



November 8, 2023

California Department of Housing & Community Development  
2020 West El Camino Avenue  
Sacramento, CA 95833

**Re: Policy and Practice Review and Housing for All**

Dear Director Velasquez and Department of Housing and Community Development staff:

First and foremost, I want to thank you and your team at the California Department of Housing and Community Development (HCD) for helping cities across California to achieve our statewide housing goals. In San Francisco, HCD has directly funded thousands of units of affordable housing. This includes over \$230 million of Homekey funding that has allowed San Francisco to swiftly transition people out of homelessness, nearly \$350 million of California Housing Accelerator funding to allow eight stalled affordable housing projects to move forward, and much more.

In addition, HCD is helping cities like San Francisco to adopt local reforms that allow us to approve and construct the housing we desperately need. Thank you for your support of the reforms I've proposed through my Housing for All plan, including the Constraints Reduction Ordinance, and for your encouragement to adopt these important reforms swiftly.

Since you released the [San Francisco Housing Policy and Practice Review](#), City staff have been working to address the issues raised. The Policy and Practice Review includes eighteen required actions with various deadlines, and because some are urgent, this letter and attachment provide an immediate high-level response.

As you know, I have moved forward swiftly to implement the City's Housing Element through my Housing for All plan. This includes issuing an [executive directive](#) to accelerate departmental review of housing permits and introducing several key pieces of legislation. Many of these initial legislative efforts have already been enacted and have resulted in positive changes for our housing production.

The Housing Element is an important technical document. It is something that I take very seriously in light of its legal implications and what its implementation will do to transform housing policy in this city. I am fully aware of the consequences of ignoring the Housing Element and what that would mean for our city.

However, the importance of delivering on the promises of our Housing Element is deeper than any legal or technical issue. The Housing Element is built on the fundamental commitment and promise that all cities must do what is required to support the housing and neighborhoods necessary for communities across California to thrive. By passing the reforms and building the

housing promised in our housing element, we are creating space for the families who want to grow and to stay in our city. We are welcoming the workers who want an affordable home near their jobs. We are building a future so kids growing up here today can become lifelong members of the communities they know and love. These aren't just paper commitments. These are communities we are supporting.

I welcome the partnership with the state, and you have my commitment that I will do everything in my power and ability to advance the Housing Element goals, and meet the objectives of the Policy and Practice Review. Attached to this letter is a document that lists what we have done and what we are doing to meet these goals. It is just a start.

I look forward to continuing to work with you, and I hope you are bringing the same level of purpose and seriousness not just to San Francisco, but to all cities across the state. San Francisco is not alone in facing challenges to approving housing. Serious changes need to be made statewide. Recent changes to state law will help cities like San Francisco to deliver more housing, including Senator Wiener's Senate Bill 423. But these changes to state law are not an excuse for local jurisdictions to ignore their responsibility to actually change and address California's housing shortage. We must also push for our own reforms at the local level.

My staff is working closely with your team to address all aspects of the Policy and Practice Review. We share the state's goals of ensuring that the City reforms our housing approval process. I am encouraging other City decisionmakers to take these commitments seriously and work to pass and implement these necessary reforms without further delay.

Thank you for your leadership and your support as we work together to make housing more affordable in San Francisco.

Sincerely,



London N. Breed  
Mayor

cc: Megan Kirkeby, Deputy Director, Housing Policy Development  
David Zisser, Assistant Deputy Director for Local Government Relations and Accountability  
Melinda Coy, Proactive Accountability Chief, Land Use and Local Government Relations



## Housing Element Implementation and HCD Policy and Practice Review Compliance November 8, 2023 Update

This document provides a high-level overview of some of the Housing Element implementation actions. The City has completed some of these actions ahead of the committed time frames in the Housing Element. Under my Housing for All plan, we have already taken the following steps to implement the following commitments of our Housing Element:

- **Created a Funding Tool for Pipeline Projects:** I introduced and signed legislation to create a new financing tool to help previously approved large-scale housing projects to move forward. Projects can use this Enhanced Infrastructure Finance District (EIFD) legislation to use the tax increment generated by new development to help finance the critical infrastructure that is needed for new housing construction. Using this new tool, over 2,000 new units of housing will be moving forward at Potrero Power Station, with other projects to follow. *This reform fulfills Action 8.7.1 of the Housing Element.*
- **Created a Funding Tool for Affordable Housing:** Through Senator Wiener’s state leadership, I sponsored legislation to expand tax increment financing to allow the City to replace the affordable units destroyed by so-called “urban renewal” of the 1950s and 60s. This law passed this year and will take effect in 2024 to enable the construction of more affordable housing in San Francisco. *This reform fulfills Action 1.1.16 of the Housing Element.*
- **Removed Barriers for Office-to-Residential Conversions:** I advanced legislation to remove barriers to the conversion of underutilized office buildings into housing. *This reform fulfills Action 7.3.4 of the Housing Element.*
- **Transfer Tax Reform:** I have introduced a measure for the March 2024 election that would provide a transfer tax exemption for projects that convert from office buildings into housing. *This reform supports Action 7.3.4 of the Housing Element.*
- **Reformed the Inclusionary Housing and Fee System:** I negotiated and signed legislation to reform the City’s development impact fees and our inclusionary housing program to improve the feasibility of mixed-income projects and increase the City’s production of affordable housing. *This reform fulfills Actions 1.3.1 and 1.3.2 of the Housing Element.*

Additionally, many of the reforms suggested in the Policy and Practice Review are already well underway. This includes the following efforts to address the 30-day actions in the Policy and Practice Review:

- **Eliminating Post-Entitlement Hearings:** City staff is working to implement AB 1114, a bill passed this year that prevents the appeal of building permits once a project has been entitled. Additionally, the City Attorney will be providing guidance to City Departments and the Board of Appeals regarding their obligations to approve post-entitlement permits expediently under current and forthcoming state laws, including AB 1114 and SB 423. The City Attorney’s Office will also release a [public legal opinion](#)

with this information. *These changes to City practices will address Policy and Practice Review Actions 3.1-3.3.*

- **Adopting a Constraints Reduction Ordinance:** As HCD described in its June 16 letter of support, my Constraints Reduction Ordinance will eliminate Planning Commission hearings for code-compliant housing outside of Priority Equity Geographies and otherwise simplify the approval process for new housing across San Francisco. This proposal still awaits Board of Supervisors approval, and I share the state's urgency to see this important legislation move forward as soon as possible. *The passage of this ordinance will address Actions 1.2, 1.5, 1.7, and 1.10 of the Policy and Practice review.*
- **Making Planning Review Objective:** The Planning Department is already taking steps to eliminate the use of subjective language in design guidelines and project analyses. These changes will discourage decisionmakers from rejecting or subjecting projects to non-objective criteria like "neighborhood compatibility" or "neighborhood character." *These changes to department practices will address Policy and Practice Review Action 1.4.*

This list is not exhaustive. Planning Department staff will follow up with a more detailed letter describing the City's efforts to address the Policy and Practice Review. We look forward to working collaboratively with HCD to achieve our shared housing goals.