have a certain number of certified residential rooms and certified tourist rooms. However, instead of following the legal process of converting these residential rooms to tourist rooms, some SRO operators do not do accurate reporting or utilize underhanded methods of preventing tenants from establishing tenancy and changing the residential rooms to the more lucrative tourist room use.

Newly constructed SROs are not subject to the same protections as existing SROs. New construction projects can propose a building of entirely studio apartments such that they meet the characteristics of an SRO, defined in Planning Code section 102 as “a Residential Use characteristic, defined as a Dwelling Unit or Group Housing room consisting of no more than one occupied room with a maximum gross floor area of 350 square feet and meeting the Housing Code's minimum floor area standards. The unit may have a bathroom in addition to the occupied room. As a Dwelling Unit, it would have a cooking facility and bathroom.” If the SRO is constructed as a Group Housing room, then it would not have an individual cooking facility and would be subject to other applicable requirements for Group Housing projects including those for shared kitchens and common areas. Protections that exist for SROs do not apply for new construction, as the provisions of the HCO only apply to buildings as they existed at the time the law was passed in 1981 or those that have been added as one-for-one replacements in similarly-aged buildings. New SROs are also generally not subject to the provisions of the Rent Ordinance and may be rented at market rates without vacancy control. Newly constructed SRO buildings with 10 or more units are subject to the Inclusionary Affordable Housing Program.

**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Instead of following the legal process of converting these residential rooms to tourist rooms, some SRO operators do not do accurate reporting or utilize underhanded methods of preventing tenants from establishing tenancy and changing the residential rooms to the more lucrative tourist room use.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 2</b>   |
|                             | Implementing Program Areas  |
|                             | <b>2.2 Tenant Protections</b><br>Actions: 2.2.8   |
|                             | <b>2.4 Preserving Rental Unit Availability</b><br>Actions: 2.4.4  |

**Stabilizing and Maintaining Cooperatives**

San Francisco's history of redevelopment sparked a set of cooperative housing developments beginning with developments in Diamond Heights, followed by ones in the Western Addition and Bayview/Hunter's Point. There are currently a total of nine such cooperatives with mortgages that are scheduled to end by 2049, leaving 1,545 housing units at risk for losing their permanent affordability and residents with destabilized housing. Given the economic disruption, community trauma, lack of governmental support stemming from redevelopment, and decades of insufficient resources for maintenance, many of these buildings suffer from substantial disrepair. There are many challenges in stabilizing these facilities and communities which will require financing tools, legal structures, public resources, and capacity-building towards future generations.

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>There are many challenges in stabilizing cooperatives and communities which will require financing tools, legal structures, public resources, and capacity-building towards future generations.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | Policy 2   |
|                             | Implementing Program Areas   |
|                             | <b>1.4 Affordable Housing Preservation</b><br>Actions: 1.4.3; 1.4.4;1.4.5  |

## Housing Preservation

San Francisco has used available federal programs as well as significant local funding to rebuild or rehabilitate most of the aging public housing in San Francisco. The City has also made a commitment to rebuild all remaining public housing units. The programs described in this section contribute to preserving public housing while improving residents' standards of living.

### Rental Assistance Demonstration (RAD)

In RAD, units move to a project-based Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households and provides a steady funding stream that can be leveraged for debt. In addition, housing authorities can enter into partnerships with nonprofit housing developers and tax credit investors bringing professional management expertise and tax credit equity to public housing rehabilitation projects. RAD maintains the public stewardship of the converted property through clear rules on ongoing ownership and use.

RAD program rules prohibit any permanent involuntary relocation of residents because of conversion. In addition, the tenants that are moved out while properties are being repaired have the right to return to the property after completion without any rescreening.

Tenants also have the right to move with tenant-based assistance if needed. To return to the property, the PHA operates and maintains a RAD waitlist.

As of late 2017, approximately 3,181 units in 28 developments around San Francisco in need of major repair and maintenance have been converted to RAD. Approximately 2,535 units have been converted to the project-based Voucher (PBV) program, and about 833 have been made part of the Section 8 moderate rehabilitation program. Thirty-seven percent of the units house families and 63 percent of the units house seniors and people with disabilities. The average income of the residents is \$16,405, which is less than 25 percent of the area median income in San Francisco.

### HOPE SF

The HOPE SF program includes four public housing developments in the City to be completely renovated and existing public housing units replaced on a one for one basis along with additional affordable and market rate housing. HOPE SF will rebuild more than 2,000 units in all four public housing

sites and will also create approximately 3,000 additional homes for rent and for purchase. Construction began in early 2010, and several projects have already been completed at Hunters View and Alice Griffith public housing sites. The Sunnydale-Velasco and Potrero Terrace and Annex sites will be rebuilt in phases in years to come.

Since HOPE SF is a local initiative, it relies heavily on local funding, highlighting the importance of local funding in preserving public housing. HOPE SF will likely leverage federal programs such as tax credits and the ability to convert public housing operating subsidy to long term project-based vouchers and rental assistance as well as state funding sources. However, local funding is crucial to leveraging these state and federal sources as well as to complete predevelopment work including planning, design, and infrastructure improvements.

With the new HOPE SF program, the City relocated communities to other housing within the same neighborhood and then replaced the units on a one for one basis for households to return to as soon as rehabilitation was complete. For example, residents of the Alice Griffith Public Housing Development were relocated directly from their old units into the newly constructed Alice Griffith Apartments using a special housing lottery preference.

**Small Sites**

First launched in 2014, the City has helped non-profit organizations acquire 47 buildings (368 units of affordable housing) through the Small Sites Program. The Small Sites Program is run by MOHCD which works to acquire and preserve at-risk rental housing with three to 25 units. The program was created to establish long-term affordable housing in smaller properties throughout San Francisco that are particularly vulnerable to market pressure that results in property sales, increased evictions, and rising tenant rents. In the face of the increasing pressure, the program helps San Franciscans avoid displacement or eviction by providing loans to non-profit organizations to successfully remove these sites from the market and restrict them as permanently affordable housing. Renovations are also completed as necessary to provide safe and healthy housing for residents.

**Review of Constraints**

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Need more funding to maintain and advance small sites projects.</b>         |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 3</b>  |
|                             | Implementing Program Areas   |
|                             | <b>2.3 Acquisitions and Rehabilitation for Affordability</b><br>Actions: 2.3.4 |

**Local Affordable Housing Bonus Program**

The Local AHBP includes special incentives for 100% affordable housing developments. These projects are generally built by non-profit developers, and usually require public subsidies. The AHBP is available to such projects which provide housing to households making 80% of AMI or less. Projects with 100



percent affordable units are able to build more residential units and up to three additional stories of residential development than currently allowed under existing zoning regulations. On July 29, 2016, Mayor Ed Lee Signed the 100% Affordable Housing Bonus Ordinance into law. Design Guidelines for AHBP 100% Affordable Projects were also adopted. This program has been superseded in use by the State Density Bonus for Affordable Housing legislation under AB 1763.

## **HOME-SF**

The HOME-SF program is San Francisco's local density bonus program. HOME-SF requires that 20 - 30% of the residential units be deed-restricted affordable units, and offers project sponsors priority processing, relief from density controls, and up to two extra stories of height. This program also offers a set menu of modifications project sponsors may choose from. The HOME-SF Program includes a number of location and project-specific eligibility criteria, outlined below, and is not currently available in zoning districts with no density limits. HOME-SF is an optional program for developers constructing mixed-income in certain areas of San Francisco. Under HOME-SF, 20 to 30 percent of the units in a new housing project must be affordable to low, middle and moderate-income families. To provide more family friendly housing, 40 percent of the total units in the building must be two bedrooms or larger (with an additional option of providing 50% of all bedrooms in the project in units with 2 or more bedrooms). In return, density bonuses and zoning modifications are provided, allowing project sponsors to accommodate additional affordable units. HOME-SF has been used on a growing number of projects; however, the majority of bonus projects use the State programs.

Implementing and encouraging projects to take advantage of HOME-SF incentives has been challenging. Barriers have included demolition restrictions, limited geography for applicability, limited modifications, and a requirement for sponsors to analyze wind and shadow impacts to qualify. Any projects that demolish residential units, occupied or not, are disqualified from HOME-SF. This significantly decreases the number of available properties in San Francisco that can take advantage of the local incentive program. SB-330, adopted after HOME-SF, at a minimum, preserves the number of residential units in a jurisdiction and also includes for relocation and replacement provisions. This means that San Francisco should no longer need to restrict demolition in local programs such as HOME-SF. The program could adjust this absolute restriction on demolition of residential units to increase property eligibility.

In addition to inapplicability in RH-1 or RH-2 Zoning Districts and other specific areas, HOME-SF is not eligible in zoning districts with form-based code. One of the primary incentives offered in the program is relief from density restrictions, which is already offered in form-based zoning districts. The HOME-SF program could increase the geographic area of applicability to increase property eligibility.

Other incentives offered through HOME-SF include zoning modifications that reduce the requirements Planning Code requirements requested of a typical project. While some of these modifications may encourage use of the program, others like reduction in open space requirements are so minimal that they make little difference in the feasibility of the project. The HOME-SF program could increase zoning modifications offered to encourage use of the local incentive program to at least match the level of applications for the State Density Bonus.

To determine project eligibility for HOME-SF, the Planning Department requires that project sponsors conduct wind and shadow analysis as part of the application process. This pre-application analysis can delay a project application and may discourage potential applicants from using HOME-SF. The Planning Department could allow a HOME-SF project to analyze wind and shadow impacts during the standard environmental review process.

See *Case Study: 3945 Judah -- Outer Sunset* for an example of a HOME-SF project in San Francisco.

## Review of Constraints

|                                    |   |
|------------------------------------|---|
| <p><i>Constraint</i></p>           | <p><b>HOME-SF is not eligible in zoning districts with form-based code. One of the primary incentives offered in the program is relief from density restrictions, which is already offered in form-based zoning districts. Additional incentives should be considered for HOME-SF including administrative review.</b></p> <p><b>Projects that demolish residential units, occupied or not, are disqualified from HOME-SF. This significantly decreases the number of available properties in San Francisco that can take advantage of the local incentive program. The Housing Crisis Act (SB-330) includes replacement and relocation provisions that can help alleviate the loss of units due to demolition and construction of a HOME-SF project. Removing the prohibition for demolition of units from HOME-SF will broaden program eligibility while still maintaining the policy objective to replace units.</b></p> <p><b>Some HOME-SF modifications are minimal and make little difference in the feasibility of a project. The Planning Department should reconsider the application zoning modifications allowed through HOME-SF and consider broadening the menu to encourage greater usage of the program.</b></p> |
| <p><i>Constraint Reduction</i></p> | <p style="text-align: center;">Related Policies</p> <hr/> <p><b>Policy 26</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>7.2 Mid-rise and Small Multifamily Buildings</b><br/>Actions: 7.2.9</p>   |
| <p><i>Constraint</i></p>           | <p><b>The early wind and shadow analysis required by Planning Department may discourage potential applicants from using HOME-SF.</b></p>  |
| <p><i>Constraint Reduction</i></p> | <p style="text-align: center;">Related Policies</p> <hr/> <p><b>Policy 26</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.12</p>   |



### **Case Study: 3945 Judah -- Outer Sunset**

This case study describes a project approved under HOME-SF, a local alternative to the State density bonus program. The proposal was for the demolition of an existing one-story commercial building, formerly utilized for the operation of a gas and service station, and the construction of a new five-story over basement, 55-foot, approximately 19,160 square-foot mixed-use building containing a total of 20 dwelling units (10 one-bedroom, 9 two-bedroom, and 1 three-bedroom), 2,440 square feet of commercial space, 7 off-street parking spaces, and 24 bicycle parking spaces. The proposal pursued a Tier-2 HOME-SF Project Authorization which permits form-based density, one additional story of height, and five additional feet at the ground floor in excess of the height limit in exchange for providing 25% on-site affordable dwelling units. Additionally, the proposal requested a zoning modification from the rear yard requirement pursuant to Planning Code Section 206.3.

The project applicant originally submitted a Preliminary Project Assessment in November 2013 but then decided to wait to resubmit their application after adoption of HOME-SF. HOME-SF. The project went to Planning Commission on November 7, 2019 with final approval on April 23, 2020. Total days from HOME-SF application to approval was 769 days (~549 business days) of which 398 days were applicant time on hold. Planning re-approved after subsequent agency review completed March 2021 with Site Permit issued October 27, 2021. Total time interacting with Planning was 2,896 days, just under 8 years. This is a draft assessment of the timing. There was no appeal filed. The project encountered significant neighborhood criticism with noting the “pre-apocalyptic future” design and health hazards. The Planning Commission generally praised the project for adding housing in an area that rarely does.

The application required a HOME-SF Affordable Housing Bonus authorization and requested exceptions to rear yard requirements. It was required to obtain permits for Street Improvement, Minor Sidewalk Encroachment, Special Sidewalk, and Street Trees. Its CEQA document was a Class 32 Categorical Exemption. The project was subject to the application of the Affordable Housing Bonus Program Design Guidelines. It paid a total of \$62,182 in impact fees and \$92,291 in application fees for a \$7,723 per net new unit cost.

The motion required findings specific to HOME-SF and Planning General Code Section 101.

## Process and Permitting Procedures

In most municipalities, a housing development application falls in one of two pathways towards approval or disapproval: a ministerial one, where staff needs to determine only conformity with applicable ordinances, or a discretionary one, where staff or a decision-making body must exercise judgement. Under its local charter and regulations, San Francisco offers no ministerial pathway for housing projects requiring building permits, unless required by state law. This means that all proposed developments can be subject to a form of discretionary review outside of the formalized planning and zoning process.

The only housing applications that receive ministerial approval are ones that are eligible for programs defined through State action implemented through the San Francisco Planning Department. Senate Bill 35 currently applies only to projects where 50% or more of the units are affordable to households earning 80% of AMI or less, as well as other eligibility requirements. The 50% affordable housing requirement is a result of the City not meeting its Regional Housing Needs Allocation (RHNA) requirements at lower income levels and is subject to future changes. The State's Accessory Dwelling Unit requirements mandate ministerial approval of ADU permits under its program. And recently adopted Senate Bill 9 allows for ministerial approvals of duplexes and lot splits on land zoned for single-family homes. Other state programs limit local discretion, for example the Housing Accountability Act, which limits a local jurisdiction's ability to deny or reduce the density of a code complying project of two units or more; the Housing Sustainability District law, which only has minor discretionary element in administrative design review; and the Housing Crisis Act of 2019, which freezes the controls applicable to projects at the time of their predevelopment application and limits the number of hearings to five, reducing delays.

The California Environmental Quality Act (CEQA) applies to all projects subject to discretionary review. This makes most housing projects in San Francisco subject to CEQA because all projects are subject to discretionary review. While a technical review of a housing project's compliance with the Planning Code can take little time, depending on the size of the project, review under CEQA can take as little as one day, or up to 18 months if an environmental impact report is required. Along with the sheer volume of planning permits received every year, additional review under CEQA can be a common reason why projects experience longer review times in San Francisco than a similar project in another jurisdiction.

### Processing Time Data

One of the current challenges to understanding permit processing is the inability of the City's various permitting databases, some of which are proprietary and decades-old technology, to track the different phases and durations that make up an application process. It is challenging to establish how much time a permit sits in a queue, undergoes planner review, or is in the hands of the applicant undergoing revisions towards response. All the reported processing times include any periods of holding time – time in which the application has been returned to the applicant and is under the applicant's exclusive control, which does not accurately reflect the time the City takes to review and process applications. These processing times are based on internal data logged by Department of Building Inspection or Planning Department staff, depending on the application type. For projects that rely exclusively on a Building Permit to entitle a project, a project's start date is logged as the "arrived date" in the City's Permit

Tracking System, controlled by the Department of Building Inspection. For projects that require land use entitlement approvals from the Planning Department prior to filing a Building Permit, a project's start date is logged as "application accepted".

## **Implementing State Requirements**

The Planning Department has a dedicated team of planners who review and ensure compliance with State housing programs.

### **SB-330: Housing Crisis Act**

Effective January 1, 2020, and further amended in 2021, the Housing Crisis Act of 2019 (HCA), also known as SB330, establishes a statewide "housing emergency" until January 1, 2030. During the housing emergency, the Housing Crisis Act suspends certain restrictions on the development of new housing and expedites the permitting of housing.

During the housing emergency, cities, and localities in urban areas, such as San Francisco, are generally prohibited from rezoning or imposing new development standards that would reduce the capacity for housing or adopting new design standards that are not objective. In these jurisdictions, the demolition of existing housing units is only permitted if the same number of units are created, and the demolition of existing below-market rate, rent-controlled units, units rented by low-income households or units withdrawn from the rental market within the last ten years is only permitted if replaced by units that meet certain conditions related to affordability and tenant protections.

Additionally, all localities must comply with additional project review requirements and timelines for housing developments applications. These include a prohibition on applying new zoning regulations and development standards or listing the project as a local historic landmark after a project's application is submitted, except in certain circumstances. Housing developments that meet all applicable objective zoning standards may only be subject to five public hearings, including continuances and most appeal hearings. The HCA does not establish any new ministerial approval programs, mandate any rezoning actions, prevent additional restrictions on short-term rentals or demolition of existing units, or supersede the requirements in the California Coastal Act or CEQA.

The Department prepared Planning Director Bulletin No. 7 to provide guidance on the application of the HCA to the review and approval processes for residential development projects and zoning actions in San Francisco during the housing emergency. The Planning Department created a Preliminary Application pursuant to SB-330 that project sponsors can choose to submit with a Project Application or a Preliminary Project Assessment. Once it is submitted and deemed complete, the zoning, design, subdivision, and fee requirements in effect at the time the preliminary application was submitted remain in effect for the remainder of the entitlement and permitting process

To date, the Planning Department has received roughly 91 projects under SB-330. The average Planning Department review time is 326 days for 26 approved projects, and 291 median days. The average DBI review time is 155 days for and 122 median days for the approved projects. Note that length of

department review time does not match permit issue time, as the Permit Filed and Issued dates are different from department review time totals because departments may be reviewing concurrently.

Since the passing of SB-330, the City of San Francisco has not reduced the capacity for housing through rezoning or imposing new development standards without concurrently increasing housing capacity of other parcels elsewhere. For example, the Planning Department initiated a rezoning effort to preserve San Francisco's valued and dwindling Production, Distribution, and Repair uses. This resulted in the removal of housing capacity from one parcel. Concurrently with this rezoning, the Planning Department initiated a rezoning that would increase housing capacity far exceeding the removal.<sup>19</sup> Similarly, the City of San Francisco has not applied or adopted any new subjective design standards after January 1, 2020. The City has adopted objective design standards used for review of SB-9 projects. Public hearings for housing developments that meet all applicable objective zoning standards have been limited to five hearings or less.

### Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Parts of the Housing Crisis Act of 2019 (SB 330) lack clarity and make the local implementation of this state requirement challenging to follow. Jurisdictions across California interpret the “tenant history” portion of the law differently.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 28</b>   |
|                             | Implementing Program Areas   |
|                             | <b>2.2 Tenant Protections</b><br>Actions: 2.2.9  |
|                             | <b>8.5 Compliance with State Programs and Law</b><br>Actions: 8.5.4  |

### SB-9: California Housing Opportunity and More Efficiency (HOME) Act

The California Housing Opportunity and More Efficiency (HOME) Act, also known as SB 9, became effective statewide in January 2022 and requires that cities ministerially allow duplexes and lot splits by-right on most single-family lots which meet eligibility criteria and objective standards set by cities. Typically, this type of proposal might have required zoning changes or conditional use permits.

The Planning Department created a dedicated webpage and published an informative bulletin (Planning Director Bulletin No. 8) for applicants interested in pursuing streamlined approval through SB-9. Project applicants use this bulletin to determine eligibility for SB-9 and understand the development scenarios possible under SB-9. The Planning Department reviews project applications for completeness within 30 days of submittal to the department. San Francisco passed objective design standards in response to SB-9 including rules regarding massing, permeability and landscaping, a minimum size for 800 square

<sup>19</sup> San Francisco Planning Department, Bayview Industrial Triangle Zoning Update, March 2020, <https://sfgov.legistar.com/View.ashx?M=F&ID=8175024&GUID=4BB5805B-D476-4A6E-AC60-0C50120223C5>

feet for a second unit, four-foot setbacks on all interior lot lines, and the prohibition of roof decks on rear units.

Steps to applying for Parcel Map Lot Split through SB-9 with Public Works:

1. Applicants may submit for a lot split with Public Works at any time. The Planning Department will conduct the eligibility review for the lot split project whether or not there is construction. These steps mirror the Planning Department review for construction of dwelling units through SB-9 listed below.
2. Steps to apply for a building permit for the construction of dwelling units through SB-9 with the Planning Department and Department of Building Inspection:
3. Application primer: PIC, PRV, Pre-Application, and/or Interdepartmental Project Review Meeting (optional)
4. Applicant submits housing application and building permit. The applicant will often submit a SB-330 application if there are existing units or if they want to lock in the code.
5. Planning Department assesses the completeness of the application for review within 30 days.
6. Planner is assigned to the application.
7. Planner determines eligibility for SB-9. If eligible, letter is issued.
8. If eligible for SB-9, planner reviews project for Planning Code requirements and against Objective Design Standards. If project does not meet requirements, the applicant must revise projects to meet requirements. If applicant does not revise project, the project is not approved.
9. If applicant is requesting relief from a code standard in order to construct a unit at least 800 square feet, planner brings project to Housing Advisory Team (i.e. meets SB-9)
10. If project is code compliant, planner issues a SB-9 approval letter and routes to other department(s) for review.
11. SB-9 Notice of Special Restrictions (NSR) is recorded before building permit issuance (in tandem with other department reviews)
12. The appeal process only applies to whether the project complies with objective Planning and Building Codes, how the City implemented SB-9 and not the project itself.

To date, the Planning Department has received 27 project submissions under SB-9, two of which were deemed ineligible. The two ineligible applications had previous Ellis Act evictions. Of the 25 eligible SB-9 projects, 16 have been duplex only, 4 have been lot split only, 5 have been combination (lot split and construction).

See **Case Study: 120 Seneca -- Outer Mission** for an example of a SB-9 project in San Francisco.



Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Interdepartmental coordination and review can add time to the review of projects. Review under SB-9 is ministerial, however, departments involved in application review, such as DBI, require changes to project applications to meet applicable codes.</b> |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <hr/> <p><b>Policy 31</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>7.2 Mid-rise and Small Multifamily Buildings</b><br/>           Actions: 7.2.3; 7.2.4</p>          |



**Case Study:**  
**120 Seneca -- Outer Mission**

This case study describes a housing project that used SB 9 ministerial permitting. This project proposed a three-story addition of approximately 2,019 gross square feet at the rear of an existing two-story single-family home and the addition of a new unit per SB 9 at the ground floor. The existing unit will occupy the second and third floors and roof deck of the addition, expanding the existing unit by approximately 829 square feet for a total of 3,239 square feet. The new unit will occupy the ground floor of the addition—approximately 722 square feet—and convert 468 square feet of existing storage space for total of 1,190 square feet.

The project applicant submitted in July 2021 with iterative comments until they decided to resubmit under SB9 and SB330 in February 2022. The project was deemed eligible for SB9 on April 20, 2022, comments were issued in June 2022, two subsequent comments and revisions. The final approval was on July 25, 2022 with a total SB9 timeline of 160 days (~114 business days) with some of that time on hold. This is a draft assessment of the timing.

The application required a site permit, did not request any exceptions, and was not subject to the Housing Accountability Act. No CEQA document was required. It was required to provide two new street trees required; 1 tree proposed, and 1 in-lieu fee paid. There were no Objective Design Standards in place at the time, so it was not subject to design standards or guidelines. It paid a total of \$4,826 in impact fees and \$29,087 in application fees for a \$33,912 per net new unit cost.

**Permit Streamlining Act**

The Permit Streamlining Act (Government Code Sec. 65920-64) applies to housing development projects. During the housing emergency declared in the Housing Crisis Act, the required timeframe to

approve or disapprove a housing development project for which an EIR is prepared is decreased by 30 days. The new timelines are as follows:

- 90 days after certification of an EIR for a housing development project
- 60 days after certification of an EIR for a housing development project in which at least 50 percent of the units are affordable to low-income households and that receive public financing.

All other required review timeframes in the Permit Streamlining Act continue to apply unchanged during the housing emergency.

San Francisco complies with the Permit Streamlining Act. For most larger housing projects, the time required for CEQA review, especially if wind, preservation, or transportation studies are required, allows ample time for required internal processes, such as design review and neighborhood notification, to take place.

San Francisco's current data processes do not consistently and automatically mark when an application is "complete" or "approved." Updates to San Francisco's data processes would help demonstrate compliance with all required timelines. The current data system relies on manual notations by individual planners with significant caseloads of projects that are often revised multiple times. Feedback from planners related to compliance with Planning Code requirements and/or revisions in projects by project applicants are at times found in email exchanges, and are not always formally recorded in Plan Check Letters or noted in Accela, the permit data system. Likewise, the manual system does not easily allow planners to mark projects as being "on hold" when a project sponsor is revising a proposed development.

### Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Manual data recording and collection do not readily facilitate transparent evidence of meeting the required review deadlines.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 28</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.5 Compliance with State Programs and Law</b><br>Actions: 8.5.5; 8.5.7; 8.5.10   |

### SB-167: Housing Accountability Act

In 2017, the State of California adopted Senate Bill-167, which reformed the Housing Accountability Act (HAA). These reforms raised the standards local jurisdictions must use to reject affordable housing projects, increased punishments for violations, and loosened restrictions on what is considered an eligible mixed-use project. The HAA limits the City's ability to deny or reduce the density of projects that comply with applicable objective zoning and development standards and completed housing applications must be reviewed for compliance within 30 or 60 days depending on the project size. HAA

only applies to code-complying projects with at least two units, at least 2/3 of square footage is residential, or transitional or supportive housing.

See **Case Study: 921 Howard Street Central SoMa** (in *100% Affordable Housing Permit Processing section*) for an example of a project subject to the Housing Accountability Act in San Francisco.

### **Housing Sustainability Districts**

The Central SoMa Area Plan adoption process included legislation to establish the City's first Housing Sustainability District (HSD) adopted in 2017. Covering 230 acres, this legislation affords projects ministerial approval via the Planning Department under the authority of the Director. Projects are eligible if they meet specific labor, on-site affordability, and other requirements.

To date, the Planning Department has only had two HSD projects: 585 Bryant Street and 300 5th Street, both located within the Central SoMa Area Plan. The project at 300 5th Street was filed on August 29, 2019 and proposed to demolish an existing commercial building to construct a new mixed-use residential building with 130 new residential units. The project at 585 Bryant Street was filed on February 12, 2021 and proposed to construct a new mixed-use residential building with 500 net residential units. The project also sought concessions/incentives and waivers from development standards under the State Density Bonus law.

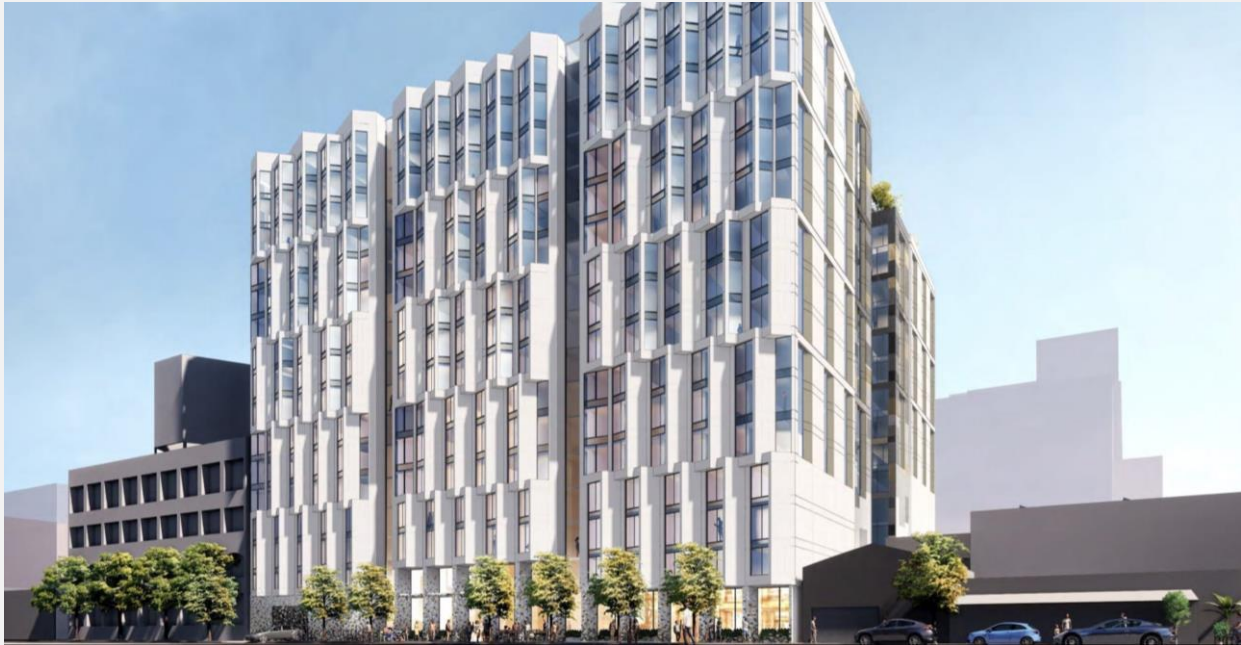
#### **Comment from Developer interviewee**

**Smaller multifamily/infill projects taking much longer than bigger projects and seem to have a very different entitlement process**

Within a discretionary process, a project's timeline and approval process timeline may be significantly affected by whether the application is subject to approval by Planning Department staff under the authority of the Director, or after a hearing at the Planning Commission. In addition, the City's

Historic Preservation Commission reviews environmental impact reports (EIRs) that analyze significant impacts to historic resources under the California Environmental Quality Act (CEQA). The HPC reviews the adequacy of proposed preservation alternatives that were selected to eliminate or reduce significant historic resources impacts prior to publication of a draft EIR, and provides comments on the historic resource analysis after the draft EIR is published. Approvals by the Board of Supervisors add significant time and expense; these projects also require the appropriate level of CEQA review before project approval. For smaller projects, the majority can be handled by planning staff except the few where discretionary review is requested; these projects also require CEQA review before approval, typically simple CEQA exemptions that can be completed quickly. Note that all projects that require CEQA may be subject to an appeal to the Board of Supervisors, in accordance with state law.

See **Case Study: 555 Bryant Street -- Central SoMa** for an example of a housing project within a Housing Sustainability District in San Francisco.



### **Case Study: 555 Bryant Street -- Central SoMa**

This case study describes a ministerial site permit housing application in the Central SoMa Housing Sustainability District. The project proposed new construction of a 160-foot-tall mixed-use residential building with 500 dwelling units, 20,605 square feet of PDR use space, 125 accessory parking spaces, and 202 Class One and 27 Class Two bicycle parking spaces. The project requested approval through the ministerial review process provided under the Central SoMa Housing Sustainability District (Planning Code Section 343) and concessions/incentives and waivers from development standards under the State Density Bonus Law (Planning Code Section 206.6 and California Government Code Section 65915). The project included 85 studios, 206 one-bedroom, 209 two-bedroom units and 21% inclusionary onsite 13% at 50% AMI (to meet SDB requirement), 4.5% at 80% AMI, 4.5% at 110% AMI with the fee for the bonus portion of the project at 30%.

The project applicant submitted a Preliminary Project Assessment in late October 2020 with a PPA Letter issued January 2021. The applicant then completed a pre-application meeting with neighbors in January 2021 and submitted a permit application in late February. The project application was deemed complete on May 11, 2021, and went to Planning Commission as an informational item on June 17, 2021. Final approval was issued on June 30, 2021. The total days between Preliminary Project Assessment application and approval was 245 days (~175 business days). The time between HSD application and approval excluding applicant hold time was 51 days. This is a draft assessment of the timing. There was no appeal filed.

The project required waivers from the following requirements in the Planning Code: Setback and Street Wall (Planning Code Section (Sec.) 132.4), Permitted Obstruction for Bay Window (Sec. 136), Ground Floor Ceiling Height (Sec. 145.1 and 249.78), Residential Open Space (Sec. 135), Off-street Loading Space (Sec. 152.1, 153, and 154), Lot Coverage (Sec. 249.78), Wind Comfort (Sec. 249.78), Height Limit (Sec. 260), Narrow Street and Alley (Sec. 261.1), Apparent Mass Reduction (Sec. 270), Horizontal Mass Reduction (Sec. 270.1), and Mid-block Alley in Large Lots (Sec. 270.2). It also required an incentive / concession from the Living Roof (Sec. 149 and 247.78) and Curb Cut on Transit Preferential Street (Sec. 155) requirements of the Planning Code. As a ministerial project under the HSD, it was not subject to CEQA. It was required to provide street trees, sidewalk widening as per Better Streets and street lighting. It paid a total of \$29,266,420 in impact fees and \$690,644 in application fees for a \$59,914 per net new unit cost.

It required a memo that used HSD-specific findings.

### **SB-35: Affordable Housing Streamlined Approval Act**

California Senate Bill 35 (SB-35), Government Code Section 65913.4, became effective January 1, 2018. SB-35 applies in cities that are not meeting their Regional Housing Need Allocation (RHNA) goal for construction of above-moderate income housing and/or housing for households below 80% area median income (AMI). Government Code Section 65913.4 requires local entities to streamline the approval of certain housing projects by providing a ministerial approval process. Currently, San Francisco meets its RHNA goal for construction of above-moderate income housing. As of 2020, San Francisco was falling short of meeting RHNA targets for units that are below 80 percent of AMI. Because of this, multifamily projects with at least 50 percent of their units at 80 percent of AMI or below are required to receive ministerial approval, which entails a streamlined approval process and exemptions to CEQA requirements.<sup>20</sup>

The Planning Department has a dedicated team of staff that oversee projects applied through SB 35 and ensure City compliance with the streamlined, ministerial review of qualifying multifamily residential projects. Planning Director Bulletin No. 5, posted on the SF Planning website, offers clarity on the streamlined approval process of SB 35.<sup>21</sup> The bulletin provides an overview of SB 35 and AB-2162 (see section below), and outlines the types of projects that are eligible, the streamlined development review timeline, how to apply, and the development review process. The bulletin specifically addresses 100% Affordable Housing Projects, 100% Affordable Housing Bonus Projects, State Density Bonus Projects, and Mixed-Income Affordable Projects (50-99% Affordable). Additionally, SF Planning's Informational and Supplemental Application Packet, issued in October 2020, walks interested applicants through the same information as Bulletin No. 5, and also includes more information on how other entitlements, like Shadow Analysis Applications and Certificate of Appropriateness and Permits to Alter, will be affected.<sup>22</sup>

To date, 19 projects have been approved through SB 35 with a total of 2,429 units, of which 2,130 are affordable, and 6 projects are in the pipeline. All projects that have applied through SB 35 have met the streamlined timeline requirements. The average review time at the Planning Department for the approved projects is 178 days, and a median of 120 days. The average review time at DBI is 108 days and a median of 87 days. As stated in the Processing Time Data section, this data also includes "holding" time and other types of time factors aside from department review that have increased the average and median review times beyond the 90-day requirement for SB-35. Steps to apply for streamlined approval through SB-35 with the Planning Department:

1. Project sponsor submits applications, architectural plans, including a Preliminary Application pursuant to SB-330.
2. Planning Department notifies relevant California Native American tribes about the proposed development (Tribal Notification: Tribal Cultural Resources Consultation and Streamlined CEQA Review) for at least 30 days.

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20 City of San Francisco Affordable Housing Funding, Production, and Preservation White Paper, 2020.

21 <https://sfplanning.org/resource/planning-director-bulletin-no-5-senate-bill-no-35-affordable-housing-streamlined-approval>

22 [https://sfplanning.org/sites/default/files/forms/SB35\\_SupplementalApplication.pdf](https://sfplanning.org/sites/default/files/forms/SB35_SupplementalApplication.pdf)

3. If there is no response to the notification or there is an agreement reached in a scoping consultation and the project application is deemed complete and eligible for SB-35 review, the project is eligible for SB-35 (ministerial) approval. If there is no agreement reached, a project is not eligible for SB-35 approval. The project sponsor submits a site or building permit application and an SB-35 Streamlined Development application demonstrating the project's eligibility at Department of Building Inspection. Provided that the notification and scoping session result in either an agreement or no response, SB-35 timelines shall commence once a site permit is submitted.
4. Planning Department staff determine if a project is eligible for streamlining within 60 days of application submittal for projects of 150 or fewer units, and 90 days for projects containing more than 150 units. If the Department provides written comments to a Project Sponsor detailing how a project is not SB-35 eligible as proposed, or requests additional information to make such a determination, then the 60 or 90 day timeline will restart upon submittal of a revised development application in response to that written notice.
5. If the Planning Department finds that a project is eligible for streamlining and has submitted a complete application package, then the assigned planner will issue a Notice of Eligibility for Streamlining under SB 35.

Design review or public oversight is completed in 90 days for projects with 150 or fewer units, and 180 days for projects with more than 150 units, measured from the date of the SB-35 submittal.

The Planning department approves the site permit and issues a Notice of Approval.

See ***Case Study: 730 Stanyan Street -- Haight Ashbury Neighborhood*** for an example of a housing project combining SB-35 and 100% affordable housing.





### Case Study: 730 Stanyan Street -- Haight Ashbury Neighborhood

This case study describes a **longer-than-average approval path for an 100% affordable housing project** that used SB 35 ministerial permitting. The project proposed an 8-story building containing 175,426 square feet of residential uses above 12,556 square feet of ground floor commercial uses on vacant lot. The project provided 160 100% affordable housing rental units. The building proposed to serve residents earning from 30% to 100% AMI, including low-income families, families exiting homelessness, low-income transitional aged youth (TAY) and TAY exiting homelessness. The project proposed 40-units subsidized by the Local Operating Subsidy Program (LOSP) and featured five commercial spaces on the ground floor to serve both residents and the wider neighborhood. These spaces would be operated by nonprofit partners and include an early childhood education center, a drop-in center for TAY, a community technology training center, a senior center, and a food incubator space featuring affordable food options. The dwelling unit mix consists of 35 studios, 43 one-bedroom units, 42 two-bedroom units, and 40 three-bedroom units.

The project applicant submitted the project in August 2021 (originally February but requested significant change of work and put the application on hold). The first Plan Check letter was issued in November 2021 for a total of 75 days (~53 business days). It went through two iterations with final revisions submitted May 2022. The project was approved June 15, 2022, for a total of 292 days (~209 business days) with 154 days as hold time for the project applicant to provide revisions. This is a draft assessment of the timing. There was no appeal filed.

The application required a site permit, and used the State Density Bonus, SB 330 application, and SB35. The project requested exceptions to the rear yard, dwelling unit exposure, bird-safe glazing, and usable open space requirements of the Planning Code. It was required to provide curb ramp reconstruction. No CEQA document was required since it required a ministerial permit per SB 35. It paid a total of \$0 in impact fees and \$406,650 in application fees for a \$2541 per net new unit cost.

## **AB-2162: Supportive Housing Streamlined Approval**

California Assembly Bill No. 2162 (AB-2162) was effective January 1, 2019. AB-2162 requires that supportive housing be a use that is permitted by right in zones where multifamily and mixed-use development is permitted. AB-2162 amends Government Code Section 65583 and adds Code Section 65650 to require local entities to streamline the approval of housing projects containing a minimum amount of Supportive Housing by providing a ministerial approval process, removing the requirement for CEQA analysis and removing the requirement for Conditional Use Authorization or other similar discretionary entitlements granted by the Planning Commission.

Similar to SB 35, SF Planning outlines how the department administers streamlined approval as required by AB-2162 in Planning Director Bullet No. 5. Despite the opportunity for streamlined approval of housing projects, SF Planning has not received any applications through AB-2162. This may be due to the bill's requirement for either 25% or 12 units of supportive housing, whichever number of units is greater, to be included in the project. Compared to SB 35, this added layer of regulation may discourage use of the program. However, one of the advantages of AB-2162 is that participating projects are permitted to demolish and replace units, compared to SB 35, which prohibits demolition of certain types of residential units.

## **State Density Bonus**

The California State Density Bonus Law (CA Govt. Code Section 65915) was codified locally in 2017 Individually Requested State Density Bonus Program (PC Section 206.6). The Planning Department issued Planning Director Bulletin No. 6 in December 2018, providing more information on how the City implements the State Density Bonus (SDB) program.<sup>23</sup> The bulletin is updated periodically as the Department continues to issue interpretations related to the implementation of the SDB program in San Francisco and clarify existing policies as needed. It was last revised in May 2022. The bulletin summarizes the following key topics covering implementation:

- Calculating a Density Bonus
- Requests for Waivers, Incentives, and Concessions
- Review Process: Eligibility, Submittal Requirements, and Process
- Inclusionary Affordable Housing Requirements in State Density Bonus Projects
- Projects must submit an application specific to the State Density Bonus program along with a Preliminary Project Assessment (PPA) Application or Project Application.

The Planning Department takes the following steps to process State Density Bonus projects and remain in compliance with state requirements:

*Application primer: PIC and/or PRV (optional)*

1. PPA, Pre-application (if required per Planning Code Sec. 311)
2. Interdepartmental Project Review Meeting (required as described in application)

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<sup>23</sup> [https://default.sfplanning.org/publications\\_reports/DB\\_06\\_Implementing\\_State\\_Density.pdf](https://default.sfplanning.org/publications_reports/DB_06_Implementing_State_Density.pdf)



3. Applicant submits application package – Project Application with an Individually Requested State Density Bonus supplemental application.
4. Planning Department assesses the completeness of the application for review within 30 days.
5. Planner conducts review and issues a Plan Check Letter within 90 days.
6. The application is reviewed with the Planning Code, Residential Design Guidelines, Street Design Advisory Team (SDAT), Policy team, CEQA, and Historic Preservation.
7. Following issuance of the Plan Check Letter, the applicant has 90 days to respond and submit revisions.
8. Planning Department reviews revisions within 30 days.
9. Steps 6a, 7 and 8 may repeat any number of times until the application reaches a stable project description and responds to all Planning Department comments.
10. Once the project description is stable, Environmental Planning will mark the Project Description as “stable” in the online project review tracker (Accela).
11. A hearing will typically be scheduled within 30 days of the environmental review being complete.
12. Prior to the Planning Commission hearing, a 20-day hearing notice must be mailed to neighbors and community groups and posted on the site. If additional entitlements are also required, there may be a newspaper notification also required, that runs for 30-days concurrently with this mailed and posted notice timeframe.
13. If a hearing to the Recreation and Parks Commission and Historic Preservation Commission are required, these hearings happen before the Planning Commission takes action.
14. After any other required non-Planning Commission hearings, the project is brought to Planning Commission.\* The Commission may approve the project with or without conditions, disapprove the project, or continue the hearing to a later time.
15. Approving a State Density Bonus project requires the Commission to make findings that the project is eligible to use the State Law and that the Density Bonus Law has been applied correctly. If the project requires an entitlement in addition to the State Density Bonus findings, then the Commission may make those findings when they approve an entitlement or approve an entitlement with conditions. If the project does not require an entitlement, the Commission must adopt the required findings for the State Density Bonus project.
16. A Continuance at Commission often happens when the project does not have community support and the sponsor attempts to work with the community before scheduling or obtaining Commission approval. Continuances may also be requested to give the applicant the opportunity to provide missing or insufficient information at the request of the Commissioners.

*After the project is approved:*

- A. Transportation Demand Management Notice of Special Restrictions (NSRs)
- B. Assess impact fees when the Planning Department is approving the Building Permit. Fees are logged into the Building Department's Permit Tracking System.
- C. Below Market Rate NSR recorded at architectural addendum or 12 months prior to Temporary Certificate of Occupancy.
- D. Regulatory Agreement completed before site permit issuance

\*Discretionary Review can be filed on 311

\*\* An appeal can be filed on entitlement. Appeals cannot be filed on SDB-only findings.

San Francisco's implementation of the local inclusionary program in conjunction with the State Density Bonus program is also detailed in Planning Director Bulletin No. 6. San Francisco's Inclusionary Affordable Housing Program (Planning Code section 415 et seq.) applies to the entirety of any development project with 10 or more units, regardless of whether the project includes additional density through a state or local program. Section 415 requires a project to pay the Affordable Housing Fee. In lieu of the Affordable Housing Fee, projects may elect to provide a percentage of units as "below market rate" (BMR) units at a price that is affordable to a specified mix of low, moderate, and middle-income households either on-site or off-site, referred to as the On-Site Alternative or Off-Site Alternative, respectively.

Projects that include on-site units to qualify for a density bonus under the State Law may also be able to satisfy all or part of the Affordable Housing Fee requirement, by receiving a "credit" for the on-site units provided. This "credit" is calculated in accordance with Planning Code Section 415.5(g)(1)(D), referred to as the Combination Alternative. The Combination Alternative allows projects to satisfy the Inclusionary Housing requirement through a combination of payment of the fee and provision of on-site units. An example of how to apply the Combination Alternative to a Density Bonus project is provided below.<sup>24</sup>

Under State Law and the Individually Requested State Density Bonus Program, projects may only receive a density bonus for below market rate units provided at a single income level; projects cannot combine different below market rate income levels to receive a greater density bonus. The Inclusionary Affordable Housing Program requires projects with 25 or more units that elect the On-Site Alternative to provide BMR units at three different income levels, or "tiers." These tiers are set at different levels depending on the tenure of the proposed projects. Each tier is provided at a specific amount required by the Planning Code. For example, if the applicable on-site rate for an ownership project is 20%, it would be comprised of 10% of the units at 80% AMI, 5% of units at 105% AMI, and 5% of units at 130% AMI. The Project must provide the tiers at the proportion set forth in the Planning Code. When calculating the tiers, remainders of 0.5 are usually rounded up unless rounding results in one more or one fewer affordable unit than

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24 Projects seeking approval using the Central SOMA HSD must maximize the number of on-site units in the base project.

required. A Density Bonus Project may round the low-income tier (55% AMI for rental, 80% AMI for ownership) up to a whole unit from any remainder.

Rental projects must provide units at 55% AMI, 80% AMI, and 110% AMI, and units that are priced at 55% AMI in rental projects may qualify for a density bonus under the "very low-income" category of the State Density Bonus Law (50% AMI). Ownership projects must provide units at 80% AMI, 105% AMI, and 130% AMI. When using the required On-Site units to qualify for a density bonus, the project must include the required percentage of very low-income (55% AMI) or low-income (80% AMI) units in both small and large projects. Because the inclusionary units are more deeply affordable, rental projects will generally qualify for a greater bonus than ownership projects but note that projects that qualify for a bonus with rental Inclusionary Units may be restricted in the ability to convert from rental to ownership in the future.

If a project that has been approved by the Department or the Commission without a density bonus later resubmits a project using the State Law, the Department will apply the Inclusionary Rate in effect at the time of resubmittal.

To calculate the applicable Inclusionary Housing Fee for projects seeking a "credit" for on-site units provided to qualify for a density bonus, applicants must submit the following information:

- the number and type of on-site units to be provided, and the percentage of the total number of units in the proposed project these represent;
- documentation that all on-site units comply with the affordability levels, unit size, unit mix, unit distribution and equivalency, and other requirements of Section 415.6 (as further specified in Zoning Administrator Bulletin No. 10), depending on the location, tenure, and number of total units in the project, and the date that the Project Application was accepted; and
- necessary AMI information to verify if/how the project qualifies for a State Density Bonus.

The remaining portion of the Fee requirement not satisfied by the credit for on-site units shall then be provided by payment of a pro-rated amount of the Affordable Housing Fee. The following examples illustrate how the Inclusionary requirement may be satisfied in 1) areas where density is regulated by a ratio of units to lot area, and 2) in areas where density is regulated by the permitted volume on the site (form-based density).

Some projects find that meeting both the local inclusionary requirements and the with state programs is economically infeasible due to:

- Tiered local inclusionary requirements and applying the fee.
- Smaller projects that become large projects because of the bonus and are then required to increase the inclusionary to that of a larger project.
- Different rates for rental and ownership projects.
- Inclusionary percentages that increase every year.

- Confusion around how to apply the program in form-based districts.
- All projects require a hearing, even if they don't have an accompanying entitlement and the Commission is only making findings of consistency with State Law.

See *Case Study: 95 Hawthorne Street -- Financial and Transbay Districts* for an example of a housing project requiring a Downtown Authorization and re-applied using State Density Bonus.

**Figure 16.** Example Project – Zoning District Establishes Density as Ratio of Units to Lot Area

|  |   |
|--|---|
| <p><i>Project Location</i><br/><b>Polk NCD</b></p> <p><i>Project Tenure</i><br/><b>Rental</b></p> <p><i>On-Site Inclusionary Rate</i><br/><b>19% total</b></p> <p>11 % low-income (55% AMI)<br/>4% moderate income (80% AMI)<br/>4% middle income (110%)</p>   | <p><b>Step 1</b></p> <p>Determine the total Fee and total on-site units due as if applied to the bonus project.</p> <p><b>Total Fee:</b> Bonus Project Residential Gross Floor Area x Fee Rate x Affordable Housing Fee amount:<br/>96,292 gsf x 30% x \$230.91 = \$6,670,435.72<br/>(Rounded to the nearest cent – round up from 0.005 and above)</p> <p><b>Total On-Site:</b> Bonus Units x On-Site Inclusionary Rate:<br/>115 units x 19% = 21.9 = 22 units<br/>(Rounded to the nearest whole unit – round up from 0.5 and above)</p>  |
| <p><i>Fee Rate</i><br/><b>30%</b></p> <p><i>Affordable Housing Fee Amount Per Square Foot</i><br/><b>\$230.91</b></p> <p><i>Maximum Allowable Residential Density (Base Density)</i><br/><b>93 units</b></p> <p><i>Bonus Project – Residential Gross Floor Area</i><br/><b>96,292 gross square feet</b></p> <p><i>Bonus Project Total Number of Units</i><br/><b>115</b></p> | <p><b>Step 2</b></p> <p>Determine the number of on-site units required for the project. For projects with 25 or more units, calculate the required AMI tiers beginning with the low-income tier. The requirement for units at middle and moderate income are the same, so if rounding results in one more affordable unit than required, the Project Sponsor may elect which income level to round up and which to round down.</p> <p>Base density x On-Site Inclusionary Rate<br/>93 units x 19% = 17.7 = 18 units required<br/>(Rounded to the nearest whole unit – round up from 0.5 and above)</p> <p><b>Low-Income (55% AMI):</b><br/>93 x 11% = 10.23 = 11 units required<br/>(Rounded to the nearest whole unit, round up from any remainder)</p> <p><b>Moderate Income (80% AMI):</b><br/>93 x 4% = 3.72 = 4 units required<br/>(Rounded to the nearest whole unit, round up from 0.5 and above)</p> <p><b>Middle Income (110% AMI):</b><br/>93 x 4% = 3.72 = 3 units required<br/>(Rounded to the nearest whole unit, round up from 0.5 and above)<br/>In this example, the middle-income tier has been rounded down because rounding up would result in one more affordable unit than required.</p> |

|  |  |
|--|--|
|  | <p><b>Step 3</b></p> <p>Determine the proportion of the Inclusionary requirement satisfied by on-site units</p> <p>18 units provided/22 units to satisfy the On-Site Alternative = 0.818181 = 81.8%<br/>(Rounded to the nearest tenth of a percent – round up from 0.05% and above)</p>  |
|  | <p><b>Step 4</b></p> <p>Determine the Affordable Housing Fee amount required to satisfy the remainder of the Inclusionary requirement</p> <ul style="list-style-type: none"> <li>• 81.8% of Inclusionary requirement met by providing on-site units</li> <li>• 100% - 81.8% = 18.2% of Inclusionary requirement remains</li> <li>• Total Fee amount x remainder: \$6,670,435.72 x 18.2% = \$1,214,019.31</li> </ul> <p>(Rounded to the nearest cent – round up from 0.005 and above)</p> |

**Figure 17.** Example Project – Zoning District with Form-Based Zoning

|  |   |
|--|---|
| <p><i>Project Location</i><br/><b>C-3-G Zoning District</b></p> <p><i>Project Tenure</i><br/><b>Rental</b></p> <p><i>On-Site Inclusionary Rate</i><br/><b>20% total</b></p> <p>12 % low-income (55% AMI)<br/>4% moderate income (80% AMI)<br/>4% middle income (110%)</p> <p><i>Fee Rate</i><br/><b>30%</b></p> <p><i>Affordable Housing Fee Amount Per Square Foot</i><br/><b>\$199.50</b></p> <p><i>Bonus Project – Residential Gross Floor Area</i><br/><b>100,000 gross square feet</b><br/><b>135,000 gross square feet</b></p> | <p><b>Step 1</b></p> <p>Determine the total Fee and total on-site units due as applicable to the bonus project.</p> <p><b>Total Fee:</b> Bonus Project Residential Gross Floor Area x Fee Rate x Affordable Housing Fee amount:<br/>135,000 gsf x 30% x \$199.50 = \$8,079,750<br/>(Rounded to the nearest cent – round up from 0.005 and above)</p> <p><b>Total On-Site:</b> Bonus Units x On-Site Inclusionary Rate:<br/>200 units x 20% = 40 units<br/>(Rounded to the nearest whole unit – round up from 0.5 and above)</p>   |
|  | <p><b>Step 2</b></p> <p>Convert maximum allowable floor area into units, and apply the on-site inclusionary rate.</p> <p>Determine the ratio of the project represented by the maximum allowable residential density (base density): 100,000 gross square feet/135,000 gross square feet = 0.7407 = 74.1% (Rounded to the nearest tenth of a percent – round up from 0.05% and above)</p> <p>Apply that ratio to the total number of units in the project to determine the maximum allowable residential density in units (base density): 200 total units x 74.1% = 148.2 = 149 units (base density)</p> <p>(Rounded to the next highest whole number – round up any remainder)</p> |

**Bonus Project Total Number of Units**

**200**

Apply the on-site rate to the maximum allowable residential base density in units:  
Base Density x On-Site Inclusionary Rate  
 $149 \text{ units} \times 20\% = 29.8 = 30 \text{ units}$   
(Rounded to the nearest whole unit – round up from 0.5 and above)

For projects with 25 or more units, calculate the required AMI tiers beginning with the low-income tier. The requirement for units at middle and moderate income are the same, so if rounding results in one more affordable unit than required, the Project Sponsor may elect which income level to round up and which to round down

**Low-Income (55% AMI):**  
 $149 \times 12\% = 17.88 = 18 \text{ units required}$   
(Rounded to the nearest whole unit, round up from any remainder)

**Moderate Income (80% AMI):**  
 $149 \times 4\% = 5.96 = 6 \text{ units required}$   
(Rounded to the nearest whole unit, round up from 0.5 and above)

**Middle Income (110% AMI):**  
 $149 \times 4\% = 5.96 = 6 \text{ units required}$   
(Rounded to the nearest whole unit, round up from 0.5 and above)

**Step 3**

Determine the proportion of the Inclusionary requirement satisfied by on-site units  
 $30 \text{ units provided} / 40 \text{ units required to satisfy the On-Site Alternative} = 75\%$   
(Rounded to the nearest tenth of a percent – round up from 0.05% and above)

**Step 4**

Determine the Affordable Housing Fee amount required to satisfy the remainder of the Inclusionary requirement

- 75% of Inclusionary requirement met by providing on-site units
- 25% of Inclusionary requirement
- Total Fee amount x remainder:  $\$8,079,750 \times 25\% = \$2,019,937.50$

(Rounded to the nearest cent – round up from 0.005 and above)

San Francisco has received 84 project applications for State Density Bonus projects, 38 of which have been approved. The City has issued 22 permits related to the approved projects. The average review time at the Planning Department is 162 days, and a median of 137 days. The average review time at DBI is 187 days and a median of 180 days.

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>State Density Bonus projects significantly restrict the ability of Planning Commission to disapprove projects but a hearing is required under local procedures which can delay the process and creates greater project uncertainty.</b> |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <hr/> <p><b>Policy 28</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.5 Compliance with State Programs and Law</b><br/>Actions: 8.5.2</p>          |



**Case Study:**  
**95 Hawthorne Street --**  
**Financial and Transbay Districts**

This case study describes a **longer-than-average Downtown authorization for a housing approval, which re-applied using State Density Bonus**. The project included the demolition of the existing five-story office building and construction of a new 42-story residential building reaching a height of 443'-9" tall (462'-3" including rooftop mechanical equipment) with approximately 3,500 square feet of ground-floor retail. The project contained a mix of 199 one-bedroom units, 144 two-bedroom units, and 49 three-bedroom units totaling 392 dwelling units, with 55 dwelling units provided as affordable (Below Market Rate). The project provided 107 off-street vehicle parking spaces, 4 car-share spaces, and 3 freight loading spaces within a below-grade garage in addition to 184 Class 1 and 24 Class 2 bicycle parking spaces.

The project applicant submitted for a Preliminary Project Assessment in February 2016 and a PPA Letter was issued on May 5, 2016. The project application was submitted in late September 2016 with the project being considered stable for the purposes of CEQA analysis on October 17, 2017. The project went on hold with a was resubmitted as a State Density Bonus project in October of 2018. The Planning Commission June 27, 2019, but was continued to September 19, 2019, when it was approved. It also went to the Rec and Park Capital Committee twice in June 2019 to address Section 295 shadow impacts. The total days from the Preliminary Project Assessment to approval was 1,318 days or just over three and a half years (~941 business days) including both applicant and planning staff and hearing time. This is a draft assessment of the timing. No appeal was filed.

The application required a site permit and downtown authorization along with minor encroachment, vault encroachment, special paver permission, and parking removal permits from SFMTA and Public Works. It used the State Density Bonus program and requested waivers from: Setbacks and Streetwall Articulation (Section 132.1(c)(1)); Rear Yard (Section 134); Common Useable Open Space (Section 135(g)); Dwelling Unit Exposure (Section 140); and Reduction of Ground-Level Wind Currents in C-3 Districts" (Section 148); and Height (Section 250). It was evaluated as a Community Plan Exemption under the Transbay Center District Plan EIR. It was required to meet Better Streets requirements including widening the sidewalk and requested its transformer vault in the sidewalk. It was required to meet the Urban Design Guidelines. It paid a total of \$20,034,396 in impact fees and \$400,796 in application fees for a \$52,130 per net new unit cost.

The motion required for the Conditional Use Authorization referenced Urban Design Element, the Housing Element, and Planning General Code Section 101.



## **AB-101: Shelters**

The State passed AB-101 on July 31, 2019. AB-101 includes regulatory tools around Low Barrier Navigation Centers, supportive housing, and streamlining. Projects that meet the requirements of AB-101 in San Francisco qualify for ministerial review, meaning no CEQA review and no public notice or Discretionary Review. The City complies with AB-101's specific requirements around Shelters by implementing the following steps:

1. At the earliest possible moment, Public Works, Department of Homelessness and Supportive Housing (HSH), or the Project Sponsor will begin this process once it is clear the project will move forward and contact Planning staff on the Priority Projects and Process Team.
2. Public Works or HSH will draft a letter stating how the shelter will comply with the definition of AB 101 and submit to Planning staff.
3. Planning Department will issue a letter to the agency that the project complies with the zoning requirements and that the project is exempt from CEQA review due to compliance with AB 101.
4. The Project Sponsor will then engage DBI to continue with an alternative to a building permit process.
5. If a General Plan Referral is required, the Project Sponsor must submit an application to Planning staff, following the submittal instructions on the application. Planning review takes a minimum of 45 days.

## **Local Processing and Permitting**

### **Principal Permitting**

Many projects come through the Planning Department for approval and are principally permitted. These are projects that do not require any special authorizations, such as a Conditional Use Authorization, to be approved. Principally permitted projects must comply with codes and policies. Planning Department staff utilize Plan Check sheets unique to each zoning district, where each zoning district includes hyperlinks to relevant pages in the Planning Code and adopted policy to check the project against. Once it is determined that the project meets regulations, then the public is notified pursuant to Planning Code section 311. At this point, members of the public have the right to request that the City begins a process of Discretionary Review.

See *Case Study: 434 20th Avenue -- Outer Richmond* for an example of a project that did not require entitlements in San Francisco.

### **From Project Approval to Building Permits**

While not the case for most projects in San Francisco, a number of large projects in the city currently have or have had long gaps of time between when the City has approved a project and when a project sponsor submits a building permit application. This waiting period is often due to the following factors:

1. **Detail of construction plans.** The level of detail needed for construction plans in the permitting process is much greater than what San Francisco requires for the entitlement process. Adding this level of detail alone can take months before project sponsors are ready to submit detailed construction plans for review.
2. **Cost and Financing.** Applying for a permit is much more expensive compared to applying for entitlement. In addition to paying professionals for more the detailed drawings noted above, impact fees must be paid when the project sponsor files a permit application; those fees can be a significant portion of the permit application cost. Project sponsors may also face increased challenges in securing financing for the permit application, as often, lenders prefer to finance projects that have already received permits, as those projects are more likely to be developed. The cost of permitting and the ability to pay for this cost has been one of the reasons for delay between approval and permitting.
3. **Getting entitlements as a business.** Given the challenges of navigating San Francisco's entitlement process, some developers have transitioned to the business of solely securing and selling entitlements - not actually constructing projects. Sometimes, after entitlement, these developers do not have buyers ready to proceed with submitting a permit application and building the project. There have been some cases where the ultimate buyer of the entitlement seeks to change the project entirely, prolonging the Planning Department's permit review due to the major difference between the permit application and s from what was entitled.

**Review of Constraints**

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Shifting fee collection later in the process, and closer to revenue generation, could help projects move forward as they are paid closer to revenue generation.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 26</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.1 Cost and Fees</b><br>Actions: 8.1.3   |

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Varying parties from entitlement to permitting can present a range of challenges including miscommunication, change of plans and ideas, conflicting project comments, and tracking down many points of contact.</b>  |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <hr/> <p><b>Policy 27</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.14; 8.4.20</p> <p><b>8.6 Support for Affordable Housing and Shelters</b><br/>Actions: 8.6.7; 8.6.8; 8.6.14</p> <p><b>8.9 Post-Entitlement Permitting and Pipeline Support</b><br/>Actions: 8.9.1</p> |

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>The level of work and detail required for permitting can be complex, confusing, and costly.</b>   |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <hr/> <p><b>Policy 26</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.15</p> <p><b>8.6 Support for Affordable Housing and Shelters</b><br/>Actions: 8.6.9; 8.6.13; 8.6.15</p> |



**Case Study:**  
**434 20<sup>th</sup> Avenue -- Outer Richmond**

Photo by Mithun | Solomon

This case study describes a **median processing timeline for a site permit project approval** that did not require entitlements. The project was for an existing three-story two-unit building to add one new dwelling unit through a horizontal rear addition. The square footage expanded from approximately 3,000 to 4,300 square feet. The project applicant held a pre-application meeting with neighbors as required in April 2020, followed by application submittal in October of the same year. Public notification was held March 2021, no Discretionary review was filed, and final approval was granted May 3, 2021 for a total of 194 days (~139 business days). A building permit was issued on November 2021. This is a draft assessment of the timing. There was no appeal filed.

The application did not require inclusionary, site improvements other than a street tree, legislation, a variance, any exceptions, use any State or bonus programs, and was considered categorically exempt from CEQA. It was subject to applications of the Residential Design Guidelines which required 5' setbacks on each side of the rear addition. It paid a total of \$1,614 in impact fees and \$43,816 in application fees for a \$45,430 per net new unit.

## Types of Entitlements

### Conditional Use Permits / Variances

#### Comment from Developer interviewee

**There is not a lot of vacant land and having to get a conditional use permit to demolish one unit to replace with multiple units is a burden.**

Conditional use authorizations require public hearing at the Planning Commission which has an impact on the schedule and permit processing for housing projects. Conditional Use requirements allow additional public scrutiny to project application types on a case-by-case basis, often in response to constituent concerns or changes in the built environment.

After its hearing on the application, or upon the recommendation of the Director of Planning that no hearing is required, the Planning Commission shall approve the application and authorize a Conditional Use if the facts presented are such to establish that:

1. The proposed use or feature, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community. If the proposed use exceeds the Non-Residential Use Size limitations for the district in which the use is located, the following shall be considered:
  - a. The intensity of activity in the district is not such that allowing the larger use will be likely to foreclose the location of other needed neighborhood-servicing uses in the area; and

- b. The proposed use will serve the neighborhood, in whole or in significant part, and the nature of the use requires a larger size in order to function; and
  - c. The building in which the use is to be located is designed in discrete elements which respect the scale of development in the district; and
2. Such use or feature as proposed will not be detrimental to the health, safety, convenience, or general welfare of persons residing or working in the vicinity, or injurious to property, improvements, or potential development in the vicinity, with respect to aspects including but not limited to the following:
- a. The nature of the proposed site, including its size and shape, and the proposed size, shape and arrangement of structures.
  - b. The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading and of proposed alternatives to off-street parking, including provisions of car-share parking spaces.
  - c. The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor.
  - d. Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting, and signs

When considering an application for a Conditional Use with respect to applications for development of "dwellings," the Commission shall comply with that Chapter which requires, among other things, that the Commission not base any decision regarding the development of "dwellings" in which "protected class" members are likely to reside on information which may be discriminatory to any member of a "protected class." In addition, when authorizing a Conditional Use as provided herein, the Planning Commission, or the Board of Supervisors on appeal, shall prescribe such additional conditions, beyond those specified in this Code, as are in its opinion necessary to secure the objectives of the Code.

*See Case Study: 1513 York Street -- Bernal Heights and Case Study: 4171 24th Street -- Noe Valley for examples of projects that require a Conditional Use Authorization in San Francisco.*



### Case Study: 1513 York Street -- Bernal Heights

This case study describes a longer-than-average conditional use authorization required for a housing project, which also required the merger and subdivision of the underlying property. The project required a Conditional Use Authorization, pursuant to Planning Code Sections 209.1 and 303, to allow residential density of up to one unit per 1,500 square feet of lot area for the project involving construction of four, two-to-three-story duplex buildings (with a total of eight dwelling units measuring approximately 1,325 to 1,950 square feet) on interior lots and two residential flats of approximately 1,030 square feet on the lot fronting York Street. The project merged three lots and provided access to the mid-block townhouses through a pedestrian walkway at York Street. The units included four two-bedroom and six three-bedroom units with no onsite inclusionary units (the sponsor opted to fee out instead). The project included a basement garage on the York Street parcel with eight car parking spaces using a mechanical car lift and 16 Class 1 and two Class 2 bicycle parking spaces. The project sought a variance from the requirements for front setback, rear yard, and dwelling unit exposure, pursuant to Planning Code Sections 132, 134 and 140, respectively.

This site had been vacant since the early 1980s. Project sponsors had attempted to subdivide the parcel in 1993, 1995, 2002, 2008, and 2013. This process has been well-documented in local news which describes four designs, two architects, and four Commission hearing attempts. The project applicant completed a Pre-application meeting with neighbors in May 2014 but did not submit an application until May 2018. The application was considered complete in October 2019 which included a new design. A Plan Check Letter was issued in early November 2019. Both the Conditional Use Authorization and a variance were approved on December 13, 2019. The building permit was approved on July 24, 2020 with a site permit issued December 6, 2021. Total time from application to approval was 794 days (~567 business days) with substantial applicant hold time. This is a draft assessment of the timing.

The application required a site permit, a conditional use authorization, and a variance. It requested a variances for front setback, rear yard, and dwelling unit exposure. It was determined to be categorically exempt from CEQA . It was also subject to the application of the Residential Design Guidelines. It paid a total of \$884,938 in impact fees and \$60,709 in application fees for a \$94,564 per net new unit cost.

There was no appeal filed. The motion required for the Conditional Use Authorization referenced Urban Design Element, the Housing Element, and Planning General Code Section 101.





**Case Study:**  
**4171 24<sup>th</sup> Street -- Noe Valley**

This case study describes a median time frame for a **housing approval that required a conditional use authorization for demolition of an existing unit**. This project included the new construction of a four-story, five unit residential and commercial mixed-use building, 45 feet tall, in place of a single-family home. The project included one one-bedroom, three two-bedroom, and one three-bedroom units. The existing density limits allowed one unit per 600 square foot lot area, or the density permitted in the nearest R District, whichever is greater. It included no automobile parking with five bicycle spaces.

The project applicant completed a pre-application meeting with neighbors in September 2014 and submitted an application in October 2014. The application was considered complete in November 2015. It went to Planning Commission on January 21, 2016, and was approved. The site permit was issued June 2016 with a Certificate of Occupancy and Final Completion April 23, 2018. Total time between application submittal and approval was 454 days (~ 324 business days) with 165 days being on hold for applicant revisions. This is a draft assessment of the timing. No appeal was filed.

The application required a site permit and conditional use authorization and did not request exceptions. It required a Class 3 Categorical Exemption. It was required to meet the Urban Design Guidelines, and also provide new street trees. It paid a total of \$0 in impact fees and \$26,288 in application fees for a \$6,572 per net new unit cost.

It used Urban Design and General 101 findings in the motion approved at Planning Commission.

### **Planned Unit Development**

In districts other than C-3, the Eastern Neighborhoods Mixed Use Districts, the DTR Districts, or the North Beach Special Use District, the Planning Commission may authorize as Conditional Uses Planned Unit Developments. After review of any proposed development, the Planning Commission may authorize such development as submitted or may modify, alter, adjust or amend the plan before authorization, and in authorizing it may prescribe other conditions as provided under Conditional Use Authorizations. The development as authorized shall be subject to all conditions so imposed and shall be excepted from other provisions of this Code only to the extent specified in the authorization.

### **Large Project Authorization**

Within Eastern Neighborhoods Mixed Used Zoning Districts, a project sponsor must apply for a Large Project Authorization if the proposal meets certain size thresholds listed below. The project sponsor may request particular exceptions from the Planning Code provided that the Planning Commission evaluates the physical design aspects of the proposal at a public hearing. Planning Code Section 329 specifies exceptions to Code provisions which may be granted by the Planning Commission. The Planning Commission may require project modifications or conditions in order to achieve the objectives and policies of the General Plan or the purposes of the Planning Code.

Section 329 applies to all new construction and proposed alterations of existing buildings in the Eastern Neighborhoods Mixed Use Districts that meet at least one of the following criteria: 1. The project includes the construction of a new building greater than 75 feet in height (excluding any exceptions permitted per Section 260(b)), or includes a vertical addition to an existing building resulting in a total building height greater than 75 feet; or 2. The project involves a net addition or new construction of more than 25,000 gross square feet. As a component of the review process under Planning Code Section 329, the project may seek exceptions and shall be reviewed by the Planning Commission which shall evaluate physical design issues.

For projects located in Central SoMa Special Use District, a Large Project Authorization is required when at least one of the following criteria are met: 1. The project includes the construction of a new building greater than 85 feet in height or includes a vertical addition to an existing building with a height of 895 feet or less resulting in a total building height greater than 85 feet; or, 2. The project involves a net addition of new construction of more than 50,000 gross square feet.

Figure 18 - Large Project Authorization summarizes the criteria for Large Project Authorization in San Francisco.

See *Case Study: 800 Indiana Street -- Dogpatch* and *Case Study: 2070 Bryant Street -- Mission District* for examples of projects that required a Large Project Authorization in San Francisco.

**Figure 18.** Large Project Authorization

| Area                                     |                                | Large Project Authorization Criteria  |
|--|--------------------------------|---|
| Outside Central SoMa SUD                 | C-3*                           | <ul style="list-style-type: none"> <li>The Project would result in a project 75 feet in height or greater, or</li> <li>The project would result in a net addition of more than 50,000 square feet of gross floor area of space, or,</li> <li>The project would require an exception (deviation from the Planning Code) as provided in Subsection 309(a).</li> </ul>             |
|  | Downtown Residential Districts | <ul style="list-style-type: none"> <li>The Project would result in a project 85 feet in height or greater, or,</li> <li>The Planning Commission shall hold a public hearing for all projects greater than 50,000 gross square feet, or,</li> <li>The project would require an exception (deviation from the Planning Code) from features listed in Section 309.1(b).</li> </ul> |
| Eastern Neighborhood Mixed-Use Districts | Outside Central SoMa SUD       | <ul style="list-style-type: none"> <li>The project results in a building greater than 75 feet in height, or</li> <li>The project involves a net addition or new construction of more than 25,000 gross square feet.</li> </ul>  |
|  | Within Central SoMa SUD        | <ul style="list-style-type: none"> <li>The project results in a building greater than 85 feet in height; or</li> <li>The project involves a net addition or new construction of more than 50,000 gross square feet.</li> </ul>  |

\*Planning Code Section 309





### Case Study: 800 Indiana Street -- Dogpatch

This case study describes the typical approval of a **Large Project Authorization that includes demolition of a historic resource**. The proposed project included demolition of the existing two-story industrial warehouse and one-story office (approximately 74,847 square feet) on the subject lot, and new construction of a five-story, residential building (approximately 431,020 gross square feet) with 326 dwelling units, 4 car-share parking spaces, 260 off-street parking spaces, 195 Class 1 bicycle parking spaces, 16 Class 2 bicycle parking spaces, and 147 addition bicycle parking spaces. The project included a dwelling unit mix consisting of nine three-bedroom units, 121 two-bedroom units, 86 one-bedroom units, and 110 studio units. The project included a 23% inclusionary rate under the Inclusionary Housing Ordinance and elected to pay the fee. The project included common open space (approximately 22,235 square feet), private open space for 73 dwelling units via private decks and balconies, and a publicly accessible plaza (approximately 3,510 sq ft). The project incorporated a public dog park underneath the overpass along 20th Street.

The project applicant submitted the project for a Preliminary Project Assessment in December 2011 with a PPA Letter issued in February 2012. A permit application was submitted in March 2012 with a Planning Commission hearing and approval on January 8, 2015. A Building Permit Application was submitted in June 2014 and a building permit was issued on October 9, 2015. Total time between PPA submission and approval was 1,128 days (~ 806 days). This is a draft assessment of the timing and includes time the application was on hold. There was no appeal filed.

The application used the Large Project Authorization entitlement. It requested exceptions from Rear Yard, Open Space, Dwelling Unit Exposure, Off-Street Loading & Horizontal Mass Reduction. It was not subject to specific design guidelines other than the Urban Design Element policy. It required a Community Plan Exemption as a CEQA document that relied on the Central Waterfront EIR. It paid a total of \$25,379,426 in impact fees and \$1,533,161 in application fees for a \$82,554 per net new unit.

The approval motion included findings from the Urban Design Element, the Housing Element, and Planning General



### Case Study: 2070 Bryant Street -- Mission District

This case study describes a **longer-than-average processing timeline for a Large Project Authorization**. The Project included demolition of the six existing buildings on the project site (collectively measuring approximately 68,690 square feet), and new construction of a six-story, 68-ft tall, mixed-use building (approximately 203,656 square feet) with 199 dwelling units, ground floor retail/trade shop spaces along 18th Street and Florida Street (up to 7,007 square feet), 12,000 square feet of PDR space, 1 car-share parking space, 84 off-street parking spaces, 128 Class 1 bicycle parking spaces, and 18 Class 2 bicycle parking spaces. The Project included a dwelling unit mix consisting of 80 two-bedroom units, 89 one-bedroom units, and 30 studio units. The project included onsite 16% inclusionary at 55 AMI. The Project also incorporated one off-street freight loading space within the private mid-block alley. The Project included common open space (approximately 15,920 square feet) via two interior courtyards and a roof terrace. The Project also included a lot merger and subdivision of Lots 001, 002 and 021 on Block 4022. The new lots would measure 230-ft by 200-ft (Project), and 95-ft by 200-ft (Land Dedication Site for affordable housing).

The project applicant submitted the project for a Preliminary Project Assessment in late May 2013 with a PPA Letter issued in July 2013. The application was submitted in September 2013 with a Planning Commission hearing and approval on June 2, 2016. The project was appealed, and the hearing occurred on September 13, 2016. A building permit was issued on July 2017. Total time between PPA submission and approval was 1,208 days (~ 863 days). This is a draft assessment of the timing and includes time the application was on hold.

The application used the Large Project Authorization entitlement. It requested exceptions from Rear Yard, Open Space, Dwelling Unit Exposure, Off-Street Loading & Horizontal Mass Reduction. It was not subject to specific design guidelines other than the Urban Design Element policy. It required a Community Plan Exemption as a CEQA document that relied on the Central Waterfront EIR. It paid a total of \$25,379,426 in impact fees and \$1,533,161 in application fees for a \$82,554 per net new unit.

The approval motion included findings from the Urban Design Element, the Housing Element, and Planning General Code Section 101.

## **Downtown Authorization**

Planning Code Section 309 establishes a framework for review of construction or substantial alteration of structures in C-3 (Downtown Commercial) Zoning Districts. Projects are reviewed for conformity with the Planning Code and the General Plan, and modifications may be imposed on various aspects of the project to achieve this conformity. These aspects include overall building form, impacts to public views, shadows and wind levels on sidewalks and open spaces, traffic circulation, relationship of the project to the streetscape, design of open space features, improvements to adjacent sidewalks (including street trees, landscaping, paving material, and street furniture), quality of residential units (if applicable), preservation of on-site and off-site historic resources, and minimizing significant adverse environmental effects. Through the Section 309 Review process, the project sponsor may also request exceptions from certain requirements of the Planning Code, if the applicable criteria can be satisfied.

While Planning Code Section 309 applies to nearly all new construction and substantial alterations in C-3 Zoning Districts, not all projects will require a formal Section 309 Application. Some projects may be reviewed by through the standard site or building permit review process, without filing a separate Section 309 Application with the Planning Department. The Planning Commission will conduct a hearing to consider the following types of projects within C-3 Zoning Districts:

- Any project that will result in a net addition of more than 50,000 gross square feet.
- Any project that will result in a building greater than 75 feet in height.
- Any project that requests exceptions to specified provisions of the Planning Code.
- Projects that were administratively approved by Planning Department staff through a site or building permit but were modified by the imposition of conditions. In such circumstances, an applicant may agree to the modifications and waive the right to a hearing.
- Projects that were administratively approved by Planning Department staff through a site or building permit, however, a member of the public has requested within 10 days of the "Notice of Proposed Approval" that the Planning Commission review the project. In such circumstances, the Commission may deem that there are no reasonable grounds to conduct a hearing.

See *Case Study: 706 Mission -- Financial District / Downtown Area Plan* for an example of a housing project that required a Downtown Authorization.





### Case Study: 706 Mission -- Financial District / Downtown Area Plan

This case study describes a longer-than-average downtown authorization for a housing project approval. The project proposed partial demolition and rehabilitation of the Arson Mercantile Building (a Significant Building under Article 11), to include addition of a new 42-story, 500-foot-tall mixed use residential, with 36,000 square feet for the Mexican Museum. The project also included the purchase of the adjacent Jessie Square Garage and approximately 260 of its parking spaces (sale or lease from City College of San Francisco). The project included 15 one-bedrooms, 64 two-bedrooms, and 67 three-bedroom apartments for a total of 146 new units and paid an inclusionary fee instead of providing on-site affordable units. It was in a form-based zoning area and had no maximum density limit.

The project applicant submitted an environmental application June 30, 2008, with an entitlement application in October 2012. It went out for public notification in March 2013 with a Planning Commission hearing on April 11, 2013, that was continued to May 23 which was heard at a joint hearing with the Planning Commission and Recreation and Parks Commission to address shadow impacts under Planning Code Section 295. It also went to the Historic Preservation Commission. The EIR was certified on April 11, 2013, but was appealed. The appeal was denied on May 7, 2013, by the Board of Supervisors and the building permit was issued on October 27, 2015, with a Certificate of Occupancy and Final Completion issued September 2, 2021. Total time from environmental application to approval was 1,788 days (~1277 business days). This is a draft assessment of the timing and includes applicant hold time.

The application required a site permit, a downtown authorization, subdivision condo map approval, shadow approval pursuant to Planning Code 295, a general plan referral, minor and major encroachment permits, and a permit to alter pursuant to Article 11 of the Planning Code. The project was evaluated under an Environmental Impact Report, and it was required to meet the following planning and land use standards: the Secretary of the Interior's Standards for Rehabilitation, Bird-Safe Buildings, Green Landscaping, garages and curb cuts, Better Streets, Window Replacement, and Downtown Fine Arts 1% for art. It requested exceptions from the following requirements: Reduction of Ground-Level Wind Currents in C-3 Districts, Off-Street Parking Quantity, Rear Yard, and General Standards for Off-Street Parking and Loading. The project required a legislated height increase and also the passage of the Yerba Buena SUD Section 249.71. It paid a total of \$11,958,037 in impact fees and unknown application fees.

The EIR was appealed. Findings included the Transportation, Arts, Commerce and Industry Element, and Urban Design Elements. The following Housing Element Objective was included: 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.

## Application Process

Typical timeline for a medium-density, multi-family residential project (50 to 100 units) is about one to two and a half years from the initial conceptual project review with the Planning Department to commencement of construction. This schedule assumes concurrent procedures for CEQA and entitlement review requiring Planning Commission review and approval. Timelines can be longer if an environmental impact report (EIR) is required, it can take 18 to 22 months for all necessary studies and environmental analyses to be conducted prior to approval at the Planning Commission.

### Comment from Developer interviewee

**Most significant barriers to permit issuance are the multiple disaggregated steps required of developers, as opposed to the timing of Planning staff's processing.**

The Department has three options for prospective applicants to receive preliminary feedback on whether their proposed projects meet applicable codes and requirements and a likely pathway towards approval: 1) The Planning Counter (PIC), 2) Project Review Meeting (PRV), and 3) Preliminary Project Assessment (PPA). The Planning Counter (PIC) at the Permit Center is an accessible resource

for development teams working on projects with few complications where there are limited Code questions. PIC enables developers to get answers to technical or procedural questions that can be done in approximately 30 minutes. For smaller projects, prospective applicants can have a Project Review Meeting (PRV) which includes environmental, planning review, and design review staff where they can present whatever level of information they wish to get a direct, in meeting, response. PRVs typically are scheduled and completed within two to three weeks of a request, if not less. Moderate to larger projects must submit a Preliminary Project Assessment (PPA). This early review of the project provides sponsors with feedback and procedural instructions, and also allows staff to coordinate at the beginning in the development process. It is also fee-neutral for projects that advance to further applications. The PPA application is not a development application, and issuance of a PPA letter is not a development approval or denial. For any project that requires a PPA, no development application, including for Environmental Evaluation (EE) will be accepted until after the PPA letter has been issued. If requesting a density bonus under the State Density Bonus Law, applicants must provide both the Project Description and Project Summary Table for both the base (Planning Code-compliant) project and the bonus project.

A PPA is required for any housing project that includes the creation of 10 or more dwelling units and/or creation or expansion of any group housing use of 10,000 square feet or more. For ADU projects, only proposals of 25 or more new ADUs will require a PPA. The Department may also request a PPA review for other complex projects.

As a matter of Planning Commission Policy, some housing projects require a Pre-Application (Pre-App) Community Outreach Process prior to submitting permits or land use applications. A Pre-App is legislated for PDR-1-B (non-housing) projects. All other Pre-App requirements, typically for smaller projects not going to a hearing, are the result of a Commission Policy. Pre-App meetings are intended to initiate neighbor communication and identify issues and concerns early on; provide the project sponsor the opportunity to address neighbor concerns about the potential impacts of the project prior to

submitting an application; and reduce the number of Discretionary Reviews (DRs) that are filed. The residential projects that require a Pre-App meeting are:

Projects subject to 311 Notification include:

- New construction;
- Any vertical addition of 7 feet or more;
- Any horizontal addition of 10 feet or more;
- Decks over 10 feet above grade or within the required rear yard

A Project Application is the primary means by which the Planning Department collects information necessary to conduct environmental evaluation and determine Planning Code compliance and conformity with the General Plan for a proposed development project. In order for the Department to consider a Project Application accepted, the application must be accompanied by all required supporting materials (e.g. plan sets, letters of authorization, etc.) and all relevant supplemental applications. For projects that are required to submit a Project Application, project review will not begin unless a complete Project Application has been submitted and accepted along with its related entitlement applications (building permit or hearing supplemental).

Project applications that are adding two or more housing units as per the Mayor's Executive Directive, proceeds with these steps:

- Within 30 days of receiving a Project Application along with its related entitlement applications (building permit or hearing supplemental), Planning will determine whether a Project Application submittal is complete or incomplete. Incomplete applications will be held until all required application materials are provided. Once an application is complete, the application will be deemed Accepted.
- Within 90 days of the accepted date, Planning will issue a first Plan Check Letter identifying the specific outstanding Planning Code and environmental review issues with the project, and any other required materials or applications. During this time, the assigned planner reviews the project against the appropriate Plan Check sheet. If there is only a change of use and no building modifications, the planner proceeds straight to completing the Plan Check Letter. Design review is triggered on any project application that is discretionary with the Residential or Urban Design Guidelines as the lead guidance except for PDR and historic properties. At the review planner's discretion on smaller projects as to whether they prefer discussion with a staff architect, any project that meets the threshold for requiring a PPA will be reviewed by the Design Review Team, the Streetscape Design Advisory Team (see section in On and Off-Site Improvements), and Policy planners. Then the planner completes the Plan Check Letter.
- Once the applicant provides all requested materials, additional applications, and project modifications, Planning will determine whether this response to the first Plan Check Letter is complete or incomplete within 30 days.

- Once a complete response has been received, the project will have a Stable Project Description. For Housing Projects only (those adding two or more net new units) will be assigned a Target Hearing Date within 6 to 22 months, depending on the level of environmental review. Note that the 6-month time frame applies to a project for which no CEQA review is required; 9 months for a Categorical Exemption or other exemption; 12 months for a Negative Declaration (ND), Mitigated Negative Declaration (MND), or Community Plan Evaluation (CPE); 18 months for an Environmental Impact Report (EIR); or 22 months for a complex EIR.
- If Public Noticing is required for the project (see Notification Requirements), members of the public will be notified of the project once the project meets applicable code, standards, and guidelines. At this point, members of the public may choose to file a Discretionary Review on a project for a subsidized fee. If Discretionary Review is filed, the Discretionary Review manager will review the file and either resolve the issue negating the need for the Planning Commission hearing, or schedule a Discretionary Review hearing. Hearings are scheduled within three months of a Discretionary Review being filed. Once the hearing concludes, Planning staff approve the permit once any revisions required by the Planning Commission are resubmitted.
- All other required hearings for the project (e.g. Historic Preservation Commission, Recreation and Parks Commission), environmental review, and any requested project modifications will be completed prior to the Target Hearing Date, at which time – or sooner if possible – the project may be approved, approved with modifications, disapproved.
- Post-Entitlement: After approval, projects may be subject to appeal. Once the appeal window is closed or a determination from appeal bodies is complete, projects continue to apply for or receive their other required permits, typically building permits, but also permits for encroachments in the public right of way, permission from public utilities, condo mapping, and many other processes. Projects must also submit material samples for historic and large projects for final sign-off as part of the construction permitting phase, referred to as the “addenda process”. Any project that makes substantial changes at the addenda phase to the design, massing, or other key planning criteria will be re-evaluated to see if a new entitlement or Site Permit must be sought. The rule of thumb is that anything that makes the project not less than 5% bigger or not more than 10% smaller is unlikely to need to re-entitle, however the Zoning Administrator has discretion to determine what is a “significant” change to a project post-entitlement and what requires a new notification or new entitlement.

The review process is iterative and requires navigation for applicants and planners. Applicants have been challenged in providing a "complete" application despite the Department's many handouts and descriptions helpful to them. The list of requirements that a housing project must meet can be challenging and often requires extensive technical drawings, reports, data, and descriptions. An architect, engineer, land use attorney, or expediter are especially helpful for moderate and larger housing projects. Given the additional programs offered by the state, up-to-date knowledge about procedures can substantially affect the ease of navigating the process.

After the issuance of a Plan Check Letter, the next step is for applicants to respond with questions for clarification and/or revised proposal and plans. This back-and-forth process can be short for projects that are close to compliance, or difficult and lengthy depending on the understanding of the project team, responsiveness to comments, speed and completeness of revisions, and the case load of the project planner. The more iterations and the logistics of each step can extend the timeframe.

### Planner Caseload

The high level of knowledge and lengthy code review process also challenges even the most experienced Department staff. The Department created a very detailed and up-to-date internal Standard Operating Procedures (SOP) manual. The SOP has added an element of internal streamlining, creating “cheat sheets” for planners so that they do not spend months figuring out a process. This has increased efficiency and consistency of reviews. Even so, quickly changing rules with very detailed procedures means that staff are also having to continually study and adjust to changing process. Many of the new rules, especially coming from State legislation, start with the Department's specialized Housing Implementation team who must evaluate how they will be practically used and enforced in consultation with the Zoning Administrator and other affected departments.

The pressure on Department staff to manage 60 to 100 cases, stay abreast of code changes and procedural updates, and field calls from eager applicants, or inquisitive and even hostile neighbors, results in a stressful job. Turnover of staff can be difficult for managers and project applicants who feel like it sets the clock back. Hiring has several challenges, especially in a city with large swings in development permit cycles. When the City is receiving numerous permits, the civil service system does not quickly enable hiring planners, and positions are required to be permanent. And unlike other cities, San Francisco's complex Planning Code and labor provisions makes it difficult to outsource Planning Code review to consultants, which would otherwise allow the City it to be nimbler.

**Figure 19.** Typical Processing Times for Application Types

| <i>Type of Approval or Permit</i>                         | <i>Typical Processing Time</i> |
|---|--------------------------------|
| Conditional Use Authorization / Planned Unit Developments | 300 median days                |
| Large Project Authorization                               | 543                            |
| Downtown Project Authorization                            | 609                            |
| Site Plan Review  | 365                            |
| Discretionary Review                                      | 154                            |
| Affordable Housing  | 286                            |
| Environmental Impact Report                               | 1,004                          |
| Community Plan Evaluations                                | 477                            |
| Negative Declaration                                      | 788                            |
| Categorical Exemption                                     | 122                            |



## **Processing Times**

The following describes the median processing times for various applications from time of application submittal to application action for permits submitted since adoption of the 2014 Housing Element (see Figure 19 - Typical Processing Times for Application Types). The Planning Department's typical timelines for processing 100% affordable projects demonstrate an average of 286 days for review and approval.

100% affordable housing projects were not always processed administratively or ministerially reviewed and approved. But local legislation created an administrative review process under Planning Code Section 315 that went into effect in 2016 and a ministerial review process under SB-35 that went into effect in 2018, both of which require completed review periods of 90 days and 180 days for 150 or fewer residential units and for more than 150 residential units, respectively. Conditional Use Authorizations and Planned Unit Developments averaged 300 median days from accepted project date to Planning Commission Action date. Project applications that required Large Project Authorizations averaged 543 days and Downtown Authorizations averaged 609 days. Site permit plan review, for principally permitted, Code compliant projects, averaged 365 median days from arrival date at Planning to completed Planning review date. Discretionary review applications averaged 154 days from Planning accepted date to Planning Commission Action date.

HCD has notified San Francisco that it will be subject to a Policy and Practice Review which will examine the City's housing approval process, including processing times. The research and recommendations from this process will be integrated into the Housing Element Update 2022. This is expected to begin fall 2022.

## **Consolidated Project Application**

In response to the Mayor's Executive Directive, the Planning Department consolidated the many often overlapping applications required for projects. This consolidated Project Application reduced paperwork, application pages, redundant information that multiplied the potential for errors, and centralized the data.

## **Permit Center at 49 South Van Ness (49SVN)**

In addition to the online permit and project tracking systems, the City constructed a new permit center at 49 South Van Ness (49SVN) that opened Spring 2020 which provides a centralized place for business permitting. Previously, 13 different locations in San Francisco offered different permitting services. Now, almost all permitting can be completed at 49SVN, including business, special events, and construction permitting. The larger permit center can now offer Expanded Services, such as expansion of Over The Counter (OTC) Fire-Only Permits and expansion of Trade Permits, all of which can be completed online.

## **Electronic Plan Review**

While previously in process, the COVID-19 pandemic sped up the Planning and Building Department's efforts to transition to electronic plan review for all projects other than those approvable over-the-counter, in an effort to streamline the permitting process. It eliminates the need for applicants to come to the City's permit center, enables better tracking/ records management, allows applicants to see the

City's comments in real-time, and allows for concurrent review of permitting agencies once a project is cleared by Planning. The Department also began allowing online payments in 2019.

### **California Environmental Quality Act**

Residential projects in San Francisco that require a discretionary action are subject to environmental review under the California Environmental Quality Act (CEQA). CEQA can act impact the pace of housing development because it can increase both the costs and the time associated with development review. A substantial portion of the Department's staffing, around 40 staff, is to accomplish CEQA review towards all public and private project requiring approvals under San Francisco jurisdiction; over the last five years, the Department has completed over 5,000 CEQA reviews per year.

The timeline and cost of environmental review for residential projects varies (see Figure 20 - Project Intake, Environmental Review & Approval Process). The Department complies with the 2017 Mayoral Executive Directive to render an entitlement decision for residential projects according to different timeframes, based on the complexity and type of environmental determination required under CEQA for a given residential project. The Department typically determines that most residential projects qualify for exemptions under CEQA. Exemptions are considerably faster to complete than other types of environmental review. For instance, large volumes of simple CEQA exemptions are completed within one day or one week in the Department, while it takes no more than six to nine months to complete a small volume of more complex CEQA exemptions that require background technical studies. The Department completes fewer than ten negative declarations per year and fewer than five environmental impact reports (EIRs) per year for residential projects. Such environmental analysis for residential projects can take no more than 12 months to complete negative declarations and 18 to 22 months to complete EIRs, per the 2017 Mayoral Executive Directive's established timelines.

San Francisco is highly urbanized. Thus, significant environmental impacts may relate to topics such as historic resources, transportation, air quality, noise, wind, and shadow, while it is rare to have significant impacts related to biological resources.

San Francisco Planning shares anticipated project CEQA timelines with project sponsors in the Preliminary Project Assessment (PPA). PPA's offer project sponsors early feedback and procedural instructions on moderate to large projects, and also allow staff to coordinate at the beginning in the development process.<sup>25</sup> Some CEQA timeframes can be pre-identified based on project size, such as smaller buildings and projects with more than 10 units. In some cases, technical studies like transportation and historical reports are needed to determine estimated CEQA timelines. In order for projects to begin CEQA review, a Stable Project Description is needed. This is complete when the applicant has provided all materials, additional applications, and made modifications to the project that meet the project's Plan Check Letter. The timeline for an applicant to submit a Stable Project Description can vary and take a long time, which then pushes out the timeframe for CEQA review to begin.

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25 San Francisco Planning Department Preliminary Project Assessment, <https://sfplanning.org/resource/ppa-application>

**Figure 20.**  
Project Intake,  
Environmental  
Review & Approval  
Process

This flowchart provides an overview of Planning Department's project review and approval procedures for projects with two or more housing units.



**Comment from Developer interviewee**

**SF applies CEQA in a way that no other California community does, with a degree of precision and specificity that is not mandated by law. What takes 9 months in the peninsula takes over 3 years in SF. One major issue to address is the process required to declare a project stable for EIR.**

Historic resources are broadly defined under CEQA. This includes those listed in, or determined to be eligible for listing in, the California Register of Historical Resources. According to CEQA Guidelines Section 15064.5, historical resources are listed in, or formally determined to be eligible for listing in, the California Register of Historical Resources (California Register), meeting one or more of four criteria related to events, persons, architecture, and information

potential. Historical resources are also properties included in a local historic register, such as Article 10 landmarks in San Francisco, for the purposes of CEQA. Properties that are not listed but otherwise determined to be historically significant, based on substantial evidence, would also be considered historical resources under CEQA. Furthermore, resources that are listed in or formally determined to be eligible for listing in the National Register of Historic Places are automatically listed in the California Register and are thus considered historical resources for the purposes of CEQA compliance. Anyone may nominate a property to be a historic resource for inclusion on the Register, including unelected and unappointed officials and that generally would happen as a community sponsored landmark with the City of San Francisco or register listing with the State of California. Many sites in San Francisco that are significantly less developed than zoning would permit include a historic resource. The presence of a historic resource on-site can preclude a residential project from moving forward or substantially increases the review process through an EIR, typically a Focused EIR under CEQA where the environmental analysis is focused on the historic resources topic. State and local housing legislation, SB 35 for example, aimed at adding housing often excepts properties that contain historic state, federal, Article 10, and Article 11 (excluding CEQA Category A) resources, thereby restricting the development of underutilized property, including lots where there is a parking lot or other undeveloped portion of a site adjacent to a historic structure.

Opponents to residential projects may use local administrative CEQA appeal processes and courts as a threat, negotiating, or delay tactic, and/or a backstop to prevent environmental damage. Under CEQA appeals, project opponents can file anonymous lawsuits, recover attorney fees from the lead agency/project proponent if their lawsuit is successful, and delay or prevent project proponents from moving forward.

The Department is implementing a variety of initiatives to increase the efficiency of the environmental review process and thereby reduce the time and costs associated with achieving CEQA compliance for residential projects. This includes setting timelines for environmental review of residential projects generally, reassessing approaches for technical environmental topic reviews, and standardizing and pursuing the adoption of applying commonly used CEQA mitigation measures to apply them as code requirements, instead of mitigation for projects. CEQA also affords a variety of opportunities to streamline environmental review for housing projects, particularly if the Department assessed housing growth under an adopted area plan or under a general plan element environmental review process.

Environmental planning and review decision-making are detailed further in the Decision-making Process section of the Constraints Analysis.

### **Priority Processing**

All applications received by the Planning Department shall be assigned, reviewed, and completed in the order received, except for: Type 1: Applications for 100 Percent Affordable Housing Projects where all of the on-site dwelling units with the exception of any manager's unit are affordable units. For Type 1 projects, "affordable units" are those defined either in Planning Code Sections 315 or 406(b). Type 1A: Applications for HOME-SF Projects and Market-Rate Housing Projects that Exceed Affordability Requirements which are those for housing projects (1) which are seeking approval under the HOME-SF program, as provided for in Planning Code Section 206.3 or (2) where at least 30 percent but less than 100 percent of the total number of on-site dwelling units are affordable for a term of no less than 55-years to households with an income no higher than for middle-income households, as defined in Planning Code Section 401. Navigation Centers and Temporary Shelters are included in priority processing. In addition, the City provides priority permit processing for applications made by City Departments, clean construction projects, projects consisting of seismic retrofit work, and certain medical projects. Priority means that these projects are elevated for quick planner assignment and review, often with planners with specialties in the types of projects and procedures.

### **Mayor's Executive Order / ADU roundtable**

On August 31, 2018, Mayor Breed issued an Executive Directive to accelerate the approval of Accessory Dwelling Units (ADUs), commonly known as in-law units, and to clear the backlog of pending applications. The Directive instructs City departments to set clear, objective code standards for ADU applications, to which will provide the guidance necessary for applicants to navigate otherwise conflicting code sections, and as a result, allow these units to be approved more quickly. This will take the form of an information sheet that will set these standards, so all ADU applicants have clear and reliable guidelines.

Since 2014 when the first ordinance was passed to allow the construction of new ADUs in the Castro neighborhood, the program has gradually expanded to allow new ADU construction throughout San Francisco. ADUs are constructed within buildings, using underutilized storage or parking spaces, within expansions, and as part of new construction, and are often cheaper and faster to build than traditional units. When an ADU is built on a lot that contains a "rental Unit" as defined in Section 37.2(r) of the Administrative Code, that new ADU is subject to rent control.

As part of the Mayor's acceleration effort, several process improvements were made by the City departments involved in reviewing and issuing permit approvals. A streamlined "roundtable" review process was introduced where multiple reviewing departments, including the Planning Department, Department of Building Inspection (DBI), Fire Department, San Francisco Public Utilities Commission, and the Department of Public Works came together concurrently to review applications electronically. This improvement allowed all agencies to issue comments or requests for plan revisions to ADU applicants at once, instead of the former linear process. Applicants can see comments and reply in real time. Thus, an applicant no longer has to visit the City in person to apply for or pick up an ADU permit. In

the first six months following the executive order, the City permitted more ADUs than the three years before the executive order.

Efforts to clarify and expedite the application process have benefited from the addition of public services and documents now available to applicants, including:

- Optional meetings before filing with the Planning, Building, and Fire Departments, allowing for early multi-agency collaboration and identification of red flags
- Public information sessions on ADUs for design professionals and homeowners
- Dedicated department staff to provide informative and consistent advice to applicants
- Both new and updated public information documents, including a first-ever multi-agency “ADU Checklist” to outline all requirements and submittal guidelines for each agency
- An updated “ADU Handbook” to reflect legislative updates and requirements for permitting.

### **100% Affordable Housing Permit Processing**

100% Affordable housing is allowed more waivers and concessions under state legislation for affordable housing density bonuses to remove constraints such as fees and other financial impediments.

100% Affordable housing is designated for priority processing but is not subject to ministerial permitting under local rules, only under some parameters established by the state. The City’s Economic Recovery Taskforce, a group of public and private leaders assembled by the Mayor and Board of Supervisors in response to the COVID-19 pandemic in 2020, recommended this be adopted at the local level.

Design review is often cited as a challenge by applicants for affordable housing approvals, although this has been practically eliminated given the streamlining available through SB 35, as Department staff may only apply objective standards to the project. Affordable housing developers have recommended to MOHCD that cost-effectiveness is prioritized in design review, advanced with architects and contractors in material and design choices and supported in conversations with members of the public including at the Planning Commission and with neighborhood groups. Overall, there have been significant advancements in the approval processes of affordable housing projects in San Francisco since 2014. As part of its priority processing, the Planning Department has internal staffing methods to review all affordable housing projects to support efficient and effective design accommodations.

The City has been enacting policies to make affordable housing greener and more sustainable as part of its climate action goals. These policies include storm water management, recycling non-potable water, conversion to public power and electrification, and zero waste. While these are rules that market-rate affordable housing projects are subject to, they add constraints to funding towards more units more quickly.

See *Case Study: 921 Howard Street -- Central SoMa* for an example of a 100% affordable housing project in San Francisco.





### Case Study: 921 Howard Street -- Central SoMa

This case study describes a **median processing timeline for a 100% affordable housing project** that used SB 35 ministerial permitting to obtain a site permit. The proposed project included construction of a new 180' tall, eighteen story, mixed-use residential building containing 203 residential units (33 studios, 84 one-bedrooms, 81 two-bedrooms, and 5 three-bedrooms) and 2,027 square feet of ground floor retail. Three off-street parking spaces, 134 bicycle parking spaces and one loading space were located at the ground floor with access from Tehama Street. A podium terrace at the third floor and private balconies provide open space for residents. The units are 100 percent affordable ranging from 50% - 120% AMI.

The project applicant submitted the project in late March 2020 with a complete application in early April. It received comments twice in March and April with final revisions submitted by the applicant in May 2020. The approval, a site permit, was granted May 5, 2020 for a total processing time of 41 days (~29 business days). This is a draft assessment of the timing.

The application used SB 35 ministerial permitting, State Density Bonus program, and was subject to the Housing Accountability Act. It requested exceptions from setbacks, height, dwelling unit exposure, open space, and lot coverage. As it was a ministerial process, no CEQA document was required. It paid a total of \$4,354,725.56 in impact fees and \$573,491 in application fees for a \$24,277 per net new unit.

## Department of Building Inspection Permitting

Department of Building Inspection's (DBI) identified the root challenge of their in-house review process as a lack of quality control. DBI's typical plan review process followed the following steps:

1. Applicant submits permit application and plans
2. Application and plans are reviewed by Permit Technicians
3. Fees are received, application is created in permit tracking system, and plans are routed
4. Incomplete plans and documentation, selecting the incorrect process for review, unnecessary review stations, inaccurate valuation estimate and fees, and static project-based staff have all contributed to inefficiencies of the in-house review process. The end result was small projects getting delayed behind large projects, and permit issuance taking more time and money.

## Department of Building Inspection Enhanced In-House Review Permit Process

Department of Building Inspection's new administration has an entirely new leadership team since the last building code cycle. Their focus is streamlining and making process improvements to expedite review of permitting. In early 2022, DBI streamlined how workload is assigned internally. Whereas previously only Permit Technicians reviewed applications and plans, the new process introduces Plan Examiners into that step also:

- Applicant submits permit application and plans
- Application and plans are reviewed by Plan Examiners and Permit Technicians
- Fees are received, application is created in permit tracking system, and plans are routed

DBI developed standardized pre-plan check screening checklists for residential and commercial projects that ensure a consistent intake process and clarify required documents for permit submittal. These checklists are shared publicly on DBI's "Get a building permit with In-House Review" step-by-step page.<sup>26</sup> Engineers have been introduced to the pre-plan check screening process. Among other checklist tasks, they match the scope of work in the application to plans and write a concise description of work for the application going forward. Engineers estimate the level of time in hours required for the initial review of plans. Based on this time estimate, plans are routed to several tiers of review: Over-the-Counter (less than 1 hour), In-House Level 2 (1-4 hours), In-House Level 3 (4-8 hours) and In-House Level 4 (greater than 8 hours). This categorization of work ensures that smaller projects that require less review effort are reviewed in an appropriate time compared to larger projects.

Any projects that require re-checks will receive priority. DBI added a new section to their website so applicants can anticipate the start of their plan review. These recent changes were shared through a public webinar with a Q&A session now posted online.<sup>27</sup>

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26 <https://sf.gov/sites/default/files/2022-07/Residential%20Pre-Plan%20Check%20Checklist.pdf>

27 <https://sfdbi.org/virtualevents>



DBI has also started using PowerBI in summer 2022 to track all permits based on the info collected during the pre-plan check. DBI assigns work to mirror how Planning assigns work, holding the backlog with management, and assigning new work every week based on the estimated time to review ensuring the oldest permits are reviewed first and not stuck in an individual plan checker's backlog. This uses data to track all permits Department-wide, assigns work in a methodical manner, and holds staff accountable to a full workload weekly.

### **Notification Requirements**

Planning Code Section 311 requires that neighborhoods are notified about most discretionary permits within certain zoning districts. Notifications are intended to inform the broader community about the planned development. The city mails neighborhood notification to residents and owners of properties located within 150 feet of a subject property, as well as to registered neighborhood groups, which initiates a 30-day public review period. Additionally, the plans must be posted at the subject site for the duration of the notification period. DR applications can only be filed during the notification period.

Section 311 public noticing is applicable in the following areas:

- All building permit applications in Residential, NC, NCT, and Eastern Neighborhoods Mixed Use Districts for a Change of Use
- Establishment of a Micro Wireless Telecommunications Services Facility
- Establishment of a Formula Retail Use in the zoning districts listed in the first bullet.
- Demolition, new construction, or alteration of buildings in Residential, NC, NCT, and Eastern Neighborhoods Mixed Use Districts
- Removal of an authorized or unauthorized residential unit
- Building permits that would establish Cannabis Retail or Medical Cannabis Dispensary uses, except for Grandfathered MCDs converting to Cannabis Retail
- Building permit applications to construct a new unit within an existing building envelope, including Accessory Dwelling Units are not subject to the notification or review requirements of Section 311.

Planning Code Section 333 pertains to public hearing notices and is applied in addition to Section 311. Posting signs is required for public hearings before the Planning Commission, Historic Preservation Commission, and Zoning Administrator. The types of hearings that require sign posting are detailed in Planning Department's Instructions and Declaration of Posting,<sup>28</sup> and apply to:

- 100% Affordable Housing Bonus Program (AHB)
- Certificate of Appropriateness (COA)
- Coastal Zone Permit (CTZ)

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28 San Francisco Planning Department, Section 333 Public Hearing Notice Instructions and Declaration of Posting, May 2019, [https://sfplanning.org/sites/default/files/forms/Section333Instructions\\_DeclarationForm.pdf](https://sfplanning.org/sites/default/files/forms/Section333Instructions_DeclarationForm.pdf)

- Conditional Use Authorization (CUA)
- Condominium Conversion (5-6 Dwelling Units) (CND)
- Discretionary Review of Building Permits (DRP/DRM)
- Downtown Large Project Authorization Section 309 (DNX)
- Downtown Residential Project Authorization Section 309.1 (DNX)
- Executive Park Special Use District Projects Section 309.2
- Institutional Master Plan (IMP)
- Large Project Authorization in Eastern Neighborhoods (ENX)
- Office Allocation (OFA)
- Permit to Alter (PTA)
- Planned Unit Development (PUD)
- Rear Yard Modifications
- Reclassification of Property (Rezoning One-Half Acre or Less) (MAP)
- Requests for Reasonable Modification – Residential Uses
- Variance (VAR)

**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Neighborhood notification takes time and causes delays in housing project approvals.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 26</b>  |
|                             | Implementing Program Areas  |
|                             | <b>8.4 Process and Permit Procedures</b><br>Actions: 8.4.17                                 |

**Department of Building Inspection Permitting**

Department of Building Inspection’s (DBI) identified the root challenge of their in-house review process as a lack of quality control. DBI’s typical plan review process followed the following steps:

1. Applicant submits permit application and plans
2. Application and plans are reviewed by Permit Techs
3. Fees are received, application is created in permit tracking system, and plans are routed
4. Incomplete plans and documentation, selecting the incorrect process for review, unnecessary review stations, inaccurate valuation estimate and fees, and static project-based staff have all contributed to inefficiencies of the in-house review process. The end result was small projects getting delayed behind large projects, and permit issuance taking more time and money.

## **Discretionary Review**

The Planning Commission derives its discretionary review authority from San Francisco's Municipal Code under the Business & Tax Regulations Code, Article 1 Permit Procedures, Section 26 (a) and predates many of the later code changes and provisions, such as height controls, design guidelines, and notification procedures, intended to guide new development.

The Planning Commission has discretion over all building permit applications. Normally, this discretion is delegated to the Planning Department, which approves applications that meet the minimum standards of the Planning Code. During their weekly hearings, the Commission will hear a request to review a permit application when requested by a member of the public or neighborhood organization. The Commission may determine that modifications to the proposed project are necessary in order to protect the public interest and require such changes or may not "take" the request and instead let the project remain as proposed. This process of Commission consideration is commonly known as "Discretionary Review" or simply "DR." By filing a DR application, a member of the public is asking the Commission to exercise its discretionary power. Many larger housing projects are already seeking an entitlement that would require it to get approval at a Planning Commission hearing; thus, DRs are more commonly filed on smaller projects in lower density neighborhoods.

The Discretionary Review process can result in a significant cost to developers and homeowners. The costs are typically the result of holding or temporary housing costs associated with extended time delays, and the expense of making changes to the project that will mitigate concerns or withdraw the Discretionary Review Application. Scheduling a hearing causes significant delay along with the unpredictable outcomes of DR requests. The extra time and process further impacts Planning staff time which can impact the overall housing permit assignment and approval processes.

It is important to distinguish reviewing applications in a discretionary manner from Discretionary Review. All projects that San Francisco Planning reviews outside of State ADUs, projects subject to Senate Bill 35 and 9, and sign permits, are reviewed in a discretionary manner. In this review, however, San Francisco Planning does not propose any design changes that reduce density; SF Planning has also pivoted away from design-based review and focused more on improving form of a building so that the number of units does not significantly change.

Discretionary Review typically only applies when a neighbor requests that the Planning Commission hears the project, offering opportunities for members of the public to support, change, or oppose the project. DRs may also be initiated by planning staff if an applicant refuses to make changes that the Planning Department has asked for, or when the applicant is seeking to add back a scope of work that was removed through a previous DR. Most Discretionary Review requests are a result of either Planning Code Section 311 notification requirements or where a neighbor has filed a Block Book Notification (BBN) and gets notified of a project application. These occur mostly in RH, RM, RTO, and Eastern Neighborhoods zoning districts. The majority of projects brought to Planning Commission due to Discretionary Review are single-family homes and two-unit homes.

The Department has begun various forms of DR reform over the past ten years without success. To address this process internally, the Department instituted a principal planner level staff position in 2018

to coordinate and manage all DRs efficiently, systematizing application timing and process. This has been very effective as it has streamlined the hearing time, discussion, potential mitigations to resolve the issues, and even in many cases, helps parties negotiate to eliminate the DR hearing altogether. Average DR resolution timelines lowered from an average of 199 to 112 days with the instigation of this effort.

While the DR process can be perceived as a constraint to the development process, the Planning Department policy is not to make significant massing reductions or reduce density in this process. It is a "re-review" by the Department's management to ensure the project was reviewed accurately, with a consistent application of adopted Design Guidelines, by the staff planner. . Remodels of Single-Family

Homes or two-unit homes tend to be the majority of DR applications. Typical modifications that are made during this process are relating to decks and stairs (removal, reduction in size, or relocation), relocation/removal of windows, as well as small side setbacks. One of the greatest impacts DR has on the development review process is the additional time it can add to a small project and the lost opportunity cost of utilizing a principal planner/architect full time to support this role. Additionally, the process adds uncertainty for applicants, which often leads to applicants voluntarily reducing the scope of their project based on early concerns from neighbors, due to the fear of being DR'd and having the Planning Commission make a more drastic change, even if that is not statistically the case. It is typically during that interaction when projects are reduced in scale and density.

**Comment from Developer interviewee**

**Discretionary review is one of the biggest hindrances to feasibility. If this wasn't applied so broadly to so many permits, we could build more housing here.**

See **Case Study: 870 Union Street -- Russian Hill** for an example of a housing project subject to Discretionary Review in San Francisco.



**Case Study:**  
**870 Union Street --**  
**Russian Hill**

This case study describes the processing of a **site permit for a housing application, for which five members of the public requested that the Planning Commission take Discretionary Review**. The proposed project was an interior renovation to the existing 3-unit building and a 4-story addition to the existing building, with an expansion to the west lightwell and converting an exterior stairwell in the northwest corner of the building into living space. The project also proposed adding a new 3-story unit at the rear of the lot (4 stories including basement garage) to match the adjacent properties, leaving a shared courtyard in the center of the lot. The dwelling unit mix consisted of three two-bedroom units, and one four-bedroom units, with one net unit in a district where four units are permitted.

The project applicant completed a pre-application meeting with neighbors in October 2015 and submitted an application in November 2015. Three design review meetings were held, and a Plan Check Letter was issued in March 2016. Revisions were submitted twice, with final changes in September 2016. It was not required to go to Planning Commission, but did require a variance by the Zoning Administrator. The project requested a variance for exceptions from the following requirements: Rear Yard (Section 134), Open Space (Section 135), and Exposure (Section 140, and was found to be categorically exempt from CEQA. It was required to meet the Residential Design Guidelines. It paid a total of \$23,074 in impact fees and \$72,426 in application fees for a \$95,500 per net new unit cost.

In response to the neighborhood notification posted in September 2016, five members of the public requested Discretionary Review, which was scheduled for hearing at the Planning Commission on October 27, 2016, along with the Variance application. Final approval was on May 30, 2017. Total time between project application and approval was 564 days (~403 business days) including applicant hold and planning time. This is a draft assessment of the timing. There was no appeal filed.

**Figure 21.** Median Days for Discretionary Review Cases, 2015–2021

|      | <i>Approve</i>     |                 | <i>Cancelled/Withdrawn</i> |                 |
|------|--------------------|-----------------|----------------------------|-----------------|
|      | <i>Median Days</i> | <i>Projects</i> | <i>Median Days</i>         | <i>Projects</i> |
| 2021 | 123                | 14              | 77                         | 9               |
| 2020 | 112                | 44              | 321                        | 9               |
| 2019 | 147                | 36              | 116                        | 32              |
| 2018 | 160                | 29              | 116.5                      | 32              |
| 2017 | 204                | 50              | 135                        | 33              |
| 2016 | 195                | 33              | 130                        | 31              |
| 2015 | 120                | 5               | 104                        | 18              |

## Design Review

Design Review is a comprehensive evaluation process in which Planning staff assesses a proposed project to ensure that it meets the City's existing policies and general principles of urban design as laid out by the Urban Design Element in the General Plan. For code compliant projects, Design Review focuses on improving building form so that a program does not significantly change from what a project sponsor originally proposed. In practice, this review happens by planners and design review staff depending on the scale of the project and applicable design guidelines. Staff work with project sponsors informally during the review process and as recorded in comments given in Plan Check Letters. Many project application types require design review compliance with approval from either staff or the Planning Commission.

### Comment from Developer interviewee

**Interviewees were concerned that too many impositions are based primarily on project size. Permit requirements for housing consistent with zoning should be limited to Planning Department's Design Review to check that project is compliant with objective design standards.**

This process can be efficient when project sponsors are responsive to comments, or more time-consuming and iterative if sponsors are resistant to staff input or interpretations.

Overall, architects on project applicant teams must navigate between client requests, technical challenges, building program needs, Planning staff review and comments, members of the public or adjacent neighbors' requests, and the Planning Commission along with other city agencies including

Public Works and the Arts Commission; these various points of view, interests, and regulatory functions are complex and often at odds, leading to delay, frustration, unpredictability, and constraints to housing production.

## Design Guidelines

The City currently has over thirty sets of design guidelines which make design review more complex. To make this a more efficient and direct process, the City in practicality has focused and organized design review comments on two primary documents which cover most of the city. The Residential Design

Guidelines (RDGs) apply to projects in R districts, including RH-, RM- and RTO, and were adopted by the Planning Commission in 2003. And the Urban Design Guidelines (UDGs), adopted by the Planning Commission in 2018, apply to mixed use, neighborhood commercial, and downtown commercial districts and for larger sites in R-Districts; they do not apply to historic districts. There are additional sets of guidelines for more specific areas of the city that supersede the UDGs or RDGs, including Calle 24 Cultural District, Polk Street, and the Japantown Cultural District. DNX Downtown Exceptions and ENX Large Project Authorizations require design review as part of their entitlement processes.

The RDGs significantly affect the buildable envelope in many residential districts where it applies because it asks new or renovated projects to match neighboring structures rather than conform to rear yard requirements or the scale of the site. Many of San Francisco's lots have long narrow proportions considerably longer than the housing that was built on them. When neighboring projects want to add units or expand, this constrains their new envelope. The RDGs also often ask for sculpting at or reduced upper stories to match two- or three-story environments. The Planning Department generally permits a greater massing in the RH Districts when there is increased density that would otherwise be reduced or sculpted if it was a single-family dwelling. One of the residential design guidelines also asks for the use of "natural" materials which may limit component or product selections.

The UDGs have less of an impact on massing. The most significant impact of the UDGs is in request for façade modifications including materials and entries and adaptations of the ground floor in an interest to heighten the activation of the uses at the street level. The request for higher quality materials or site design adjustments can impact the feasibility of projects given the high costs of construction.

### **Design Principals**

Design review is a common topic at Planning Commission, with neighbors or community groups making requests for reduced massing or projects to be more "compatible" with neighborhood character. While architecture may lie at the heart of some of these requests, the history of exclusionary zoning and fears of development or neighborhood change—either in the built environment or the people—sit also in many of these comments. Many of the "design" guidelines built into the documents do not represent principals that architects use for good architecture and instead tend to suppress innovation, creativity, and individualistic expression for more conformity, repetition, and predictability. This habit of repeating older patterns and style of architecture can exclude new voices, cultural identities, and personal expression as these neighborhoods expand housing opportunities over time.

Many guidelines are also designed to reinforce consistency at a very detailed scale. Although design review can be helpful to prevent dramatic changes in architectural qualities, such as from delicate three- or four-story apartments or houses in rows to dehumanizing 200' high-rises separated from the broader urban fabric – a common occurrence during redevelopment in the 20<sup>th</sup> century, more recent concerns are of a much smaller scale. Design review is often translated into concerns about an extra story "looming" over a neighboring yard or a three-story building in a two-story context. These concerns primarily express private owner to private owner negotiations more than critical decisions in the public's interest. Many discretionary review applicants also cite "light and air" as a reason to ask for reduced massing of neighboring structures when these are already governed by building code health and safety considerations that can be met on each property regardless of adjacent structures.

## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Design review process can lead to different interpretations of guidance increasing application review time and feedback.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 41</b>  |
|                             | Implementing Program Areas  |
|                             | <b>8.3 Objective Design Standards &amp; Findings</b><br>Actions: 8.3.1; 8.3.7   |

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Design guidelines are applied at very small scales of difference between neighboring structures which are not in the public’s interest and extend application review.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 41</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.3 Objective Design Standards &amp; Findings</b><br>Actions: 8.3.11  |

## Historic Preservation

Article 10 of the City’s Planning Code regulates the process for designation of individual landmarks and historic districts and, through the Certificate of Appropriateness permitting process, it also regulates physical alterations to both landmarks and districts, individual property landmarks and properties within landmark districts throughout the city (see Figure 22 - Historic and Cultural Districts). Article 11 of the City’s Planning Code regulates the process for designation for individual significant and contributory buildings and conservation districts in the downtown, and, through the Permit to Alter permitting process, it also regulates physical alterations to those buildings and districts property deemed significant or contributory and properties within conservation districts. Both articles of the code are aimed to protect the special architectural, historical, and aesthetic value of structures, sites, and areas within the city. Regulations pertaining to both articles of the code limit the degree to which a property’s exterior<sup>29</sup> can be physically altered; however, neither limits the use of the property. Therefore, residential uses on these designated lots would typically only be constrained by the need to largely preserve and maintain the historic volume and key architectural features of the building. While additions to subject historic buildings

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29 In some cases, publicly used and accessible interior spaces can be included in the protections of Articles 10 and 11, such as hotel lobbies, ballrooms, theaters, etc.



are common, these expansions are usually limited to 20% or less<sup>30</sup> of the existing volume. Constraint of residential development within landmark and conservation districts may also apply to vacant lots or non-contributory buildings within their boundaries, as new construction is typically required to be incompatible with surrounding building heights and forms. Development constraints are somewhat offset by financial and developmental incentives, such as local, state, and federal tax credits and the transfer of development rights program (Article 11 only). While additional regulatory review, including a hearing at the Historic Preservation Commission, is required for these properties via Certificates of Appropriateness or Major Permits to Alter, the process does not typically add significant review time.

Pursuant to the California Environmental Quality Act (CEQA), public agencies must review the environmental impacts of proposed projects, including impacts to historic resources. Project applicants must first determine whether their project sites are historic resources prior to knowing a regulatory pathway. While some have been part of previous historic resource surveys, most sites in the city have not and fit into three categories: not age-eligible and not a resource or age-eligible and unknown, described as a Category B. This determination, which has a significant impact on the potential time and process required for alterations or demolition and new construction, can be established through a Historic Resource Evaluation. This process provides additional information to assist the Department in analyzing whether a property qualifies as a historic resource under CEQA.

### Historic Resource Assessment

#### Comment from Developer interviewee

**Holding cost is 5-7% of total project cost. Add a tremendous cost. After 4 to 5 years holding, waiting for permitting, a project becomes infeasible.**

The Historic Resource Assessment (HRA) provides preliminary feedback from the Planning Department regarding whether a property is eligible for listing on the National Register of Historic Places (NR) and/or California Register of Historical Resources (CR) in cases where a property's historic resource status is unknown (i.e. a Category B – Unknown Historic Resource Status). This process improvement was

created by the Department to reduce the time needed for applicants to learn about the pathways available for developing their site and increase knowledge early and less expensively in their timelines. It supports more certainty.

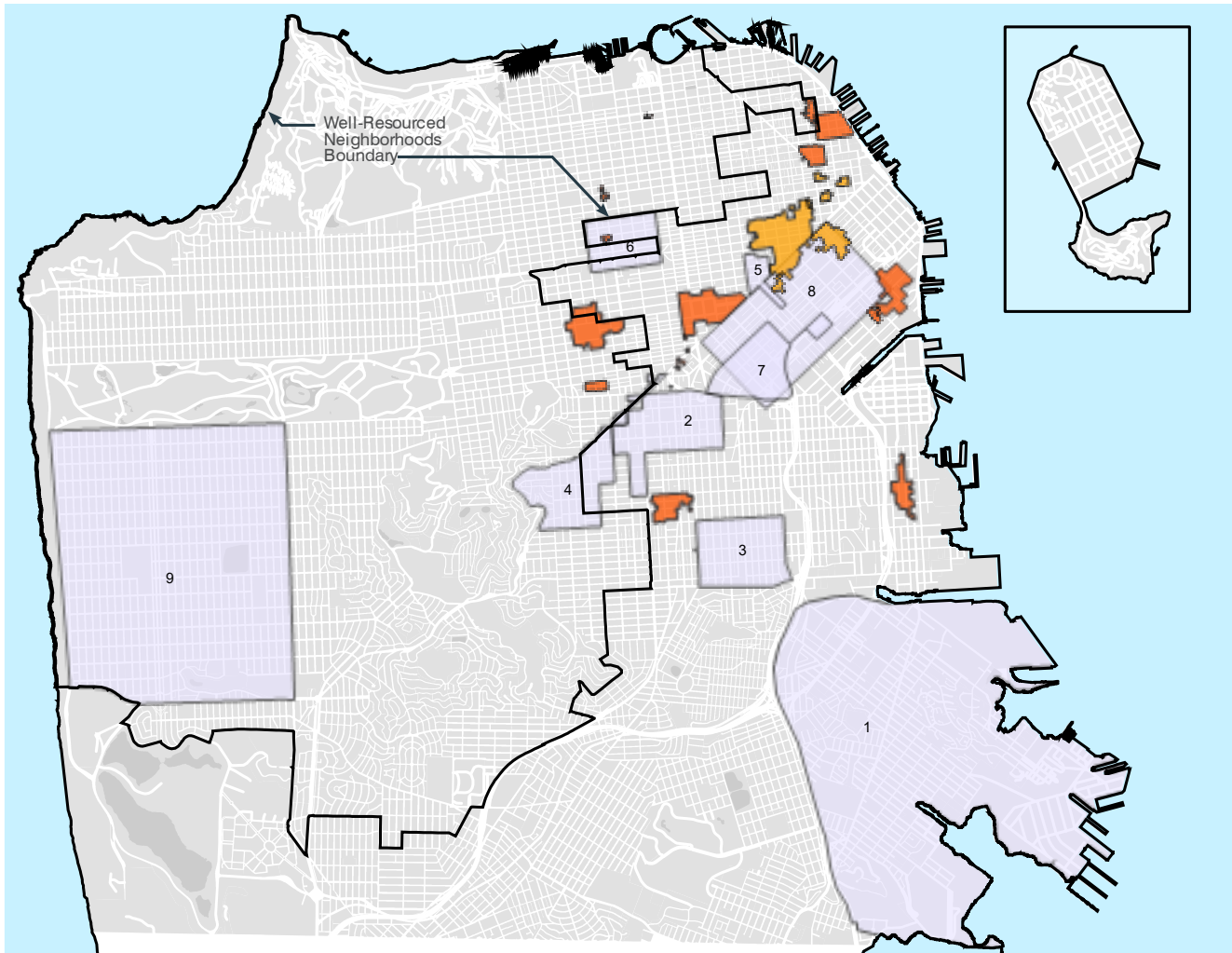
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30 This is an approximation. Actual rehabilitation projects vary widely in terms of the volume and mass of additions approved for historic buildings depending on site conditions, topography, visibility of the addition from public rights-of-way, and the structural interventions required for the project.

## Review of Constraints

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Historic Preservation process is triggered by age and eligibility of buildings and can increase the complexity of design review and CEQA analysis delaying projects or restricting the development capacity.</b>             |
| <i>Constraint Reduction</i> | <p style="text-align: right;">Related Policies</p> <hr/> <p><b>Policy 28</b></p> <hr/> <p style="text-align: right;">Implementing Program Areas</p> <p><b>8.5 Compliance with State Programs and Law</b><br/>Actions: 8.5.6</p> |

Figure 22. Historic and Cultural Districts



Article 10

- Alamo Square
- Blackstone Court
- Bush Street-Cottage Row
- Civic Center
- Clyde and Crooks
- Dogpatch
- Duboce Park
- Jackson Square
- Liberty Hill
- Market Street Masonry
- Northeast Waterfront
- South End
- Telegraph Hill
- Webster Street

Article 11

- Commercial-Leidesdorff
- Front-California
- Keamy-Belden
- Keamy-Market-Mason-Sutter
- Mint-Mission
- New Montgomery-Mission-2nd St
- Pine-Sansome

Cultural Districts

- 1 - African American Arts and Cultural District
- 2 - American Indian Cultural District
- 3 - Calle 24 Latino Cultural District
- 4 - Castro Cultural District
- 5 - Compton's Transgender Cultural District
- 6 - Japantown Cultural District
- 7 - Leather & LGBTQ Cultural District
- 8 - SoMa Pilipinas – Filipino Cultural District
- 9 - Sunset Chinese Cultural District

## **Multijurisdictional Review of Affordable Housing**

Affordable housing is subject to more agency reviews and approvals than market-rate housing because of the regulatory requirements governments have imposed, and due to escalating construction costs, the longer it takes for a project to start construction, the higher its construction costs will be. Typically, affordable housing projects take five years to develop, three of which to secure entitlements and financing and two to construct, but the process can be longer if a project needs to wait for availability of state or tax credit funding that is offered once or twice a year, relies on the impact fees generated by a specific market-rate project it is tied to by agreement, or is appealed or litigated.

Local requirements for affordable housing include:

- Mayor's Office on Disability review for accessibility
- Arts Commission and Historical Preservation Commission design review
- PUC right of first refusal for power and review of recycling water and storm water management
- Contract Monitoring Division review of small and local business procurement
- Board of Supervisors review for site acquisition or jurisdictional transfer, ground lease, and financing

State requirements for affordable housing include:

- Environmental review (unless the project is ministerially approved, which most are)
- Local legislative approval for applying for state funding
- SFPUC and related projects must meet City standards. These commonly affect affordable housing projects where utilities must be negotiated with PG&E and right of first refusal for affordable housing projects is offered to SFPUC. Challenges related to these requirements often create delays, uncertainty, and added costs to new affordable housing. A detailed description of these requirements and challenges are presented in the On and Off-Site Improvements section, Utilities subsection.

## Typical Permits

Below is a list of the typical permitting needs for affordable housing projects:

| <i>Agency / Type</i>  | <i>Permit Descriptions</i>   |
|---|--|
| <p><b>ENTITLEMENTS</b></p> <p>Planning Department</p>   | <ul style="list-style-type: none"> <li>• NEPA</li> <li>• Project Review Meeting with Planning Department</li> <li>• Site Permit (Not subject to SF Port approval)</li> <li>• SB-35</li> <li>• Planned Unit Development (PUD)</li> <li>• Conditional Use Authorization (CUA)</li> <li>• Shadow Study (SHD)</li> <li>• Historic Resource Evaluation</li> <li>• Certificate of Appropriateness</li> <li>• MMRP-Vibration Management</li> <li>• MMRP-Archeology</li> <li>• Development Agreement</li> <li>• Master Development Agreement</li> <li>• Interagency Cooperation Agreement</li> <li>• Cost Recovery Memorandum of Understanding or Work Order Agreements</li> </ul>   |
| <p><b>UTILITY DESIGN AND CONNECTION</b></p> <p>Public Utilities Commission, PG&amp;E, Fire Department</p> | <ul style="list-style-type: none"> <li>• Public Power – City Owned Properties – Temporary (Construction) Service</li> <li>• Public Power – City Owned Properties – Permanent Service</li> <li>• SFPUC/PG&amp;E Outage Information: Reliable power source to omit inclusion of emergency generators</li> <li>• Natural Gas – City Owned Properties</li> <li>• Water / Wastewater</li> <li>• Water for Fire Service Application – SFPUC and SFFD (for Auxiliary Water Supply System)</li> <li>• City provided Fiber Optic Cabling within the joint trench (Fiber to Housing) &amp; Private communication services in the building</li> <li>• Private communication services at Lease-up / Occupancy (adoption of service)</li> <li>• SFFD Fire Flow Test (Field Flow Test required. Records Analysis not acceptable.)</li> <li>• Maher Ordinance – Building or Grading permit which disturbs at least 50 cubic yards of soil within designated Article 22A area or other Maher Criteria</li> <li>• Article 38 Mechanical Ventilation</li> <li>• Stormwater Control Plan (Preliminary)</li> <li>• Stormwater Control Plan (Final)</li> <li>• Non-potable Re-Use On-Site (for projects that cannot meet SCP compliance with modified compliance method)</li> <li>• Reclaimed Water Use Program – City Supplied</li> <li>• Fats, Oils, and Grease (FOG) – FOG Ordinance</li> <li>• Onsite Water Reuse</li> <li>• Recycled Water</li> <li>• Water Efficient Landscape</li> <li>• Hydraulic Capacity Assessment</li> <li>• Residential Water Submetering</li> <li>• Construction Site Runoff</li> <li>• Water Efficient Plumbing</li> <li>• Cross-Connection Control</li> </ul> |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Utility Operations License (for new infrastructure not yet completed but operable)</li> <li>• Streetlight Photometrics</li> </ul>   |
| <p><b>BUILDING PERMITTING</b></p> <p>Department of Building Inspection</p> | <ul style="list-style-type: none"> <li>• SFFD Fire Plan Check and Inspection Services</li> <li>• Mayor's Office on Disability</li> <li>• ADDENDA - Demolition &amp; Excavation</li> <li>• ADDENDA - Foundation, Podium, &amp; Cathodic</li> <li>• ADDENDA - Superstructure</li> <li>• ADDENDA - Architectural, Landscape, Civil, &amp; MEP</li> <li>• ADDENDA - Fire Protection, Fire Alarm, Elevator, ERRCS</li> <li>• SF MOD (Mayor's Office on Disability)</li> <li>• PORT Owned Property</li> <li>• Trust consistency check</li> <li>• State Lands Commission (if subject to the Trust)</li> <li>• Port Commission Approval</li> <li>• Port Building Code (if in Port Jurisdiction)</li> <li>• BCDC Permit (if within shoreline band - 100 feet)</li> <li>• Site Permit requiring SF Port approval</li> <li>• Port in proprietary capacity (licenses, etc.)</li> <li>• USACE if in-water work required</li> <li>• Regional Water Quality Control Board (not Port specific, just in-water)</li> <li>• California Fish and Wildlife (for in-water work)</li> </ul>   |
| <p><b>PUBLIC RIGHT OF WAY</b></p> <p>Public Works</p>                      | <ul style="list-style-type: none"> <li>• Pre-application Meeting with Public Works for public way accessibility</li> <li>• Street Space permit - Temporary use of parking or traffic lanes, pedestrian crossing, bus pads, etc.</li> <li>• Traffic Control Plan - Traffic, pedestrian, lane, and line changes.</li> <li>• Street Improvement Permit – Initial - New and existing sidewalks, curb ramps, curb cuts, bulbs.</li> <li>• Street Improvement Permit - Final</li> <li>• Sidewalk Legislation - triggered by SIP or Encroachment that cannot be issued by DPW by permit</li> <li>• Minor Encroachment Permits - Minor (Furnishings such as bike racks, benches), Special Sidewalk, Existing or new subsurface conditions (vaults, pipe barriers)</li> <li>• Major Sidewalk Encroachment - New subsurface conditions, vaults, etc. otherwise not accepted under Minor Encroachment permit</li> <li>• Tree Removal and Street Tree Ordinance Compliance - Bureau of Urban Forestry</li> <li>• Public Works – DAC Review</li> <li>• Public Works – Hydraulics Review</li> <li>• Public Works - Street Excavation and/or Sewer Lateral Replacement</li> <li>• Street Vacation Legislation</li> <li>• Modify initial Street Improvement Permit to Street Improvement Plans</li> <li>• Major Encroachment Permit or Master Major Encroachment Permit</li> <li>• Subdivision Map</li> <li>• Public Works – Landscape Review</li> </ul> |

|                        |  |
|------------------------|--|
| <b>OTHER APPROVALS</b> | <ul style="list-style-type: none"> <li>• Zero Waste SF: Waste Service, Trash Collection, Recycling, Composting</li> <li>• Demolition Debris Recovery Plan</li> <li>• Integrated Pest Management</li> <li>• SFPUC- Bureau of Light Heat Power Review</li> <li>• Commercial Tenant Improvements Building Permit and Inspections</li> <li>• Dust Control Plan and Monitoring</li> <li>• BAAQMD application for emergency backup generators</li> <li>• Civic Design Review - Arts Commission</li> <li>• Maher Applications – Department of Public Health</li> <li>• Debris Removal / Recovery Plan and Green Halo</li> </ul> |
|------------------------|--|

**Review of Constraints**

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           |  |
| <i>Constraint Reduction</i> | Related Policies   |
| <b>Policy 27</b>            |  |
|                             | Implementing Program Areas   |
|                             | <b>8.6 Support for Affordable Housing and Shelters</b><br>Actions: 8.6.9; 8.6.10 |

**Transparency Requirements**

The City has a robust internet website and most departments have dedicated staff that can timely respond to any public records if requested. Links to documents listed in 65940.1 can be found in Figure 23 – Posting of Required Standards and Development Information. Consistent with AB 602, effective January 1, 2022, the City will request and post the total amount of fees and exactions associated with the project from development proponents under 65940.1(a)(3), and will post annual fee reports under 65940.1(a)(1)(D), as well as any changes to any of the information required as part of AB 602 within 30 days of any changes.



**Figure 23.** Posting of Required Standards and Development Information

| <i>Source</i>   | <i>Link(s)</i>  |
|---|---|
| <b>Land Use Controls</b>  |   |
| Property Information Map*   | <a href="https://sfplanninggis.org/PIM/">https://sfplanninggis.org/PIM/</a>   |
| San Francisco Planning Code**   | <a href="https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_planning/0-0-0-17747">https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_planning/0-0-0-17747</a>   |
| <b>Fees and Exactions</b>   |   |
| Impact Fee Register***  | <a href="https://sfplanning.org/resource/development-impact-fee-register">https://sfplanning.org/resource/development-impact-fee-register</a>   |
| Fee Schedule for Applications   | <a href="https://sfplanning.org/resource/fee-schedule-applications">https://sfplanning.org/resource/fee-schedule-applications</a>   |
| Planning Director Bulletin No. 1: Overview of Development Impact Fees                       | <a href="https://sfplanning.org/resource/planning-director-bulletin-no-1-overview-development-impact-fees">https://sfplanning.org/resource/planning-director-bulletin-no-1-overview-development-impact-fees</a>   |
| <b>Application Standards and Guidelines</b>   |   |
| Plan Submittal Guidelines   | <a href="https://sfplanning.org/sites/default/files/documents/publications/Guidelines_Plan_Submittal.pdf">https://sfplanning.org/sites/default/files/documents/publications/Guidelines_Plan_Submittal.pdf</a>   |
| Planning Director Bulletin No. 2: Department Priority Application Processing Guidelines     | <a href="https://sfplanning.org/resource/planning-director-bulletin-no-2-department-priority-application-processing-guidelines">https://sfplanning.org/resource/planning-director-bulletin-no-2-department-priority-application-processing-guidelines</a>     |
| Planning Director Bulletin No. 3: Condominium Application, New Construction and Conversion  | <a href="https://sfplanning.org/resource/planning-director-bulletin-no-3-condominium-application-new-construction-and-conversion">https://sfplanning.org/resource/planning-director-bulletin-no-3-condominium-application-new-construction-and-conversion</a> |
| <b>Affordability Requirements</b>   |   |
| HOME-SF Affordability Requirements  | <a href="https://sfplanning.org/home-sf#affordability-requirements">https://sfplanning.org/home-sf#affordability-requirements</a>   |
| Inclusionary Affordable Housing Program   | <a href="https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_planning/0-0-0-23792">https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_planning/0-0-0-23792</a>   |
| <b>Development Standards</b>  |   |
| All Electric New Construction Ordinance   | <a href="https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_building/0-0-0-100003">https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_building/0-0-0-100003</a>   |
| Better Streets Plan   | <a href="https://sfplanning.org/sites/default/files/archives/BetterStreets/docs/Better-Streets-Plan_Final-Adopted-10-7-2010.pdf">https://sfplanning.org/sites/default/files/archives/BetterStreets/docs/Better-Streets-Plan_Final-Adopted-10-7-2010.pdf</a>   |
| Transportation Demand Management Program  | <a href="https://sfplanning.org/transportation-demand-management-program">https://sfplanning.org/transportation-demand-management-program</a>   |
| Procedures for In-Kind Agreements   | <a href="https://default.sfplanning.org/publications_reports/in_kind_policy_final_CPC_endorsed.pdf">https://default.sfplanning.org/publications_reports/in_kind_policy_final_CPC_endorsed.pdf</a>   |
| <b>Design</b>   |   |
| Affordable Housing Bonus Program Design Guidelines for 100% Affordable and HOME-SF Projects | <a href="https://default.sfplanning.org/plans-and-programs/planning-for-the-city/ahbp/AHBP_Design_Guidelines.pdf">https://default.sfplanning.org/plans-and-programs/planning-for-the-city/ahbp/AHBP_Design_Guidelines.pdf</a>                                 |
| Balboa Reservoir Neighborhood Design Standards and Guidelines                               | <a href="https://sfplanning.org/resource/balboa-reservoir-neighborhood-design-standards-and-guidelines">https://sfplanning.org/resource/balboa-reservoir-neighborhood-design-standards-and-guidelines</a>   |
| Calle 24 Special Area Design Guidelines   | <a href="https://sfplanning.org/project/calle-24-special-area-design-guidelines">https://sfplanning.org/project/calle-24-special-area-design-guidelines</a>   |

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| Residential Design Guidelines  | <a href="http://default.sfplanning.org/publications_reports/residential_design_guidelines.pdf">http://default.sfplanning.org/publications_reports/residential_design_guidelines.pdf</a>   |
| Urban Design Guidelines  | <a href="https://sfplanning.org/project/urban-design-guidelines">https://sfplanning.org/project/urban-design-guidelines</a>   |
| Excelsior & Outer Mission Streetscape Design Guidelines                                      | <a href="https://sfplanning.org/excelsior-outer-mission-streetscape-design-guidelines">https://sfplanning.org/excelsior-outer-mission-streetscape-design-guidelines</a>   |
| Cow Hollow Neighborhood Design Guidelines  | <a href="http://default.sfplanning.org/publications_reports/NeighborhoodDesignGuidelines_CowHollow.pdf">http://default.sfplanning.org/publications_reports/NeighborhoodDesignGuidelines_CowHollow.pdf</a>   |
| Ground Floor Residential Design  | <a href="https://sfplanning.org/sites/default/files/documents/publications/Guidelines_Groundfloor_Frontage.pdf">https://sfplanning.org/sites/default/files/documents/publications/Guidelines_Groundfloor_Frontage.pdf</a>   |
| India Basin Design Guidelines  | <a href="https://sfplanning.org/resource/india-basin-design-guidelines">https://sfplanning.org/resource/india-basin-design-guidelines</a>   |
| Industrial Area Design Guidelines  | <a href="https://sfplanning.org/resource/industrial-area-design-guidelines">https://sfplanning.org/resource/industrial-area-design-guidelines</a>   |
| Japantown Special Area Design Guidelines   | <a href="https://sfplanning.org/resource/japantown-special-area-design-guidelines">https://sfplanning.org/resource/japantown-special-area-design-guidelines</a>   |
| Living Roof Manual   | <a href="https://default.sfplanning.org/publications_reports/Living_Roof_Manual_Web-102815.pdf">https://default.sfplanning.org/publications_reports/Living_Roof_Manual_Web-102815.pdf</a>   |
| Polk/Pacific Special Area Design Guidelines  | <a href="https://sfplanning.org/resource/polk-pacific-special-area-design-guidelines">https://sfplanning.org/resource/polk-pacific-special-area-design-guidelines</a>   |
| Residential Deck Guidelines  | <a href="https://sfplanning.org/resource/residential-deck-guidelines">https://sfplanning.org/resource/residential-deck-guidelines</a>   |
| SB-9 Objective Design Standards  | <a href="https://sfplanning.org/resource/senate-bill-9-sb-9-objective-design-standards">https://sfplanning.org/resource/senate-bill-9-sb-9-objective-design-standards</a>   |
| Standards for Bird-Safe Buildings  | <a href="https://sfplanning.org/resource/standards-bird-safe-buildings">https://sfplanning.org/resource/standards-bird-safe-buildings</a>   |
| Standards for Storefront Transparency  | <a href="https://sfplanning.org/resource/standards-storefront-transparency">https://sfplanning.org/resource/standards-storefront-transparency</a>   |
| Standards for Window Replacement   | <a href="https://sfplanning.org/resource/standards-window-replacement">https://sfplanning.org/resource/standards-window-replacement</a>   |
| Western SoMa Design Standards  | <a href="https://sfplanning.org/resource/western-soma-design-standards">https://sfplanning.org/resource/western-soma-design-standards</a>   |
| <b>Implementing State Programs</b>   |   |
| Planning Director Bulletin No. 5: Senate Bill No. 35 Affordable Housing Streamlined Approval | <a href="https://sfplanning.org/resource/planning-director-bulletin-no-5-senate-bill-no-35-affordable-housing-streamlined-approval">https://sfplanning.org/resource/planning-director-bulletin-no-5-senate-bill-no-35-affordable-housing-streamlined-approval</a> |
| Planning Director Bulletin No. 6: Implementing the State Density Bonus Program               | <a href="https://sfplanning.org/resource/planning-director-bulletin-no-6-implementing-state-density-bonus-program">https://sfplanning.org/resource/planning-director-bulletin-no-6-implementing-state-density-bonus-program</a>                                   |
| Planning Director Bulletin No. 7: Housing Crisis Act of 2019                                 | <a href="https://sfplanning.org/resource/planning-director-bulletin-no-7-housing-crisis-act-2019">https://sfplanning.org/resource/planning-director-bulletin-no-7-housing-crisis-act-2019</a>   |
| Planning Director Bulletin No. 8: Streamlined Housing Development                            | <a href="https://sfplanning.org/resource/planning-director-bulletin-no-8-streamlined-housing-development">https://sfplanning.org/resource/planning-director-bulletin-no-8-streamlined-housing-development</a>   |
| <b>Projects</b>  |   |
| Public Notices for Project Applications  | <a href="https://sfplanning.org/page/public-notice-project-applications">https://sfplanning.org/page/public-notice-project-applications</a>   |
| Permits in My Neighborhood   | <a href="https://sfplanning.org/resource/permits-my-neighborhood">https://sfplanning.org/resource/permits-my-neighborhood</a>   |
| <b>Nexus Studies</b>   |   |
| Residential Nexus Analysis Supporting San Francisco's Residential Affordable Housing Program | <a href="https://sfplanning.org/resource/residential-nexus-analysis-supporting-san-franciscos-residential-affordable-housing">https://sfplanning.org/resource/residential-nexus-analysis-supporting-san-franciscos-residential-affordable-housing</a>             |

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| San Francisco Citywide Nexus Analysis                  | <a href="https://sfplanning.org/sites/default/files/documents/reports/12222021_SF_Nexus_CitywideAnalysis.pdf">https://sfplanning.org/sites/default/files/documents/reports/12222021_SF_Nexus_CitywideAnalysis.pdf</a>                                 |
| San Francisco Infrastructure Level of Service Analysis | <a href="https://sfplanning.org/sites/default/files/documents/reports/12222021_SF_Nexus_LevelOfServiceAnalysis.pdf">https://sfplanning.org/sites/default/files/documents/reports/12222021_SF_Nexus_LevelOfServiceAnalysis.pdf</a>                     |
| Transportation Sustainability Fee (TSF) Nexus Study    | <a href="https://sfplanning.s3.amazonaws.com/default/files/plans-and-programs/emerging_issues/tsp/TSF_NexusStudy_May2015.pdf">https://sfplanning.s3.amazonaws.com/default/files/plans-and-programs/emerging_issues/tsp/TSF_NexusStudy_May2015.pdf</a> |

\*Includes by-parcel information: zoning (height and bulk, Special Use Districts, plan areas, design guidelines), assessor, environmental, historic preservation, planning applications, building permits, other permits, complaints, appeals, BBNs and NSRs.

\*\*Includes all land use controls: parking, lot coverage, unit size requirements, open space requirements, inclusionary requirements

\*\*\*Includes Annual Fee Registers back to 2018

# Decision-making Process

## Internal Department Processes

- While there are official pathways for project applications, the range of discretionary processes, entitlements, permits, and State implementation programs, highlight the complexity of informal decision-making that goes into application outcomes. To explain the choices and implications in both review and CEQA processes which interrelate, the Planning Department has prepared a key application process diagram (see subattachment 3 - Process Diagram).
- This diagram reveals a set of phases that applications, planners, applicants, decision-makers, and members of the public face in navigating long and complex environments. The diagram indicates places where review and/or environmental planner and teams of staff architects, planners, managers, or directors have discretionary choices on additional internal process, technical studies, or review that must be done before an application proceeds to the next stage. It also describes the articulated thresholds that trigger different forms of CEQA technical analysis. Here are the key phases:
- The Pre-Application Process: This is led by potential project applicant to find out initial planning requirements and process. Preliminary Project Assessment and Pre-application meetings may be required prior to Project Application.
- Complete Application: After project submission, it is reviewed to make sure it includes all information, forms, payments, drawings, and technical information so that it can be reviewed effectively.
- Pathway Determination: Review and Environmental planners establish which entitlements and CEQA pathways will be required given the project site location, conditions, and proposed project configuration.
- CEQA Stable Project Description: This iterative coordination process involves building and streetscape design review, preliminary technical analysis (preservation, transportation, and/or wind experts), code assessment, and pathway determination. Key decisions are height, bulk, and site placement of building massing; amount of vehicular parking or loading; demolition or modification of historic structure.
- Technical Studies: This iterative process involves technical analysis that may require modification of the project. These or other changes may trigger re-review of design, code compliance, or further technical studies if the project changes enough to create new or other impacts which can bring the project back in the timeline.
- Public Notification and/or Hearing Process: Once a project determined to meet applicable guidelines, code requirements, and completion of CEQA process, it is scheduled for notification and/or hearings at Planning or other additional Commissions. This is determined by pathway. Some projects do not require either. Decision-making bodies use State and local law and findings from

the General Plan as a basis for approval or disapproval. They may request modification and a continuance or approval with modifications which can be done without returning.

- Completion Documents: Completion of supportive documents and CEQA wrap-up happens prior to permit sign-off.
- Discretionary Approval / Disapproval: Permit Issuance
- Post-Entitlement: After approval project may be subject to appeal. Projects continue to apply for or receive their other required permits, typically building permits, but also permits for encroachments in the public right of way, permission from public utilities, condo mapping, and many other processes.

See Subattachment 7 – Decision Making Process Table, which further explains how choices are made in application process and by whom.

### Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Discretionary permits have many more process and decision-making steps and delay housing approvals.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 25; Policy 28</b>  |
|                             | Implementing Program Areas   |
|                             | <b>8.4 Process and Permit Procedures</b><br>Actions: 8.4.2; 8.4.3; 8.4.4                                   |
|                             | <b>8.5 Compliance with State Programs and Law</b><br>Actions: 8.5.8  |

|                             |   |
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| <i>Constraint</i>           | <b>Phase from complete application to stable project description is complex and iterative. Any significant changes to a project description that result from impacts discovered in technical studies can delay housing approvals.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Phase 28</b>   |
|                             | Implementing Program Areas  |
|                             | <b>8.4 Process and Permit Procedures</b><br>Actions: 8.4.13   |
|                             | <b>8.5 Compliance with State Programs and Law</b><br>Actions: 8.5.6   |

## Adjudicating Bodies and Processes

### Findings

The Case Report is the document sent to the Planning Commission or Historic Preservation Commission for consideration of a Project Application prior to the Commission's public hearing. The Case Report includes an Executive Summary, Draft Motion, Conditions of Approval, Plans and Renderings, Environmental Determination, Land Use Data, Maps and Context Photos, Project Sponsor Statement, and any additional information such as a Building Permit approval history, Rent Board history, previous entitlement documents, or various other exhibits prepared by the sponsor and department staff. Once Planning Commission approval is obtained, the Draft Motion is finalized and therein becomes the "Final Motion" or simply "Motion." The Motion is a legally binding document stipulating the entitlement granted, any conditions contained with the granting of the entitlement, and the timeline for vesting (or acting upon) the entitlement before the agreement expires. Acting on the entitlement in the City and County of San Francisco is achieved with a building permit only.

The body of the Draft Motion is made up of the General Plan findings section that lists the relevant objectives and policies and provides a summary articulating the project's on-balance compliance with the General Plan Objectives and policies to demonstrate that the analysis balances any competing priorities.

Findings commonly then establish that the proposed project has the meets the requirements of approval: project description, site description and present use, surrounding properties and neighborhoods, public outreach and comment, planning code compliance, conditional use findings, general plan compliance, planning code section 101.1(b), and first source hiring.

**Planning code compliance** typically addresses uses, required setbacks, open space, dwelling unit exposure, required street and/or sidewalk improvements, bicycle parking, transportation demand management, unit mix planning, height, rear yard, off-street parking maximums, curb cuts and garage doors, design, residential childcare requirements (fee), inclusionary affordable housing program, and other additional fees per plan area.

**Conditional use findings** typically include:

- A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.
- B. The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity. There are no features of the project that could be detrimental to the health, safety or convenience of those residing or working the area, in that:
  - (1) Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

- (2) The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading;
  - (3) The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;
  - (4) Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs; Geology, stormwater management, site access for emergency personal, landscaping, screening, and open space, parking, lighting, and signage.
- C. That the use as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan;
  - D. That the use or feature as proposed will provide development that is in conformity with the stated purpose of the applicable Use District.

### **General Plan Compliance**

Approved motions require that a Project is, on balance, consistent with the Objectives and Policies of the General Plan. The following are objectives and policies used in the case studies and reflect common language in recent motions approved at Planning Commission. They are from the General Plan's primary elements as well as area or subarea plans as appropriate by site location or applicability:



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## Housing Element

**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.

POLICY 1.8  
Promote mixed use development, and include housing, particularly permanently affordable housing, in new commercial, institutional or other single use development projects.

POLICY 1.10  
Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

**OBJECTIVE 4:  
FOSTER A HOUSING STOCK THAT  
MEETS THE NEEDS OF ALL  
RESIDENTS ACROSS LIFECYCLES.**

POLICY 4.1  
Develop new housing, and encourage the remodeling of existing housing, for families with children.

POLICY 4.4  
Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

POLICY 4.5  
Ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods,

with a diversity of unit types provided at a range of income levels.

POLICY 4.6  
Encourage an equitable distribution of growth according to infrastructure and site capacity.

**OBJECTIVE 11:  
SUPPORT AND RESPECT THE  
DIVERSE AND DISTINCT  
CHARACTER OF SAN FRANCISCO'S  
NEIGHBORHOODS.**

POLICY 11.1  
Promote the construction and rehabilitation of well-designed housing that emphasizes beauty, flexibility, and innovative design, and respects existing neighborhood character.

POLICY 11.2  
Ensure implementation of accepted design standards in project approvals.

POLICY 11.3  
Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

POLICY 11.4  
Continue to utilize zoning districts which conform to a generalized residential land use and density plan and the General Plan.

POLICY 11.6  
Foster a sense of community through architectural design, using features that promote community interaction.

POLICY 11.8  
Consider a neighborhood's character when integrating new uses, and minimize disruption caused by expansion of institutions into residential areas.

**OBJECTIVE 12:  
BALANCE HOUSING GROWTH WITH  
ADEQUATE INFRASTRUCTURE  
THAT SERVES THE CITY'S GROWING  
POPULATION.**

POLICY 12.1  
Encourage new housing that relies on transit use and environmentally sustainable patterns of movement.

POLICY 12.2  
Consider the proximity of quality of life elements, such as open space, child care, and neighborhood services, when developing new housing units.

POLICY 12.3  
Ensure new housing is sustainably supported by the City's public infrastructure systems.

**OBJECTIVE 13:  
PRIORITIZE SUSTAINABLE  
DEVELOPMENT IN PLANNING FOR  
AND CONSTRUCTING NEW  
HOUSING.**

POLICY 13.1  
Support "smart" regional growth that locates new housing close to jobs and transit.

POLICY 13.3  
Promote sustainable land use patterns that integrate housing with transportation in order to increase transit, pedestrian, and bicycle mode share.

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## Urban Design Element

**OBJECTIVE 1:  
EMPHASIS OF THE  
CHARACTERISTIC PATTERN WHICH  
GIVES TO THE CITY AND ITS  
NEIGHBORHOODS AN IMAGE, A  
SENSE OF PURPOSE, AND A MEANS  
OF ORIENTATION.**

POLICY 1.2  
Recognize, protect and reinforce the existing street pattern, especially as it is related to topography.

POLICY 1.3  
Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

POLICY 1.7  
Recognize the natural boundaries of districts, and promote connections between districts.

POLICY 1.10  
Indicate the purposes of streets by adopting and implementing the Better Streets Plan, which identifies a hierarchy of street types and appropriate streetscape elements for each street type.

**OBJECTIVE 2:  
CONSERVATION OF RESOURCES  
WHICH PROVIDE A SENSE OF  
NATURE, CONTINUITY WITH THE  
PAST, AND FREEDOM FROM  
OVERCROWDING.**

POLICY 2.6  
Respect the character of older development nearby in the design of new buildings.

**OBJECTIVE 3:  
MODERATION OF MAJOR NEW  
DEVELOPMENT TO COMPLEMENT  
THE CITY PATTERN, THE  
RESOURCES TO BE CONSERVED,  
AND THE NEIGHBORHOOD  
ENVIRONMENT.**

POLICY 3.1  
Promote harmony in the visual relationships and transitions between new and older buildings.

POLICY 3.2  
Avoid extreme contrasts in color, shape and other characteristics which will cause new buildings to stand out in excess of their public importance.

POLICY 3.3  
Promote efforts to achieve high quality of design for buildings to be constructed at prominent locations.

**OBJECTIVE 4:  
IMPROVEMENT OF THE  
NEIGHBORHOOD ENVIRONMENT  
TO INCREASE PERSONAL SAFETY,  
COMFORT, PRIDE AND  
OPPORTUNITY**

POLICY 4.1  
Protect residential areas from the noise, pollution and physical danger of excessive traffic.

POLICY 4.3  
Provide adequate lighting in public areas.

POLICY 4.4  
Design walkways and parking facilities to minimize danger to pedestrians.

POLICY 4.11  
Make use of street space and other unused public areas for recreation, particularly in dense neighborhoods, such as those close to downtown, where land for traditional open spaces is more difficult to assemble.

POLICY 4.12  
Install, promote and maintain landscaping in public and private areas.

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## Commerce and Industry Element

**OBJECTIVE 1:  
MANAGE ECONOMIC GROWTH AND  
CHANGE TO ENSURE  
ENHANCEMENT OF THE TOTAL-  
CITY LIVING AND WORKING  
ENVIRONMENT.**

POLICY 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

POLICY 1.2

Assure that all commercial and industrial uses meet minimum reasonable performance standards.

**OBJECTIVE 2:  
MAINTAIN AND ENHANCE A SOUND  
AND DIVERSE ECONOMIC BASE AND  
FISCAL STRUCTURE FOR THE CITY.**

POLICY 21

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

**OBJECTIVE 6:  
MAINTAIN AND STRENGTHEN  
VIABLE NEIGHBORHOOD  
COMMERCIAL AREAS EASILY  
ACCESSIBLE TO CITY RESIDENTS.**

POLICY 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

POLICY 6.2

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to economic and technological innovation in the marketplace and society.

POLICY 6.3

Preserve and promote the mixed commercial-residential character in the neighborhood commercial districts. Strike a balance between

POLICY 6.7

Promote high quality urban design on commercial streets.

**OBJECTIVE 11:  
SUPPORT AND RESPECT THE  
DIVERSE AND DISTINCT  
CHARACTER OF SAN FRANCISCO'S  
NEIGHBORHOODS.**

POLICY 11.1

Promote the construction and rehabilitation of well-designed housing that emphasizes beauty,

flexibility, and innovative design, and respects existing neighborhood character.

POLICY 11.2

Ensure implementation of accepted design standards in project approvals.

POLICY 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

POLICY 11.4

Continue to utilize zoning districts which conform to a generalized residential land use and density plan and the General Plan.

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## Transportation Element

**OBJECTIVE 2:  
USE THE TRANSPORTATION  
SYSTEM AS A MEANS FOR GUIDING  
DEVELOPMENT AND IMPROVING  
THE ENVIRONMENT.**

**POLICY 2.1**  
Use rapid transit and other transportation improvements in the city and region as the catalyst for desirable development, and coordinate new facilities with public and private development.

**OBJECTIVE 24:  
IMPROVE THE AMBIENCE OF THE  
PEDESTRIAN ENVIRONMENT**

**POLICY 24.2**  
Maintain and expand the planting of street trees and the infrastructure to support them.

**POLICY 24.3**  
Install pedestrian-serving street furniture where appropriate

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## Recreation and Open Space Element

**OBJECTIVE 4:  
PROVIDE OPPORTUNITIES FOR  
RECREATION AND THE ENJOYMENT  
OF OPEN SPACE IN EVERY SAN  
FRANCISCO NEIGHBORHOOD**

**POLICY 4.5**  
Require private usable outdoor open space in new residential development.

**POLICY 4.6**  
Assure the provision of adequate public open space to serve new residential development

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## Downtown Area Plan

**OBJECTIVE 2:  
MAINTAIN AND IMPROVE SAN  
FRANCISCO'S POSITION AS A PRIME  
LOCATION FOR FINANCIAL,  
ADMINISTRATIVE, CORPORATE,  
AND PROFESSIONAL ACTIVITY.**

**OBJECTIVE 7:  
EXPAND THE SUPPLY OF HOUSING  
IN AND ADJACENT TO DOWNTOWN.**

**POLICY 7.1**  
Promote the inclusion of housing in downtown commercial developments.

**OBJECTIVE 10:  
ASSURE THAT OPEN SPACES ARE  
ACCESSIBLE AND USABLE.**

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## Transit Center District Plan

**OBJECTIVE 2.2:**  
CREATE AN ELEGANT DOWNTOWN SKYLINE, BUILDING ON EXISTING POLICY TO CRAFT A DISTINCT DOWNTOWN “HILL” FORM, WITH ITS APEX AT THE TRANSIT CENTER, AND TAPERING IN ALL DIRECTIONS.

**OBJECTIVE 2.12:**  
ENSURE THAT DEVELOPMENT IS PEDESTRIAN-ORIENTED, FOSTERING A VITAL AND ACTIVE STREET LIFE.

**OBJECTIVE 2.13:**  
ENACT URBAN DESIGN CONTROLS TO ENSURE THAT THE GROUND-LEVEL INTERFACE OF BUILDINGS IS ACTIVE AND ENGAGING FOR PEDESTRIANS, IN ADDITION TO PROVIDING ADEQUATE SUPPORTING RETAIL AND PUBLIC SERVICES FOR THE DISTRICT.

**OBJECTIVE 4.4:**  
THE DISTRICT’S TRANSPORTATION SYSTEM WILL PRIORITIZE PEDESTRIAN AMENITY AND SAFETY. INVEST IN CIRCULATION MODIFICATIONS AND URBAN

**DESIGN MEASURES THAT SUPPORT THE CREATION OF AN ATTRACTIVE AND MEMORABLE PUBLIC REALM.**

**OBJECTIVE 4.1:**  
THE DISTRICT’S TRANSPORTATION SYSTEM WILL PRIORITIZE AND INCENTIVIZE THE USE OF TRANSIT. PUBLIC TRANSPORTATION WILL BE THE MAIN, NON-PEDESTRIAN MODE FOR MOVING INTO AND BETWEEN DESTINATIONS IN THE TRANSIT CENTER DISTRICT.

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## Executive Park Special Use District

**OBJECTIVE 1:**  
CREATE A SENSITIVELY PLANNED AND DESIGNED URBAN RESIDENTIAL NEIGHBORHOOD IN EXECUTIVE PARK, INCLUDING THE REDEVELOPMENT OVER TIME OF THE OFFICE USES NOW THERE.

**POLICY 1.1**  
Create an urban neighborhood that balances density with livability.

**POLICY 1.2**  
Create a neighborhood form that supports residential density.

**POLICY 1.3**  
Create a neighborhood supportive of diverse families and mixed incomes.

**OBJECTIVE 2:**  
MEET THE DAILY NEEDS OF RESIDENTS WITHIN THE NEIGHBORHOOD.

**POLICY 2.1**  
Encourage the development of centralized neighborhood-serving

retail uses to serve the daily needs of residents.

**OBJECTIVE 3:**  
CREATE A CITY STREET PATTERN SUPPORTIVE OF AN URBAN RESIDENTIAL NEIGHBORHOOD.

**POLICY 3.1**  
Establish a new internal street grid between Harney Way, Alana Way, Executive Park Boulevard, Executive Park West and Executive Park East that would divide the existing site into smaller blocks more in keeping with the typical San Francisco built pattern.

**POLICY 3.2**  
Ensure existing street and new proposed streets are designed and constructed in a way that promotes pedestrian and bicycle usage, clarifies travel ways and purpose of different streets, and is aesthetically coherent and pleasant.

**OBJECTIVE 4:**  
ENCOURAGE WALKING AND BICYCLING AS THE PRIMARY MEANS OF ACCESSING DAILY SERVICES AND NEEDS.

**POLICY 4.1**  
Create a pedestrian network that includes streets devoted to or primarily oriented to pedestrian use.

**POLICY 4.2**  
Improve pedestrian areas by ensuring human scale and interest.

**POLICY 4.3**  
Provide for safe and convenient bicycle use as a viable means of transportation.

**POLICY 4.4**  
Provide ample, secure and conveniently located bicycle parking.

**OBJECTIVE 6:**  
ESTABLISH A RESIDENTIAL COMMUNITY THAT REFLECTS THE SCALE AND CHARACTER OF A

**TYPICAL SAN FRANCISCO URBAN NEIGHBORHOOD.**

**POLICY 6.1**

Provide a consistent streetwall that defines the street as a useable, comfortable civic space.

**POLICY 6.2**

Require an engaging transition between private development and the public realm.

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Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.
- B. That the City's supply of affordable housing be preserved and enhanced.
- C. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.
- D. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.
- E. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.
- F. That landmarks and historic buildings be preserved.
- G. That our parks and open space and their access to sunlight and vistas be protected from development.

**Discretionary Review**

Example reasons for how the Commission takes actions on Discretionary Review:

1. There are extraordinary or exceptional circumstances in the case. The proposal complies with the Planning Code, the General Plan, and conforms to the Residential Design Guidelines. However, the Commission wants to ensure that the proposed Project is compatible with the surrounding properties. Additionally, the Commission wants to ensure that the Project Sponsor has continued dialog with the DR Requestors and concerned neighbors.
2. The Commission determined that modifications to the project were necessary and they instructed staff to approve the Project per plans containing the required modifications marked Exhibit A on file with the Planning Department.

## **Planning Commission**

The Planning Commission was established in 1929 by Charter Section 4.105 and consists of seven members appointed by the Mayor and the President of the Board of Supervisors. They hold weekly public hearings, maintain the San Francisco General Plan, and approve all permits and licenses subject to the Planning Code. The Commission oversees and delegates certain approvals to the San Francisco Planning Department. Members of the Planning Commission advise the Mayor, Board of Supervisors and City Departments on San Francisco's long-range goals, policies, and programs on a broad array of issues related to land use, transportation, and current planning. Four of the seven Commissioners are appointed by the Mayor; three are appointed by the President of the Board of Supervisors.

Pursuant to [Charter Section 4.105](#), the Commission has the jurisdiction to approve prior to issuance “[all] permits and licenses dependent on, or affected by, the Planning Code administered by the Planning Department.” Acting under this section, the Commission may in its discretion by a majority vote of the Commission (four votes), request Staff to bring before it for review any such permit or license that has not yet been issued even if the application has been approved by the Commission or Department staff and forwarded to the Central Permit Bureau. The Commission loses jurisdiction upon either the City’s issuance of the permit or license, or a valid appeal has been filed to an appellate body.

All permits and licenses dependent on, or affected by, the City Planning Code administered by the Planning Department shall be approved by the Commission prior to issuance. The Commission may delegate this approval function to the Planning Department. Notwithstanding the foregoing, certificates of appropriateness for work to designated landmarks and historic districts and applications for alterations to significant or contributory buildings or properties in designated conservation districts that have been approved, disapproved, or modified by the Historic Preservation Commission shall not require approval by the Commission prior to issuance.

The Commission may propose for consideration by the Board of Supervisors ordinances regulating or controlling the height, area, bulk, set-back, location, use or related aspects of any building, structure or land. An ordinance proposed by the Board of Supervisors concerning zoning shall be reviewed by the Commission. Applications for the reclassification of property may be made by interested parties and must be reviewed by the Commission. Notwithstanding the foregoing, designation of a landmark, a significant or contributory building, an historic district, or a conservation district shall be reviewed by the Commission only as provided in Section [4.135](#).

Notwithstanding the Commission's disapproval of a proposal from the Board of Supervisors or the application of interested parties, the Board of Supervisors may adopt the proposed ordinance; however, in the case of any proposal made by the application of interested parties, any such adoption shall be by a vote of not less than two-thirds of the Board of Supervisors.

No application of interested parties proposing the same or substantially the same ordinance as that disapproved by the Commission or by the Board of Supervisors shall be resubmitted to or reconsidered by the Commission within a period of one year from the effective date of final action upon the earlier application.



## **Historic Preservation Commission**

The Historic Preservation Commission is the quasijudicial body tasked with reviewing the administrative work of the Planning Department administered on the basis of Articles 10 and 11 of the Planning Code. The Historic Preservation Commission has the authority to recommend approval, disapproval, or modification of landmark designations and historic district designations under the Planning Code to the Board of Supervisors. The Historic Preservation Commission shall send recommendations regarding landmarks designations to the Board of Supervisors without referral or recommendation of the Planning Commission. The Historic Preservation Commission shall refer recommendations regarding historic district designations to the Planning Commission, which shall have 45 days to review and comment on the proposed designation, which comments, if any, shall be forwarded to the Board of Supervisors together with the Historic Preservation Commission's recommendation. Decisions of the Historic Preservation Commission to disapprove designation of a landmark or historic district shall be final unless appealed to the Board of Supervisors.

The Historic Preservation Commission shall approve, disapprove, or modify certificates of appropriateness for work to designated landmarks or within historic districts. For minor alterations, the Historic Preservation Commission may delegate this function to staff, whose decision may be appealed to the Historic Preservation Commission.

For projects that require multiple planning approvals, the Historic Preservation Commission must review and act on any Certificate of Appropriateness before any other planning approval action. For projects that (1) require a conditional use permit or permit review under Section [309](#), et seq., of the Planning Code and (2) do not concern an individually landmarked property, the Planning Commission may modify any decision on a Certificate of Appropriateness by a 2/3 vote, provided that the Planning Commission shall apply all applicable historic resources provisions of the Planning Code. For projects that are located on vacant lots, the Planning Commission may modify any decision on a Certificate of Appropriateness by a two-thirds vote, provided that the Planning Commission shall apply all applicable historic resources provisions of the Planning Code. The Historic Preservation Commission or Planning Commission's decision on a Certificate of Appropriateness shall be final unless appealed to the Board of Appeals, which may modify the decision by a 4/5 vote; provided, however, that if the project requires Board of Supervisors approval or is appealed to the Board of Supervisors as a conditional use, the decision shall not be appealable to the Board of Appeals, but rather to the Board of Supervisors, which may modify the decision by a majority vote.

For proposed projects that may have an impact on historic or cultural resources, the Historic Preservation Commission shall have the authority to review and comment upon environmental documents under the California Environmental Quality Act and the National Environmental Policy Act. The Historic Preservation Commission shall act as the City's local historic preservation review commission for the purposes of the Certified Local Government Program, may recommend properties for inclusion in the National Register of Historic Places, and may review and comment on federal undertakings where authorized under the National Historic Preservation Act. The Historic Preservation Commission shall review and comment upon any agreements proposed under the National Historic Preservation Act where the City is a signatory prior to any approval action on such agreement. The

Historic Preservation Commission shall have the authority to oversee and direct the survey and inventory of historic properties.

**Board of Appeals**

The Board of Appeals has jurisdiction over appeals of Building Permits, variances, Large Project authorization (P.C. § 309) or Large Project Allocation (P.C. § 329) and letters signed by the Zoning Administrator. The Board of Appeals shall hear and determine appeals:

- Where it is alleged there is error or abuse of discretion in any order, requirement, decision, or determination made by the Zoning Administrator in the enforcement of the provisions of any ordinance adopted by the Board of Supervisors creating zoning districts or regulating the use of property in the City and County; or
- From the rulings, decisions and determinations of the Zoning Administrator granting or denying applications for variances from any rule, regulation, restriction or requirement of the zoning or set-back ordinances, or any section thereof. Upon the hearing of such appeals, the Board may affirm, change, or modify the ruling, decision or determination appealed from, or, in lieu thereof, make such other additional determinations as it shall deem proper in the premises, subject to the same limitations as are placed upon the Zoning Administrator by this Charter or by ordinance.

After a hearing and any necessary investigation, the Board may concur in the action of the department involved, or by the affirmative vote of four members (or if a vacancy exists, by a vote of three members) overrule the action of the Department.

*Commission Action Appeals*

| <i>Case Type</i>  | <i>Appeal Period</i> | <i>Appeal Body</i>   |
|---|----------------------|----------------------|
| Conditional Use Authorization and Planned Unit Development  | 30 calendar days     | Board of Supervisors |
| Building Permit Application (Discretionary Review)  | 15 calendar days     | Board of Appeals     |
| EIR Certification   | 30 calendar days     | Board of Supervisors |
| Coastal Zone Permit   | 15 calendar days     | Board of Appeals     |
| Planning Code Amendments by Application   | 30 calendar days     | Board of Supervisors |
| Variance (Zoning Administrator action)  | 10 calendar days     | Board of Appeals     |
| Permit Review in C-3 Districts, Downtown Residential Districts and Large Project Authorization in Eastern Neighborhoods | 15 calendar days     | Board of Appeals     |
| Zoning Map Change by Application  | 30 calendar days     | Board of Supervisors |

**Board of Supervisors**

Housing application approvals are only required to go to the Board of Supervisors if there is a CEQA appeal (Environmental Impact Reports, Mitigated Negative Declaration, and Exemptions), an appeal of a Conditional Use Authorization, required legislation to support the approval (e.g. a zoning change or development agreement), a major encroachment permit, or related funding approval required for any

cost at \$10M or more (for affordable housing or shelters, typically). A 2/3 Board vote is needed to disapprove the action of the Planning Commission.

### **CEQA Appeal Rights under Chapter 31 of the San Francisco Administrative Code**

CEQA determinations for projects are appealable pursuant to S.F. Administrative Code Section 31.16. This appeal is separate from and in addition to an appeal of an action on a project. Under CEQA, in a later court challenge, a litigant may be limited to raising only those issues previously raised at a hearing on the project or in written correspondence delivered to the Board of Supervisors, Planning Commission, Planning Department or other City board, commission or department at, or prior to, such hearing, or as part of the appeal hearing process on the CEQA decision.

**Planning code and approval processes have increasingly tried to address non-land use issues.** While the purview of the Planning Commission is set forth in the Charter and Planning Code, hearings can cover a wide variety of topics related to the personal experiences of residents in or near the proposed project. This tension between a broader housing need and the unique context of people around each project puts decision-makers in the position of trying to reduce or mediate the potential impacts of such action or example, the San Francisco Planning code includes protections and required hearings for the demolition of existing housing units, an regulation that helps to protect the existing “neighborhood,” (something that means a lot of different things from various points of view), and to protect existing tenants. Public voices often highlight a desire to maintain architectural character, protect vulnerable people who live there, or protect property values. There are other Conditional Use Authorizations for the removal of businesses that that provide important services to the community but which struggle for financial survival. Commission and Board hearings about new construction often discuss not only the structure to be demolished, but also on the people or businesses that will be displaced and speculation on who will be there in the future. Discussions also center on existing tenants, and existing community needs.

**Code Compliant Projects applications in Communities with Severely Unmet Needs Continue to Cause Concern.** Although area plans were adopted to expedite the construction of housing, the Planning Commission and Board of Supervisors are increasingly being asked to approve housing projects in the face of testimony against them, due to concerns about equity and the needs of communities of color in Priority Equity Geographies. Advocates speaking against these projects have a variety of concerns including a desire for family-sized units instead of small or SRO units, that the proposed type or cost of housing would serve high-income outsiders instead of local community members, and that local businesses will follow the interests of new residents and will amplify the experience of gentrification and displacement. While these are the direct results of individual projects from their points of view, these concerns go well beyond land use controls. These are communities seeking visibility and redress of past harms that could be mitigated by substantial investments in affordable housing funding, public facilities, and other forms of community infrastructure like open space, education, healthcare, and transportation. While area planning can also be used to support impact fees or otherwise increase resources for such investments, there are two barriers to this process: one, the scale of the challenge is such that developers must rent or sell new units to high-income earners, further exacerbating the disconnect

between current residents and potential future residents; and two, the timeframe of such investments is much longer than developing new market-rate housing projects so the housing arrives long before the investments do. This can lead to a further sense of government distrust and lack of accountability.

**Planning Commission discretion is often curtailed by state law.** While the Planning Commission has discretionary purview over permits and entitlements to build housing, their jurisdiction is not unlimited due to requirements in the Housing Accountability Act and State Density Bonus Programs. Having projects go to Planning Commission to review projects over which their discretion is limited can be frustrating for the public and the commissioners.

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Planning Commission and Board of Supervisor hearings often address issues not regulated by the Planning Code.</b> |
| <i>Constraint Reduction</i> | <p style="text-align: right;">Related Policies</p> <p><b>Policy 1</b></p>  |

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Applications in communities with severely unmet needs are often contentious and challenging.</b>   |
| <i>Constraint Reduction</i> | <p style="text-align: right;">Related Policies</p> <p><b>Policy 29</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>7.2 Mid-rise and Small Multifamily Buildings</b><br/>Actions: 7.2.2</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.6; 8.4.18</p> |

|                              |   |
|------------------------------|---|
| <i>Constraint</i>            | <b>Hearings often invite discussion about topics over which decision-makers have no discretion.</b>   |
| <i>Constraint Reductions</i> | <p style="text-align: right;">Related Policies</p> <p><b>Policy 26; Policy 25</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>7.2 Mid-rise and Small Multifamily Buildings</b><br/>Actions: 7.2.9</p> <p><b>8.3 Objective Design Standards &amp; Findings</b><br/>Actions: 8.3.2</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.5</p> |

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Design review commentary is often more about fears of neighborhood change and belies a history of exclusionary practices and extends time for review of applications.</b>  |
| <i>Constraint Reduction</i> | <p style="text-align: right;">Related Policies</p> <p><b>Policy 41</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.3 Objective Design Standards &amp; Findings</b><br/>Actions: 8.3.9; 8.3.10</p> |

## Environmental Planning Decision-Making

The following sections describe how decisions are made within environmental review and the types of CEQA documents are required at different phases of a project.

### Project Application

Questions considered by the planner:

- Based on proposed project characteristics and location, what type of CEQA document is likely required for the project?
- Based on proposed project characteristics and location, which technical studies are required for the project?
- Is the Project Application include all of the necessary documents for evaluation?

The Project Application's Environmental Evaluation Screening Form helps a project applicant determine if further environmental review will be required for their project. Requirements differ between projects submitting for a Building Permit Application compared to an application for entitlement, such as a Conditional use approval or a large project authorization. Building Permit Applications do not need to submit any additional materials with the Project Application, while entitlement applications must submit supplemental applications, technical studies, or other information along with the Project Application.

Specific topics included in the environmental evaluation screening are Transportation, Shadow, Historic Preservation, Archaeology, Geology and Soils, Air Quality, Hazardous Materials, and FEMA Floodplan. Each topic is accompanied by information and Notes/Requirements that detail the supplemental materials an applicant is to include with the application.

### Environmental Review<sup>31</sup>

Environmental Planners review the PPA and if the project is largely the same and circumstances haven't changed, environmental review will follow PPA recommendations. Different features or proposals of a project may trigger certain types of CEQA review in this phase, detailed below.

#### ***Common Sense Exemption (CSE)***

Questions considered by the planner:

- Is the proposed project a project that could otherwise be exempt but a specific CEQA Guidelines provision disqualifies them from an exemption (i.e., on Cortese list, includes rezoning or lot split, or located on a site with 20% or more slope)?
- If yes, may be eligible for a common sense exemption.

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31 San Francisco Planning Department Environmental Review Guidelines,  
<https://sfplanning.s3.amazonaws.com/sfmea/EP%20Environmental%20Review%20Guidelines%2010-5-12.pdf>

Common sense exemption workflow:

1. Application is deemed complete and is ready for assignment:
2. Project description and approval action are confirmed with sponsor and current planner.
3. If the project involves ground disturbance, drafting, review and publication of Neighborhood Notice (otherwise, Neighborhood Notice likely not required).
4. Drafting, review and publication of any required technical background studies (multiple rounds of review).
5. Drafting, review and publication of CSE using PPTS Exemption Checklist template (multiple rounds of review).
6. Notice of Exemption (NOE) can be filed after the final approval.

### **Categorical Exemptions (CATEX) (Other than Class 32)<sup>32</sup>**

Questions considered by the planner:

- Does the project propose interior and exterior alterations or additions under 10,000 square feet?
- *If yes, may be eligible for Class 1 categorical exemption.*
- Does the project propose new construction of up to six dwelling units, commercial/office structures under 10,000 square feet, utility extensions, and change of uses under 10,000 square feet if principally permitted or with a conditional use?
- *If yes, may be eligible for Class 3 categorical exemption.*

Class 1 and 3 categorical exemptions workflow (assumes determination of complete project application for Environmental Planning only, not Planning Information Counter or Current Planning):

1. Application is deemed complete and is ready for assignment:
2. Project description and approval action are confirmed with sponsor and current planner.
3. Drafting, review and publication of any required technical background studies (multiple rounds of review).
4. Drafting, review and publication of CatEx using PPTS CatEx template (multiple rounds of review).
5. Notice of Exemption (NOE) can be filed after the final approval.

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<sup>32</sup> [https://sfplanning.org/sites/default/files/env/ceqa\\_categorical\\_exemption\\_checklist\\_reference.pdf](https://sfplanning.org/sites/default/files/env/ceqa_categorical_exemption_checklist_reference.pdf)



### **Class 32 Categorical Exemption (Class 32)**

Questions considered by the planner:

- Does the project propose seven or more units, new construction, or additions greater than 10,000 square feet and meets the conditions described below:
- The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.
- The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.
- The project site has no value as habitat for endangered rare or threatened species.
- Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
- The site can be adequately served by all required utilities and public services.
- *If yes, may be eligible for Class 32 categorical exemption.*

Class 32 categorical exemptions workflow (assumes determination of complete project application):

1. Application is deemed complete and is ready for assignment.
2. Project description and approval action are confirmed with sponsor and current planner.
3. Drafting, review and publication of Neighborhood Notice.
4. Drafting, review and publication of any required technical background studies (multiple rounds of review).
5. Drafting, review and publication of CatEx using PPTS CatEx template (multiple rounds of review).
6. Notice of Exemption (NOE) can be filed after the final approval.

### **Community Plan Evaluations (CPE)**

Questions considered by the planner:

- Is the project within an area plan and does not qualify for any of our exemptions (i.e., requires mitigation measures from the area plan EIR)?
- *If yes, a CPE should be prepared. See CPE workflow.*

CPE workflow (assumes determination of complete project application): Determination is made if consultant will prepare the CPE. Most CPEs are prepared in-house by the environmental coordinator. In cases where consultant is hired, all administrative drafts of all project-specific technical studies and CPE documents should be reviewed by the environmental coordinator and case supervisor.

1. Environmental coordinator scopes CPE and technical studies with consultants, sponsor and technical staff.
2. Drafting, review and publication of Neighborhood Notice.
3. Drafting, review and publication of various technical background studies (multiple rounds of review).
4. Drafting, review and publication of CPE and MMRP (multiple rounds of review). Mitigation measures from the programmatic EIR are considered.
5. Mitigation implementation.
6. Notice of Determination (NOD) can be filed within 5 days of final approval.

#### ***Initial Studies (IS)/Mitigated Negative Declarations (MND)***

Questions considered by the planner:

- Are proposed project impacts anticipated to be less than significant or could they be mitigated to a less-than-significant level?
- *If yes, initial study is prepared and attached to the MND (negative declaration or ND if no mitigation measures are required).*

CPE workflow (assumes determination of complete project application):

1. Most IS/MNDs are prepared internally by EP staff. For more complicated projects, an IS/MND may also be prepared by a qualified consultant.
2. Determination is made if consultant will prepare the IS/MND. Some IS/MNDs are prepared in-house by the environmental coordinator. In cases where consultant is hired, all administrative drafts of all project-specific technical studies and IS/MND documents should be reviewed by the environmental coordinator and case supervisor.
3. Environmental coordinator scopes IS/MND and technical studies with consultants, sponsor and technical staff.
4. Drafting, review and publication of Neighborhood Notice.
5. Drafting, review and publication of various technical background studies (multiple rounds of review).

6. Drafting, review and publication of IS/PMND (multiple rounds of review).
7. Public review and comment period.
8. Assuming no appeal of PMND, drafting, review and publication of IS/FMND (multiple rounds of review)
9. Mitigation implementation.
10. Notice of Determination (NOD) can be filed within 5 days of final approval.

### ***Environmental Impact Reports (EIRs)***

Questions considered by the planner:

- Could the project result in significant impacts that cannot be mitigated to a less-than-significant level?
- *EIR should be prepared. See EIR workflow.*

EIR workflow (assumes determination of complete project application):

1. Assigned to environmental coordinator and case supervisor.
2. Hiring of consultant from consultant pool.
3. EIR scoping with environmental case management team, technical teams, and sponsor .
4. Drafting, review and publication of NOP (multiple rounds of review).
5. Scoping meeting (optional).
6. Drafting, review and publication of various technical background studies (multiple rounds of review).
7. Drafting, review and publication of DEIR (multiple rounds of review).
8. Public review and comment period.
9. Drafting, review and publication of RTC (multiple rounds of review).
10. Certification hearing/approval.
11. Mitigation implementation.
12. Notice of Determination (NOD) can be filed within 5 days of final approval.

## **Addendum**

Questions considered by the planner:

- Is the project a revision to a prior project that was subject of a certified EIR or adopted MND and current changes are considered minor and no additions to the environmental document are necessary (none of the conditions in CEQA Guidelines Section 15162 are met, and the conclusions reached in the MND or EIR remain valid)?
- *If yes, an addendum should be prepared. See addendum workflow below.*

Addendum workflow:

1. Background studies are scoped, prepared (by technical consultants as necessary) and reviewed by environmental coordinator, technical staff and case supervisor, as applicable (multiple rounds typically required).
2. Environmental coordinator confirms, based on background technical studies, that revisions to the project can still be covered by an addendum, uses template to draft addendum for case supervisor review (several rounds are typically required).
3. ERO reviews the draft, and following revisions, signs the addendum.
4. Addendum is published and distributed. Depending upon size of the addendum, a one-page notice of addendum availability may be sent out instead of the full document.
5. Environmental coordinator, in coordination with sponsor, drafts and files a NOD/NOE.

## **Technical Analysis**

Topics that typically require little or no analysis and are presumed to have no impacts, not be applicable for projects in San Francisco, or would have less-than-significant impacts and standard language may be used: Mineral Resources, Energy, Agriculture and Forestry Resources, Wildfire. Topics that typically do not require background studies and rely on existing resources/standard methodology (some analysis is provided but typically don't tip projects into higher levels of CEQA review): land use and planning, population and housing, greenhouse gas emissions, recreation, public services, hydrology and water quality.

## **Historical Resources**

Questions considered by the planner:

- Would the project involve a major alteration or demolition of a structure constructed 45 or more years ago or a structure in a historic district?
- Would the project involve new construction within a historic district or adjacent to a historic resource?

- Review historical resource status of the subject property. If Category A or B, preservation review is required. See preservation review workflow.
- *If yes, preservation review is required. See preservation review workflow.*

Preservation review workflow:

1. Planning staff reviews the project scope and the historical resource category and determines if further historical resource review is needed. Projects that do not include Category A historic resources and meet Step 4 in Categorical Exemption checklist do not need further historical resources review.
2. Projects that include Category A properties or do not meet Step 4, should be reviewed with preservation staff (usually CEQA Cultural Resources Team manager, CP Preservation managers, or other identified EP preservation staff) to determine if preservation planner assignment is needed. Category B properties may need to be evaluated if they don't meet criteria in Step 5 of the Categorical Exemption checklist.
3. If evaluation of the property is needed, preservation staff reviews and determines if the property is a historical resource. Historic Resource Evaluation (HRE) report prepared by a qualified consultant, or the Historic Resource Determination informs this determination. EP preservation staff records their determination in Historic Resources Evaluation Response (HRER) Part I.
4. Preservation staff determines, as applicable, whether the proposed project would impact (1) the historical resource status of the subject property; (2) the historical resource status of the historic district in which the property is located; (3) the historical resources status of adjacent properties. If the proposed project would result in a significant impact on a historical resource, the preservation planner identifies potential mitigation measures to reduce these impacts.
5. If a significant and unavoidable impact to historical resources is identified and an EIR is required, then preservation alternatives will need to be developed and analyzed in the EIR. Preservation alternatives are brought to the HPC for their review and comment prior to the alternative analysis being finalized in the EIR. Draft EIR is taken to HPC for review and comment during the EIR public comment period and HPC comments are responded to in the RTC.

### ***Archaeological Resources***

Questions considered by the planner:

- Would the project result in soil disturbance/modification greater than 2 feet below grade in an archeological sensitive area of 8 feet in a non-archeological sensitive area?
- *If yes or if the project otherwise triggers an EP staff assignment and includes soil disturbance over 2 feet (anything requiring more than a catex checklist exemption), archeology review is required.*

Archaeology review workflow:

1. Archeology technical team makes a determination if there is potential for significant resources to be impacted and if mitigation measures are required (typically takes 2 weeks to 2 months, depending on priority and backlog). Sometimes studies are required as part of the CEQA review archeological sensitivity analysis (during the CEQA review process).
2. If significant impacts are found, typically mitigation measures reduce to a LTS level. These include a number of standard measures, including Accidental Discovery, Archeological Testing, and Archeological Monitoring.

### **Tribal Cultural Resources**

Questions considered by the planner:

- Is the CEQA document an ND, MND, EIR, or CPEs with Area Plan EIRs that have mitigation requiring notification?
- Is the project trying to qualify for SB 35 and requires notification per AB 168?
- Is notification needed to determine Tribal Cultural Resource impacts from the project and appropriate mitigation measures?
- *If yes, consultation letter to local Native American representatives is required to be sent.*

Tribal consultant letter workflow:

1. Planning (EP staff) sends out consultation letters to local Native American representatives within 14 days of determining that a project application is complete for NDs, MNDs, and EIRs or CPEs with Area Plan EIRs that have mitigation measure requiring notification.
2. Tribe has 30 days to respond and request formal consultation.
3. Planning (EP staff) agency must consult, within 30 days of the request for consultation, with any representative who responds. Consultation, if requested, shall consider the potential presence of tribal cultural resources; protection or avoidance measures; and mitigation of significant impacts.

Tribal Cultural Resources review workflow:

1. Planning staff email tribal cultural resources technical team a request for review, can be done along with archeological review request.
2. Planning (EP staff) sends out consultation letters to local Native American representatives within 14 days of determining that a project application is complete for NDs, MNDs, and EIRs or CPEs with Area Plan EIRs that have mitigation measure requiring notification.

3. Tribe has 30 days to respond and request formal consultation.
4. Planning (EP staff) agency must consult, within 30 days of the request for consultation, with any representative who responds. Consultation, if requested, shall consider the potential presence of tribal cultural resources; protection or avoidance measures; and mitigation of significant impacts.
5. Consultation can be one meeting or multiple meetings over several months and can include time for Native American representatives to review mitigation measure or other environmental document language. Typically one to several months to complete consultation.
6. Based on consultation for the project, if undertaken, or previous consultation, the tribal cultural resources technical team makes a determination if there is potential for significant resources to be impacted and if mitigation measures are required (typically takes 2 weeks to 2 months, depending on priority and backlog). Determination of an archeological tribal cultural resources is associated with archeological review and sometimes studies are required as part of the CEQA review archeological sensitivity analysis (during the CEQA review process), see above.
7. If significant impacts are found, typically mitigation measures can reduce to a LTS level. These include standard measures (such as a public interpretation program or archeological mitigation measures outline above) or specific measures requested by the consulted Native American representatives.

### ***Transportation and Circulation***

Questions considered by the planner:

- Does the project involve a childcare facility or school with 30 or more students, or a location 1,500 sq. ft. or greater?
- *If yes, a transportation circulation memorandum may be required.*
- Does the project have the potential to adversely affect transit, pedestrian and/or bicycle safety (hazards) or the adequacy of nearby transit, pedestrian and/or bicycle facilities?
- *If yes to either of the above, a transportation circulation memorandum and/or transportation impact study may be required.*

Transportation impact study workflow: see Figure 24 - Transportation Review Process

Figure 24. Transportation Review Process



# Transportation Review Process

This flowchart provides an overview of transportation review by the Environmental Planning division's transportation team, under the California Environmental Quality Act. The transportation report prepared will be a site circulation review memo, a transportation study, or a draft EIR section. This flowchart includes generalized steps for coordinating with other agencies. Refer to the Transportation Review Process memorandum for more details.

**LEGEND**

- EP - Environmental planning
- PPA - Preliminary project assessment
- EIR - environmental impact report
- P/MND - preliminary mitigated negative declaration
- PCL - Plan Check Letter
- Review Milestone
- Screening criteria applied
- Coordination with Urban and Street Design Advisory teams
- Coordination with MTA
- Coordination with other agencies





## Noise

Questions considered by the planner:

- Would the project involve any of the following:
  - Nighttime construction work is proposed that would last more than three consecutive nights or up to 9 nights within a 90 day period and has the potential to exceed 45 dBA at noise sensitive interior habitable spaces (assuming closed windows); or
  - Construction work involving impact equipment (e.g., pile driver, hoe ram, or jack hammer) or equipment exceeding the noise ordinance criteria for a period of 14 days or more within a 90-day period, or when vibration-generating construction work would occur adjacent to vibration-sensitive buildings or structures, or facilities with vibration-sensitive equipment; known historic resources; or
  - New construction above 85 feet (or where the occupied floor level is above 75 feet) or with overlapping phases of construction; or
  - New construction requiring demolition, site preparation, excavation, foundation and shoring work exceeding a period of 12 months; or
  - Operational conditions that would double the baseline number of vehicular trips per day (potentially resulting in a perceptible increase of 3 dBA or more in the baseline noise level); or
  - Operational conditions, including large HVAC systems, similarly large stationary equipment, or separate dedicated recycling and waste facilities that could exceed applicable noise ordinance regulations. Typical fixed equipment that may exceed the noise ordinance include large air handling units, chillers, exhaust fans, and cooling towers; or
  - Operational conditions that include more than 2 emergency backup generators; or
  - Operational conditions that include amplified noise (public address systems, music and events); or
  - Projects that would result in vibration during operations (e.g., new transit routes or rail-tunnels).
- *If yes, noise and/or vibration study may be required. Consultation at noise office hours recommended to determine need for a noise and/or vibration study and next steps.*
- EP planners coordinate with sponsor and a noise consultant (we don't have a list but they have to be qualified) to scope the noise study. Additional rounds of review of SOW and technical memo typically required.

Noise review workflow:

1. Environmental coordinator reviews information provided as part of the Project Application and request additional information from the project sponsor to determine if a noise or vibration study would be required.
2. Environmental coordinator considers existing ambient noise levels from the Background Noise Level map in the general plan, Environmental Protection Element or other data sources, and location of sensitive receptors within 900 feet.
3. Environmental coordinator evaluates need for a noise study based on the information submitted by sponsor.
4. Projects that would result in vibration during operations (e.g., new transit routes or rail-tunnels).
5. Environmental coordinator confirms whether a noise study is necessary at noise office hours. If a noise and/or vibration study is necessary, environmental coordinator, obtains a SOW from consultant. The environmental coordinator directs preparation of a noise and/or vibration study with assistance from EP's noise team and preservation staff (if necessary). Preparation of a noise study may require additional project information, including detailed construction information, an equipment list and hours of operation, and the noise fixed noise sources.

### ***Air Quality***

As part of air quality analysis, we look at both construction- and operation-phase impacts, including impacts related to criterial air pollutants (regional) and toxic air contaminants (localized). We review the following information to determine if additional air quality review may be required

- Does the project meet the screening criteria in Table 3-1 and page 3-5 of BAAQMD's CEQA Air Quality Guidelines for construction and operations? As part of this, we consider if the project would require more than 10,000 cubic yards of soil import/export.
- Is the project enrolled to receive priority processing pursuant to in Director's Bulletin No. 2, which would commit the sponsor to use diesel equipment compliant with EPA Tier 4 emissions standards?
- Is the project located within the Air Pollutant Exposure Zone (APEZ 2020)?
- Is the project within 1,000 feet of sensitive air quality receptors?
- What type of construction equipment is proposed and how long are the various pieces of construction equipment expected to operate for during the construction phase?
- If the answer is yes to one or more of the questions above, a Criteria Air Pollutant Analysis and/or a Health Risk Assessment may be required. Typically this determination is made in consultation with air quality technical specialists during the AQ office hours.

- Sponsors of projects proposing sensitive uses in the APEZ may be required to submit a Health Code Article 38 application regardless of the need for additional air quality analysis.

### **Wind**

Questions considered by the planner:

- Would a project create wind hazards in publicly accessible areas of substantial pedestrian use? The hazard criterion, which is for wind speeds not to exceed 26 mph for more than one hour per year on public areas in the vicinity of the project site, is the significance threshold. Generally, we look at whether the site is over 80 feet in height or if the project site is located in a zoning district that has wind regulations (regardless of height). In Central SoMa, a height threshold applies.
- If yes to any of the above, additional wind analysis is likely required.
- Typically, if site is located outside of zoning districts with wind regulations, if proposed building is between 85 and 100 feet tall, a wind qualitative memo may suffice; if over 100 feet tall, a wind tunnel study is typically required. If site is within a zoning district that has wind regulations, wind tunnel test always required (not per CEQA but pursuant to Planning Code).
- EP and current planners coordinate with sponsor and wind consultant to scope the wind study and perform wind tunnel tests. Several rounds of review of SOW and technical memo typically required. If significant effects are found, mitigation measures developed and must be re-tested to ensure effectiveness.
- For CEQA, only focus on hazard criterion. For Planning Code consistency, review hazard and comfort criterion.

Wind review workflow:

1. Environmental coordinator reviews plans to see if the building height is greater than 85 feet, in which case a wind analysis (either qualitative or quantitative) is likely required.
2. Environmental coordinator checks to see if project is in a zoning district that has wind regulations, which are: C-3, Central SoMa SUD, Van Ness SUD, Folsom & Main Residential/Commercial SUD, Rincon Hill DTR, Transbay DTR, and South Beach DTR. Wind tunnel testing is almost always required for these districts, but some of these have specific height thresholds. Confirm height thresholds for these zoning districts through checking the requirements in the Planning Code. You can use PIM and search the address, and use the Zoning Information tab to get direct links to the zoning and special use district regulations.
3. If the building is not in a zoning district with wind regulation, is taller than 85 feet, but does not exceed 100 feet, a qualitative analysis may suffice. Environmental coordinator (in collaboration with environmental prime consultant, as needed – this assumption is made for all subsequent steps) should review the wind consultant-prepared scope, discuss any issues with the EP wind technical specialist.

4. For buildings taller than 100 feet, wind tunnel testing is almost always required.
5. Environmental coordinator reviews proposed wind consultant-prepared scope and discusses any potential issues with EP wind technical specialist prior to SOW approval.
6. For any project that requires wind tunnel testing, environmental coordinator ensures that (a) the scope of work mentions the use of the Weather Research and Forecasting data instead of the 1945-1950 weather data and (b) the preliminary sensor plan includes adequate wind sensor locations (i.e., public areas, entrances, bike lanes and/or street locations used by cyclists).
7. When wind consultant-prepared qualitative memo or wind tunnel testing results are available, environmental coordinator evaluates whether project would exceed the hazard criterion.
8. In evaluating what constitutes a significant wind impact under CEQA, the following factors should be considered:
  - o What is the net change in the number of exceedances?
  - o What is the net change in the total duration (hours) of hazardous winds?
  - o Where are the new exceedances being created?
  - o Where are existing exceedances being eliminated?
  - o What activities occur at the affected locations?
9. If the project could potentially exceed the hazard criterion, the sponsor may consider wind reduction features to reduce ground-level wind speeds, which could include design modifications (height, massing, orientation); features attached to the building (canopies, fins); and freestanding features (landscaping, wind screens) as mitigation measures.
10. Any wind reduction measure implemented to reduce a hazard exceedance would be a mitigation measure. Mitigation measures should follow an order of preference, with building reorientation/massing changes preferred over canopies and wind screens. If these and other measures do not reduce exceedances, landscaping can be considered.<sup>33</sup>

### **Shadow**

Questions considered by the planner:

- A shadow analysis may be triggered if the proposed project is subject to CEQA review, exceeds 40 feet in height and could potentially cast new shadow on a publicly accessible open space.

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<sup>33</sup> Any wind reduction measure implemented to reduce a comfort exceedance would be an improvement measure and would be a request from Current Planning. Since the information related to comfort criteria should only be in the wind tunnel report and would not be included in the CEQA document since they are not CEQA thresholds, there should be no mention of any wind reduction measures to address comfort exceedances.

- EP planner runs the preliminary shadow tool (as part of the PPA) to determine if projects would result in shading on publicly accessible open space. Shadow fan re-run at project application phase if any revisions occurred since PPA.
- EP and current planners coordinate with sponsor and shadow consultant to scope the shadow study. Several rounds of review of SOW and technical memo typically required.

Shadow review workflow:

1. During the PPA phase, the PPA EP coordinator prepares a preliminary shadow fan for projects >40 feet in height and assesses potential shading of any publicly accessible open space.
  - No shading: No further shadow-related environmental review or Section 295 review is required; PPA EP coordinator adds copy of preliminary shadow fan to project's electronic record and docket (PRJ and ENV, if an EEA was filed)
  - Shading: Project sponsor must submit a Project Application. If Section 295 also applies, project sponsor must submit a Shadow Analysis Application. Environmental Coordinator (for cases where a PPA was prepared) or Current Planner (for cases where a PPA was not prepared) adds copy of preliminary shadow fan to project's electronic record and docket (PRJ and ENV)
2. Environmental Coordinator and assigned Section 295 Current Planner (if applicable) coordinate review schedules, as necessary (see Shadow Study section in Current Planning Standard Operating Procedures for Section 295 requirements).
3. If the preliminary shadow fan shows that there would be no impact, the Environmental Coordinator documents this finding in the appropriate CEQA review document (e.g., CatEx Checklist, Community Plan Evaluation, Negative Declaration, etc.), referencing the preliminary shadow fan as supporting evidence. If the preliminary shadow fan shows an impact, a consultant-prepared shadow fan would be required.
4. If a consultant-prepared shadow fan is required, the Environmental Coordinator will request and bring the consultant-prepared shadow fan along with a completed scope of work matrix to shadow office hours for review.
5. Following review of the shadow fan by the shadow technical team, the consultant may then prepare and submit a scope of work for review followed by a shadow analysis. Note, if the sponsor has submitted a Shadow Analysis Application and the assigned Section 295 Current Planner also requires a consultant-prepared shadow analysis, the Environmental Coordinator will coordinate with them to scope and review the shadow analysis.
6. Environmental Coordinator reviews shadow analysis and documents findings in appropriate CEQA review document. Note: the CEQA significance criterion was revised in 2018 for shadow, and since then the Department has been relying on an all-qualitative approach to discussing shadow impacts. For EIRs, any discussion on Theoretical Annual Available Sunlight(TAAS) the consultant

may draft in the impact analysis discussions can likely be removed as the TAAS is for Planning Code Section 295 and is not a CEQA significance criterion.

7. Coordination with RPD staff may be required for projects subject to Planning Code Section 295. This should be coordinated through the Section 295 Current Planner.

### ***Biological Resources***

Questions considered by the planner:

- Could the project result in significant impact on biological resources (i.e., project proposes tree removal, site includes sensitive habitat, supports nesting birds, or located along the shoreline, etc.)?
- If yes, EP work with sponsor to reduce impacts. A biological memorandum, project revision, and/or mitigation measures may be required.

Biological Resources review workflow:

1. Environmental coordinator (in collaboration with environmental consultant, as needed – this assumption is made for all subsequent steps) evaluates proposed project's potential effect on biological resources.
2. If there are questions about potential impacts on nesting birds, protected bats, or certain other species, these should be handled on a case-by-case basis in coordination with a biological resource specialist.
3. If proposed project could result in a potential impact on biological resources, environmental coordinator determines whether impact would be significant or less than significant.
4. For projects that could result in a significant impact on biological resources, environmental coordinator determines whether impact would be significant or less than significant.
5. Environmental coordinator drafts language relating to biological resources, as applicable. Recent documents should be reviewed to review latest approach.

### ***Utilities and Service Systems***

Questions considered by the planner:

- Is the project a “water demand project” as defined in CEQA Guidelines section 15155?
- If yes, a Water Supply Assessment is required. This is coordinated between EP and SFPUC staff.

Utilities and Service Systems review workflow:

1. For projects that may or do require a water supply assessment (assessment), environmental coordinator refers project description to EP's WSA technical specialist.
2. If project requires a water supply assessment, EP's WSA technical specialist contacts project sponsor to request for the preparation of (1) a project demand memo containing the information specified under application submission materials; and (2) existing and project water demand calculations as specified under application submission materials.
3. Upon receipt of the memo and water demand calculations, EP assessment specialist reviews for consistency with project description and accuracy.
4. EP assessment specialist forwards the memo and water demand calculations to SFPUC.
5. Assuming calculations are correct, SFPUC prepares assessment for the project and schedules the assessment to be considered for acceptance at a public hearing before the SFPUC.
6. Standard language should be used in the Utilities and Service Systems section to address whether the proposed project would require new or modified water supply facilities the construction of which could have a significant impact on the environment. Different versions of the standard language are available for each of the following three scenarios: 1) projects considered to be water demand projects, 2) projects considered to be not water demand projects and that would have a water demand of between 10,000 gallons per day and 50,000 gallons per day (e.g. projects with 100 to 499 dwelling units), 3) projects that would have a water demand of less than 10,000 gallons per day (e.g. projects with fewer than 100 dwelling units).

### **Geology and Soils**

Questions considered by the planner:

- Does the site have an average slope = or > 25% or in the Edgehill Slope Protection Area or Northwest Mt. Sutro Slope Protection Area? If yes, does the project involve any of the following: (1) New building construction, except one-story storage or utility occupancy, (2) horizontal additions, if the footprint area increases more than 50%, or (3) horizontal and vertical additions increase more than 500 square feet of new projected roof area?
- If yes, a geotechnical report is likely required, but as long as the geotechnical report is provided and states that the project may be accommodated on the site, no further requirements (other than EP must issue the CEQA document rather than PIC or CP).
- Does the project involve any of the following: (1) New building construction, except one-story storage or utility occupancy, (2) horizontal additions, if the footprint area increases more than 50%, (3) horizontal and vertical additions increase more than 500 square feet of new projected roof area, or (4) grading performed at a site in the landslide hazard zone?

- If yes, a geotechnical report is likely required, but as long as the geotechnical report is provided and states that the project may be accommodated on the site, no further requirements (other than EP must issue the CEQA document rather than PIC or CP).

Geology and Soils review workflow:

1. Please ensure that the geotechnical report has been completed by a qualified engineer and does not have a "Draft" watermark. The project description in the report should also match the project description in the application and plans. If the project description has changed, ask for a letter from the geotechnical engineer stating whether the changes would affect the recommendations in the geotechnical report.
2. If the project site is located within a state-identified seismic hazard zone, or on a parcel where the average slope may be 25 percent or greater, then a geotechnical report complying with requirements of Building Code section 1803 will be required for project application acceptance.
3. If the project is not within the above-mentioned seismic hazard zones or involves building expansion less than 500square feet outside of the existing building footprint or involves a lot split located on a slope less than 20 percent, no further analysis necessary.
4. If the project exceeds the project criteria or the location criteria in steps 1 and 2, the environmental coordinator (in collaboration with environmental consultant, as needed –this assumption is also made for subsequent steps) reviews the geotechnical report.
5. If the project application description is substantially different (e.g., substantially more excavation) than provided in the geotechnical report, the project sponsor must submit documentation (letter or revised report from a qualified consultant) that addresses the revised project and states whether the recommendations of the geotechnical report are valid or lists revised recommendations in an addendum to the report.
6. Provide citation to the geotechnical report in categorical exemption checklist for projects within seismic hazard zone or in an area that may be subject to the San Francisco Slope and Seismic Hazard Zone Protection Act.
7. Standard language is available in OneDrive in EP's Technical Resources Standard Language folder. For CPEs, please see the EN CPE template. For negative declarations and EIRs, environmental coordinator incorporates or directs consultants to incorporate applicable standard language.
8. For large projects (EIRs and larger CPEs in SoMa/TCDP/Hub areas), please stop by Geology and Soils office hour. Geology team member may recommend review of the Geology and Soils section by the team.
9. DBI requires a site-specific geotechnical report from the project sponsor as required by Building Code section 1803. Geotechnical report requirements in San Francisco are also clarified in DBI's procedures as reflected in structural Information Sheet S-05, S-19, and requirements in AB-082,



AB-083, and AB-111 as part of the building permit review and approval process. DBI would review the plans for conformance with recommendations in the geotechnical report.

### ***Hazards and Hazardous Materials***

Questions considered by the planner:

- Is the project site located on the Maher map or is suspected of containing hazardous materials (based on a previous use such as gas station, auto repair, dry cleaners, or heavy manufacturing, or a site with underground storage tanks)?
- Would the project involve 50 cubic yards or more of soil disturbance - or a change of use from industrial to residential?
- If answer is yes to either question, additional review is required to determine if enrollment in the Maher Program is required.
- Is the project site on the Cortese list?
- If no, may proceed.
- If yes, not eligible for a categorical exemption (may be eligible for a Common Sense Exemption if no possibility of a significant impact).

Hazards and Hazardous Materials review workflow:

1. Environmental coordinator checks PIM, under Environmental Information, and reviews Maher Ordinance and Cortese layers to determine if the project site is on the Maher map or the Cortese list, respectively. In addition, the environmental coordinator should request (from the sponsor) and review a Phase I and/or Phase II ESA if the site is suspected to contain hazardous materials contamination. If the project site is located on the Cortese map, a categorical exemption may not be prepared for the project. If the site is on the Maher map and/or Cortese list, this fact should be noted and addressed in the CEQA determination.
2. Maher Workflow: The environmental coordinator determines if the proposed project is subject to the Maher Program. If so, the environmental coordinator requires the project sponsor to enroll in the Maher Program and provide documentation of their enrollment (i.e., a Maher Ordinance Application signed/stamped by DPH staff, with SMED site number clearly noted).
3. CEQA clearance may be issued without referring the project to DPH if it involves less than 50 cubic yards of soil disturbance and the Phase I ESA concludes that there are no recognized environmental conditions. Review the Maher Procedures for Different Types of Environmental Review Projects matrix to determine if your project is required to enroll in the Maher Program.
4. Standard language that covers the Maher Program is available for CPEs and MNDs (and can be modified for EIRs) that describes the requirements of the Maher Program and why the project's

enrollment in the program typically reduces impacts to a less-than-significant level. The actual remediation is overseen by DPH; however, our CEQA documents can typically rely on this process to reach a conclusion of less-than-significant-without-mitigation impacts with respect to subsurface contamination.

5. For projects enrolled in the Maher Program, DPH typically copies EP's DPH liaison on various communications to the project sponsor regarding findings of DPH investigations and specific requirements for compliance with the Maher Program. The environmental coordinator, or CEQA consultant, as applicable, should incorporate this information into the CEQA document.
6. Cortese Workflow: A project located on a site with a closed GeoTracker/Cortese list status may be eligible for a CSE as defined in CEQA Guidelines section 15061(b)(3) if it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment. Additional information about the Cortese list status can be found on the state's Geotracker map (<https://geotracker.waterboards.ca.gov/>). With respect to hazardous substances on the site, this determination should be substantiated based on the circumstances of each individual project.
7. Standard language is available for CSEs located on a site with a closed GeoTracker/Cortese list status that guides planners on how to substantiate why CSE is appropriate even though the site is on the Cortese list. Please incorporate EP's "Introductory Statement" into the document followed by EP's provided rationale specific to the project circumstances. Rationales are based on the public's non-exposure to hazardous materials on site or reliance upon State and local laws for regulation over underground storage tanks (USTs).
8. For hazardous building materials or naturally occurring asbestos, regulations are in place to address these concerns. Where projects have the potential to disturb hazardous building materials or release naturally occurring asbestos into the environment, the environmental document should discuss that potential and the regulations that are in place to ensure no significant impact would occur. See hazards and hazardous materials standard language.

# On and Off-Site Improvements

## Multi-jurisdictional Permitting

While Planning permitting and entitlement processes have historically been one of the biggest time challenges to obtaining the right to build housing, more recently some projects have found the permitting past this stage to be more complex and burdensome. This includes understanding the requirements for San Francisco agencies including Public Works (PW), Recreation and Parks Department (RPD), the San Francisco Public Utilities Commission (SFPUC), the San Francisco Municipal Transportation Agency (SFMTA), and the San Francisco Fire Department (SFFD)

## Public-Right-of-Way

### Comment from Developer interviewee

**Suggestion to have a designated leadership position for interdepartmental coordination among departments where housing development is not their main priority. For example, fire does their due diligence, but it is not a streamlined coordinated process because fire fighting is their first priority. Similar issues with PG&E, PUC, DPW. This will make sure housing is prioritized and will reduce interdepartmental/interagency conflict and incongruent decisions.**

Projects that are on a lot that is greater than one-half acre, include more than 50,000 square feet of new construction, contain 150 feet of total lot frontage, or have their frontage encompass the entire block face trigger the Better Street requirements (Planning Code Section 138.1) which can include sidewalk, street tree, lighting, drainage, and roadway improvements. While recent process improvements (see Streetscape Design Advisory Team) have prompted resolution in requiring or recommending streetscape elements earlier in design and entitlement review phases, a variety of practicalities and technical conflicts when developing a project into design development or construction documents can

mean that revisions will be needed later in the process which can challenge and delay construction and add extra cost to the design.

### Comment from Developer interviewee

**Mapping and subdivision process is a major hold up that takes years to complete and up to 14 months before getting an initial response.**

In addition, projects must receive permits or approval from various agencies (that all sit on SDAT). Typical permits or approvals that are needed from Public Works are for sidewalk improvements, (including street trees), major or minor encroachments for equipment, furnishings, transformer vaults or other elements in the public

right of way. With the recent 100% Electric ordinance, the City anticipates an increase in transformer needs by housing projects as well. SFMTA approval or permitting is required if the project modifies the street geometry or if streetscape elements overlap with other forms of transit infrastructure. Fire Department approval is required for any street or sidewalk proposals modifications that modify the width or ability for the Fire Department's access in case of emergency, as well as smaller items such as location or presence of street trees, lighting in the public right of way, or signage. The Fire Department

review is part of the building and fire code review process as well, and subject to code interpretations and oversight by the State Fire Marshall.

Large projects subject to development agreements that include street and utility creation or modifications have a complex interagency process to get their horizontal plans approved after entitlement. While much of the conceptual design is established during the development agreement approval, many agencies and disciplines required to develop the design into buildable elements at refined scales often mean navigating complex systems across the City.

### **Better Streets Plan**

San Francisco's Administrative Code Chapter 98 Better Streets Policy was adopted in 2006 and was amended as part of the of the Better Streets Plan (BSP) and Planning Code 138.1 legislation in 2010 and 2017. Chapter 98 establishes the Better Streets Policy as an official City policy and requires City streets to be designed in accordance with the Urban Design Element of the City's General Plan; the City's Transit-First Policy; best practices in environmental planning and pedestrian-oriented, multi-modal street design, including the design guidelines set forth in the National Association of City Transportation Officials (NACTO) Urban Street Design Guide (2013) and the NACTO Urban Bikeway Design Guide (2014), and any subsequent editions of these Guides; and utilizing sustainable water management techniques to ensure continued quality of life, economic well-being, and environmental health in San Francisco.

The typical required streetscape elements include:

- Bulbouts/Curb extensions
- Sidewalk widening
- Raised crosswalks
- Street trees (required by Public Works code, or per certain development thresholds by Planning Code)
- Street Lighting (Required per thresholds by PUC)
- Curb ramps (required by Public Works Code)

The typical recommended streetscape elements include:

- On-street loading/color curbs
- Off-street loading
- Shared/Living Street (if project is adjacent to alley or narrow streets)

### **The Street Design Advisory Team (SDAT)**

The Street Design Advisory Team (SDAT), led by the Planning Department, was formed in 2015 as an inter-agency staff committee that reviews proposed improvements to the public right-of-way triggered by adjacent or nearby development projects. SDAT is tasked with ensuring the Better Streets Plan is implemented and derives its overarching policy and design goals from Admin Code Section 98. SDAT derives its authority to require private projects of a certain size to implement public right-of-way improvements from the Better Streets Plan section of the Planning Code, Section 138.1. Additional City

codes that relate to the Better Streets Plan include the Public Works Code, Subdivision Code, and Transportation Code. SDAT staff from various departments are tasked with implementing these additional codes.

SDAT is composed of representatives from San Francisco Planning Department (SF Planning), Fire Department (Fire), Public Works (Public Works), Municipal Transportation Agency (SFMTA), and Public Utilities Commission (SFPUC). SDAT has a broad representation across Departments and street design-related professionals, including:

- Urban Designers, Planners, and Landscape Architects with **street design** focus and expertise – *SF Planning, SFMTA, Public Works*
- Planners, architects, and engineers with **development review** focus and expertise – *SF Planning, SFMTA, Public Works*
- Transportation Engineers and Planners with **transportation safety and operations** focus and expertise – *SFMTA*
- Planners and engineers with **CEQA/environmental review** focus and expertise – *SF Planning, SFMTA*
- Engineers with **disability access** focus and expertise – Public Works
- Engineers with **right-of-way permitting and street mapping** focus and expertise – Public Works, Bureau of Streets and Mapping
- Landscape Architects with **street tree siting and planting** focus and expertise – Public Works, Bureau of Urban Forestry
- Staff and engineers with **street lighting, utility siting and permitting** focus and expertise – SF PUC, Public Works
- Fire Department staff with **Fire Department access and plan review** focus and expertise – Fire

### **Site Improvements Requested on Projects**

Between 2015 and 2021, SDAT has reviewed over 360 development projects (this number includes all types of projects both residential and commercial/industrial). During this time, the City has required, per Planning Code Section 138.1, 250 bulbouts, 114 widened sidewalks, 41 raised crosswalks, and other streetscape elements, including trees, landscaping, street lighting, curb ramps, and loading zones. Of the 360 projects, 55% are located on the Vision Zero High Injury Network and 53% are located within the equity geographies. For all other projects, the Department and other City bodies take into account a project's scale when determining the appropriate scope of improvements. Streetscape improvements can range from \$5,000 (single street tree planting) to a \$1,000,000+ (full sidewalk improvements with sidewalk widening, curb ramps, and landscaping). Streetscape elements that are "recommended" are optional for the project sponsor to consider, and often projects do provide these improvements to ensure a high-quality public realm as an amenity for the development.

While estimates for the cost vary per project, the Department has reached out to project sponsors regarding the impacts that the additional required elements by Better Streets Plan can cost to a typical project. One project team estimated that typical streetscape improvements for a \$18 Million project (located in North Beach) is roughly 2% - 4% of total project costs and that required Better Streets measures account for just .8% to 1.5% of total project costs. For this example, Better Street measures increase the Street and Sidewalk improvement costs by roughly 40%. Overall, however, there are cost saving efficiencies in building these streetscape improvements concurrently with project construction. If the City were to come back later to widen the sidewalk or add a bulb-out to address other safety goals or ADA requirements it would be much more expensive and timelier. For affordable housing developments, SDAT works closely with a project to ensure that required streetscape improvement are financially feasible and maintains discretion to provide exceptions for these projects.

### **In-Kind Agreements**

A project sponsor can satisfy the requirements of relevant Area Plan Development Impact Fees by providing public improvements through a process referred to as an In-Kind Agreement (IKA). In lieu of paying impact fees, a project sponsor can propose to construct an infrastructure improvement or facility that fulfills a community improvement that is typically identified in an area or community plan that the project sits in. In order to implement this requirement, the Planning Commission requires that all improvements provided in-kind must be available to the public to the same extent they would be if the City provided the improvement. For example, in-kind parks or plazas must be publicly owned and accessible with operating hours consistent with City owned parks. Childcare facilities must meet the same standards of access as childcare facilities that receive public funding from the Department of Children Youth and their Families. In addition, an IKA can only be applied if the infrastructure type is identified in the Area Plan's fee ordinance and the expenditure category for infrastructure type is not exhausted.

An IKA is not a required process; however, if an in-kind agreement is pursued, there are certain requirements and processes that are outlined in a detailed application that a project submits for review to the Planning Department. An IKA must be determined to be eligible, be prioritized, and recommended by the Planning Department and the relevant CAC. The project sponsor, City, and CAC will coordinate the design, valuation, and terms of the agreements. The project sponsor will then seek approval of the in-kind fee waiver from the Planning Commission, usually as part of an overall project approval. Once the fee waiver is approved, the project sponsor records the in-kind agreement with the City.

An example of a successful in-kind agreements is Daggat Park, which is a 1-acre public park that has become a vibrant community space serving families and residents from several surrounding neighborhoods. The mixed-use project at 1000 16<sup>th</sup> Street received an in-kind fee waiver of \$1.88 million of their Eastern Neighborhoods Infrastructure Impact Fees to construct Daggat Park. The project is located at the triangle created by 16th, 7th, and Hubbell Streets, which also included the right-of-way for Daggett Street, which was a "paper" street that never functioned as a city street and was a large flat unutilized dirt area

In-kind agreements are a benefit to both residents of the development project associated with the in-kind fee waiver and neighbors because the public improvement is delivered at the same time as the project.

In-kind agreements are not a requirement for entitlement and are optional. Approvals for the in-kind fee waiver can follow the entitlement and are generally not a condition of the entitlement. The constraints or burdens of the in-kind application is often additional entitlement processing time, as design development, community vetting, and approvals add an extra step in achieving consensus on the proposed improvement.

### **Permitting Process Post-Entitlement**

*Below is a description of the most common Public Work permits required for a typical housing entitlement project that triggers SDAT review.*

#### **Street Improvement Permit**

When an application for a permit with DBI includes work that has an impact on the sidewalk, curb and gutter, pavement, or any other facilities in the public right-of-way, Public Works will review the plans and perform an engineering inspection at the location for which permit is issued to determine whether a Street Improvement Permit is needed. This is the most common permit required for SDAT projects. If a Street Improvement Permit is needed, the applicant will submit the required permit with any required plans and information to Public Works, Bureau of Street-Use & Mapping as well as pay the applicable fees.

#### **Street Space Permit**

A Street Space permit is required for any occupancy within the public right of way for construction and other purposes. This is typically needed for new construction or major alteration. A Street Space permit grants permission to temporarily occupy a portion of a public roadway or sidewalk for building construction and other construction related work. Material and equipment may not occupy more than 1/3 of the roadway width and not more than 1/2 of the sidewalk width unless an additional street space permit is granted. If this permit is needed, the applicant will submit the required permit with any required plans and information to Public Works, Bureau of Street-Use & Mapping as well as pay the applicable fees.

#### **Transformers**

The City has experienced an increase in private development projects and, with it, an increase in the demand for electrical power. This increased electrical demand has required many developments to install electrical transformers to specifically service their properties. The location of transformers, whether on private property or in the public right-of-way (ROW), has various potential impacts to the public realm and both the Planning Department and Public Works have policies and mutual interests in locating them to the maximum benefit of the City.

Public Works' policy, SFPW Order No. 165,553, requires transformers be located on private property, but exceptions to the policy may be granted if they are determined to be in the best interest of the City. These exceptions are outlined in a memorandum between Planning and Public Works. This memorandum establishes standard criteria and procedures for the Planning Department and Public Works to jointly review private development projects with regard to electrical power needs and determine the appropriate location of transformers, either on private property or in the ROW.

When an exemption is granted, the issuance of a Sidewalk Vault Encroachment Permit is needed and authorized by the director of Public Works. The fronting property owner(s) shall comply with all rules, regulations and requirements governing street occupancy including but not limited to Article 15, Section

723.2 of the Public Works Code and DPW Work Order No. 165.553. The permit holder will also need to pay a fee as determined by an annual assessment.

### ***Minor Encroachments Permits***

There are projects in which the project sponsor proposes to install fences, retaining walls, steps, stairways, special paving or other minor structures in the sidewalk fronting properties where such encroachments are desirable or convenient in conjunction with the project's use and enjoyment of the property, or required for the safety, convenience and comfort of the public using the sidewalk. These are referred to as "minor encroachments" and as such a Minor Sidewalk Encroachment permit is needed. Typically, these encroachments do not occupy more than 10 percent of the area of the sidewalk fronting the property or more than 25 percent of the width of the sidewalk. The process includes submitting a complete application, review of Public Works staff for compliance of city codes, neighborhoods notification and payment of fees.

### ***Major Encroachments Permits***

There are instances when a project proposes to install surface or subsurface encroachments in the sidewalk or street area of any public right-of-way, not otherwise permitted in the San Francisco Building Code, Administrative Code, Public Works Code or Police Code. These are typically encroachments that occupy more space than a minor encroachment (see specs above). Some examples of major encroachment permits associated with an SDAT project are special paving covering an entire street right of way, string lights, artwork, lighting fixtures crossing an alley, or any shared street proposal.

When a project applies for a Major Encroachment Permit, Public Works makes referrals to the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT), the Planning Department for Master Plan Referral, and depending on the nature of the encroachment, the San Francisco Art Commission, and other City agencies that the Department may deem necessary. The applicant shall be responsible for submitting any fees, documents, reports, and other information that the various City agencies may require to recommend the proposed encroachment for approval.

Public Works also holds a public hearing to consider the reports of the various City agencies and to hear any comments and concerns from the general public. After the hearing, Public Works forwards the application to the Board of Supervisors with the Department's recommendation for approval, disapproval or modification of the proposed encroachment(s). The Resolution granted by the Board of Supervisors only constitutes a variance (i.e. a Major Encroachment) and does not allow the applicant or his/her contractor to perform the work unless prior arrangements have been made with Public Works. In order to construct/install the proposed encroachment, the applicant then submits a bond and inspection fee to Public Works based on the total cost estimate of the work to be performed. The Department of Public Works will then issue a construction permit, pursuant to approved Resolution. This process typically takes several months for interagency review and permitting.

### ***SFMTA***

*Below is a description of the most common SFMTA permits required for a typical housing entitlement project that triggers SDAT review.*

### ***Construction Permitting/Special Traffic Permit***

Typically, a construction project must follow the "Blue Book," for doing construction adjacent to City streets. This book is a manual, not just for City agencies, but for utility crews, private contractors,



and others doing work in our streets. It establishes rules for working safely and in a way that will cause the least possible interference with pedestrian, bicycle, transit, and other traffic. During construction a project sponsor may require a Special Traffic Permit (STP) and/or Muni Construction Support Permit if a project cannot comply with the requirements specified in the Blue Book. The STP is a supplemental permit to whatever permits are required from Public Works-BSM such as Street Space permits. To apply for this permit, the applicant must submit the application, required information to SFMTA for processing.

### ***Permitting for Sidewalk Improvement/Color Curb***

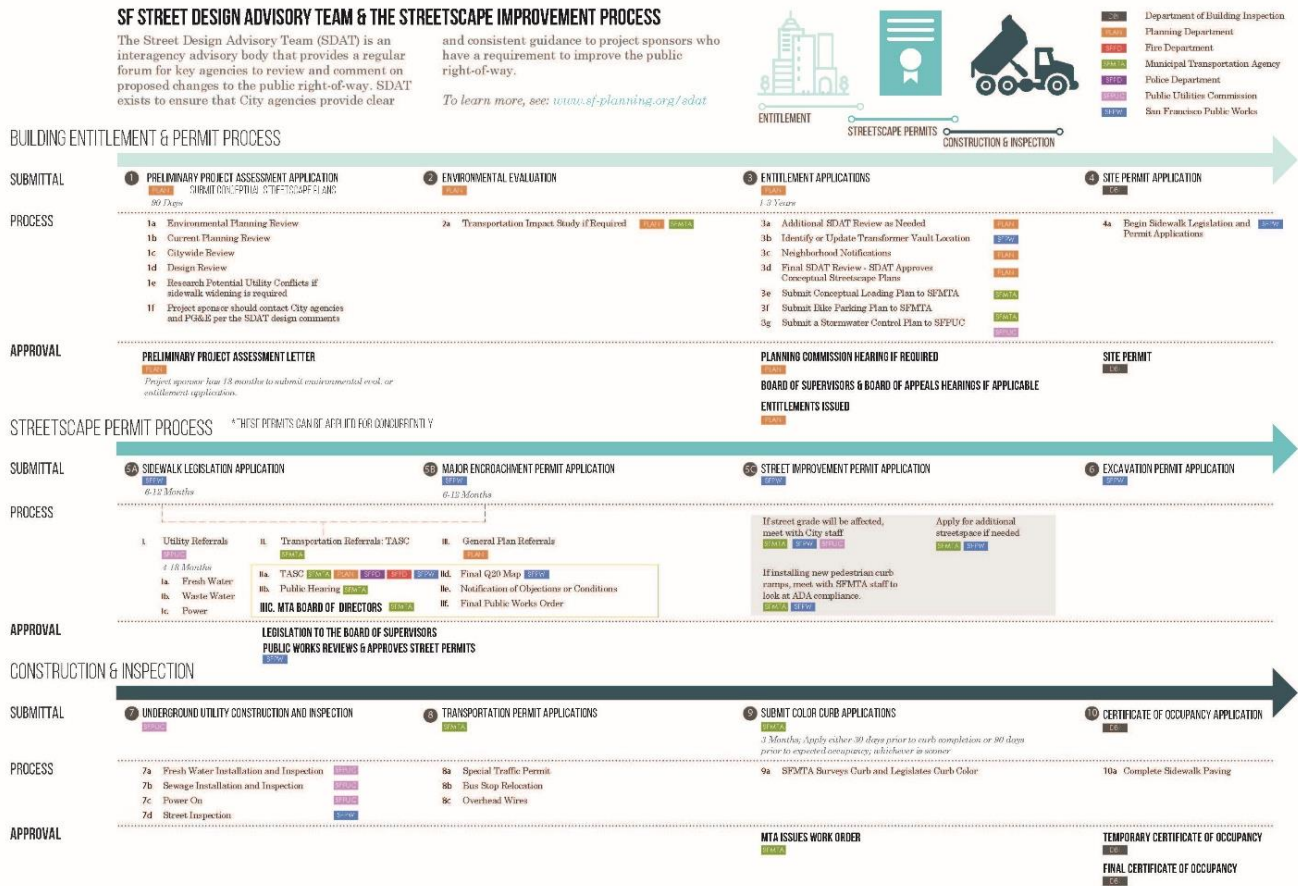
When a project applies for a Street Improvement Permit from Public Works, Public Works sends citywide Sidewalk Legislation referral to the applicable agencies to review and/or approve. This review is typical for sidewalk widening, bulbouts, new curbs, landscaping, etc. SFMTA also reviews if projects require on-street commercial or passenger loading. If so, sponsors work with the Department's Color Curb Program and apply for review. New color curb or changes to existing curb regulations require SFMTA public hearing.

### ***Special Circumstances***

In special circumstances, which are dependent on the size/location of a project, there may be a need to remove or reconfigure on-street parking, add marked crosswalks, revise the layout of travel lanes, modify transit stop locations and/or transit shelters, or add traffic control devices such as stop signs or traffic signals. Many of these changes require legislation via the SFMTA Board of Directors. This process takes several months for review and processing.

*Figure 25 is Building Entitlement and Permit Process chart summarizing the entitlement process for projects that triggers SDAT review.*

**Figure 25. SF Street Design Advisory Team and the Streetscape Improvement Process**



**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <b>Constraint</b>           | <b>Streetscape Design requirements are subject to discretionary review and can unfold as a complex process.</b>   |
| <b>Constraint Reduction</b> | <p style="text-align: center;">Related Policies</p> <p style="text-align: center;"><b>Policy 27</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p style="text-align: center;"><b>8.3 Objective Design Standards &amp; Findings</b></p> <p style="text-align: center;">Actions: 8.3.4</p> |

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Utility requirements can restrict the use of the ground floor where housing units could be placed and unclear pathways can absorb staff and applicant time causing delays.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 27</b>  |
|                             | Implementing Program Areas  |
|                             | <b>8.3 Objective Design Standards &amp; Findings</b><br>Actions: 8.3.5  |

## Regional

Many San Francisco housing projects must negotiate a variety of approvals and permits including, for projects near the shoreline, the Bay Conservation and Development Commission and the Coastal Commission, or for projects taller than 200 feet, the Federal Aviation Administration.

## Utilities

### Water

In 2021, the Board of Supervisors modified the 2017 non-portable water requirement, in an effort to reduce San Francisco water usage in the face of increasing drought conditions. Regulated by the SFPUC, the non-potable water reuse infrastructure requirement affects housing projects that are over 100,000 square feet and requires them to provide their own in-house water treatment and reuse of water from black and gray water sources. The original legislation requested this of projects that were 250,000 square feet or over and was applied to many projects in the City, including 1550 Mission Street and 1629 Market Street, which includes affordable and supportive housing. Concerns expressed by developers include that the infrastructure required to perform this utility function was not locally available, as this was new technology at these scales, had to be shipped from overseas, and required considerable space in their project. Developers claimed the requirements reduced the use of new water by less than 15%. This type of water reuse programming works primarily in mixed-use projects with a balance of office and housing, given water demands, not available at this site.

The City expects that reducing the square footage threshold could be a challenge for projects that have 100 units or more. They are unlikely to have enough scale to cover the infrastructure costs, there may not be equipment that fits this small scale, and many of these types of projects in denser parts of the city, where projects do not typically include parking, do not have basements or garages that can house the machinery. The permitting required is through the SFPUC with additional permitting with the San Francisco Department of Public Health. The ordinance also requires any project over 40,000 square feet to provide a water budget that assesses the amount of available rainwater, graywater, and foundation drainage, and the demands for toilet and urinal flushing and irrigation.

## Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Burden of on-site water treatment for projects at smaller sizes where equipment is not available and expenses can be a challenge.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 27</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.1 Cost and Fees</b><br>Actions: 8.1.4   |

### Power

Per the City Administrative Code, the SFPUC shall examine the feasibility of supplying electricity to all new City developments, particularly those that would potentially yield the highest benefit to the City, including, without limitation, military base reuse projects, redevelopment projects, projects occupying any portion of public land, projects funded in whole or in part by local, State, or Federal funds, other City projects, and certain other private projects seeking City approvals.

If, after considering the cost of providing service to a new project, the SFPUC deems a project to be beneficial to the City, the project sponsor shall work with the SFPUC to prepare an assessment of the feasibility of the City providing electric service to the project. The assessment shall include, but not be limited to, the following: (1) electric load projection and schedule; (2) evaluation of existing electric infrastructure and new infrastructure that will be needed; (3) the potential for on-site generation and load reduction through energy efficiency and demand response; (4) business structure cost analysis; and (5) financial and cost recovery period analysis. The assessment shall determine whether the addition of the new customer will benefit the City and its existing customers, considering the additional costs to serve the new customer.

As part of the feasibility to the project, the SFPUC must work in most cases with PG&E for an interconnection under the Wholesale Distribution Tariff (“WDT”). This type of interconnection is more involved than the typical low-voltage interconnections PG&E provides to their retail customers off PG&E’s secondary (“low-voltage”) distribution system.

These primary WDTs require both additional substructures and electrical infrastructure to be installed and at times requires reinforcement/improvements of PG&E’s facilities.

The project must pay SFPUC to furnish and install the substructures. In addition, SFPUC will pass on the cost of reinforcing PG&E’s system and any related line extension to the project for the project to pay.

Additional details on requirements are as follows:

- Sub-surface vaults to be installed in sidewalk.
- Interrupter should be in public ROW,
- Transformer should be pad mounted and on private property.

- Project must pay for, furnish, and install all substructures including conduit, vaults, and equipment pads.
- Project must pay for all electrical infrastructure such as interrupters, cables, and transformers.
- SFPUC will provide electrical infrastructure after developer pays SFPUC.

For in-fill developments, SFPUC relies on PG&E grid service for power. PG&E often imposes significant additional requirements on buildings served by SFPUC, compared to directly adjoining buildings of the same size and use served by PG&E, which can then impose unnecessary construction costs and delays.

Public power projects in San Francisco, including high priority affordable housing projects, are often frustrated by PG&E requirements. The SFPUC regularly reports on these project disputes with PG&E in quarterly reports to its Commission and the Board of Supervisors. The reports can be found [here](#).<sup>34</sup> These reports show that affordable housing projects have faced several roadblocks from PG&E including delays, demands for costly upgrades, and demands for unnecessary equipment. Several housing projects faced year-long delays in the electrical design stage as PG&E required expensive, oversized equipment that was deemed unnecessary for technical or safety reasons. The City and PG&E negotiated a limited settlement agreement that allowed some affordable housing projects to move forward with appropriately sized electrical equipment. However, affordable housing projects continue to incur delays and additional costs due to PG&E requirements. The City is currently litigating these issues at the Federal Energy Regulatory Commission.

Any projects to which SFPUC is providing power must follow City rules and regulations. This includes easements for facilities not located within the City right-of-way (there is an implied easement if the customer is the only person served from their property).

### Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Utility conflicts cause time delays and burdens on housing projects including affordable housing.</b>   |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 27</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.6 Support for Affordable Housing and Shelters</b><br/>         Actions: 8.6.7; 8.6.8</p> |

### Solid Waste, Recycling, and Organics/Compost

Recology provides collection and disposal of municipal solid waste, recycling, and organics/compost to residential customers in San Francisco. They have many requirements that must be met in larger housing projects so that waste, recycling, and compost bins can be accessed or picked up weekly and

<sup>34</sup> <https://www.publicpowersf.org/document-library>

must intersect with public rights of way including sidewalks and curb cuts and the design of ground floors. While many of these agents have standards or rules, there is significant discretion in aligning their separate needs with governmental requirements which can create an unpredictable environment.

**Streetlight**

Any streets proposed for modification are required to bring streetlights up to current standards. As such, the project must create photometrics for the area where there are street improvements. Some developers have refused to do lighting improvements despite them changing the use of the roadway, which causes delays. We determine this need through photometric analysis of existing conditions, evaluating intersections and street crossings – this must account for the additional pedestrians caused by the housing developments. In addition, any modifications to streetlights and ROW require upgrades to lighting.

In the event a project requests an exception from City standards with regards to streetlighting (e.g. non-conforming to city code or running utility lines through public land), they may need a major encroachment permit to own the lights in the City right-of-way. This occurs frequently for infill projects.

**Review of Constraint**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Utility requirements can absorb staff and applicant time causing delays; in addition, major encroachment permit requires going to the Board of Supervisors.</b>  |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 27</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>8.4 Process and Permit Procedures</b><br/>Actions: 8.4.15</p> |

**Infrastructure for Large Development Projects**

The housing pipeline in San Francisco rests on thousands of units being built over the next eight years in existing large-scale developments that are already permitted, including Treasure Island, Balboa Reservoir, Yerba Buena Island, Candlestick, and Hunter’s Point among others. The multijurisdictional complexity of these projects after entitlement is much higher than standard housing sites and takes special permitting and negotiation over years. This infrastructure, called the “horizontal” work includes new streets, water lines, wastewater lines, stormwater runoff systems, electric substations and other infrastructure and even solid waste removal or recycling systems. It must be reviewed by all city agencies that regulate such work including: the Fire Department, the Building Department, Public Works, Public Utilities Commission, SFMTA, as well as PG&E and other utility companies.

While past process required each developer to meet independently with all permitting agencies and departments, the City has developed two internal processes to coordinate and reduce potential conflicts and challenges. The first is a Housing Delivery team, under the Mayor’s Office and the Director of Housing Delivery, that organizes and shapes city decision-making across agencies and departments for

very large projects such as development agreements. This team includes high level representatives from each jurisdiction or permitting function and the consistent collaboration allows alignments and reconciliation when requirements conflict.

### Review of Constraints

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Utility conflicts cause time delays and burdens on housing projects including affordable housing.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 26</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.7 Facilitating Large Projects</b><br>Actions: 8.7.3   |

## **Enforcement**

The Planning Department Code Enforcement team helps maintain and improve the quality of San Francisco's neighborhoods by operating programs that ensure public compliance with the City's Planning Code. The seven-member team responds to customer complaints. It seeks to initiate fair and unbiased enforcement action to correct those violations and educate property owners to maintain code compliance.

Each year, the Planning Department responds to over 500 inquiries pertaining to potential land use violations. Here are common complaints that impact the production of housing:

- Addition or removal of dwelling unit(s) without approval
- Alteration of historical building or structure without approval
- Demolition without approval
- Failure to provide required bicycle parking
- Non-compliance with conditions of approval
- Obstruction in front or rear setback
- Group housing without approval
- Failure to install required street tree
- Use of required front or rear setback as parking

When a violation is reported, enforcement staff review the complaint and complete a site visit and investigation before proceeding with a violation notice. One of the most common and challenging complaints is related to unauthorized demolition, as the “tantamount to demolition” process can make it appear that a project is violating requirements when it complies. If a violation may be occurring, enforcement staff may provide a correction notice and/or suspend permits and work may cease until the violation is resolved.

### **Building Improvements and Maintenance**

Many of the regulations that apply to new housing projects do not apply to maintenance or replacement efforts as they do not remove units or expand the building envelope, however it is common for people to renovate or include an addition when doing home repair, roof replacement, or when addressing weather damage. Homeowners often discover that their projects have an unknown historic resource status which can affect window or siding replacement at the front facade. They either have the choice to complete an Historic Resource Evaluation, requiring time and money, to establish it with finality or assume it is a resource and proceed conservatively and under the Secretary of Interior Standards. This reduces the ability for replacements other than in-kind. The City has consistent policy that vinyl windows are not acceptable on the front or visible facades, which can be a financial constraint.

Many San Franciscans are "house rich" but have limited yearly income and few easy ways to access the financial equity in their homes. Lower-income residents find this be a struggle with home-upkeep and, especially housing in the northwestern portion of the city that is subject to off-sea wind and salted air, deterioration can be persistent. Metal corrosion is especially common.



## **Overview of DBI Code Enforcement**

Code Enforcement is the process utilized by the Department of Building Inspection (DBI) to get property owners of buildings with substandard conditions to comply with the San Francisco Administrative, Building, Electrical, Housing, Mechanical, and Plumbing Codes.

The primary authority for Code Enforcement is Chapter 1, Sections 102A, 103A, and 104A of the San Francisco Building Code. Code Enforcement begins when the Department issues, mails to the owner, and posts on the subject building a Notice of Violation (NOV) detailing code violations found and when all corrective work is to be completed.

The NOV cites the identified violation(s) and sets forth a compliance deadline, which is usually 30 days from the date the NOV is issued. If the correction is not made within the specified timeframe, the case is scheduled for a Director's Hearing, which is the next step in DBI's code enforcement process. The Director's Hearing is an administrative hearing whereupon hearing evidence from the interested parties, the hearing officer will determine whether an Order of Abatement is issued. An Order of Abatement is a legal document that gets recorded against the title and acts like a lien.

The issuance of a NOV or correction notice, or referral to an administrative hearing, is not the end of this process. Code Enforcement is finished when:

- All required corrective work is completed as verified through a final inspection by the pertinent division inspectors.
- Required permits are issued and completed, as verified by a final inspection by the appropriate division inspector in which the permit job card is signed off indicating all work is completed.
- All assessment of costs, re-inspection fees, penalties or any other applicable code enforcement fees are paid.
- All documents necessary to revoke any pertinent Orders of Abatement are recorded.
- All related complaints on file in the Department's Complaint Tracking System are "abated."

## **DBI's Enforcement Cases**

At the end of August 2022, DBI's database included 974 residential properties with unabated Notices of Violation that were flagged with "unsafe building" in the Complaint Tracking System. The "unsafe building" flag is used when the conditions at the property do not meet the minimum requirements of the building code. This represents roughly 0.7% of all residential properties in San Francisco.

## **Resources Available to Property Owners**

Owners of single-family dwellings may be referred to MOHCD for information on the Code Enforcement Rehabilitation Fund (CERF). DBI's Code Enforcement Outreach Program provides counseling resources to residential property owners with existing code violations.

### **DBI's Code Interpretation: Administrative Bulletin**

DBI issues administrative bulletins on a variety of topics associated with the interpretation and implementation of building codes. These bulletins provide background and direction on various code and administrative matters. These are extensions of the relevant codes, but do not replace such codes. An administrative bulletin is subject to the Building Inspection Commission's approval. Details of the procedures to be used in originating, writing, editing, and distributing Administrative Bulletins are referenced in Administrative Bulletin-001.<sup>35</sup>

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35 DBI's [Administrative Bulletin-001](https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_building/0-0-0-93857): Preparing Administrative Bulletins,  
[https://codelibrary.amlegal.com/codes/san\\_francisco/latest/sf\\_building/0-0-0-93857](https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_building/0-0-0-93857)

# Building Codes

## Building and Fire Code

Housing projects in San Francisco are required to meet the California Building Standards Code which include the Building, Plumbing, Electrical, Mechanical, Energy and Green Building Codes as well as amendments made by the City of San Francisco. The current adopted code is from 2019. The California Building Standards Code (Cal. Code Regs., Title 24) reflects national model codes; are adapted from national model codes to address California's ever-changing conditions; and include outside of national model codes that address specific California concerns.

### Local Amendments to State Building Codes

The San Francisco Building Code amendments were adopted by the Board of Supervisors of the City & County on November 21, 2019, by Ordinance [264-19](#), effective December 22, 2019 and operative January 1, 2020. An ordinance repealing the 2019 San Francisco Building Code and adopting the 2022 San Francisco Building Code, including local amendments, was introduced on September 13, 2022, File No. 220940, and if adopted would make the 2022 San Francisco Building Code operative as of January 1, 2023.

The full 2019 San Francisco Building Code ("SFBC") consists of the 2018 International Building Code ("IBC"), as amended by California (2019 California Building Code ("CBC")), and as further amended by these San Francisco amendments, as well as the 2018 International Residential Code as amended by California (2019 California Residential Code) and as further amended by these San Francisco amendments.

The changes to the 2019 SFBC (including the IBC and IRC) are not significantly different than the previous 2016 SFBC

### Administrative Bulletins

San Francisco's Department of Building Inspection (DBI) issues local amendments to state building code through administrative bulletins.<sup>36</sup>

1. Identify the proposed administrative bulletin. Any individual in the Department may identify the need for an Administrative Bulletin and report this need to the supervisor, who will in turn discuss it with the Manager of Permit Services (the Manager). The Manager then makes a recommendation to the Director who may give the authorization to proceed with the writing of the Administrative Bulletin. Similarly, any City agency may identify the need for an Administrative Bulletin directly to the Director. The Manager will notify Technical Services Division (TSD) of the subject matter and the person assigned to write the Administrative Bulletin (the Preparer). TSD will assign the proposed Administrative Bulletin a number and notify the Preparer to proceed.

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36 <https://sfdbi.org/administrative-bulletins>

2. Report the proposed administrative bulletin to building inspection commission (BIC). Prior to the preparation of the first draft of the Administrative Bulletin, TSD will prepare a brief synopsis of the proposed Administrative Bulletin and shall forward that to the DBI Director for inclusion in the Director's Report or Communication Item to the Building Inspection Commission (BIC).
3. Prepare the draft administrative bulletin. Following such report to the BIC, the Preparer shall prepare the first draft. The first draft is to be returned to TSD within 21 days\* after BIC review. Extensions of time may be granted by the Director under extenuating circumstances. Such first draft shall be reviewed by the Deputy Director and TSD for form and content and revised as necessary.
4. Review the draft administrative bulletin. If so-requested by the BIC, the first draft shall be provided to the BIC for public hearing prior to general distribution of the draft for review. If no public hearing on the first draft is requested by the BIC, that first draft shall be distributed. The Preparer is to include a list of persons or committees to whom the draft is recommended to be sent for review. The Director and TSD may revise this list. TSD will distribute the first draft and, after a minimum 30 day\* review period, will forward any comments received to the Manager. The Manager will review the first draft and the review comments, and if necessary, discuss them with the Preparer. The Manager may refer the draft Administrative Bulletin to any committee for review as seen advisable. Prepare the final draft for review by the manager. Based upon draft review comments a final draft bulletin will be prepared by the Preparer. TSD will prepare the final draft which will then be reviewed for form and content by the Manager.
5. Forward the administrative bulletin to the BIC for review and public hearing. Following review and recommendation by the Manager and Director, the draft Administrative Bulletin will be forwarded to the Building Inspection Commission for review, public hearing, and approval.
6. Prepare the approved copy for printing and distribution. Following BIC approval, the Preparer will have 7 days\* to return a final draft to TSD who will review the final draft for conformance to format and prepare a final copy for signature by the Director. The signed Administrative Bulletin will be duplicated and distributed as noted on a final distribution list. TSD will file the signed Administrative Bulletin and will keep a record of the completed Administrative Bulletins in separate indexes.

See subattachment 4 - Administrative Bulletin Preparation, Review, and Approval Process for a flowchart of DBI's Administrative Bulletin process.

#### **Chapter 503.1.4: Occupied Roofs**

The 2018 IBC, which was included in the SFBC, included a clarification that specifically excludes roof decks from counting as a story or area when calculating the permissible height and areas in Chapter 5 of the SFBC. However, Section 511 of the 2019 San Francisco Fire Code states "floors used for human occupancy located more than 75 feet above the building access are considered High Rise Buildings. This clarification is based on the 75-foot reach of an aerial ladder mounted on a fire truck. The San Francisco Planning Code ("SFPC") requires a minimum amount of open space and permits roof decks to count towards the required amount of open space in certain districts. However, since

the roof deck is considered to be an “occupied floor,” its floor elevation has to be below 75 feet to stay within Type III construction for the top 5 floors of a 7-story building. If the open space required by the SFPC is provided on a roof deck that is above 75 feet, then the entire building would need to be of a more fire resistive construction and hence more costly, or, alternatively, the number of housing units would be reduced to keep open space on the roof below 75 feet. This requirement originates from the CBC and IBC, of which the SFBC is a clarification, and is similarly enforced in other California counties.

### **Chapter 10: Means of Egress**

Although the SFBC has not changed recently, there has been a general tightening of the Chapter 10; Means of Egress requirements through the last decades. Previously the SFBC included provisions that specifically addressed typical San Francisco residential building lot sizes of 25' in depth as it relates to Exit Courts (CBC 1028.4) Exit Discharge (CBC 1028) and Emergency Escape and Rescue (CBC 1030). The SFBC had provided exceptions that maintained the maximum building width for residential units. Previously the rear yard was considered an Exit Court, without requiring a direct (open air) passage to the public right of way. In common terms, one could exit from the rear yard or provide access to the emergency Escape and Rescue windows, without including a 4' side yard setback. To provide maximum residential buildable area, the SFBC could allow for a “one or two protected exit passage” from the rear yard to the front of the building as the Exit Discharge from the Building. The allowance of an enclosed or protected exit passage would enable the building above it to extend to the full lot width, while still allowing for protected access to the Rear Yard or Exit Court.

### **Chapter 11A & 11B: Accessibility**

The significant changes regarding accessibility in the 2019 SFBC did not apply to Residential requirements, but rather to Accessible paths to Places of Public Accommodations.

However, affordable housing projects are often subjected to many interpretative extensions by the Mayor's Office of Disability (“MOD”). If not documented and these interpretations can cause delays during plan check and costly “corrections” during and after construction. Given San Francisco's topography, where the public right of ways (sidewalks) often exceeds the slopes required for “accessible pathways”, strict interpretation can result in fewer units being constructed.

Areas of concern include interpretation of “equal access,” be it to common electrical vehicle (“EV”) charging, exterior amenity spaces, or interior cabinetry. Although Chapters 11A and 11B are lengthy with diagrams, application can be challenging.

For renovations of existing affordable housing, many elements are open to interpretation since renovation often needs equivalency due to existing conditions. Appeal of any discretionary interpretations involves a lengthy process. MOD often requires equal access to all aspects of affordable housing. This is especially challenging in renovations of existing affordable housing. An example is requiring the removal of cabinetry in all the units if a lesser amount of cabinetry is provided in mobility units. A strict interpretation does not always benefit all residents, since the mobility units may have others that are mobile living in the units.

The City should consider implementing a simple appeals process to vet code interpretations which could lead to more efficient solutions.

### **Chapters 1117A General Requirements for Accessible Entrances, Exits, Interior Routes of Travel and Facility Accessibility and 1119A.1 Interior Accessible Routes**

These code sections specify that an accessible entrance must be provided to all units and, when more than one route of travel is provided, all routes shall be accessible. However, San Francisco Planning draft Ground Floor Residential Design Guidelines often require “stoops or porches.” By their design, they are raised and not considered an accessible entry. Therefore, if Planning Design Guidelines require stoops or porches, they will be in addition to an accessible entrance required per code.

### **Department of Public Health Maher Ordinance**

The SFBC includes the Maher Ordinance or SF Health Code Article 22A. Among other provisions, the Maher Ordinance maps the areas around freeways and requires filtered interior air for building sites identified in these areas. This is a requirement unique to San Francisco, and is designed to protect the indoor air quality of housing located on transportation corridors, but which affects every hallway and room, and natural ventilation is not allowed. It results in whole building air handling systems running full-time, which filter air throughout the units and enclosed public spaces and disallows simpler and less costly air intake methods such as operable windows or venting, adding to construction and operating costs.

### **Building and Lot Types**

State interpretations of building and fire code have unique impacts in San Francisco because of the city’s geography, land use patterns, and density. For example, a State Fire Marshall interpretation in 2017 (later rescinded) determined that any place-- including roofs open to the air-- at or above 75 feet that people can access, other than for maintenance, is occupiable space. Creating occupiable space above 75’ (at the floor) requires under the State Building Code using much more expensive Type 1, or

#### **Comment from Developer interviewee**

**Working in San Francisco is like a blackhole of timing-- when we work in San Jose, we know that we will receive comments at a precise time, like 60 days, and can plan accordingly. They use third-party reviewers when they get too busy so they are able to meet their deadlines.**

high-rise, construction, typically steel and/or concrete partnered with additional fire code and exiting requirements. In many places with lower buildings or lots with less density of housing, this would have little impact since it would be easy to modify structures to either sit below that height or accommodate open space in places other than on the roof. In San Francisco, however, the 85’ height (top of roof) districts in dense, form-based zoning areas of the city are specifically designed to avoid Type 1 construction and roof decks are commonplace to satisfy open space requirements.

While there are ways to adjust housing massing-- often losing units-- early in process, this interpretation caught many projects after entitlement during a high point in the real estate cycle. In response, some

projects opted to reconfigure their open space (where possible), or switch and pay an off-site fee (or “fee out”). This unanticipated change is an example of a disruptive and costly delay in housing production.

Another example is a recent interpretation that R3 occupancy in the California Build Code requires that all bedroom windows be accessible to the fire Department via 50’ ground ladders or have a 50’ adjacent

#### Comment from Architect interviewee

**The site permit process has changed in recent years-- used to be a high level check and now gets into detail like a full permit review. Sometimes we skip it and submit our full plans.**

yard for refuge. While it is common in many cities that houses have side setbacks on wider lots and thus provide open air access to backyards, in San Francisco, most housing is built property line to property line. As well, many backyards cannot meet the 50’ depth threshold. While this is not a challenge for new construction, it has a bigger impact on existing housing where an applicant seeks to add units, where budgets are smaller, providing rear

yard access in a 1-hour rated corridor is space and expense consuming and adding sprinklers is cost prohibitive. This constrains the opportunity of ADUs, especially in the rear yard.

The lot line to lot line housing pattern also means that lot splits, available ministerially via the California HOMES Act, is much less likely to happen in San Francisco, as lots are long and narrow, with the short end at the street. Most lots can only be split front to back requiring an easement and 1 hour rated corridor through the front lot and house. This has also reduced the potential of autonomous rear yard ADUs in San Francisco including prefabricated models, one of the most inexpensive ways to add them.

## Green Building Code

As part of its efforts to combat climate change, San Francisco has adopted its own San Francisco Green Building Code (“SFGBC”). This code is used in conjunction with Cal Green and Title 24. The SFGBC includes the following stricter requirements.

- All electric for New Construction
- Install solar electric, thermal or green roof for all new buildings.
- Provide on - site facilities for collection of compost in addition to recycling
- Wire all new buildings to be capable of supplying electricity to 100% of new parking spaces
- Meeting City green building requirements tied to LEED and Green Point Rated green building systems.

These requirements, especially for infrastructure serving new buildings, impact construction costs. Taken collectively, the increased electrical loads require upsizing electrical service, including the possibility of additional transformers and larger electrical rooms and meter space. These elements require additional area, much of which will likely be on the first floor. Electrical rooms and transformers have specific PG&E access and service requirements which are currently difficult to meet. The larger the electrical requirements, the more difficult and costly it will be to accommodate these utility spaces. The process of obtaining approval from PG&E for alternate access and placement of equipment, such as locating transformers underground or electrical rooms in basements, involves costly uncertainty and negotiation

with PG&E. These requirements will likely increase construction costs and create more demand on the electrical grid.

There are several local changes to the building code which impact the development of housing, as described below:

- The SF Better Roofs Ordinance requires limited installation of solar electric (photovoltaic), solar thermal, or living roofs on all new construction of 10 floors or less. These requirements are in both the Planning Code and in the Building Code.
- Electric-Vehicle Ready Ordinance requires new construction and certain major alterations to be "EV Ready", meaning the project must include electric infrastructure, such as wiring and switchgear, to include sufficient capacity to charge electric vehicles in 20% of off-street spaces constructed for light-duty vehicles.
- The City's All-Electric New Construction requirements prohibits gas piping in new construction that applies for building permit after June 1, 2021. This change will likely require additional transformer vaults and other utility infrastructure but also produces houses that do not need gas infrastructure. It is intended to be neutral in cost.
- Energy efficiency requires any mixed-fuel new construction that applies for building permit after February 17, 2020, to reduce energy use at least 10% compared to California Building Energy Standards (Title 24 Part 6, 2019). Similar requirements were in place from January 1, 2017, to December 31, 2019, for residential new construction. Each ordinance above was supported by a study by credible experts documenting no net cost impact, and/or utility cost savings greater than marginal cost. Each was accompanied by outreach to affordable housing developers. Prior to adoption the practice imposed by the ordinance was observed to be commonly implemented by several affordable housing developers in recent projects in San Francisco, except for the EV Ready Ordinance.

## **Modular**

With new factories and clarity on building code regulation at the State level, factory-built housing has become more realistic. There are several applications for housing that propose modular construction, including 550 O'Farrell Street, and a completed 100% affordable housing project at 833 Bryant. Other projects, like 333 12th Street, used prefabricated parts.<sup>37</sup> These technologies work very well for highly repetitive housing projects where there are a small set of unit types that stack and repeat exactly. This is more challenging in historic districts, areas with heights taller than 85 feet and are likely not efficient enough at lower heights like 40 feet. The City expects to see more projects that propose modular construction since it helps to solve the challenge of hard costs. There is no difference in the Planning

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<sup>37</sup> <https://www.bizjournals.com/sanfrancisco/news/2018/06/05/panoramic-interests-student-housing-san-francisco.html>



permitting or entitlement process and such projects are recognized and addressed in the building and fire code.

**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>High cost of land and uncertainty in the review and approval process specific to manufactured housing make manufactured, prefabricated, and mobile homes less desirable to project applicants.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 30</b>  |
|                             | Implementing Program Areas  |
|                             | <b>8.1 Cost and Fees</b><br>Actions: 8.1.1  |

## **Fees and Exactions**

From project conception through completion, housing development projects are likely to incur a variety of fees which increase overall project cost, beyond those immediate costs to the project team for project management, design and actual construction. In terms of city-associated costs and fees, these generally break down into two main categories: 1) development application or review fees; and 2) development impact fees.

### **Development Application and Permitting Fees**

All projects to construct housing in the City, whether through conversion of existing space, addition to an existing building or new construction, will require a building permit from the Department of Building Inspection (DBI) prior to construction. The fee schedule for applications is updated and posted annually by August or early September on the Planning Department website. While it is generally true that as construction cost increases, so too will the building permit application fee, it is also true that the relative permit fee charged on each dollar of construction cost decreases as projects become more expensive (see Figure 26 - Fees for Various Development Permits by Construction Costs Effective August 30, 2021). A project with a \$500,000 construction cost will have a building permit fee of \$16,643, or about 3.3 cents for each dollar of construction. The building permit fee for a \$50,000,000 project is \$41,036, representing less than one-tenth of one cent for each dollar of construction. However, the building permit application fee is only one of several fees that might apply to a project, and large projects especially are likely to incur a variety of other fees.

In addition to the DBI fee on the building permit application, it is also common for projects to have specific Planning Department review and/or entitlement application fees. One common fee associated with Planning Department review is for a project's environmental review under the California Environmental Quality Act (CEQA). This can range from as low as \$389 for the simplest categorical exemptions, to well over \$100,000 for some project Environmental Impact Reports (EIR). Later, this section of the report will discuss higher impact fee costs associated with certain plan areas; however, one benefit for projects within area plans that have completed an EIR is that they can typically pursue the less costly (\$9,412) Community Plan Evaluation as their environmental review document.

Closely related to, or as part of a project's environmental review, some projects may require a Historic Resource Determination, which can add roughly \$3,000-\$8,000 to the application costs. Still others may require submittal of a Certificate of Appropriateness or Permit to Alter, applications which also add several thousands of dollars to application costs in addition to a public hearing in front of the Historic Preservation Commission.

The most common and familiar of the Planning application fees are perhaps those that result in a hearing before the Planning Commission (e.g. Conditional Use Authorization, Downtown and Eastern Neighborhoods Large Project Authorizations, HOME-SF and other State Density Bonus authorizations, Office Allocation) or the Zoning Administrator in the case of variances. These fees collected by SF

Planning are posted on the Planning website and updated annually before the annual cost of living is adjusted.<sup>38</sup>

While not all projects will require some or all of these Planning applications, it is fairly common for there to be at least one entitlement required for larger projects. Of note, large development projects within the downtown (C-3 Districts) and the Eastern Neighborhoods mixed-use districts commonly require a separate, geographic-specific entitlement type, which may still be in addition to other entitlement applications a project may require. This illustrates one way that there is uneven geographic distribution in terms of overall costs to projects. A 100,000-square foot residential project constructed in downtown or in SoMa would have higher entitlement application fees than that same project were it proposed on Geary Boulevard in the Richmond.

**Figure 26. Fees for Various Development Permits by Construction Costs Effective August 30, 2021**

| <i>Estimated New Construction Cost</i> | <i>Building Permit (DBI) Fee</i> | <i>If Required, Conditional Use Fees</i> | <i>Variance Fees</i> | <i>Coastal Zone Fees</i> | <i>Environmental Evaluation Fee</i> |
|--|----------------------------------|--|----------------------|--------------------------|-------------------------------------|
| \$100,000                              | \$3,032-\$4,880                  | \$2,592                                  | \$5,083.50           | \$522.50                 | \$8,285                             |
| \$500,000                              | \$16,643-\$18,488                | \$5,780                                  | \$5,083.50           | \$1,162.00               | \$17,413                            |
| \$1,000,000                            | \$22,074-\$22,790                | \$9,905                                  | \$5,083.50           | \$1,990.50               | \$28,180                            |
| \$10,000,000                           | \$36,302-\$38,786                | \$88,467                                 | \$5,083.50           | \$17,603.50              | \$188,931                           |
| \$25,000,000                           | \$37,102-\$39,786                | \$131,443                                | \$5,083.50           | \$30,281.50              | \$269,781                           |
| \$50,000,000                           | \$38,102-\$41,036                | \$131,443                                | \$5,083.50           | \$26,317.50              | \$340,323                           |
| \$100,000,000                          | \$41,835-\$45,704                | \$131,443                                | \$5,083.50           | \$26,317.50              | \$365,070                           |

In addition to some geographic differences in application fees, there is also a notable project size threshold difference starting at or above the creation of 10 residential units versus those projects that construct fewer than 10 units. Focusing still on development applications, projects above this threshold are required to submit a Preliminary Project Assessment (PPA), currently around \$6,000, prior to the submittal of any other application with the City. While this is an additional cost to the project, it is also an opportunity for Planning staff to review and provide preliminary feedback and comments on a proposal, with the intention of helping the actual project submittal to be able to move more quickly through the review process by having the project address some possible concerns before the formal project submittal. Most Planning applications are set to be billable to the project if the time and materials spent by staff on review of the application exceeds the initial intake fee; the PPA is in part, aimed at reducing that amount of staff time overall. Another example is the Transportation Demand Management (TDM) application that is required for projects with 10 or more units. This is a newer Code requirement, added circa 2017, that includes an initial application fee of almost \$7,000, as well as ongoing, periodic monitoring and compliance fees that must be paid after construction for the life of the project,

38 <https://sfplanning.org/resource/fee-schedule-applications>

approximately every one to three years, and which is currently set at just over \$1,000 for each reporting period. This post-construction fee obligation is different than most other Planning fees discussed above, but it does provide the Planning Department with the necessary resource to ensure that project's TDM plans are not only implemented at time of construction, but well into the future.

### **Inclusionary Fees for Density Bonus Projects**

Projects applying for the State Density Bonus are still subject to local inclusionary requirements. State Density Bonus projects may receive a credit towards the Affordable Housing Fee by providing the required affordable units on-site. This process and fee calculation are described in detail in the Process and Permitting Procedures section, Implementing State Requirements subsection.

### **Eliminating Permitting Fees for ADUs**

March 2, 2021, the Board of Supervisors voted to eliminate DBI permitting fees for ADUs. Permitting fees have been a significant part of ADU project costs. As a result, 370 ADU permits have been filed since March 2, 2021.

### **SFPUC Fees**

All SFPUC adopted fees are in [online rate and fee books](#).<sup>39</sup> There are capacity charges and new service installation fees assessed on the water/wastewater side related to any new or upsized service connections, including housing. There are also permit fees related to compliance with various regulations, including nonpotable ordinance, stormwater, and management ordinance. Related to power, fees are not standardized. SFPUC charges at cost for time and materials of new service connections, with some adjustments.

Fees related to SFPUC are still pending by SFPUC's rates group. SFPUC is working on flat fees for some streetlight review and related tasks.

## **Development Impact Fees**

The other main type of fee a project is likely to incur are development impact fees, which are imposed by the City on new development projects in order to help pay for some of the costs of providing public services and infrastructure associated with the new development. While many impact fees are established in the Planning Code (Article 4) and are assessed by the Planning Department, there are other City agencies that assess impact fees as well (e.g. SFPUC for water and wastewater surcharges, SFUSD school fee). Some impact fees apply to projects throughout the City in order to support specific public services or infrastructure – affordable housing, transportation, child care, public art; however, others may be geographically based and are often the result of recent planning efforts within that geography. Geographic areas and neighborhoods with specific impact fees include: Downtown (C-3)

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<sup>39</sup> San Francisco Public Utilities Commission Water, Power, and Sewer Rates, <https://sfpub.org/accounts-services/water-power-and-sewer-rates>

and the Transit Center District specifically, Eastern Neighborhoods and Central SoMa, Rincon Hill, Market & Octavia, Visitacion Valley and Balboa Park.

Development Impact Fees are kept updated and publicly posted on the SF Planning Development Impact Fee Register page.<sup>40</sup> SF Planning's webpage on Development Impact Fees explains the purpose of impact fees, how they differ from application fees, and links to other key Impact Fee resources, including the Impact Fee Register. This fee register details the various impact fees required of projects and square footage thresholds of both residential and non-residential uses for which the fees apply. Where information on the Fee Register is listed as "varies," applicants can typically find more specific information in the referenced Planning Code Section. Relevant impact fees can also be found by parcel in the City's Property Information Map.

When project sponsors submit a project application, Planning Department staff share the impact fees that are expected to apply to the project. PPAs typically are the starting point where the City identifies likely applicable impact fees. This is typically reinforced in the first Plan Check Letter (PCL). If the project needs a hearing, the type of impact fee is listed as a Condition of Approval. It is only upon approval of the Building Permit Application where the actual amount of impact fees is calculated. Impact fees are "locked in", meaning the fee rate will not change, if a site or building permit is issued. Fees that have been assessed but for which site or building permits have not been issued are subject to having their fees indexed (i.e. adjusted for inflation) at the beginning of the calendar year. But they are not due to be paid until the first construction document is issued. For larger projects, that is typically the foundation addendum and occurs sometime after that issuance of the site permit. The Planning Code requires those locked-in impact fees be indexed each year on January 1st when the Controller indexes all of the applicable impact fees consistent with the Annual Infrastructure Construction Cost Inflation Estimate.

SF Planning is currently developing an Impact Fee Calculator, currently in beta version. The calculator allows interested applicants to enter specific project features to calculate a estimated impact fees.

From 2017 to 2021, San Francisco collected approximately \$208,561,000 in inclusionary and impact fees from market-rate projects (see Figure 27 - Fees Collected from Market-Rate Projects (2017-2021)).

**Figure 27.**  
**Fees Collected from Market-Rate Projects (2017-2021)**

*Other Contributions From Large Projects*

Land dedications  
Offsite inclusionary  
Development Agreements

| <i>Year</i>  | <i>Inclusionary &amp; Impact Fees Collected</i> |
|--------------|---|
| 2017         | \$107,299,676                                   |
| 2018         | \$51,133,873                                    |
| 2019         | \$30,922,187                                    |
| 2020         | \$14,826,342                                    |
| 2021         | \$4,379,076                                     |
| <b>TOTAL</b> | <b>\$208,561,136</b>                            |

40 <https://sfplanning.org/resource/development-impact-fee-register>

## Level-of-Service and Nexus Reports

The Planning Department and the Office of Resilience and Capital Planning (ORCP) have finalized the update to the Level-of-Service Report and the Nexus Analysis, which together, provide policy guidance in planning infrastructure for new growth and assure that the City's impact fees comply with the California Fee Mitigation Act. The California Mitigation Fee Act and Section 410 of the City Planning Code require that all nexus studies be updated on a five-year basis. Legislation to tie the current fee rates to the new analysis was part of the Department's fee update legislation in Spring 2022.

In 2014, the City completed a Citywide Nexus Analysis and the Infrastructure Level of Service Analysis which established citywide standards for a number of infrastructure categories and proposed new impact fees for each category. In 2015, the City completed a Transit Sustainability Fee Nexus Study and proposed changes to transit impact fees. The Citywide Nexus Update begun in 2019 and completed in 2021 consolidated and updated both studies into a single study. The revised Nexus Study determines future development's contribution to the demand for infrastructure and impact upon infrastructure, based on the citywide standards for various infrastructure categories established through the Level of Service Analysis.

The 2021 Infrastructure Level of Service (LOS) Analysis:

- Evaluates existing levels of infrastructure provision and distribution throughout the City.
- Develops and propose aspirational and attainable LOS targets for the City consistent with the General Plan.
- Provides guidelines for evaluating capital projects in terms of citywide standards.
- Provides the foundation for the 2021 San Francisco Infrastructure Nexus Analysis.
- Develops target levels of services for the following infrastructure categories: Recreational and open space; Child care facilities; Transit; Complete Streets; Firefighting facilities; and Library facilities.
- Sets Metrics, Levels of Services, and Goals for each infrastructure category. For example, the metrics of existing Child Care Facilities is "Percent of infant/toddler child care demand served by available slots" and "Percent of preschool child care demand served by available slots."

The 2021 Nexus Study:

- Purpose of the Nexus Study is to document the nexus, or relationship, between new development in the City and the need for additional infrastructure.
- Based on the future costs of providing infrastructure and projected population and employment growth, nexus analysis and fees were generated for each infrastructure category.
- Accompanies and builds on the infrastructure standards established in the Level of Service Analysis.
- Meets the requirements of the California Mitigation Fee Act and of Section 410 of the City Planning Code, which requires that all nexus studies be updated on a five-year basis.

The methodology of this Citywide Nexus Study takes on a linkage approach with Child Care facilities, and a Level of Service-based approach for the remaining infrastructure categories. The linkage approach considers a development's share of the cost to meet the new demand created by that development. The Level of Service-based approach considers a development's share of the cost to provide the target level of service.

### Updating Impact Fees

Since the last update to the Housing Element in 2014, there have been several changes to the impact fees listed in the Planning Code, including some that pertain to production of housing units. First, the primary transportation impact fee that applies to projects has been switched over from the Transit Impact Development Fee (TIDF) to the Transportation Sustainability Fee (TSF). Aside from the name change, one of the main differences is that the latter now also applies to residential uses where projects result in either new group housing facilities or the addition of more than twenty dwelling units. Next, in addition to the Planning Code requiring child care impact fees for larger office and hotel projects, the Code now also includes an impact fee directed to child care for any residential project that creates new group housing facilities, a new dwelling unit, or even addition of 800 square feet or more for an existing residential unit. Perhaps most notably, there have also been updates made to the City's inclusionary affordable housing program, including an increase to both on-site and in-lieu fee percentage requirements, an expansion to the different levels of affordability (providing affordable units at several different AMI levels instead of a single AMI), and a change to how the affordable housing fee is calculated (altering from a fee based on unit types to one that is based solely on a project's square footage).

#### Comment from Architect interviewee

**Suggestion to adjust impact fees to take real estate cycle into account. Because permitting takes long, by the time projects are approved, we might be in a different economic cycle, and the fees make the project nearly infeasible, but we already have so many sunk costs from the long permitting process.**

As of 2019, citywide impact fees were estimated to be between \$21,000 per unit in low rise buildings to \$23,000 per unit in high-rise buildings, before incorporating the City's Inclusionary Affordable Housing requirement. This reflects approximately three to four percent of total development costs.<sup>41</sup> The upper range can be considerably higher—with a sponsor of a recent high-rise project in the Market-Octavia Plan claimed that the total fee burden was

\$66,000 per unit, not including affordable housing. Depending on the size of the project, the Inclusionary in lieu requirement, which applies if developers chose not to provide on-site inclusionary units, ranges from approximately \$46,000 per unit for small projects to \$69,000 or \$76,000 for large projects (depending on tenure).

The Planning Department conducted a fee analysis by selecting a set of permitted projects in different neighborhoods subject to citywide and a variety of plan area requirements (see Figure 28 - Department Example Projects for Fee Analysis). The analysis showed that per unit total fees ranged from \$3,700-

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41 City of San Francisco, "Housing Development Feasibility and Costs-Housing Affordability Strategies," 2019.

6,600 per unit for 100% affordable housing projects while market rate per unit fees ranged from \$11,400-30,500 for projects with on-site affordable units and \$24,500-94,000 with inclusionary in lieu fees. Projects in plan areas had the highest per unit cost; Rincon Hill was the highest followed by Eastern Neighborhoods and Market Octavia. Fees for mid-scaled projects, above 10 and below 50 units, were slightly disproportionately higher than projects on either ends of the spectrum. Generally, projects with smaller number of units had a higher percentage of permit fees while larger projects had mostly impact fees with smaller permitting costs.

See subattachment 5 - Project Fee Detail for examples of project fees broken down by impact and permit fees.



**Figure 28.** Department Example Projects for Fee Analysis

| #        | Zoning District          | Plan Area                        | Units      | Permit Fees/Unit | Impact Fees/Unit | Total/Unit      |
|----------|--------------------------|----------------------------------|------------|------------------|------------------|-----------------|
| <b>1</b> | <b>SALI</b>              | <b>West SoMa (EN)</b>            | <b>146</b> | <b>\$ 2,505</b>  | <b>\$ 1,168</b>  | <b>\$ 3,673</b> |
| 2        | Ocean Avenue NCT         | Balboa Park                      | 1          | 5,690            | -                | 5,690           |
| <b>3</b> | <b>P</b>                 | <b>-</b>                         | <b>135</b> | <b>3,124</b>     | <b>2,941</b>     | <b>6,066</b>    |
| <b>4</b> | <b>Mission NCT</b>       | <b>Mission (EN)</b>              | <b>157</b> | <b>3,553</b>     | <b>3,050</b>     | <b>6,603</b>    |
| 5        | UMU                      | Central Waterfront (EN)          | 259        | 3,499            | 7,907            | 11,407          |
| 6        | RH-3                     | Van Ness Corridor                | 3          | 11,390           | 3,386            | 14,777          |
| 7        | Ocean Avenue NCT         | Balboa Park                      | 27         | 4,851            | 10,810           | 15,661          |
| 8        | RC-4                     | -                                | 176        | 3,439            | 14,547           | 17,986          |
| 9        | MUR                      | CSoMa                            | 17         | 6,249            | 12,423           | 18,673          |
| 10       | NC-3                     | -                                | 41         | 8,393            | 13,330           | 21,723          |
| 11       | Taraval Street NCD       | -                                | 10         | 15,312           | 8,475            | 23,787          |
| 12       | RH-2                     | West Shoreline                   | 2          | 20,020           | 4,521            | 24,541          |
| 13       | RM-1                     | -                                | 3          | 21,035           | 7,539            | 28,575          |
| 14       | UMU                      | Central Waterfront (EN)          | 24         | 6,105            | 24,348           | 30,454          |
| 15       | Hayes NCT                | Market Octavia                   | 41         | 6,986            | 24,155           | 31,141          |
| 16       | RTO & Hayes NCT          | Market Octavia                   | 182        | 1,935            | 63,395           | 65,331          |
| 17       | RH-3                     | Showplace Sq / Potrero Hill (EN) | 3          | 41,979           | 25,709           | 67,689          |
| 18       | RTO-M                    | Mission (EN)                     | 20         | 7,705            | 62,840           | 70,545          |
| 19       | RH-DTR                   | Rincon Hill                      | 320        | 1,654            | 70,631           | 72,286          |
| 20       | RH-DTR                   | Rincon Hill                      | 452        | 2,354            | 70,523           | 72,878          |
| 21       | RC-3                     | Van Ness Corridor                | 27         | 13,475           | 80,467           | 93,942          |
| 22       | Outer Clement Street NCD | -                                | 12         | 97,231           | 88,171           | 185,403         |

Projects in bold are 100% Affordable Housing Fees represented:

Market & Octavia Affordable Housing, Market & Octavia Community Infrastructure, Eastern Neighborhoods Alternative Affordable Housing, Eastern Neighborhoods Infrastructure, Rincon Infrastructure, Rincon Comm Stabilization Fee, Balboa Park Community Infrastructure, Transit Impact Development Fee/Transportation Sustainability Fee, Child Care, Water/Waste & School, Street Tree, Affordable Housing

### Interagency Plan Implementation Committee

The Interagency Plan Implementation Committee (IPIC) is responsible for overseeing the implementation of eleven Area Plans that generally fund projects under five categories:

- Transit
- Complete Streets
- Recreation and Open Space
- Child Care
- Program Administration
- Environmental Sustainability and Resilience (Central SoMa only)

IPIC details how development impact fees have been used to fund necessary infrastructure. To help implement these Area Plans, the City created geographically based impact fees to fund infrastructure projects that serve the Plans' new growth. Since the creation of IPIC, the City has collected \$267 million dollars of infrastructure-related impact fees and expects to collect \$510,000,000 over the next ten years, of which \$310,000,000 is anticipated in the next five.

The Area Plans that IPIC implements includes Eastern Neighborhoods (comprised of separate Area Plans, Mission, Central Waterfront, and Showplace Square / Potrero), Market Octavia, Rincon Hill, SoMa (comprised of separate Area Plan for East SoMa, Central SoMa, and Western SoMa), Transit Center District, Balboa Park and Visitacion Valley.

IPIC's duties include identifying capital projects within the Area Plans for implementation, recommending funding amounts for these projects, facilitating intra-departmental collaboration, coordinating with the Area Plans' Community Advisory Committees (CACs), and producing an annual report.

### **Inclusionary Options**

San Francisco's Inclusionary Housing Program has been in effect since 2002 and requires new residential projects of 10 or more units to pay an Affordable Housing Fee or meet the inclusionary requirement by providing a percentage of the units as "below market rate" (BMR) units at a price that is affordable to low-, moderate-, or middle-income households, either "on-site" within the project, or "off-site" at another location in the City. The Program is governed by Planning Code Section 415 and the Inclusionary Housing Program Procedures Manual and is administered by the Mayor's Office of Housing and Community Development (MOHCD) and the Planning Department. Since January 1, 2019, residential development projects that comply by paying the Affordable Housing Fee have been subject to the fee based on the Gross Floor Area of residential use, rather than the number of dwelling units. The fee is calculated by multiplying the per square foot fee amount by the residential gross floor area of the project, then applying the correct fee rate (20, 30 or 33%, depending on size and tenure). to the applicable

### **Revising Inclusionary Fee Based Periodic Analysis**

This change is pursuant to amendments to Section 415.5 that were adopted by the Board of Supervisors in July 2017. Specifically, the Code requires that the Fee reflect MOHCD's actual cost to subsidize the construction of affordable housing units over the past three years and directs the Controller to develop a new methodology for calculating, indexing, and applying the Fee, in consultation with the Inclusionary Housing Technical Advisory Committee (TAC). In May 2018 the Controller and TAC determined that the Fee should be applied on a per gross square foot basis to ensure that MOHCD's cost to construct the required amount of off-site affordable housing is appropriately and equitably captured from all projects, regardless of the size and number of units distributed within the project. The Controller directed MOHCD, in consultation with the Planning Department, to convert MOHCD's per unit cost to a per-square-foot fee, based on the average residential Gross Floor Area of projects that have paid the Fee in the past three years. The fee amount indicated above has been calculated accordingly.

Pursuant to Section 415.5 and the specific direction of the Controller and TAC, MOHCD is required to update the amount of the Affordable Housing Fee each year on January 1, using the MOHCD average

cost to construct an affordable unit in projects that were financed in the previous three years and the Planning Department’s average residential Gross Floor Area of projects that have elected to pay the Fee and have been entitled in the same time period. Each year this analysis will be updated to include new projects from the most recent year and drop older projects that no longer fall into the three-year period of analysis. The updated Fee amount will be included in the Citywide Impact Fee Register that is posted December 1 and effective on January 1.

**Review of Constraints**

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Developers note that shifting fee collection later in the process could help projects move forward as they are paid closer to revenue generation.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 26</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.1 Cost and Fees</b><br>Actions: 8.1.3   |

# Housing for People with Disabilities

## Governmental Constraints

This section of the constraints report identifies the constraints on housing that meets the needs of people with disabilities, recognizing seniors with disabilities within this population. There are three areas of attention addressed here: affordability, accessibility, and housing types as listed in sections below.

### Land use controls

There are no zoning or other land-use regulatory practices in San Francisco that seek to discriminate against persons with disabilities and impede the availability of housing designed for these individuals.

### Code Requirements

Housing affordability is a significant challenge for seniors and who identify as disabled and housing production that serves the needs of these communities is a significant priority for the city. A variety of housing types support the needs of seniors and people with disabilities with most privately financed with or without organized services. There are specific types and regulatory processes that affect market-rate housing which is most likely to serve these populations as described below. Such housing types include co-living or co-housing, residential care facilities, group housing, housing which provides space for caregiving and/or family members, and housing that is located near grade, well connected to the public-right-of-way.

Accessory dwelling units (ADUs) can add space for family members or affordable by scale units. The majority of ADUs are at the ground floor and on a single level increasing the availability of units accessible to those with mobility impairments in small-scale housing buildings that would normally not be required to meet accessibility standards of multifamily buildings. The Planning Department and Building Department have several mechanisms to streamline ADU housing applications (reference ADU section).

### SFPUC Review processes

MOHCD's interview process articulated a few utility challenges that could be resolved with SFPUC, specifically that they could provide technical assistance to 100% affordable housing projects, support the goal of achieving cost-effective stormwater management strategies, and they could implement a design best practices checklist working with MOHCD and design practitioners.

### ADU Streamlined processing

Housing with sufficient bedrooms supports multi-generational living and family caregiving for those with disabilities and seniors, noting that this often relies on the unpaid labor of women, especially women of color. The Planning Code contains bedroom mix requirements under Section 207.7.

## Increased Density in Low Density Neighborhoods

Recent proposed local legislation (to be determined in 2022 or 2023) that would expand single-family zoned neighborhoods with options for up to four units, or six units on corner lots, includes provisions that require greater unit parity for the second added unit to be eligible for permit streamlining to incentivize more units that include multiple bedrooms.

## Double Density for Senior Housing

The Planning code recognizes a definition of “senior housing” as a residential use. The senior housing definition includes design provisions, requires on site inclusionary units, and a notice of special restriction. It can double the typical allowable density of residential uses in all areas where residential uses are allowed. The state also allows for a double bonus for senior housing– which cannot be combined with local doubling.

## Residential Care Facilities

According to a January 2019 report by San Francisco’s Long-Term Care Coordinating Council’s Assisted Living Facility (ALF) Workgroup, the number of assisted living facilities in the city has decreased, particularly among homes with six or fewer beds, and assisted living facilities face economic challenges, such as slim profit margins and finding employees.<sup>42</sup> These issues persisted through 2020, with a loss of an additional 11 assisted living facilities from January 2019 to January 2021, accounting for a loss of 226 assisted living facilities.

San Francisco’s Planning Code defines “Residential Care Facility” as:

*An Institutional Healthcare Use providing lodging, board and care for a period of 24 hours or more to persons in need of specialized aid by personnel licensed by the State of California. Such facility shall display nothing on or near the facility that gives an outward indication of the nature of the occupancy except for a sign as permitted by Article 6 of this Code, shall not provide outpatient services, and shall be located in a structure which remains residential in character. Such facilities shall include, but not necessarily be limited to, a board and care home, family care home, long-term nursery, orphanage, rest home or home for the treatment of addictive, contagious or other diseases, or psychological disorders.*

Up until 2019, Residential Care Facilities were principally permitted for six or fewer persons, but required a Conditional Use Authorization (CUA) for seven or more persons; principally permitted in most Neighborhood Commercial Districts, but facilities for seven or more persons required a CUA; and not permitted in Residential Enclave Districts, but conditionally permitted in Downtown Residential, Mixed-Use-General, Mixed Use-Office, Mixed Use-Residential, and Western SoMa Mixed Use-General. In January 2019, the city passed Ordinance 303-18 that increased the city’s ability to permit Residential Care Facilities:<sup>43</sup>

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42 Supporting Affordable Assisted Living in San Francisco, January 2019, <https://www.sfhsa.org/file/8256/download?token=RgD1puZf>

43 Planning Code – Residential Care Facilities, Ordinance 303-18, <https://sfgov.legistar.com/LegislationDetail.aspx?ID=3681418&GUID=319BB3EF-D8D5-49EF-892D-634D3E1BE812>

- In all Residential Districts except RH-1 and RH-2 Districts, Residential Care Facilities are principally permitted regardless of how many persons the use serves. In RH-1 and RH-2 Districts the controls remain the same.
- In all Neighborhood Commercial Districts, Residential Care Facilities are principally permitted above the ground floor regardless of the number of persons it services. The stricter ground floor controls remain in place for the few NC Districts that do not permit Residential Care Facilities on the ground floor (North Beach NCD & Folsom Street NCT), require a CU on the ground floor (Pacific Avenue NCD), or require a CU on the ground floor for seven or more persons (West Portal Avenue NCD).
- Residential Care Facilities in the DTR, MUG, MUO, MUR, RED and WMUG Districts are principally permitted regardless of how many persons the use serves.

Many Residential Care Facilities have been wanting to de-license and convert to group housing, particularly for HIV/AIDS patients. For these facilities, the need to maintain a license is declining as strides are made in medical treatment for patients. Removing the license and converting to group housing would allow these facilities to operate more efficiently and save on costs no longer seen as necessary. Once converting, however, facilities are then required to meet the building standards of group housing, which follow residential building standards.

Group housing is also not permitted in RH-1 districts, and is only allowable with a conditional use authorization in RH-2 and RH-3 zoned areas, thus some conversions will also require a Conditional Use authorization. Both the residential building standards and zoning control factors make the path to conversion more difficult.

### **Updates to Planning Code**

In response to a continuing loss of Residential Care Facilities, San Francisco amended the Planning Code in October 2019, which placed interim controls for 18 months requiring a Conditional Use authorization and specified findings for a proposed change of use from a Residential Care Facility (Board File No. 190908). The interim controls were extended for an additional six months in April 2021 (Board File No. 210147).

In September 2021, the Planning Code was again amended to make it easier for Residential Care Facilities to establish themselves in San Francisco and ensure that their removal is given careful consideration (Board File No. 210535). This ordinance amended the Planning Code to 1) eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in RH, and 2) require Conditional Use Authorization for a change of use or demolition of Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization. These factors are:

- Information provided by the Department of Public Health, the Human Services Agency, the Department of Disability and Aging Services, the Golden Gate Regional Center, and/or the San Francisco Long-Term Care Coordinating Council with regard to the population served, nature and quality of services provided, and capacity of the existing Residential Care Facility;

- Data on available beds at licensed Residential Care Facilities within a one-mile radius of the site, and assessment from any of the above agencies regarding whether these available beds are sufficient to serve the need for residential care beds in the neighborhoods served by the Residential Care Facility proposed for a change of use or demolition, and in San Francisco;
- Whether the Residential Care Facility proposed for a change of use or demolition will be relocated or its capacity will be replaced at another Residential Care Facility Use, and whether such relocation or replacement is practically feasible; and,
- Whether the continued operation of the existing Residential Care Facility by the current operator is practically feasible and whether any other licensed operator or any of the above agencies has been contacted by the applicant seeking the change of use or demolition, or has expressed interest in continuing to operate the facility.

## **Group Housing**

Co-housing and co-living involving 6 or more people called “group housing” under the Planning code, is a growing solution for people to share equity, space, or responsibilities in a supportive living situation either with others with similar needs or across ages and abilities. Group housing is allowed by right in mixed use, downtown, neighborhood commercial zoning, although legislation is pending which precludes new group housing units in the Tenderloin and Chinatown neighborhoods, and it was eliminated in the mixed-use districts located in the Central SoMa plan area in 2018. In RH districts co-housing/living of 5 or less people is permitted by right and is not considered “group housing” and would fall under the definition of “family” (see Definition of Family below). Group Housing is not permitted in RH-1, and is only allowable with a conditional use authorization in RH-2 and RH-3 zoned areas. In RM districts, it is permitted, but density is restricted by lot size.

### **Group Housing Definition Revision**

Recent changes to group housing definitions have reduced the procedural challenges in approving such projects and clarified the definitions of group housing, specifically illuminating that it is a “Residential Use that provides lodging or both meals and lodging, without individual or limited cooking facilities or kitchens” and intended as long-term housing in a space not defined in the Planning Code as a dwelling unit. Except for student housing or 100% affordable housing, the residential square footage devoted to group housing must include both common and private space (for every gross square foot of private space including bedrooms and individual bathrooms, 0.5 gross square feet of common space shall be provided) with a prescribed amount of the common space devoted to communal kitchens (15% of the common space devoted to communal kitchens with a minimum of one kitchen for every 15 Group Housing units).

The Planning Code defines residential care facilities as an Institutional use. This use includes independent living, assisted living, residential care, and skilled nursing facilities all of which are licensed and represent a mix of types and levels of care. They are permitted in all zoning districts where residential uses are permitted, except in SALI districts (which allows 100% affordable housing), and RED-MX districts (see subattachment 1 – Allowable Residential Types by Zoning)

## **Accessibility**

While accessibility, defined here as the ability for people to access and maintain agency inhabiting housing, is regulated at the federal and state level through building codes, the topographic configurations and age of San Francisco's housing stock are uniquely challenging for many with disabilities (see Figure 29 - All Housing by Year Built).

## **Definition of Family**

The Planning Code includes a definition of “family” as a either one person, or two or more persons related by blood, marriage or adoption or by legal guardianship pursuant to court order, plus necessary domestic servants and not more than three roomers or borders; a group of not more than five persons unrelated by blood, marriage or adoption, or such legal guardianship unless the group has the attributes of a family in that it: has control over its membership and composition; purchases its food and prepares and consumes its meals collectively; and determines its own rules or organization and utilization of the residential space it occupies. This is intended to expand the innovations around housing types that may serve these populations.

The definition of “family” typically is not applied during a project review for new constructions and is more often used for additions to homes or enforcement cases when an applicant requests to add or remove kitchens/kitchenettes. Removal of kitchens/kitchenettes can signal a UDU or overcrowded living situation. The use of “family,” which applies to households with five or fewer people, does not conflict with zoning for occupancy of unrelated individuals in group housing, which applies to households with 6 or more people, among other criteria.

## **Building Codes / Accessibility**

San Francisco building code ensures that new housing developments comply with California building standards (Title 24 of the California Code of Regulations) and federal requirements for accessibility. While single-family and duplex or 2-family dwellings are generally not required to be accessible except when they are part of a condominium or planned-use development, multi-family building accessibility requirements are contained in the California Building Code Chapter 11A and 11B, Chapter 10, Chapter 30, and section 101.17.9.1. The Building Code additionally requires parking spaces be specifically designated for persons with disabilities. The San Francisco building code incorporates the 2019 International Building Code.

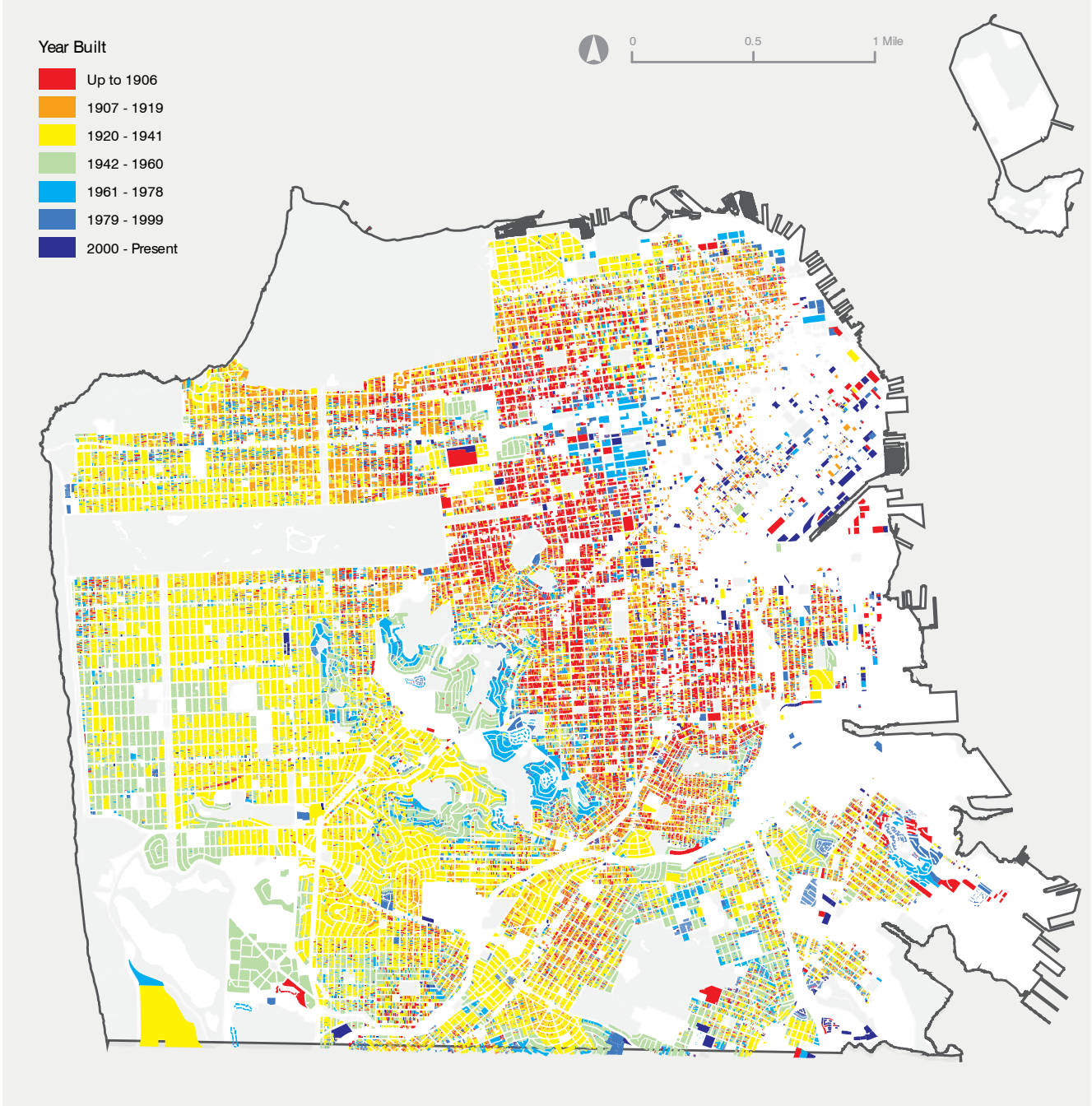
## **Permit Processing**

All of the City's commercial zones also allow group housing: they are permitted as of right in the moderate density residential, downtown, commercial, and neighborhood commercial districts where other supportive amenities are more accessible. In addition, San Francisco does not restrict occupancy of unrelated individuals in group housing and does not define family or enforce a definition in its zoning ordinance. The City does not impose special permit procedures or requirements that could impede the retrofitting of homes for accessibility. The City's requirements for building permits and inspections are the



same as for other residential projects and are straightforward and not burdensome. City officials are not aware of any instances in which an applicant experienced delays or rejection of a retrofitting proposal for accessibility to persons with disabilities.

**Figure 29.** All Housing by Year Built



## Reasonable Accommodation

The Planning Department has developed a legislative ordinance that will enable persons with disabilities who require an expedited process to achieve reasonable accommodation as exceptions to the City's Planning Code to bypass the currently required variance process, and to access a streamlined procedure permitting special structures or appurtenances such as access ramps or lifts and other non-physical accommodations. Planning Code Section 305.1 provides a process for individuals with a disability to request such a modification to their residential properties to eliminate any barriers to accessing their home. A request for "reasonable modification" may include changes that are not allowed under current Planning Code regulations or require a variance from the Planning Code.

There are two processes available for requesting a reasonable modification: an administrative reasonable modification process and the standard variance process. The Administrative Reasonable Modification does not require a hearing or public notice and is applicable to the following types of modifications with certain criteria: Parking, Access Ramps, Elevators, and Additional Habitable Space. Reasonable Accommodation requests to the Planning Department typically meet criteria for an administrative reasonable modification or, if they do not meet the criteria, do not require a variance but conflict with design guidelines (see Casement Window case study below). Most modifications that would normally trigger a variance outside of a Reasonable Accommodation request are captured in the administrative reasonable modification process. The Planning Department rarely receives a request for an accommodation that requires a variance. If a variance is triggered, Planning would schedule the request for the next available Planning Commission hearing, where the Zoning Administrator must determine that the facts of the case are sufficient to meet seven criteria, as listed in Planning Code Section 305.1(f)(2).<sup>44</sup>

The Planning Department created a dedicated application for Reasonable Accommodation requests. The informational and application packet was last updated in August 2020 and provides an overview of Planning Code Section 305.1, instructions for administrative (no hearing) reasonable modification, where fees are posted, and the review process.<sup>45</sup> The Planning Department has partnered with the Mayor's Office on Disability (MOD) to peer review applications, which has helped to ensuring the streamlining of reasonable accommodation applications.

The steps to requesting Reasonable Accommodation are as follows:

1. Applicant completes Reasonable Accommodation form from the Planning Department website and submits this form with the related application.

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44 San Francisco Planning Code Section 305.1, Requests for Reasonable Modification – Residential Uses, [https://codelibrary.amlegal.com/codes/san\\_francisco/latest/sf\\_planning/0-0-0-50585](https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_planning/0-0-0-50585)

45 San Francisco Planning Department, Reasonable Accommodation Informational and Application Packet, August 2020, <https://sfplanning.org/resource/reasonable-modification>

2. An assigned planner brings this project to an internal Policy Coordination Lite meeting, where the Planning Department's director of Current Planning forwards the request to the Mayor's Office of Disability to validate the medical limitation with the request.
3. Once MOD confirms that the occupant/owner needs the reasonable accommodation request, the project is advanced to one of the following steps:
4. If requesting relief from the Planning Code: the Zoning Administrator reviews the request and typically grants any request for relief once MOD confirms that it is needed.
5. If requesting relief from Residential Design Guidelines or other processes: the director of Current Planning reviews the request and grants the reasonable accommodation or works with the applicant to accommodate their need and improve design.

The steps to requesting a Standard Variance for a Reasonable Accommodation are as follows:

1. Applicant completes Reasonable Accommodation form from the Planning Department website and submits this form and the standard Variance form with the related application.
2. Upon submittal of a complete application to the Planning Department, the Zoning Administrator will schedule a public hearing to consider whether to grant the Variance.
3. Upon issuing the formal written decision either granting or denying the Variance in whole or in part, the Zoning Administrator will transmit a copy of the Variance decision letter to the applicant.
4. The action of the Zoning Administrator will become effective 10 days after the date of the written decision, except upon the filing of a valid appeal to the Board of Permit Appeals.

### **Case Studies: Reasonable Accommodation Requests**

- Request for vertical and horizontal additions to accommodate a Physical Therapy/Gross Motor Room, Sensory Room, School/Speech and Occupational Therapy Room, Sauna, and space for a full-time caregiver. Interior space modifications were also requested to facilitate mobility of the disabled individual without injury.
  1. Applicant submitted a reasonable modification and standard variance forms to the Planning Department. It was presented by the assigned planner to the Director of Current Planning.
  2. Director of Current Planning forwarded the request to the Mayor's Office of Disability for their review to validate the requested accommodation aligns with the demonstrated medical need (so that the Planning Department does not need to be involved in assessing anyone's medical background).
  3. Mayor's Office of Disability confirmed that request aligns with medical condition.
  4. A public notice was sent to owners within a 300' radius. Tenants within 150' of the property were also sent the Section 311 building permit notification 20 days prior to the hearing.

5. A variance hearing was held, and approval was issued about four months later.
- An applicant needed to have a casement window instead of a double hung window due to a wrist issue. The Planning Department worked with the applicant to get a casement window that maintained a double-hung look as much as possible.
    1. Applicant submitted a reasonable modification form to the Planning Department. It was presented by the assigned planner to the Director of Current Planning and confirmed to be eligible for an administrative process.
    2. Director of Current Planning forwarded the request to the Mayor's Office of Disability for their review to validate the requested accommodation aligns with the demonstrated medical need (so that the Planning Department does not need to be involved in assessing anyone's medical background).
    3. Mayor's Office of Disability confirmed that request aligns with medical condition.
    4. Director of Current Planning met with staff architect to develop an architectural solution that aligns with medical accommodation (casement crank window operation vs. vertical lifting required for a double-hung window) while preserving architectural character of building (double hung window on an age-eligible potential historic property).
    5. Relayed suggested solution to property owner who agreed with that approach. Applicant revised plans and the Planning Department approved the permit with revised window design/operation to accommodate medical need.
  - Requests for parking to be permitted in the front setback instead of inside the garage due to the need for a large van with wide door swing.
    1. Applicant submitted a reasonable modification form to the Planning Department. It was presented by the assigned planner to the Director of Current Planning and Zoning Administrator.
    2. Director of Current Planning forwarded the request to the Mayor's Office of Disability for their review to validate the requested accommodation aligns with the demonstrated medical need (so that the Planning Department does not need to be involved in assessing anyone's medical background).
    3. Mayor's Office of Disability confirmed that request aligns with medical condition.
    4. Zoning Administrator administratively allows front setback parking. Parking modification has a 5-year limit and is recorded via a Notice of Special Restrictions (NSR), requiring a person with a disability as the applicant/occupant. To keep the modification, the NSR must be reauthorized every 5 years, with a new NSR being recorded each time. Accessible ramps are required to be removed when no longer needed due to the disability.

5. Planning Department approves the permit with parking in front setback shown.
- Elevators in rear yard and lightwell
    1. Applicant submitted a reasonable modification form to the Planning Department. It was presented by the assigned planner to the Director of Current Planning. Confirmed that an elevator is eligible for an administrative review process (no hearing and no notification) pursuant to Planning Code Section 305.1.
    2. Director of Current Planning forwarded the request to the Mayor's Office of Disability for their review to validate the requested accommodation aligns with the demonstrated medical need (so that the Planning Department does not need to be involved in assessing anyone's medical background).
    3. Mayor's Office of Disability confirmed that request aligns with medical condition.
    4. Director of Current Planning directed the approval of the elevator in the lightwell based on MOD's recommendation, because the dimensions conformed to Building Code Section 1124A, the elevator structure was not visible from the public right of way and was set back a minimum of 10 feet from the property line. Elevators and other minor building expansions are permanently approved.
    5. No notification was required since the applicant demonstrated that the elevator is necessary to access residential uses of the building and qualified for an administrative process, pursuant to Section 305.1(d)(3). The Planning Department approved the permit.
  - Slightly larger addition due to the need for a bathroom model that needed to accommodate particular amenities (large tub, circulation for care giver, etc.) and different window operations
    1. Applicant submitted a reasonable modification form to the Planning Department. It was presented by the assigned planner to the Director of Current Planning. Confirmed that the scope of the project was the addition of habitable space (to accommodate an expanded bathroom), which is eligible for an administrative review process (no hearing and no notification) pursuant to Planning Code Section 305.1.
    2. Director of Current Planning forwarded the request to the Mayor's Office of Disability for their review to validate the requested accommodation for additional habitable space aligns with the demonstrated medical need (so that the Planning Department does not need to be involved in assessing anyone's medical background).
    3. Mayor's Office of Disability confirmed that request aligns with medical condition.
    4. Director of Current Planning directed the approval of the additional habitable space based on MOD's recommendation.

- No notification was required since the applicant demonstrated that the elevator is necessary to access residential uses of the building and qualified for an administrative process, pursuant to Section 305.1(d)(4). The Planning Department approved the permit.

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Requiring a variance for a reasonable accommodation presents additional delay and challenges for people with disabilities who should be offered an expedited process to achieve reasonable accommodation.</b>                                       |
| <i>Constraint Reduction</i> | <p style="text-align: center;">Related Policies</p> <p><b>Policy 6</b></p> <hr/> <p style="text-align: center;">Implementing Program Areas</p> <p><b>6.3 Seniors and People with Disabilities and Chronic Illness</b><br/>         Actions: 6.3.10</p> |

## Affordable Housing

While housing affordability is a challenge across populations in the city, one constraint is that many people with disabilities live on public benefits, which limit the amount of income and assets the person can have to maintain eligibility. This extremely low level of income makes them ineligible for many forms of affordable housing. Another constraint tied to eligibility for housing assistance is what some refer to as the “disability tax”. Many disability-related costs are not covered by public assistance programs, and people with disabilities pay for them out of pocket. To be able to cover these costs, people with disabilities appear to have more disposable income than they actually do, and unless these costs are deducted from the income attributed to the individual, the person with a disability might be considered to have too much income to qualify for some programs that are for the very low-income population.

## Building Maintenance and Improvements

Modifying existing structures often will trigger renovations that must meet accessibility standards beyond the project scope. This is a constraint on housing repair in some cases, however this tends to affect commercial or institutional buildings more than private residents or apartment buildings.

## Mayor’s Office of Disability Guidance

Established in 1998, Mayor’s Office on Disability (MOD) is the City’s overall ADA Coordinator. Its mission is to ensure that every program, service, benefit, activity and facility operated or funded by the City and County of San Francisco is fully accessible to, and usable by, people with disabilities. MOD is responsible for overseeing the implementation and local enforcement of the City and County of San Francisco’s obligations under the Americans with Disabilities Act (ADA) as well as other federal, state and local access codes and disability rights laws such as the Fair Housing Act, Sections 504 and 508 of the Rehabilitation Act, the Unruh Civil Rights Act, the Uniform Federal Access Standards (UFAS), and the California Building Code. MOD reviews all housing projects in San Francisco that involve public funding including subsidy. All city affordable housing projects are subject to this additional review and process.

Two recommendations have been made by MOD to address process improvements which are on-going. The first is that projects from the Department of Building Inspection (DBI) to MOD are often routed to MOD very late in the process, after most or all the other required approvals have been obtained. If MOD's review results in recommended changes, it can be perceived as burdensome on the project sponsor to implement them and/or the accessibility requirements become regarded as unnecessarily holding up projects. The improvement goal is to identify those projects that require accessibility reviews earlier in the process so that accessibility issues can be resolved appropriately early on. The second is that, currently, payments and fees for accessibility reviews are handled by MOD. This is the only billing function that MOD manages, while DBI carries out this function for all other reviews. The process improvement would be to have this function streamlined by running all payments and fees through DBI from housing development agencies, architects, and other project sponsors.

## **Non-Governmental Constraints to Housing for People with Disabilities**

The overwhelming challenges to providing housing for those with disabilities and seniors are high development and business costs for private market housing and housing with services. The overwhelming majority of housing affordability issues can be addressed in market-rate housing and affordable housing, covered in other chapters of this report. The focus of this section is on housing with services given that specificity of needs.

Residential care is in competition for land and construction contracting along with other housing and commercial interests yet with industry margin which do not attract investors as easily. This has pushed those in need of housing and support to rely on the two systems which have resulted from these challenging conditions: the private market which mostly provides amenity-rich and high-density forms of care only accessible to those with high incomes and the non-profit system, typically publicly subsidized, that struggle to cover and provide services for San Francisco's very low or extremely low-income senior and disabled residents. This leaves many people at these lowest income levels without support and people at low, moderate, or middle incomes with few options. Recent trends show these income level residents often leaving the city for facilities affordable elsewhere or relying on family care to stay.

Seniors make up almost 16% of the population and this is expected to increase to nearly 19% by 2030. Almost half of seniors are very low income compared to about a quarter of San Francisco's overall population. And over half of seniors are homeowners, compared to about a third of San Franciscans. Senior renters, however, are very cost burdened, including 70% in lowest income groups. While about 10% of San Franciscans have a disability, this is disproportionately higher in Black and American Indian communities. About half of those with disabilities are seniors. Over 70,000 households are headed by or include someone with a disability, with a disproportionate number being low income and with higher rent burdens.

The Department further monitors conditions for housing for people with disabilities and seniors through the Healthcare Services Master Plan, as adopted in Planning Code Section 342. The most recent draft—scheduled for adoption in 2020 and subsequently delayed by the COVID-19 pandemic—documented the loss of long-term care, small, assisted living facilities, and adult residential facilities. The loss was determined to be a result of high operating costs and pressures given high land values.

### **Reduce Development Pressure on Existing Facilities**

In October 2021, the City adopted local legislation that mandates a conditional use authorization for any project which seeks to demolish or requests a change of use for a site with an existing residential care facility.

### **Senior Housing & Housing for those with Disabilities Study**

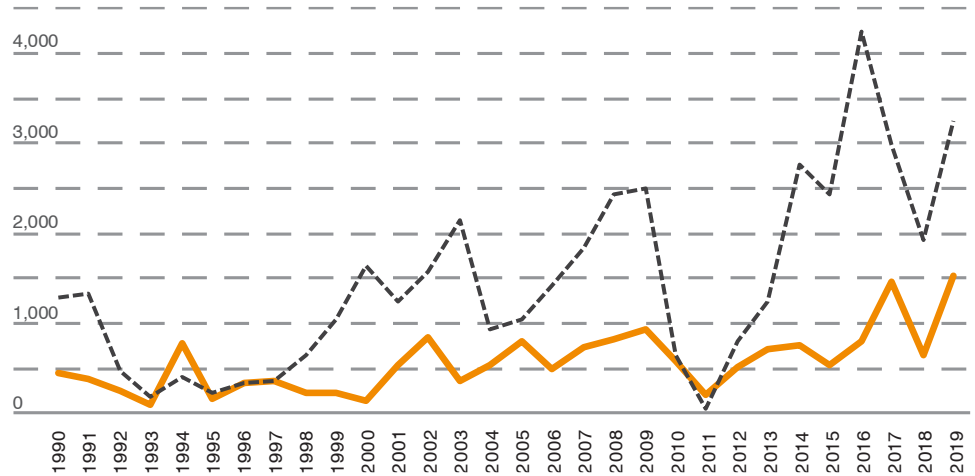
Supervisor Mar introduced legislation requiring a study of housing specifically for seniors and those with disabilities after a hearing at the Board's Public Safety and Neighborhood Services Committee hearing focused discussion on January 27, 2022. The goal is to identify the needs of these populations, the number of people needing to be served, and the resources and housing types needed to address them.



**Figure 30.**  
San Francisco Housing  
Production, 1990-2019

— New Units  
Affordable to Low or  
Moderate Income

- - - Net New Market Rate  
Units



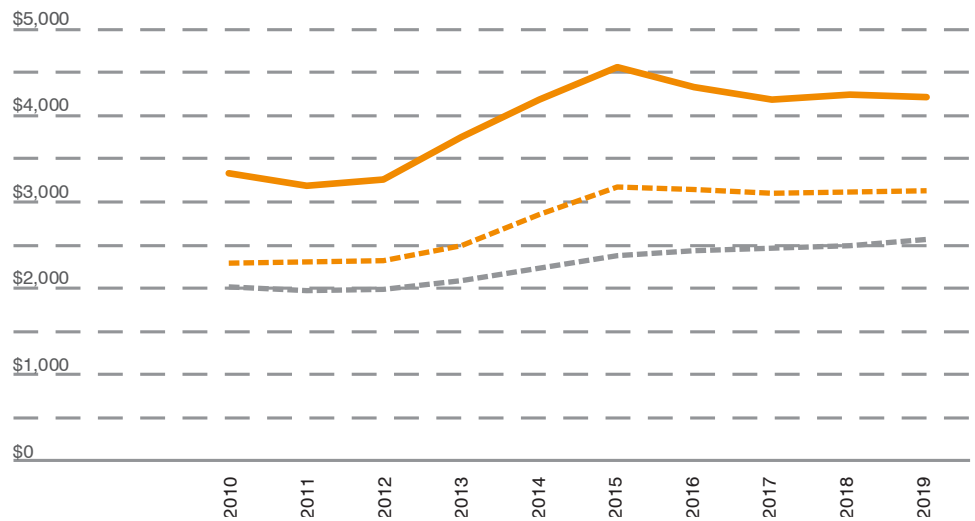
**Figure 31.**  
Median Rent, 2010-2019

Source: Zillow

— San Francisco

- - - San Francisco Metro

- - - California



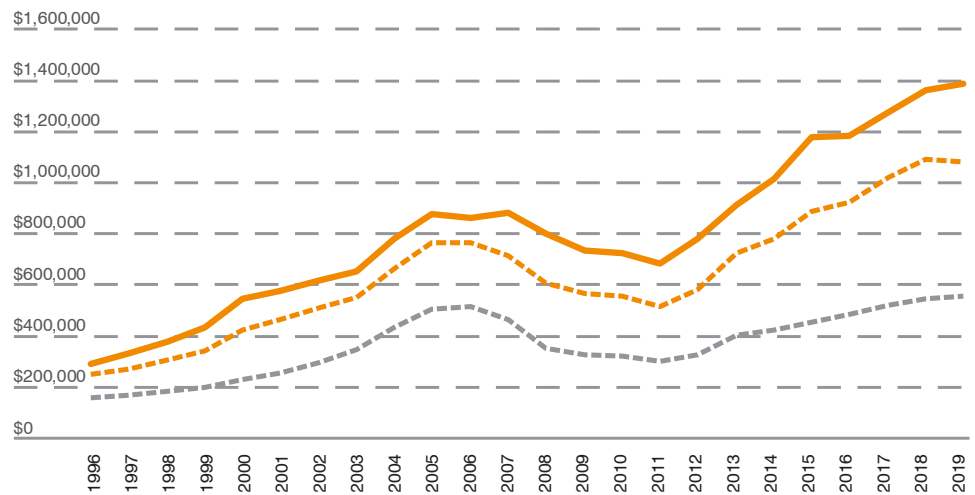
**Figure 32.**  
Home Value Index,  
1996-2019

Source: Zillow

— San Francisco

- - - San Francisco Metro

- - - California



# Non-Governmental Constraints

Due to the high land costs and expensive and rising development costs, it is increasingly challenging for affordable and market-rate multifamily developers to deliver projects successfully. This chapter provides more information on constraints related to market, construction, and real estate processes.

## Land / Site Value

With a constrained geography and intense demand for housing, land values in San Francisco have increased substantially over the past two decades. Specific land costs vary greatly depending on an area's location and underlying zoning. As of 2019, land value was estimated to range from \$200 to \$1,000 per land square foot for residential development projects.<sup>46</sup> The change in land value between 2012 and 2020 ranged from 105% to 147%, with the highest change in the middle and western portions of the city, predominantly single- and two-family neighborhoods.<sup>47</sup>

The price of land is a major component of a developer's overall cost of producing housing. Both market-rate and affordable housing developers report that acquiring land for housing in the city is a major challenge. While many area plans over the past two decades have increased potential density on many parcels available for housing, developers report that a substantial number of affected sites that were feasible for new housing were acquired and/or developed in the last real estate cycle between 2012 and 2018 meaning that less will be available in these areas in RHNA cycle 6 starting next year. (see Figure 30 - San Francisco Housing Production, 1990-2019).

Century Urban, a consultant supporting the Department's constraints analysis, has provided more detailed land value analysis in transit-rich areas of the city that could potentially deliver larger housing projects. They identified twenty-four land sales for planned development of residential projects in the Downtown/SOMA and Van Ness/Masonic Submarkets. From 2018-2019, the weighted average price per land square foot was \$1,191 (excluding 524 Howard, which appears to be an outlier at \$6,380 PSF), while from 2020-2022, the weighted average price per land square foot was \$733. From 2018-2022, prices for the identified land sales ranged from \$388 PSF to \$1,654 PSF (excluding 524 Howard). The range in sale prices is likely due to factors such as location, allowable development potential, entitlement status, site-specific conditions, and market conditions at the time of sale including construction costs, as well as other potential factors.

## Single-Family House Value

The high value of single-family housing in San Francisco is a significant constraint in the production of multi-family housing, especially in the lower density neighborhoods in the middle and western part of the

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46 City of San Francisco Housing Feasibility and Development Costs, 2020.

47 <https://www.aei.org/housing/land-price-indicators/>

city.<sup>48</sup> Down-zoning these neighborhoods in the last century-- a response in some part to redevelopment that displaced thousands of residents and communities of color-- reduced historic patterns of multi-family housing and anchored San Francisco's version of the American Dream of suburban living promoted after World War II. Living in or owning a single-family home is still a very strong pull for many people in or moving to San Francisco and the cost per square foot for a single-family home continues to disproportionately outpace all other forms of housing. While the average condo price increased from \$865,000 to \$1.35 M, or about 150%, between January of 2013 to 2022, the average single-family home price increased from \$920,000 to \$1.8 M, or nearly doubled (see Figure 32 - Home Value Index, 1996-2019).

## **Office to Residential Conversion**

The COVID-19 pandemic significantly impacted patterns of work and home for many essential workers and those with the privilege of cloud-based work, especially in finance, technology, government, and professional services. With many of these latter workers maintaining a significant work-from-home pattern even as COVID-19 has abated, downtown office buildings have remained underutilized. CBRE research published in July 2022 showed that second quarter office vacancy in San Francisco was the highest of any major city in the United States at 24.2%<sup>49</sup> and discussions with industry experts indicate that they anticipate that lease renewals may drop even farther soon with a long recovery expected. With the use of office buildings uncertain, one potential outcome is that underutilized buildings could convert to new uses, specifically to housing given the density of services, transit, and access to the waterfront and open space in San Francisco. As well, prior to the pandemic two trends were already in full swing: (1) additional mixed-use zoning and development south of Market as part of the Transbay and Rincon Hill Area plans and former redevelopment areas supporting new transit investments, and (2) renovations of many of the buildings built after the 1984 Downtown Plan, which had dropped out of favor given their age and competition for new office buildings with larger floorplates.

San Francisco has both specific opportunities and challenges with conversions from office to residential uses in downtown. Since the zoning already permits residential uses in Downtown C-3 district, the constraints sit in the financial and logistical viability of such an endeavor. Architecture and design firm, Gensler, has developed a residential conversion scorecard to quickly assess the feasibility of converting existing office buildings to residential. To date, the firm has scored more than 400 buildings across 25 North American cities. Of all buildings scored, approximately 30% are well suited for conversion. Buildings designed in the 1960s and 70's often perform well when scored using the firm's criteria for their efficient depths between building skin and core utility areas and good window to solid wall ratios. These buildings are also more likely to be Class B/C buildings, which often suffer from high vacancy rates.

While San Francisco has over 400 parcels in the C-3 area that fit that description, changes to the seismic and energy codes specific to California in the last twenty years remain a significant financial barrier to such conversions. Buildings constructed in the latter half of the 20<sup>th</sup> century, especially those constructed

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48 <https://www.bayareamarketreports.com/trend/san-francisco-home-prices-market-trends-news>

49 <https://www.cbre.com/insights/figures/san-francisco-office-figures-q2-2022>

in the 1980s, both challenges to conversion—they have depths that generally do not work well and would need significant upgrades in structure and facades to meet revised codes.

Residential buildings also have greater building and fire code requirements and mechanical system needs that can also compromise the feasibility of such a conversion. One example is the hotel to SRO conversions done during the HomeKey Program between 2020 and 2021. While one would assume that changing a hotel room to a residential one would be very similar in code requirements, HSH reported that the building code occupancy is much more demanding, rendering conversion of several hotels infeasible.

**Review of Constraints**

|                             |   |
|-----------------------------|---|
| <i>Constraint</i>           | <b>Age and type of buildings and building code occupancy of residential uses requires significant upgrades and investment to existing office use buildings that may be unoccupied and ripe for conversion to housing.</b> |
| <i>Constraint Reduction</i> | Related Policies  |
|                             | <b>Policy 26</b>  |
|                             | Implementing Program Areas  |
|                             | <b>8.1 Cost and Fees</b><br>Actions: 8.1.3; 8.1.4   |
|                             | <b>8.3 Objective Design Standards &amp; Findings</b><br>Actions: 8.3.3  |



## Workforce

High construction costs are partially attributable to unavailability or uncertainty of construction labor. Skilled construction labor has become scarcer and more expensive since the Great Recession, and the lack of competition on the industry continues to drive this cost up.<sup>54</sup> "Rebuilding California," a report published by Smart Cities Prevail in January 2019, describes a complex set of dynamics in the labor market that have resulted in a broad expression by many across the real estate industry that there is a "labor shortage." The report expresses that indeed the construction labor market is tight and job vacancies are rising but more specifically that California non-supervisory construction workers' unemployment rate was lower in 2017 than it was in 2006 and that vacancies have jumped approximately 75% since 2011. While the common industry response is to hire more workers, data also points to significant decrease in productivity, due to challenges with labor retention and conditions. Wages and compensation in the housing construction industry are not as competitive as in other sectors and the housing industry is older and its traditional labor pools are shrinking. Housing industry productivity now lags public works construction and non-construction sectors causing increased impacts to housing production. Construction has long been a challenging career path, as it requires physical labor and health risk, is subject to extreme business cycles and volatile earnings, and can mean frequent displacement to catch boom and bust cycles. Given alternative options, jobs have been increasingly less attractive to young people. The report recommends increased job skills training, as construction ranks with agriculture and retail sectors are having the worst rates of skills training of all US industry sectors.

Along with the challenges described above, San Francisco struggles to compete with housing production options across the region. People in the construction industry describe an "premium" to working in San Francisco compared to the north, east, and south bay given the logistics, expenses, and constraints on working in a denser urban space such as little room for staging, more temporary permitting required, more expensive parking, and time expansions and disruptions due to commuting. Workers often live in places with more space and less expensive housing that are farther from the city. The south bay is an attractive work location due to the large increase of office projects that pay better, and the north bay, due to the demand created by devastating fires, have many new single-family projects closer to where many construction workers live.

The challenges of the complex environment, the increasing need for workers in a highly pressurized real estate market, and the expense of living and working in San Francisco has also resulted in two classes of workers regionally: ones who are embedded in a supportive system of training and healthcare, paid prevailing wage, can stay consistently employed and compensated, and those who subsist "under the table" and in many cases are exploited, poorly paid, and are on job sites without protection and at greater risk of injury or death. As reported by the Centers for Disease Control and Prevention in 2021, with 53.2 suicides per 100,000 workers, construction has among the greatest suicide rate of any industry.<sup>55</sup> If San Francisco supports a stable workforce that builds housing, it could reverse the trends of housing unaffordability and loss of skilled labor, both of which constrain housing production.

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54 City of San Francisco Housing Feasibility and Development Costs, 2020

55 <https://www.dol.gov/newsroom/releases/osha/osha20210824>

## **Workforce Development**

The Office of Workforce and Economic Development has several jobs initiatives for construction labor under the CityBuild Program. CityBuild began in 2006 as an effort to coordinate City-wide construction training and employment programs and is administered by OEWD in partnership with City College of San Francisco, various community non-profit organizations, labor unions, and industry employers. CityBuild Academy aims to meet the demands of the construction industry by providing comprehensive pre-apprenticeship and construction administration training to San Francisco residents. The Construction Administration and Professional Service Academy (CAPSA) is a semester-long program offered at the City College of San Francisco, Mission Campus.

The program prepares San Francisco residents for entry-level careers as professional construction office administrators. The CityBuild Women's Mentorship Program is a volunteer program that connects women construction leaders with experienced professionals and student-mentors who offer a myriad of valuable resources: professional guidance; peer support; life-skills coaching; networking opportunities; and access to community resources.

## **Innovative Building Technologies**

Modular construction and cross-laminated timber could potentially reduce hard costs and improve the feasibility outlook for residential development projects. Modular construction refers to a process of manufacturing housing units in a factory and assembling them on-site to form a complete building.

It is estimated that the assembly process takes up to eight weeks, which is significantly shorter than typical construction timeframes. A modular firm in the Bay Area cited that this method could reduce construction costs by 30 percent.<sup>56</sup> There have been a few projects, including 100% affordable housing, in San Francisco that have been completed with a few more in development. They tend to be mid-rise buildings between four to eight stories with very repetitive interior apartment types. In San Francisco, there are labor policy concerns with modular construction.

Cross-laminated timber (CLT) is an engineered wood product recently introduced in the United States. CLT is similar to steel and concrete in its performance, meaning that it could be used for buildings taller than buildings that typically incorporate Type V or Type III (wood-frame) construction. Due to building code standards related to fire safety, these buildings at most can be six stories total, including one level of concrete podium ("Type V/III over Type I"). While CLT could potentially provide a unique opportunity to provide denser wood-based housing development with less onsite labor, the industry is nascent and such projects are currently too expensive to build at smaller scales. Given the cost of lumber, CLT does not provide a viable alternative to traditional construction and the City has not seen completed applications or built projects.

## **Materials**

The rising cost of materials also contributes to the overall high construction costs in San Francisco, and material costs nation-wide are rising dramatically since the COVID-19 pandemic began. Supply chain issues have caused dramatic cost increases in steel, lumber, as well as interior materials and

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<sup>56</sup> City of San Francisco Housing Feasibility and Development Costs, 2020.

appliances. Lumber futures averaged ranged between \$260 to \$400 between 2014 and 2017 with a peak in early 2018 of \$569. This transitioned quickly into volatility at the start of the pandemic that saw it swing from \$278 in March of 2020 to \$1452 in early 2022. Flat glass prices have been steadily increasing from a price index of 92 in 2014 to a high of 131 in January 2022 significantly above inflation during this time.<sup>57</sup>

## Soft costs

Soft costs, sometimes referred to as “indirect costs” refer to various administrative cost items necessary for the development project to proceed, including professional services, such as engineers, architects, and land use counsel, taxes, legal costs, insurance, and permitting. As of 2020, soft costs were estimated to range from \$94,000 per unit for low-rise construction, to \$109,000 per unit for high-rise construction, totaling between 15 and 18 percent of total development costs.<sup>58</sup> There are no indications through interviews or research that these have changed significantly in the past eight years or provide specific constraints to housing development (permitting fees are discussed in the Governmental Constraints section).

## Revenues

The pandemic had a significant chilling effect on rental prices across San Francisco while single-family housing prices continued to climb. While rental prices for a two-bedroom apartment in 2019 averaged close to \$4,600 a month, and dropped to \$3,500 in mid 2020, it has climbed back about halfway to nearly \$4,000 in early 2022 (see Figure 31 – Median Rent).<sup>59</sup> There has been a slower rebound for three- and four-bedroom apartments, but similar rebound for studio and one-bedroom ones.

## Financial Feasibility Analysis

The Planning Department has contracted with Century Urban to study development feasibility data on three groups of housing project types across several markets:

- Fourplex, 1 to 4 net new units
- Small, to Mid-sized multifamily, 10 to 104 units
- Large-sized multifamily to high-rise, over 100 units

### Fourplex

To assess financial feasibility for these prototype scenario projects, Century Urban calculated the residual value, or the amount that a purchaser of a home or land can afford to pay for that home or land. Residual value is calculated by subtracting the hard and soft costs of the project, including developer return, from the total net sale value of the project. If the residual value is below the estimated sale price for an existing single-family home, then a property owner or developer would be less financially

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57 <https://www.wsj.com/market-data/quotes/futures/LB00/advanced-chart>

58 City of San Francisco Housing Feasibility and Development Costs, 2020.

59 Zumper Data



motivated to redevelop the property, and a developer would be unable to match typical offers from other single-family home buyers.

Where there is a negative difference between the residual value of the prototype project and the market value of an existing single-family home in the respective neighborhood, this is the “feasibility gap.”

As summarized in the [February 2022 memo](#) to the Planning Commission responding to proposed legislation, the analysis found that all the prototypes analyzed in all neighborhoods had a feasibility gap, indicating that at current construction costs, rental rates, and single-family prices, financial feasibility of demolishing an existing single-family home to develop new triplexes and fourplexes is challenging.

The magnitude of the feasibility gap between the residual value generated by prototype developments and median single family home prices in all neighborhoods analyzed ranged from \$1.3M-2M in mid-tier and lower cost neighborhoods to \$5M in higher income areas like Pacific Heights. The analysis also calculated whether there is a “gap” when comparing the project residual values to the typical *minimum* (rather than median) home prices in the same neighborhoods, as half of houses for sale are valued at less than the median, and there may be circumstances where a home is unusually small and/or poorly maintained relative to the typical condition. While the gap is substantially smaller in all of those cases, a feasibility gap remains across all scenarios with the lowest gaps of \$300,000-\$600,000 in the mid-tier neighborhoods.

Since there is a projected feasibility gap in replacing a single-family house with a multi-family building, any restriction of rent or sale prices of the resulting units will add to that gap. The addition of affordability requirements would increase the feasibility gap across the prototypes by several hundred thousand to over one million dollars for the fourplexes with two required BMR units.

### **Homeowner Considerations**

Many people engaged in related policy discussions have asked how the circumstances, motivations, and expectations of the typical homeowner might differ from those of the professional housing developer and thus would lead to different outcomes from those in the feasibility analysis described above.

The feasibility analysis conducted by Century Urban assumes that people considering what to do with property, whether a professional developer or a homeowner/property owner, are making financial decisions relative to risk, time, and alternative options for their investment. Undoubtedly a small share of property owners may be interested in using the fourplex opportunity to redevelop their properties or add units based on factors beyond just the financial considerations.

In the prior feasibility analysis, Century Urban analysis assumed a project applicant receives compensation for their substantial financial investment, effort, time and risk involved in developing a project in the form of an industry-benchmark 18% return and a target return on cost of 5.25% for rental projects. Given that some homeowners may be willing to accept lower returns, Century Urban further considered one illustrative example, using a mid-tier neighborhood fourplex scenario, of how removing the expected developer return would affect the feasibility analysis. This analysis shows that removing any expected return from the pro forma that this fourplex scenario across all neighborhoods would maintain a feasibility gap of several hundred thousand dollars or more in the median home value scenarios (ie. the

residual value of the project is still less than the current median market value of the single-family homes). However, in the optimistic minimum home value scenario in the mid-tier neighborhood particularly, the project could potentially generate a positive feasibility “surplus,” or profit, relative to the value of a house. This means that in a limited number of scenarios in certain neighborhoods, a property owner of a smaller house or house in need of repair could possibly make a modest return if they invest their land and financial resources into a redevelopment.

However, it is important to caveat this long-term hold scenario (and any homeowner scenario) by noting that the typical person will need a construction loan of \$2 Million or more for such a project, and that, while the homeowner or small property owner may not be seeking the same level of guaranteed returns as a developer, that lenders, in order to lend such sizable sums, will seek assurances about the financial soundness of the project using similar metrics as used by developers and will want to see financial guarantees as described above. This risk makes this much more feasible for independently wealthy households than for those who have high equity in their homes but low yearly income and modest savings they would not be willing to put at risk.

To that end, for most existing homeowners, smaller scale projects to add housing units to their property in ways that are more modest modifications to existing properties, such as adding smaller units by converting existing space in ground floors, rear additions, or rear yard structures, may be more likely and manageable. These would require fewer financial resources, debt, and risks.

### ***Levers that Could Impact Feasibility***

As part of their analysis, Century Urban analyzed potential public policy “levers” that might be able to offset the financial barriers faced by property owners redeveloping an existing single-family home or adding units. These potential policy levers include lowered interest rate loans, reduction in City fees, and abatements of transfer taxes and property taxes. The magnitude of the financial benefit of each lever is provided relative to the residual value and feasibility gap of each scenario; in other words, the financial value expressed for each lever should be added to the feasibility gap (thus reducing the gap) of the respective scenario to see the effect of each lever or the combination of different levers.

***Non-Governmental Factors.*** Construction costs, including labor and materials, are by far the largest component of development costs for adding new units, typically representing a little more than 70% of development costs excluding land costs. Construction costs in San Francisco are among the world’s highest and have escalated rapidly over the last 10 years creating a significant barrier to residential development. While not anticipated in the near to medium term given labor shortages and continued economic uncertainty, a hypothetical 10% reduction in construction costs could improve the feasibility of three- and fourplex projects by an estimated \$300,000 to \$380,000 respectively and improve feasibility of SB 9 prototype projects by an estimated \$16,000 to \$113,000 depending on the number of units added.

Changes in rents and sale prices also heavily impact project feasibility. A 10% increase in rents and sale projects could prove project feasibility by hundreds of thousands of dollars for both three and four plex prototype projects and SB 9 prototypes.

**Governmental Levers.** While construction costs and rents and sale prices are the biggest determinants of project feasibility, there are also potential changes under the control of the City or State that could help support the development of small multifamily projects. Since many of these involve the city foregoing revenue from key revenue sources, such as taxes or fees, they should be weighed against other public investments and impacts that these monies could fund, for example, construction or acquisition of affordable housing units or down payment assistance. Century Urban has analyzed the potential financial value of different policy levers for different projects in different housing markets in the city, helping to estimate both their scale of impact relative to the financial feasibility gap of prototype projects and providing an estimate of costs to the city.

Construction loan with lowered interest rate of 1%: Offering property owners lower interest rate loans with a rate of 1%, likely through a subsidized program, would cut costs by a relatively minor amount. For three to fourplex prototype projects, the gap would be lowered by between \$37,000 to just over \$50,000 dollars while for most SB 9 prototypes the benefit would be between \$2,000 and \$15,000 dollars.

City fees in excess of \$10,000 waived: Offering property owners a fee waiver for all fees in excess of \$10,000 cumulatively could result in modestly lowering the gap by \$124,000 or \$144,000 per three or fourplex prototype project, while for SB 9 projects, it would lower the gap in a range from \$4,000 to \$32,000.

Transfer tax abatement for initial sale of a property added units: This option would lower the feasibility gap by a wide range from \$22,000 to \$84,000 for three to fourplex prototype projects and \$14,000 to \$77,000 for SB 9 projects.

Abatement of the City and County's portion of property taxes for 40 years: This would have the largest and most substantial impact on lowering the feasibility gap, although, as property taxes are regulated by State authority, there is currently no local legal pathway to accomplish it. The feasibility gap reduction would be between \$390,000 and \$711,000 for three and fourplexes and between \$27,000 to \$210,000 for SB 9 project prototypes.

### **Small to Mid-Sized Multifamily**

Residential development prototype scenarios were modeled to evaluate the attractiveness of these prototypes under current San Francisco market conditions. The prototypes range from 4 to 8 stories and include scenarios for:

- 6,000-square foot and 20,000-square-foot sites
- For-rent and for-sale projects
- Submarkets representing lower and higher rental rate and sale price areas
- Existing zoning and density decontrol rezoning both with and without state density bonus
- Project sizes ranging from 10 to 104 units

Preliminary results reflect negative residual values for all prototype scenarios. This means that the total estimated hard and soft costs to develop the prototypes exceed the development costs supported by the projected net operating income for rental projects or the projected net sale proceeds for sale

projects. Negative residual values across the prototype scenarios suggest a challenging environment for development of projects similar to the prototypes regardless of current market land prices.

Among the prototype scenarios, the sale prototypes with density decontrol in the higher sale price submarkets had the least negative estimated residual values (-\$82,000 to -\$170,000 per unit), while the rental projects under existing zoning in the lower rental rate submarkets had the most negative estimated residual values (-\$487,000 to -\$635,000 per unit). In general, the state density bonus scenarios reflected less negative estimated residual values (i.e., were relatively more attractive) than non-state density bonus scenarios. However, as noted above, none of the prototype scenarios resulted in positive estimated residual values or suggested attractive economic results.

### **Large-sized Multifamily to High-rise**

Three Type I high-rise residential development prototypes were modeled to evaluate potential constraints for development of these prototypes under current San Francisco market conditions. The three prototypes reflect 11-, 23-, and 49-story buildings and include scenarios for:

- For-rent and for-sale projects
- Downtown/SOMA and Van Ness/Masonic Submarkets
- Project sizes ranging from 93 to 598 units

Preliminary results reflect negative residual values for all prototype scenarios. This means that the total estimated hard and soft costs to develop the prototypes exceed the development costs supported by the projected net operating income for rental projects or the projected net sale proceeds for sale projects. Negative residual values across the prototype scenarios suggest a challenging environment for development of projects similar to the prototypes regardless of current market land prices.

Among the prototype scenarios, the smallest for-sale prototypes had the least negative estimated residual values (-\$160,000 to -\$170,000 per unit), while the larger rental prototypes had the most negative estimated residual values (-\$394,000 to -\$458,000 per unit). In general, the Downtown/SOMA scenarios reflected less negative estimated residual values (i.e. were relatively more attractive) than Van Ness/Masonic scenarios.

The current financing market for new development in San Francisco such as the prototypes is more expensive and challenging than the market in prior years with fewer available options. Increases in interest rates, market volatility and the relative slow recovery of the San Francisco office and residential rental markets have all impacted the pricing and availability of investment capital for new San Francisco development. See subattachment 6 – High Rise Residential Analysis for full Century Urban Analysis memorandum.

### **Conclusions**

Given the stress of the pandemic recovery, the tight capital market, high interest rates, decrease in sales overall, construction prices, and land costs, most sites are not currently viable for development in San Francisco. The encouraging picture, however, is that the higher sale price submarket—generally within the highest resource areas—especially with State Density Bonus was more likely to advance towards

feasibility over the lower rental rate submarkets supporting goals towards opening opportunities for housing where there are good resources currently. It is also clear that these projects need to be at a more modest scale, in the 20-to-40-unit range, to gain efficiency but below Type 1, or high-rise, construction that begins about 85 feet in height.

**Review of Constraints**

|                             |  |
|-----------------------------|--|
| <i>Constraint</i>           | <b>Given the stress of the pandemic recovery, the tight capital market, high interest rates, decrease in sales overall, construction prices, and land costs, most sites are not currently viable for development in San Francisco.</b> |
| <i>Constraint Reduction</i> | Related Policies   |
|                             | <b>Policy 30</b>   |
|                             | Implementing Program Areas   |
|                             | <b>8.1 Cost and Fees</b><br>Actions: 8.1.1; 8.1.2  |
|                             | <b>8.2 Small Multifamily Financing and Support</b><br>Actions: 8.2.1; 8.2.2; 8.2.3   |

# Cultural and Political Context

## Community Redress and Acceptance

San Francisco has a strong tradition of public involvement in policy discussions and possesses a very engaged citizenry on development issues. These voices have long included organized opposition to housing projects but increasingly includes proponents for more housing. Project opposition creates impediments to project application approvals and can lead to significant time delays, additional costs, a reduction in the number of residential units produced, or entire project feasibility. One measure that is difficult to calculate is how many projects are never initiated given the chilling effect neighborhood opposition creates across San Francisco's real estate environment.

### Comment from Developer interviewee

**Add 10% to profit margin to account for risk. Triple design cost compared to other California communities due to holding costs.**

Even with projects that are subject to State rules clearly designed to reduce such intervention, desire by both residents and their representative public officials to either prevent or shape development remains strong enough to test case law and enforcement. An example of a project in local contention that uses state programs is a 100% affordable housing project proposed in the Sunset

District by a very experienced, local, non-profit affordable housing developer. Despite being able to use SB 35's ministerial process and having funding through MOHCD, the project has been delayed by a year negotiating with many neighbors in opposition.<sup>60</sup> In parallel and seemingly in contradiction, the Planning Department has been engaged with local Sunset residents, led by the district supervisor, where many participants have been asking for more affordable housing to help stabilize residents including seniors.<sup>61</sup> A developer interviewee described another proposed project that includes market-rate and affordable units and uses the HOME-SF program, the City's adopted local version of the State Density Bonus. This Noe Valley project is on its fifth round of appeals, delayed according to the sponsor by "seven years," as the neighborhood association has opposed each permitting stage or component.

Developers of smaller multifamily projects report that neighborhood opposition is a significant and unpredictable challenge, that greatly depends by neighborhood and even specific neighbors anywhere in the city. One applicant interviewee expressed that "Planning wasn't the problem" in trying to permit a multifamily project on Telegraph Hill, it was the neighborhood association who told him publicly that they supported him but then tried to "sabotage" the project until he gave up. Another interviewee proposing multifamily on a lot split in Glen Park found that the Planning process was supportive but then the "neighbors tore it apart." The contention even brought the process, which was planned to add only three units, to the Board of Supervisors. Another housing developer interviewee, who does small and mid-sized multifamily housing, reported that Planning has "actually gotten a lot better" at processing on their end and that the uncertainty for investors is being able to wait to get through the long appeals process.

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60 <https://www.sfchronicle.com/sf/article/Supervisor-Mar-pushes-compromise-for-contested-16647322.php>

61 <https://sunsetforward.com/#:~:text=Sunset%20Forward%3A%20The%20community%20plan,%2C%20transportation%2C%20and%20neighborhood%20services>

While a quick assessment of comments on projects at the Planning Commission would split these voices into “pro-” and “anti-housing” or even “only-affordable” and “pro-market-rate housing,” there is a more complex set of histories at work. Some voices that oppose projects planned for their neighborhoods are from communities that have been historically dispossessed or marginalized where activists seek repair and agency in response to large market and political forces they have been excluded from. While other voices that oppose projects arriving in their neighborhoods represent people well-connected to capital and power systems who fear the “intrusion” of new residents who may express different habits, activities, and even architecture in the neighborhood. The current process has little ability to differentiate between neighborhoods where residents, often in communities of color, have been substantially and systematically damaged by past discriminatory governmental practices and speak to community interests, and places of wealth and privilege where homeowners seek to maintain exclusion or protect their individual interests.

Despite different ambitions, many groups use existing mechanisms towards their objectives that may or may not be related to their underlying interests. Since issues of racial discrimination, repair of past government action, and socio-economic inequity have not been addressed at a systemic level and introduced more formally in decision-making processes, leaders in these communities have little choice but to use the existing mechanisms designed for other purposes to advance their missions. Local discretionary practices, such as Conditional Use Authorizations and design review, are often used by advocates to bring racial and social equity issues around gentrification and displacement into public forums. CEQA, focused on 18 environmental conditions, is another tool used to bring broader concerns to the attention of city leaders.

The current system is mostly designed to air conflicts in public hearings and for decision-makers to work through their complexities on a case-by-case basis. It is not uncommon for projects to bounce around through multiple layers of approvals and appeals which demand skill resources, and resilience from community leaders and city staff. Solving structural problems that continue to reinforce inequities would lessen these conflicts, bring forward clearer motivations, reduce the energies required by communities with many injustices to right, and advance housing production that meets the needs of San Francisco residents.

### **Community Equity Division and Engagement**

In 2020, the Planning Department created a new division, the Community Equity Division, to help all aspects of the Department focus and center its work on racial and social equity. One of the new teams under this division is the Community Engagement Team who are currently creating community outreach and engagement strategies for the entire Department. Another team is developing and implementing the Racial and Social Equity Plan, currently in Phase 2, and the Division is supporting the Equity Council, a group of community leaders dedicated to addressing racial and social equity. Through collaborative deliberations, they are advising City staff and leadership on strategic policies, strategies and investments, and ways to elevate the voices of our diverse communities in City decisions. The Department is restructuring its work to engage communities in a deeper and more integrated way looking towards solutions. The goal is to be working more in alignment and with more effective two-way

#### Comment from Architect interviewee

**We have clients who start out with modular but find that it is not cost effective because low bidders for construction are not familiar enough with it and many trades resist it. It will take more common acceptance and industry adaptation to make this a competitive system with traditional construction.**

communication so that communities are served by new development and new development is more secure in being welcomed into them.

### **Climate Crisis and Pandemic Recovery**

The threats of water shortages, wildfires, and poor air quality are becoming increasingly present in the lives of San Franciscans and may decrease investor confidence in San Francisco real estate. While the climate crisis has historically been an abstract threat, wildfires have increasingly devastated parts of California after severe and on-going droughts, resulting the six worst years of Bay Area air quality of the past three decades being

within the last ten years. September 9, 2020, epitomized the experience as the combination of smoke and fog lit the sky in an eerie and apocalyptic orange that made international news. While the development community has not directly stated this as part of their constraints or considerations, it may be growing in concern.

The COVID-19 pandemic has had an immediate and significant effect on rents, dropping them to their lowest rates in over a decade. While prices began to steadily increase in 2022, home and work hybrid patterns are anticipated to be permanent for many workers tied to cloud computing, with office workers telecommuting about 15% of the time. While the Bay Area has been centered for many decades as a place to engage a globalized job market, where companies have sought talent from its many universities and innovative companies including finance, healthcare, biotech, and technology, the construction of teamship and professional endeavors may alter this need for physical proximity.



# Opportunities for Energy Conservation

## Planning and Land-Use

For decades, San Francisco has created plans, implemented policies, and crafted engaging frameworks to reduce emissions. As of 2019, the city has achieved a 41% reduction in emissions from 1990 levels, while its economic productivity as measured by gross domestic product (GDP) has increased by 199%, and its population has grown by 22%. Its emissions reductions have been driven primarily by cleaner electricity supply, improved energy codes, and city-wide energy efficiency. This progress has not just reduced emissions, but has also come with additional important benefits, such as cutting air pollution and limiting other environmental stressors.

The update to the Climate Action Plan, completed in 2021, targets goals for key areas of the city and seeks to mitigate the climate crisis challenges equitably with environmental justice. These actions will not only help to reduce San Francisco's impacts on the environment, but to reduce harm to people and address its consequences:

1. Use 100% renewable electricity and phase out all fossil fuels
2. Electrify existing buildings
3. Invest in public and active transportation projects
4. Increase density and mixed land use near transit
5. Accelerate adoption of zero emission vehicles and expansion of public charging infrastructure
6. Utilize pricing levers to reduce private vehicle use and minimize congestion
7. Implement and reform parking management programs
8. Increase compact infill housing production near transit
9. Reduce food waste and embrace plant-rich diets
10. Enhance and maintain San Francisco's urban forest and open space

## Buildings

In 2019, buildings were responsible for 41% of citywide emissions, evenly split between residential and commercial buildings. Of that total, the overwhelming majority (87%) was from natural gas burned to operate heating systems, boilers, water heaters, clothes dryers, and cooking appliances while 13% was from electricity. While emissions from buildings have successfully been cut in half since 1990 – thanks to aggressive energy efficiency investments, stringent green building codes, and a cleaner electricity supply – achieving net-zero emissions by 2040 will require a strategic shift from natural gas to 100% renewable electricity. Implementation mechanisms, such as legislation, incentives, training, and public

education must be designed with ongoing and open engagement with all stakeholders and focus on creating opportunities and protections for communities of color, low-and-moderate income residents, and other marginalized populations, while prioritizing a just transition for all workers.

### **Strategies**

1. Eliminate fossil fuel use in new construction
2. Eliminate fossil fuel use in existing buildings by tailoring solutions to different building ownership, systems, and use types.
3. Expand the building decarbonization workforce, with targeted support for disadvantaged workers.
4. Transition to low-global warming potential refrigerants.

### **Transportation**

Transportation and land use policies are an essential part of San Francisco's plan to reach net-zero emissions by 2040. Getting the city on a path to a healthier, cleaner and more equitable future will require significant investments in reducing emissions from transportation. Climate action through transportation and land use means reversing the deliberate failures of past policies that heavily prioritized automobiles over modes that are safer, healthier, less carbon intensive, and more efficient. Ensuring that these low-carbon modes are less costly and more convenient to use than higher-carbon modes is key to achieving our climate goals and creating a socially equitable and environmentally sustainable future. San Francisco has a goal that by 2030, 80% of trips are taken by low-carbon modes such as walking, biking, and transit.<sup>32</sup> Strategies to help people make more trips without a car and reduce emissions include: improving transit service, expanding bicycle lanes and safe places for people to walk, increasing housing production density and development that puts people closer to destinations, and implementing pricing policies and parking management programs that better align with climate goals.

While these investments will create many quality-of-life benefits for the city, they will not be enough to adequately cut emissions, so shifting remaining cars to electric vehicles that run on renewable electricity, will be necessary to meet the City's climate goals. San Francisco has set a goal that by 2030, vehicle electrification will increase to at least 25% of all registered private vehicles, and to 100% of all by 2040. Expanding access to affordable and convenient charging options will be primary way the City supports these goals. Eliminating emissions from transportation will require a fundamental change in how people move around and how transportation and land use efforts are prioritized, funded, and implemented. Major adjustments will be required at all levels: citywide, neighborhood, and individual. Continuing down the same path of overusing single-occupancy private vehicles is the wrong direction, and will only exacerbate existing climate, health, equity, and transportation problems. To meet San Francisco's climate action goals, policymakers and the public will need to evaluate significant trade-offs and then agree on and implement actions that go beyond the status quo. For example, acknowledging the total societal costs – on health, congestion, and climate – of planning cities around automobiles, and then taking strong action to prioritize people over cars. Such trade-offs may mean changing expectations

about time devoted to commuting and running errands, adjusting subsidized parking and residential permits fees to create funding for new public spaces, more housing, and improved transit services.

### **Strategies**

1. Build a fast and reliable transit system that will be everyone's preferred way to get around.
2. Create a complete and connected active transportation network that shifts trips from automobiles to walking, biking, and other active transportation modes.
3. Develop pricing and financing of mobility that reflect the carbon cost and efficiency of different modes and projects and correct for inequities of past investments and priorities.
4. Manage parking resources more efficiently.
5. Promote job growth, housing, and other development along transit corridors.
6. Strengthen and reconnect communities by increasing density, diversity of land uses, and location efficiency.
7. Where motor vehicle use or travel is necessary, accelerate the adoption of zero-emissions vehicles (ZEVs) and other electric mobility options.

### **Housing**

One of the most effective ways to reduce emissions is to ensure San Francisco has the quantity and types of affordable, accessible housing that support its diverse residents. To successfully reduce emissions while supporting a prosperous, inclusive, and resilient city for everyone, San Francisco must substantially increase the amount of housing available and prioritize affordability and housing options for those most at risk: Black, American Indian, and other communities that experience racialization, people with disabilities and other vulnerable populations, as well as working-class families who have faced gentrification and economic dislocation. Housing is foundational to the physical, social, and emotional health of individuals and their communities. As the world faces increasing climate, health, and economic threats, healthy and stable housing is essential for our communities to recover from shocks, build resiliency, and thrive.

### **Strategies**

1. Anchor Black, American Indian, and other families of color and advance their return to San Francisco through robust housing and stabilization programs.
2. Support vulnerable populations and underserved communities through both the preservation and rehabilitation of existing housing and new housing development that serves their needs.
3. Advance zoning and implementation improvements that support new housing production sufficient to meet goals, especially sustainable, small, midsized, family and workforce housing in lower density neighborhoods.

4. Expand subsidized housing production and availability for low-, moderate-, and middle-income households.
5. Achieve total carbon balance across the building and infrastructure sectors.

### **Loans for Rehabs**

The MOHCD provides both loans and grants to assist homeowners with remediating hazards and addressing rehabilitation needs. The Mayor's Office is in the process of implementing the CalHOME loan program, funded through HCD. CalHOME will provide eligible homeowners in one-to-four-unit properties with funding for accessibility modifications, lead-based paint hazard remediation, and modifications to make units code-compliant. To be eligible, homeowners must be at or below 109 percent AMI. The Lead Hazard Remediation Program, funded through a HUD grant, provides both single-family and multifamily property owners with funds for lead hazard remediation. Eligible properties must meet certain income requirements and must have a certain share of households with young children.

### **Elimination of Parking Minimums**

San Francisco eliminated parking requirements over time. In 2018, San Francisco eliminated minimum parking requirements citywide, and implemented parking maximums generally between 0.5 and 1 spaces per unit for most residential developments. This policy reduces the amount of parking provided on-site at new residential developments, which reduces the cost of construction, as garage spaces can typically cost between \$50,000 and \$100,000 per space. This policy also increases the development potential for smaller sites. It reinforces the City's goals to decrease GFG emissions and residents' dependence on private automobiles.

| <b>Review of Energy Conservation Actions</b> |  |
|--|--|
| <i>Energy Conservation Goal</i>              | <b>Zone for and promote infill and transit-oriented development</b>  |
| <i>Existing Program</i>                      | <p><b>General Plan</b><br/>Housing Element 2014 Goals &amp; Policies extended into Housing Element 2022</p> <hr/> <p>Policy 19. Increase mid-rise and small multi-family housing types by adopting zoning changes or density bonus programs in Well-resourced Neighborhoods and adjacent lower-density areas near transit, including along SFMTA Rapid Network and other transit.</p>  |
| <i>Energy Conservation Goal</i>              | <b>Adopt higher densities including along transit corridors.</b>   |
| <i>Existing Program</i>                      | <p><b>General Plan</b><br/>Housing Element 2014 Goals &amp; Policies extended into Housing Element 2022</p> <hr/> <p>Policy 19. Increase mid-rise and small multi-family housing types by adopting zoning changes or density bonus programs in Well-resourced Neighborhoods and adjacent lower-density areas near transit, including along SFMTA Rapid Network and other transit.</p>  |
| <i>Energy Conservation Goal</i>              | <b>Promote use of photovoltaic systems</b>   |
| <i>Existing Program</i>                      | <p><b>SF Environment</b><br/>SF Better Roofs</p> <hr/> <p>Effective January 1st, 2017, San Francisco became the first U.S. city to mandate solar and living roofs on most new construction. With the passage of this legislation, between 15% and 30% of roof space on most new construction projects will incorporate solar, living roofs, or a combination of both.</p>  |
| <i>Energy Conservation Goal</i>              | <b>Promote water-efficient landscaping and energy-efficient irrigation systems</b>   |
| <i>Existing Program</i>                      | <p><b>PUC Design Guidelines and Standards</b><br/>Water Efficient Landscape Requirements</p> <hr/> <p>To reduce landscape water use through efficient irrigation design and low water-use plantings. All residential, commercial, municipal, and mixed-use projects installing or modifying 500 square feet or more of landscape area must comply with PUC Standards. There are two tiers: Tier 1 is for 1,000 – 2,500 square feet of modified landscape, is designed to include at least 75% low water use plants and has less than 25% turf area. Tier 2 projects Includes a new landscape area at least 500 square feet or a modified landscape area at least 2,500 square feet or is Tier 1 but includes less than 75% low water use plants and/or more than 25% turf.</p> |
| <i>Energy Conservation Goal</i>              | <b>Develop energy conservation standards for street widths and landscaping of streets and parking lots to reduce heat loss and/or provide shade</b>  |
| <i>Existing Program</i>                      | <p><b>Public Works</b><br/>Better Streets Plan</p>   |

Street tree plantings are required as per Planning Code Section 138.1 for all development projects with an in lieu fee for ADUs or UDUs. Additionally, a continuous soil-filled trench parallel to the curb shall connect all street tree basins for those street trees required under the Public Works Code. The trench may be covered only by Permeable Surfaces as defined in Section 102 of the Planning Code, except at required tree basins, where the soil must remain uncovered.

*Energy Conservation Goal*

***Orient housing developments, where possible, to take advantage of natural day lighting***

*Existing Program*

**Urban Design Guidelines**

S7 Integrate Common Open Space and Landscape with Architecture  
 S8 Respect and Exhibit Natural Systems and Features  
 A9 Employ Sustainable Principles and Practices in Building Design

- Locate and orient open space to maximize solar exposure during a useful part of the day and protection from wind.
- Employ passive solar design in facade configurations, treatments, and materials.
- Design wall and roof fenestration to enhance natural lighting without negatively impacting interior comfort.
- Create daylit living and working environments to not only reduce energy use, but to connect people to the natural cycle of day and night.

*Energy Conservation Goal*

***Promote permeable paving materials for cooling and water conservation***

*Existing Program*

**SF Environment**

Green landscaping ordinance

Greening of Front Setback Areas, Parking Lots, Vehicular Use Areas, Permeable Surfaces, Climate Appropriate Plants. The Green landscaping ordinance amends the Planning Code and public Works code to enhance new development & significant alterations. it seeks to achieve the following environmental and aesthetic goals: A. Healthier and more plentiful plantings through screening, parking lot, and street tree controls; B. increased permeability through front yard and parking lot controls; C. Encourage responsible water use through increasing “climate appropriate” plantings; and D. improved screening by creating an ornamental fencing requirement and requiring screening for newly defined “vehicle use areas.”

*Energy Conservation Goal*

***Promote location-efficient mortgage and energy-efficient mortgage programs***

*Proposed Action*

**Policy 23**

Retain and increase the number of moderate- and middle-income households by increasing their homebuying opportunities through building permanently affordable workforce housing and reversing the shortage in affordable housing that is affordable built for these households.

d. Promote location-efficient mortgage and energy-efficient mortgage programs as a tool for expanding the purchasing power of residents while incentivizing more sustainable trip choices and energy efficient building practices.

San Francisco Mayor's Office of Housing and Community Development (MOHCD) does not issue performing mortgages (mortgages with monthly payments where debt to income is an issue) but does partner with first mortgage lenders that would take these cost savings measures in mind when assessing a borrower's affordability. There are no current lenders available that would use the described criteria when determining a debt-to-income ratio as far as staff are aware, but, if discovered, MOHCD would welcome and solicit their participation in the program.

## Promoting Greenbuilding and Energy-Efficient Building Standards and Practices

### **San Francisco Green Building Code**

To ensure that all buildings are healthy, sustainable places to live, work, and learn, the [San Francisco Environment Code](#) requirements do the following:

1. Reduce energy and water use
2. Divert waste from landfill
3. Encourage alternate modes of transportation
4. Support the health and comfort of building occupants in San Francisco
5. The City's efforts to advance environmental goals through building design began with the [2008 Green Building Ordinance](#). Those groundbreaking green building requirements applied to:
  6. Newly constructed residential and commercial buildings
  7. Major renovations to existing buildings

The ordinance was informed by the [recommendations of the Mayor's Task Force on Green Buildings](#) to reduce the impacts that buildings in San Francisco have on the environment, local infrastructure, and public health.

California's Building Standards Commission subsequently developed [Title 24 Part 11, the California Green Building Standards Code, or "CALGreen."](#) The combination of CALGreen and local requirements is referred to as the San Francisco Green Building Code (SFGBC). SFGBC is regularly updated to maintain alignment with California Green Building Standards Code, and to adopt stricter local requirements, such as:

1. All-Electric New Construction
2. Install solar electric, thermal, or green roof for all new buildings 10 floors in height or less
3. Provide on-site facilities for collection and conveyance of compost, in addition to recycling
4. Wire buildings to be capable of supplying electricity for electric vehicle charging at 100% of new parking spaces
5. Meet city green building requirements tied to the LEED and GreenPoint Rated green building rating systems

| <b>Promoting Greenbuilding and Energy-Efficient Building Standards and Practices</b> |  |
|--|--|
| <i>Energy Conservation Goal</i>  | <b>Promote broad public outreach, including educational programs and the marketing of energy-saving incentives</b>   |
| <i>Existing Program</i>  | <p><b>SF Environment</b><br/>SF Environment is San Francisco's Department focused on directing policy and outreach in serving the people and environment of the city. it focuses on building community capacity - engaging people throughout the City's neighborhoods and providing them with the tools, education, and job opportunities to ensure that the places where we live, play, learn, and work are safe and healthy.</p> <hr/> <p>Dept of Environment is implementing Energy Access SF, delivering in-language outreach directly to residents, businesses, and multifamily property managers in priority neighborhoods - primarily neighborhoods with EnviroScreen scores indicating the most intense combinations of pollution and low median income. Outreach in 2022 has consisted of plans for decarbonization via efficiency upgrades and electrification, combined with concierge service to help navigate available incentives and financing. <a href="https://sfenvironment.org/sfenergyaccess-sf">https://sfenvironment.org/sfenergyaccess-sf</a></p> |
| <i>Energy Conservation Goal</i>  | <b>Apply for funds to assist residents with energy conservation retrofits and weatherization resources</b>   |
| <i>Existing Program</i>  | <p><b>SF Environment</b><br/>BayREN</p> <hr/> <p>In addition to EnergyAccessSF, San Francisco is party to BayREN, which provide technical assistance, retrofit project management, and quality assurance verification for residential, multifamily, and commercial building efficiency and decarbonization. <a href="http://www.bayren.org">www.bayren.org</a></p>   |
| <i>Energy Conservation Goal</i>  | <b>Target local funds, including redevelopment resources and Community Development Block Grants, to assist affordable housing developers incorporate energy-efficient designs and features</b>   |
| <i>Existing Program</i>  | <p><b>MOHCD standards</b><br/>Existing Programs</p> <hr/> <p>Local codes require a lot of energy-efficient designs and features, and local funds are part of the funding program.</p>  |
| <i>Energy Conservation Goal</i>  | <b>Adopt policies and incentives to promote energy-efficient retrofits prior to resale of homes</b>  |
| <i>Existing Program</i>  | <p><b>SF Environment</b><br/>Residential Energy Conservation Ordinance</p>   |



San Francisco enacted a Residential Energy Conservation Ordinance effective September 20, 1982, and amended in 1983 and 1991, that requires residential property owners to provide certain energy and water conservation measures for their buildings. The intent is to lessen the impact of rising energy costs and water usage on renters and homeowners alike. The Residential Energy Conservation Ordinance requires homeowners to do the following:

- Obtain a valid inspection
- Install basic energy and water conservation devices or materials
- Then obtain a certificate of compliance
- Water conservation devices may include: Low flow shower heads, efficient faucets and faucet aerators, efficient toilets, leak repair

Energy conservation devices and measures may include: Insulating attic space, weather stripping doors, insulating hot water heaters, caulking and sealing openings in building exteriors, insulating accessible heating and cooling ducts.

|                                 |  |
|---------------------------------|--|
| <i>Energy Conservation Goal</i> | <b><i>Streamline and expedite the approval process for housing built using greenbuilding standards and specific energy standards</i></b>   |
| <i>Existing Program</i>         | <b>SF Building Department</b><br><br>San Francisco offered expedited permit service for projects built to rigorous green building standards from 2009 to 2017. The program was suspended in 2017 as San Francisco had to reduce the number of criteria qualifying for priority in order to meet service expectations. However, note that since 2009 San Francisco has required all new construction and major renovations to be built to credible green building standards, and enforces rigorous energy standards.  |
| <i>Energy Conservation Goal</i> | <b><i>Partner with community services agencies to provide financial assistance for low-income persons to offset the cost of weatherization and heating and cooling homes</i></b>   |
| <i>Existing Program</i>         | <b>Policy X</b><br>SF Environment<br><br>The Weatherization Assistance Program (WAP) and Low-Income Home Energy Assistance Program (LIHEAP) serving San Francisco are implemented by Peninsula Energy Services <a href="https://sfpes.org/">https://sfpes.org/</a> . WAP and LIHEAP are funded by the federal government.<br><br>As recommended by the 2021 Climate Action Plan, San Francisco has conducted a 6-month community outreach process to scope a Climate Equity Hub and is preparing to offer grants to community non-profits in order to assist with decarbonization retrofits. |
| <i>Energy Conservation Goal</i> | <b><i>Partner with public utility districts and private energy companies to promote free energy audits for low-income owners and renters, rebate programs for installing energy-efficient features/appliances, and public education about ideas to conserve energy</i></b>   |
| <i>Existing Program</i>         | <b>Existing Programs</b><br>SF Environment partnering with PG&E  |

PG&E offers 0% interest loans for replacing old and worn-out equipment with energy-efficient models and sets loan repayment terms in line with monthly energy savings from the improvement. Loans range from \$5,000 to \$4,000,000 per premise, with a period of up to 10 years.

Since 2001, San Francisco has partnered with PG&E on a series of energy efficiency programs primarily targeting multifamily and hard-to-reach small business. These programs are funded by utility ratepayers under the auspices of the California Public Utilities Commission. Currently BayREN and EnergyAccessSF are the primary programs offering assistance with efficiency and electrification. TECH Clean California also provides assistance funded by CA SB 1477 (<https://energy-solution.com/tech/>). The

Low-Income Weatherization Program (<https://www.csd.ca.gov/Shared%20Documents/LIWP-Fact-Sheet.pdf>) provides assistance to multifamily (LIWP-MF) and single family in Cal-Enviroscreen Disadvantaged Communities.

All Californians have one-stop access to building decarbonization technical assistance via [www.switchison.org](http://www.switchison.org), and BayREN. <https://www.bayren.org/get-started> and Green House Calls from Rising Sun, a non-profit.

| <b>Conservation Incentives for the Building Industry and Residents</b> |  |
|--|--|
| <i>Energy Conservation Goal</i>  | <b>Provide incentives to build housing that exceeds Title 24 requirements</b>  |
| <i>Existing Program</i>  | <p><b>SF Environment</b><br/>San Francisco Green Building Code</p> <hr/> <p>All projects are required to meet higher standards in San Francisco under the Green Building Code. Two programs are available: California Energy Design Assistance (CEDA) provides free design assistance and financial incentives for new construction &amp; major alterations.<br/> <a href="https://www.pge.com/en_US/large-business/save-energy-and-money/facility-improvement/new-construction.page">https://www.pge.com/en_US/large-business/save-energy-and-money/facility-improvement/new-construction.page</a></p> <p>In addition, BUILD is a new construction incentive and technical assistance program funded by SB 1477 <a href="https://www.energy.ca.gov/programs-and-topics/programs/building-initiative-low-emissions-development-program/build-incentives">https://www.energy.ca.gov/programs-and-topics/programs/building-initiative-low-emissions-development-program/build-incentives</a></p> |
| <i>Energy Conservation Goal</i>  | <b>Incentivize use of recycled and rapidly renewable building materials and ensure effective demolition and construction recycling</b>   |
| <i>Existing Program</i>  | <p><b>SF Environment</b><br/>Construction and Demolition Debris recovery ordinance</p> <hr/> <p>San Francisco's Construction and Demolition Debris recovery ordinance requires 100% of mixed debris to be taken by a Permitted Transporter to a Registered Facility for recycling and recovery, and completion &amp; implementation of a Material Reduction and Recovery Plan and demonstrating minimum 65% or 75% recovery rate (depending on the type of project).<br/> <a href="https://sfenvironment.org/construction-demolition-requirements">https://sfenvironment.org/construction-demolition-requirements</a></p>  |
| <i>Energy Conservation Goal</i>  | <b>Promote standards that promote passive solar heating, overhangs on south facing windows, and planting of deciduous trees on the west and south</b>  |
| <i>Existing Program</i>  | <p><b>Urban Design Guidelines</b><br/>Employ Sustainable Principles and Practices in Building Design</p>   |

1. Use building materials that are made of recycled or renewable resources and/or from local sources.
2. Employ passive solar design in facade configurations, treatments, and materials.
3. Design wall and roof fenestration to enhance natural lighting without negatively impacting interior comfort.
4. Create daylit living and working environments to not only reduce energy use, but to connect people to the natural cycle of day and night.
5. Provide natural ventilation to reduce energy use and allow access to air flow. Provide easy access to bicycle parking to encourage their use.
6. Exceed energy performance requirements for the building envelope by employing supportive passive design strategies and high-performance building components.
7. Create inviting circulation to reduce reliance on elevator and escalator use.
8. Reuse existing structures to reduce the use of natural resources.
9. Provide systems that reduce water use.
10. Design roofs and/or walls to generate renewable energy.
11. Design roofs and/or walls to provide habitat supportive vegetation.

*Energy Conservation Goal*

**Encourage installation of photovoltaic and “cool” roofs, solar water heating, and (where appropriate) wind turbines**

*Existing Program*

**Better Roofs / GoSolarSF**

As of January 2023, this requirement will be superseded by statewide requirements: The 2022 California Energy Standards require installation of PV on rooftops of newly constructed residential and commercial buildings of 10 floors or less. An application is pending to continue to allow living roof as an optional alternative in San Francisco.

Effective January 1st, 2017, San Francisco became the first U.S. city to mandate solar and living roofs on most new construction. With the passage of this legislation, between 15% and 30% of roof space on most new construction projects will incorporate solar, living roofs, or a combination of both. Applications received after Jan 1, 2017 for new construction of 10 floors or less (commercial and residential) are required to install solar PV, solar thermal, or living roof per Planning Code Section 149 and SF Green Building Code sections 5.201.1.2 and 4.201.2.

To propel the City of San Francisco into the clean energy future, the City launched GoSolarSF, a program that provides a monetary incentive to help residents and businesses install solar panels on rooftops across San Francisco. GoSolarSF reduces participants’ electricity bills and shrinks the City’s carbon footprint. Since the program launched in 2009, GoSolarSF has distributed nearly \$30 million and incentivized 6,000 solar systems in San Francisco.

*Energy Conservation Goal*

**Require use of Energy Star appliances and materials**

*Existing Program*

**MOHCD standards**

Affordable housing requirements require the use of Energy Star appliances

*Energy Conservation Goal*

**Promote installation of efficient air conditioning and use of whole house fans and solar attic fans**

|                                 |  |
|---------------------------------|--|
| <i>Existing Program</i>         | <b>SF Environment</b><br>California Energy Standards   |
|                                 | California Energy Standards set climate-appropriate requirements for overall efficiency of the building, and prescriptive requirements for mechanical systems in new construction and alterations. Whole-house fans are not typically climate-appropriate to San Francisco.  |
| <i>Energy Conservation Goal</i> | <b>Encourage use of upgraded insulation, advanced air infiltration reduction practices (air sealing), and double-pane windows</b>  |
| <i>Existing Program</i>         | <b>SF Environment</b><br>BayREN  |
|                                 | Public education and rebates for these measures are provided by Dept of Environment via BayREN Residential. <a href="http://www.bayren.org">www.bayren.org</a>   |
| <i>Energy Conservation Goal</i> | <b>Promote use of energy-efficient lighting (e.g. LED).</b>  |
| <i>Existing Program</i>         | <b>SF Environment</b><br>CA Energy Standards   |
|                                 | Lighting is generally addressed today via CA Energy Standards for new construction and alterations. For plug-in lighting and existing lighting maintenance, the US Dept of Energy rules will go into effect in 2023 (after a 'pause' by a previous administration), requiring minimum efficiency of 45 lumens/watt (3x better than incandescent). Generally, the available compliant products are LED, and beat this threshold considerably – up to 150 lumens/watt. |
| <i>Energy Conservation Goal</i> | <b>Require use of low- or no volatile organic compound paint, wood finishes, and adhesives. Avoid products with added formaldehyde</b>   |
| <i>Existing Program</i>         | <b>SF Environment</b><br>CalGreen  |
|                                 | In new construction and permitted alterations, low/no VOC paints, finishes, and adhesives have been required by CalGreen since 2011.   |
| <i>Energy Conservation Goal</i> | <b>Promote use of mechanical ventilation systems, heat recovery ventilation units, and heat pumps and water heaters.</b>   |
| <i>Existing Program</i>         | <b>SF Environment</b>  |
|                                 | BayREN Residential provides free technical assistance. <a href="http://www.bayren.org">www.bayren.org</a>  |
| <i>Energy Conservation Goal</i> | <b>Require range hoods and bath fans to vent to outside and bath fans to be automatically controlled with a timer or humidistat</b>  |
| <i>Existing Program</i>         | <b>SF Environment</b>  |
|                                 | Required for new construction by CA Mechanical Code.   |

|                                 |   |
|---------------------------------|---|
| <i>Energy Conservation Goal</i> | <b>Require recycling a specified percentage of construction wastes</b>  |
| <i>Existing Program</i>         | <p><b>SF Environment</b><br/>Construction and Demolition Debris recovery ordinance</p> <hr/> <p>San Francisco's Construction and Demolition Debris recovery ordinance requires 100% of mixed debris to be taken by a Permitted Transporter to a Registered Facility for recycling and recovery, and completion &amp; implementation of a Material Reduction and Recovery Plan and demonstrating minimum 65% or 75% recovery rate (depending on the type of project).</p>  |
| <i>Energy Conservation Goal</i> | <b>Promote use of recycled content aggregate for driveways</b>  |
| <i>Existing Program</i>         | <p><b>SF Environment</b><br/>GreenPoint</p> <hr/> <p>Recycled content is recognized by GreenPoint Rated and LEED standards applicable to new construction and major alterations.</p> <p>Recycled content aggregate is in common use for non-structural applications in the Bay Area, partly because of favorable pricing.</p>   |
| <i>Energy Conservation Goal</i> | <b>Promote effective water management designs (e.g. use of water-efficient landscaping and efficient irrigation systems that incorporate wastewater reuse and metering)</b>   |
| <i>Existing Program</i>         | <p><b>SF Environment</b><br/>San Francisco Water Efficient Landscape Ordinance</p> <hr/> <p>SFPUC provides guidelines for compliance with San Francisco Water Efficient Landscape Ordinance, which applies to any project installing 500 sq ft or more of new landscape, or disturbing 2500 sq ft or more (including building footprint). <a href="https://sfpuc.org/construction-contracts/design-guidelines-standards/water-efficient-landscape">https://sfpuc.org/construction-contracts/design-guidelines-standards/water-efficient-landscape</a></p> |