FILE NO. 080210

ordinance no. 69-08

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[Stipulation of Conditional Use authorization or Mandatory Discretionary Review of any permit application to remove dwelling units, where the Planning Code does not already require Conditional Use authorization.]

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Ordinance amending the Planning Code by adding Section 317 to stipulate Conditional Use or Mandatory Discretionary Review of any Building Permit applications that would eliminate existing dwelling units through mergers, conversions, or demolitions of residential units, and requiring certain affordability and soundness findings, with certain administrative exceptions allowed; making findings as to the need to preserve affordable housing in San Francisco, environmental findings and findings of consistency with the priority policies of Planning Code Section 101.1 and the General Plan.

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Note:

Additions are <u>single-underline italics Times New Roman</u>; deletions are <u>strikethrough italics Times New Roman</u>. Board amendment additions are <u>double underlined</u>. Board amendment deletions are <u>strikethrough normal</u>.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings. The Board of Supervisors of the City and County of San Francisco hereby finds and determines that:

- (a) There is a need to preserve affordable housing in San Francisco for the following reasons:
- (1) Affordable housing is a paramount statewide concern. In 1980, the Legislature declared in Government Code Section 65580 that:
- (A) The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.

Planning Commission
BOARD OF SUPERVISORS

- (B) The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.
- (C) The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government.
- (D) Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
- (2) The Legislature further stated in Government Code Section 65581 that it was the intent of the Legislature to:
- (A) Assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goal.
- (B) Assure that counties and cities will prepare and implement housing elements that will move toward attainment of the state housing goal.
- (C) Recognize that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal.
- (3) The California Legislature requires each local government agency to develop a comprehensive long-term general plan establishing policies for future development. As specified in the Government Code the plan must "conserve and improve the condition of the existing affordable housing stock, which may include addressing ways to mitigate the loss of dwelling units demolished by public or private action."
- (4) San Francisco faces a continuing shortage of affordable housing for very low and low-income residents. The San Francisco Planning Department reported that for the past ten years, 3,199 units of low and very low-income housing were built in San Francisco out of a

total need of 15,103 units for the same period. According to the state Department of Housing and Community Development, there will be a regional need for 230,743 new housing units in the nine Bay Area counties from 1999—2006. Of that amount, at least 58 percent, or 133,164 units, are needed for moderate, low and very low-income households. The Association of Bay Area Governments (ABAG) is responsible for dividing the total regional need numbers among its member governments, which includes both counties and cities. ABAG estimates that San Francisco's low and very low-income housing production need through 2006 is 7,370 units out of a total new housing need of 20,372 units. Within the past ten years, less than 25% of the previously projected housing need was produced in San Francisco.

- (5) The 2000 Consolidated Plan for July 1, 2000 June 30, 2005, issued by the Mayor's Office of Community Development and the Mayor's Office of Housing establishes that extreme housing pressures face San Francisco, particularly in regard to low-and moderate-income residents. Many elements constrain housing production in the City. This is especially true of affordable housing. San Francisco is largely built out, and its geographical location at the northern end of a peninsula inherently prevents substantial new development. Because the cities located on San Francisco's southern border are also dense urban areas, San Francisco has no available adjacent land to be annexed. Thus, new construction of housing is limited to areas of the City not previously designated as residential areas, infill sites, or to areas with increased density. New market-rate housing absorbs a significant amount of the remaining supply of land and other resources available for development and thus limits the supply of affordable housing, including rental housing.
- (6) There is a great need for affordable rental and owner-occupied housing in the City. The vacancy rate for residential rental property has dropped significantly since 1990 when the U.S. Census showed a 6.9 percent vacancy rate. Data from the 2000 US Census showed a

residential rental vacancy rate of 2.5 percent. Data from the San Francisco rental market from RealFacts for 2000 indicates a vacancy rate of 1.9 percent. Rents on newly occupied residential units have risen dramatically. Housing cost burden is one of the major standards for determining whether a locality is experiencing inadequate housing conditions. The Consolidated Plan defines a household expending 30 percent or more of its gross income for housing costs as experiencing a cost burden. According to the 2000 Census, 35 percent of San Franciscans experienced a cost burden in 2000.

- (7) The San Francisco residential real estate market is one of the most expensive in the United States. The National Association of Realtors has found that San Francisco has one of the highest median prices of existing homes in the United States. In the 1980's average home prices in San Francisco rose nearly three times as fast as the overall cost of living in San Francisco according to data from the Bay Area Council and 1990 Census. Available data on housing sales demonstrates that the majority of market-rate homes for sale in San Francisco are priced out of the reach of low and moderate-income households.
- (8) The Board readopts the findings of Planning Code Section 313.2 for the Jobs-Housing Linkage Program, Planning Code Sections 313 et seq., and Section 315.2 for the Residential Inclusionary Affordable Housing Program, Planning Code Sections 315 et seq., including those that relate to the shortage of affordable housing, the low vacancy rate of housing affordable to persons of lower and moderate income, and the decrease in construction of affordable housing in the City.
- (9) A substantial portion of residential rental buildings contain affordable housing that is subject to the City's Residential Rent Stabilization and Arbitration Ordinance (Administrative Code Chapter 37). New housing, however, is not subject to the Residential Rent Stabilization and Arbitration Ordinance. Accordingly, the demolition of residential buildings in the absence

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of Planning Commission review and oversight could lead to the elimination or continuing loss of affordable housing.

- (10) Whether existing dwellings are rental or ownership tenure, they represent housing that is generally more affordable or financially accessible than newly-constructed units of comparable size.
- (11) The City also has an interest in avoiding or minimizing blighting conditions, such as litter, unsightly conditions, growth and spread of weeds, and airborne dust, that result when a building is demolished and the underlying property remains vacant. For this reason, the City believes approval of the replacement structure as part of its consideration concerning demolition of an existing residential structure provides the property owner, neighborhood, and community stakeholders greater certainty as to future use of the property.
- (12) The Planning Commission on December 11, 2003, adopted Resolution No. 16700, which modified a previously established policy requiring mandatory discretionary review of applications for demolition of residential structures. Said Resolution and its findings are incorporated herein by reference.
- (13) The Planning Commission, on June 15, 2006, adopted Resolution No. 17264, which modified a previously established policy requiring mandatory discretionary review of applications that would result in the loss of dwelling units through merger. Said Resolution and its findings are incorporated herein by reference.
- (14) For the reasons stated above, the Board of Supervisors intends to prohibit the loss of dwelling units unless Conditional Use authorization or approval at a Mandatory Discretionary Review hearing is granted by the Planning Commission.
- (b) Pursuant to Planning Code Section 302, this Board of Supervisors finds that this Ordinance will serve the public necessity, convenience and welfare for the reasons set forth in

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of this Section.	

- (b) Definitions. For the purposes of this Section 317, the terms below shall be defined as follows:
- (1) "Conversion of Residential Unit" shall mean the removal of cooking facilities in a Residential Unit or the change of occupancy (as defined and regulated by the Building Code), or the change of use (as defined and regulated by the Planning Code), of any Residential Unit to a non-residential use.
 - (2) "Demolition of Residential Buildings" shall mean any of the following:
- (A) Any work on a Residential Building for which the Department of Building Inspection determines that an application for a demolition permit is required, or
- (B) A major alteration of a Residential Building that proposes the Removal of more than 50% of the sum of the Front Façade and Rear Facade and also proposes the Removal of more than 75% of the sum of all exterior walls, measured in lineal feet at the foundation level, or
- (C) A major alteration of a Residential Building that proposes the Removal of more than 50% of the Vertical Envelope Elements and more than 50% of the Horizontal Elements of the existing building, as measured in square feet of actual surface area.
- (D) The Planning Commission may adjust reduce the above numerical elements of the criteria in subsections (b)(2)(B) and (b)(2)(C), plus or minus by up to 20% of their values should it deem that adjustment is necessary to implement the intent of this Section 317, to conserve existing sound housing and preserve affordable housing.
- (3) "Facade" shall mean an entire exterior wall assembly, including but not limited to all finishes and siding, fenestration, doors, recesses, openings, bays, parapets, sheathing and framing.

(4) "Front Facade" shall mean the portion of the Facade fronting a right-of-way, or the portion
of the Façade most closely complying with that definition, as in the case of a flag lot. Where a lot has
more than one frontage on rights-of-way, all such frontages shall be considered Front Facades except
where a façade meets the definition of "Rear Façade."

- (5) "Horizontal Elements" shall mean all roof areas and all floor plates, except floor plates at or below grade.
- (6) "Mandatory Discretionary Review" shall mean a hearing before the Planning Commission that is required by this Section 317 at which the Commission will determine whether to approve, modify or disapprove a permit application.
- (7) "Merger" shall mean the combining of two or more legal Residential Units, resulting in a decrease in the number of Residential Units within a building, or the enlargement of one or more existing units while substantially reducing the size of others by more than 25% of their original floor area, even if the number of units is not reduced. The Planning Commission may adjust reduce the numerical element of this criterion, plus or minus by up to 20% of its value should it deem that adjustment is necessary to implement the intent of this Section 317, to conserve existing housing and preserve affordable housing.
- (8) "Rear Facade" shall mean that portion of the Façade facing the part of a lot that most closely complies with the applicable Planning Code rear yard requirements.
- (9) "Removal" shall mean, with reference to a wall, roof or floor structure, its dismantling, its relocation or its alteration of the exterior function by construction of a new building element exterior to it. Where a portion of an exterior wall is removed, any remaining wall with a height less than the Building Code requirement for legal head room shall be considered demolished. Where exterior elements of a building are removed and replaced for repair or maintenance, in like materials, with no increase in the extent of the element or volume of the building, such replacement shall not be

considered Removal for the purposes of this Section. The foregoing does not supersede any
requirements for or restrictions on noncomplying structures and their reconstruction as governed b
Article 1.7 of this Code.

- (10) "Removal" shall mean, with reference to a Residential Unit, its Conversion, Demolition, or Merger.
- (10-11) "Residential Building" shall be mean any structure containing one or more Residential Units as a principal use, regardless of any other uses present in the building.
- (11-12) "Residential Unit" shall mean a legal conforming or non-conforming dwelling unit as defined in Planning Code Section 102.7, or a legal non-conforming Live/Work Unit as defined in Planning Code Section 102.13.
- (42_13) "Vertical Envelope Elements" shall mean all exterior walls that provide weather and thermal barriers between the interior and exterior of the building, or that provide structural support to other elements of the building envelope.
- (c) Applicability. Where an application for a permit that would result in the loss of one or more Residential Units is required to obtain Conditional Use authorization by other sections of this Code, the application for a replacement building or alteration permit shall also be subject to Conditional Use requirements. Any application for a permit that would result in the loss or Removal of four three or more Residential Units, notwithstanding any other sections of this Code, shall require a Conditional Use authorization for the Removal and replacement of the units. Approval of any other application that would result in the loss or Removal of up to three two Residential Units via merger, conversion or demolition is prohibited unless the Planning Commission approves such permit application and the replacement structure permit application at a Mandatory Discretionary Review hearing, with certain exceptions specified below.
 - (d) Loss of Residential Units through Demolitions.

(1) No permit to Demolish a Residential Building in any zoning district shall be issued until a
building permit for the replacement structure is finally approved, unless the building is determined to
pose a serious and imminent hazard as defined in the Building Code. A building permit is finally
approved if the Board of Appeals has taken final action for approval on an appeal of the issuance or
denial of the permit or if the permit has been issued and the time for filing an appeal with the Board of
Appeal has lapsed with no appeal filed.

- (2) If Conditional Use authorization is required for approval of the permit to Demolish a Residential Building by other sections of this Code, the Commission shall consider the replacement structure as part of its decision on the Conditional Use application. If Conditional Use authorization is required for the replacement structure by other sections of this Code, the Commission shall consider the demolition as part of its decision on the Conditional Use application. In either case, Mandatory Discretionary Review is not required, although the Commission shall apply appropriate criteria adopted under this Section 317 in addition to the criteria in Section 303 of the Planning Code in its consideration of Conditional Use authorization. If neither permit application is subject to Conditional Use authorization, then separate Mandatory Discretion Review cases shall be heard to consider the permit applications for the demolition and the replacement structure.
- (3) For those applications to Demolish a Residential Building in districts that require

 Mandatory Discretionary Review, administrative review criteria shall ensure that only applications to

 demolish single family Residential Buildings that are demonstrably not affordable or financially

 accessible housing, or Residential Buildings of three-two units or fewer that are found to be unsound

 housing, are exempt from Mandatory Discretionary Review hearings. Specific numerical criteria for

 such analyses shall be adopted by the Planning Commission in the Code Implementation Document, in

 accordance with this Section 317, and shall be adjusted periodically by the Zoning Administrator based
 on established economic real estate and construction indicators.

(A) The Planning Commission shall determine a level of affordability or financial accessibility,
such that single-family Residential Buildings on sites in RH-1 Districts that are demonstrably not
affordable or financially accessible, that is, housing that has a value greater than at least 80% of the
combined land and structure values of single-family homes in San Francisco as determined by a
credible appraisal, made within six months of the application to demolish, are not subject to a
Mandatory Discretionary Review hearing. The demolition and replacement building applications shall
undergo notification as required by other sections of this Code. The Planning Commission, in the Code
Implementation Document, may-adjust_increase the numerical criterion in this subsection by up to-a
20% increase or decrease 10% of its value should it deem that adjustment is necessary to
implement the intent of this Section 317, to conserve existing housing and preserve affordable housing.
(B) The Planning Commission, in the Code Implementation Document, shall adopt criteria and

- (B) The Planning Commission, in the Code Implementation Document, shall adopt criteria and procedures for determining the soundness of a structure proposed for demolition, where "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 its original construction. The "soundness factor" for a structure shall be the ratio of a construction upgrade cost (i.e., an estimate of the cost to repair specific habitability deficiencies) to the replacement cost (i.e., an estimate of the current cost of building a structure the same size as the existing building proposed for demolition), expressed as a percent. A building is unsound if its soundness factor exceeds 50%. A Residential Building that is unsound may be approved for demolition.
- (C) The Planning Commission shall consider the following additional criteria in the review of applications to demolish Residential Buildings:
 - (i) whether the property is free of a history of serious, continuing code violations;
 - (ii) whether the housing has been maintained in a decent, safe, and sanitary condition;
 - (iii) whether the property is an "historical resource" under CEQA:

- (5) Nothing in this Section is intended to exempt buildings or sites where demolition is proposed from undergoing review with respect to Articles 10 and 11 of the Code, where the requirements of those articles apply. Notwithstanding the definition of "Demolition of Residential Buildings" in this section and as further described in the Code Implementation Document with regard to the loss of Residential Units, the criteria of Section 1005 shall apply to projects subject to review under the requirements of Article 10 with regard to the structure itself.
 - (de) Loss of Residential Units through Merger-or-Conversion of Residential Units.
- (1) The Merger of Residential Units or Conversion of Residential Units not otherwise subject to Conditional Use authorization by this Code, shall be prohibited, unless the Planning Commission approves the building permit application at a Mandatory Discretionary Review hearing, applying criteria—adopted by the Planning Commission, in subsection (2) below, or unless the project is found to meet criteria for administrative review, as adopted by the Planning Commission in the Code Implementation Document, consistent with this Section 317.or the project qualifies for administrative approval and the Planning Department approves the project administratively in accordance with subsections (23) and (34) below.
- (2) The Planning Commission shall consider these criteria in the review of applications to merge Residential Units:
- (i) whether removal of the unit(s) would eliminate only owner occupied housing, and if so, for how long the unit(s) proposed to be removed have been owner occupied;
- (ii) whether removal of the unit(s) and the merger with another is intended for owner occupancy:
- (iii) whether removal of the unit(s) will bring the building closer into conformance with the prevailing density in its immediate area and in the same zoning district:

<u>(iv) \</u>	<u>whether </u>	<u>removal</u>	of the	unit(s)	will will	bring	<u>the</u>	<u>building</u>	closer	into	<u>conforr</u>	<u>mance</u>	with
prescribed z	<u>zoning;</u>												

- (v) whether removal of the unit(s) is necessary to correct design or functional deficiencies that cannot be corrected through interior alterations.
- (23) Administrative review criteria shall ensure that only those Residential Units proposed for Merger that are demonstrably not affordable or financially accessible housing are exempt from Mandatory Discretionary Review hearings. Applications for which the least expensive unit proposed for merger has a value greater than at least 80% of the combined land and structure values of single-family homes in San Francisco, as determined by a credible appraisal, made within six months of the application to merge, are not subject to a Mandatory Discretionary Review hearing. The Planning Commission, in the Code Implementation Document, may increase the numerical criterion in this subsection by up to 10% of its value should it deem that adjustment is necessary to implement the intent of this Section 317, to conserve existing housing and preserve affordable housing.

The Planning Commission shall adopt specific numerical criteria for such analyses and shall provide for periodic adjustments by the Zoning Administrator based on established economic indicators. The Planning Commission shall determine a level of affordability or financial accessibility, such that properties that are demonstrably not affordable or financially accessible, that is, housing that has a value greater than at least 80% of the values of comparably sized homes in San Francisco, as determined by a credible, recent appraisal, made within six months of the application to remove the residential unit, are not subject to a Mandatory Discretionary Review hearing. The Planning Commission, in the Code Implementation Document, may adjust the numerical criterion in this subsection by up to a

20% increase or decrease should it deem that adjustment is necessary to implement the
intent of this Section 317, to conserve existing housing and preserve affordable housing.
(34) Projects that meet a supermajority of the merger criteria, as adopted by the
Planning Commission in the Code Implementation Document, in subsection (d)(2) above, may

- (f) Loss of Residential Units through Conversion.
- (1) Conversion of Residential Units not otherwise subject to Conditional Use authorization by this Code, shall be prohibited, unless the Planning Commission approves the building permit application at a Mandatory Discretionary Review hearing.

be approved administratively by the Planning Department, consistent with this Section 317.

- (2) The Planning Commission shall consider these criteria in the review of applications for Conversation of Residential Units:
- (i) whether conversion of the unit(s) would eliminate only owner occupied housing, and if so, for how long the unit(s) proposed to be removed were owner occupied;
- (ii) whether conversation of the unit(s) would provide desirable new non-residential use(s) appropriate for the neighborhood and adjoining district(s);
- (iii) whether conversation of the unit(s) will bring the building closer into conformance with the prevailing character of its immediate area and in the same zoning district;
 - (iv) whether conversion of the unit(s) will be detrimental to the City's housing stock;
- (v) whether conversion of the unit(s) is necessary to eliminate design, functional, or habitability deficiencies that cannot otherwise be corrected.
 - (eg) This Section 317 shall not apply to property:
 - (1) Owned by the United States or any of its agencies;
- (2) Owned by the State of California or any of its agencies, with the exception of such property not used exclusively for a governmental purpose;

(3)	Under i	the jurise	diction c	of the	Port of	of San	Francisco Contraction of the Francisco	o or the	San	Francisc	o Redeve	lopment
		•										
Agency wh	ere the c	applicati	on of thi	is ora	<u>inanc</u>	e is pr	ohibited l	by State	or le	ocal law;	<u>or</u>	

(4) Where demolition of the building or Removal of a Residential Unit is necessary to comply with a court order or City order that directs the owner to demolish the building or remove the unit, due to conditions that present an imminent threat to life safety.

Section 3. This section is uncodified. This ordinance shall apply to all residential building permit applications that would remove dwellings, for which public notice of the demolition, as required under the Planning Code or Planning Commission Resolution 16700, has not been mailed on or prior to December 31, 2007 by the effective date of this legislation.

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: Came C. Marren
Deputy City Attorney



City and County of San Francisco Tails

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Ordinance

File Number:

080210

Date Passed:

Ordinance amending the Planning Code by adding Section 317 to stipulate Conditional Use or Mandatory Discretionary Review of any Building Permit applications that would eliminate existing dwelling units through mergers, conversions, or demolitions of residential units, and requiring certain affordability and soundness findings, with certain administrative exceptions allowed; making findings as to the need to preserve affordable housing in San Francisco, environmental findings and findings of consistency with the priority policies of Planning Code Section 101.1 and the General Plan.

April 8, 2008 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Alioto-Pier, Ammiano, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

April 15, 2008 Board of Supervisors — FINALLY PASSED

Ayes: 11 - Alioto-Pier, Ammiano, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

File No. 080210

I hereby certify that the foregoing Ordinance was FINALLY PASSED on April 15, 2008 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo Clerk of the Board

Mayor Gavin Newsom

4.17.08

Date Approved