



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text and Zoning Map Changes

HEARING DATE: NOVEMBER 13, 2008

Project Name: Amendments Relating to the South of Market Youth and Family Zone Special Use District
Case Number: 2008.1208TZ [Board File No. 081333]
Initiated by: Supervisor Maxwell / Introduced October 21, 2008
Staff Contact: Claudia Flores 415-558-6473, Sarah Dennis Phillips 415-558-6314
Recommendation: Disapproval (with minor amendments)

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PLANNING CODE AMENDMENT

The proposed Ordinance would amend Planning Code Section 249.91 and amend Zoning Map sheets SU01 and SU08 to establish the South of Market (SoMa) Youth and Family Zone Special Use District (SUD), bounded generally by Natoma Street on the north, Harrison Street on the South, 4th Street on the east, and 7th Street to the west, to address youth and family concerns and encourage uses that support them.

The Way It Is Now:

The proposed Ordinance (Board File 081333), addresses the following components of the Eastern Neighborhoods legislation approved by the Commission on August 7, 2008:

- **Conditional Uses:** Residential projects are permitted as of right in the Eastern Neighborhoods (EN) MUR, SoMa NCT, MUO, MUG and RED districts. They are also permitted as of right in the zoning districts outside of the Eastern Neighborhoods that fall within the SoMa Youth and Family Zone SUD with the exception of a few M-1 parcels.
- **Unit Mix:** In the Eastern Neighborhoods (EN), a unit-mix of a minimum 40% two-bedroom units, or of 30% 3-bedroom units, is required. For the parcels that fall outside of the EN but inside of the proposed SUD there is no unit mix requirement.
- **Affordable Housing Requirements and Alternatives:** The requirements that apply to those areas outside of the Eastern Neighborhoods vary depending on the area: the parcels that are part of the Western SoMa Community Plan are currently subject to the RSD requirements of additional affordable units for additional height or the citywide baseline for a height up to 40 feet, but are still in the planning stages and may have different requirements in the near future; the C-3 parcels are subject to citywide requirements, and the Yerba Buena Redevelopment area may have its own additional requirements.

The requirements within those areas covered by the proposed SUD that overlap with the proposed East SoMa Area Plan are those approved by the Commission on August 7, 2008 per the Eastern Neighborhoods program. Most zoning districts in the East SoMa, including the MUR, the MUG, the RED, the MUO and the SoMa NCT require 15% onsite and 20% off-site inclusionary housing. The

requirements also include fee requirements for projects in the proposed MUR zoning district which will fund affordable housing directly in the SoMa Youth & Family Zone, and include a dedicated affordable housing rehabilitation and acquisition program. The UMU district in other parts of the Eastern Neighborhoods, which the SoMa Youth and Family SUD uses as a model, requires affordable housing above the 15% onsite and 20% off-site levels, with requirements increasing as heights are increased in certain areas. The UMU district also enables two new alternative methods of meeting inclusionary requirements. These requirements are summarized in the Table below.

Tier	Description	On-Site Housing Requirement	Off-Site/ In-Lieu Requirement	Middle Income Alternative	Land Dedication Alternative
A	Projects that remain at current height.	18%	23%	30%	35%
B	Projects in the UMU with minimal (1-2 story) height increase.	20%	25%	35%	40%
C	Projects in the UMU with significant (3+) height increase.	22%	27%	40%	45%

Units under the Eastern Neighborhoods program are required to be provided at an average of 100% area median income if provided as for-sale units, and at 60% of area median income if provided as rental units.

The Way It Would Be:

The SoMa Youth and Family Zone (SYFZ) SUD covers parts of the proposed East SoMa Area Plan as well as parts outside the plan. The area covers most of the western side of the East SoMa Plan. Some of the areas outside of the East SoMa plan include some Western SoMa, Yerba Buena Redevelopment, and C-3 parcels as shown in attached Exhibit A.

- **Conditional use required for residential projects that do not elect on-site inclusionary:** If a residential project subject to the requirements of the SUD doesn't provide on-site inclusionary housing – i.e. if it elects the Land Dedication alternative or elects other options such as off-site or in-lieu payments - it shall be subject to a conditional use authorization.
- **Unit mix:** In addition, all projects would have to provide a minimum unit mix of 20% 2-bedrooms, 20% 3-bedrooms and 20% 4-bedrooms.
- **Increased Affordable Housing Requirements:** The proposed Ordinance would increase the affordable housing requirements for any residential development in the SUD, above the requirements approved as part of the Eastern Neighborhoods package, for any project containing 5 or more dwelling units or in excess of 40 feet in height within the SUD. Projects would be required to provide the Tier C affordable housing requirements of section 319 of the code, as contained in the Eastern Neighborhoods proposal approved August 7, 2008. This would correspond to 22% on-site inclusionary, 27% off-site, no middle-income alternative, and a 45% land dedication alternative.

- **Affordable Housing Alternatives:** The land dedication alternative, as proposed in the original Eastern Neighborhoods legislation, is made available for any residential project 55 feet or higher. In addition, the land dedication alternative may be satisfied through the dedication to the City of air space parcels above or adjacent to the project upon approval by the Mayor's Office of Housing. (Also, while the legislation requires that dwelling units in the SLI zone shall be no greater than 120% of SF AMI and the project's average of all affordable units shall be no greater than 80% of SF AMI, it should be noted that there are no parcels within the SYFZ that are also in the SLI.)
- **Conditional Use Permit for changes of use:** All changes of use in the Special Use District shall be subject to conditional use authorization.
- **Studies Required:** Additionally, any project within the SUD needs to submit shadow, light and wind studies to show their impact on SFUSD schools, parks, recreation facilities, open spaces, existing housing and pedestrian environments.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend *substantial disapproval* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. More specifically, the Department recommends disapproval of all portions of the proposed legislation except for the following:

- Allowance of the land dedication alternative, including vertical dedication, for all residential projects 55 feet or higher
- Since many of the Conditional Uses (CU) in SomCan's original proposal as submitted to staff are consistent with what the Planning Commission passed on April 7, 2008, staff would recommend Conditional Use permits for some uses but not for all changes of use as the legislation proposes. See below for the categories of uses that staff would recommend have a CU in the proposed SUD.

BASIS FOR RECOMMENDATION

The East SoMa Area Plan has been developed with a number of mechanisms intended to recognize the need for affordable housing in the area. It requires new buildings in the former RSD (proposed MUR) district to pay high impact fees of \$16/gsf (\$20/nsf), of which the majority of which will fund affordable housing directly in East SoMa. The Plan includes a dedicated affordable housing rehabilitation and acquisition program focused in the South of Market by these fees. Finally, the Mayor's Office of Housing has committed to providing a minimum of 50 (and up to 150) units of affordable housing in the District.

The South of Market Community Action Network (SomCan) identified this area of the South of Market, which currently serves a large population of youth and families and requested a number of changes to the zoning in these areas. Staff, after meeting with SomCan representatives, proposed the following changes which the Commission approved on August 7 2008: 1) adding a policy in the East SoMa Plan that acknowledges this concentration of youth and families and encourages uses that support families and youth such as clinics, open space, and recreational centers; and 2) making sure the SoMa NCT allows youth and senior centers, and recreational centers. After reviewing some of the other zoning changes

suggested by SomCan, staff concluded that the majority of the uses in the staff proposal were consistent with SomCan's proposal, with the exception of requiring Conditional Uses for them and the stricter affordable housing requirements.

The proposed SUD is intended to protect and enhance the health of youth and families and to expand the provision of affordable housing in the area. However, most of these well-intended amendments would either have minimal effect in addressing this intent, or would prove financially burdensome enough to hinder many of the Plan's other objectives. Specific recommendations are discussed below.

- **Conditional Use Required:** The proposed legislation favors on-site inclusionary option, and by doing so discourages innovative use of land dedication requirement. Therefore, staff recommends disapproval of this component of the legislation.
- **Unit Mix:** The unit mix of the proposed legislation is more onerous than current staff proposal. The response staff has heard from project sponsors and developers indicates that this rigorous unit mix may be difficult to rent or sell, resulting in units remaining on the market. Therefore, staff recommends disapproval of this component of the legislation.
- **Increased Inclusionary:** The fees and affordable housing requirements, as originally proposed by staff, enabled projects to absorb these new exactions while still receiving, in most cases, an increase in site value. The *Eastern Neighborhoods Financial Analysis* found that after the costs of new requirements are taken into account, those proposed policies result in a net positive return for land owners and a financially feasible project, as compared to conditions prior to the rezoning.

If sites in the East SoMa do not receive a height increase, the proposed legislation's increased requirements would result, in most cases, in a decrease in site value. This would likely reduce the economic incentive to do infill development in the area. Combined with recent turmoil in real estate finance markets, increased requirements could jeopardize the financial feasibility of many residential projects that would otherwise pencil. Therefore, staff recommends disapproval of this component of the legislation.

- **Inclusionary Alternatives (Vertical Dedication):** The proposed legislations' provision which allows land dedication to occur via the dedication of air space parcels above or adjacent to the project is an interesting, yet complex, idea. Air space dedication would require vertical subdivision, which is a complicated negotiation that would only likely work on very large sites. However, in very few cases, it may allow for innovative joint ventures between market rate and affordable housing developers, provided it is subject to MOH approval. Therefore, staff recommends approval of this component, provided it is incorporated into existing land dedication proposal of Section 319 of the proposed Eastern Neighborhoods ordinance
- **Studies Required:** Light & shadow studies for impacts on public open space is already required for buildings over 40 feet by Planning Code Section 295. Wind-baffling measures are required in C-3 districts by Planning Code Section 148. Such measures make sense where buildings are of a sufficient height, and streets are of a narrow width, sufficient to create ground-level wind currents in pedestrian areas. However, the SYFZ in general does not include the combination of narrow streets and tall buildings, as most heights in the SYFZ do not exceed 85 feet, that would cause winds to increase dramatically. Recommend disapproval.
- **Conditional Use Permit for changes of use:** Since many of the Conditional Uses (CU) that SomCan's original proposal as submitted to staff are consistent with what the Planning Commission passed on August 7, 2008, staff would recommend Conditional Use permits for some uses but not for all

changes of use as the legislation proposes. Notwithstanding the underlying zoning, Conditional Use permits should be required for the following use categories within the proposed SoMa Youth and Family Zone SUD:

- o **Religious facilities:** these are already a conditional use in the EN proposed districts but not in the districts outside of the EN included in the SUD.
- o **Certain retail uses including bars and liquor stores, amusement arcades, restaurants, large fast food, adult entertainment and night time entertainment.** Most of these uses are already restricted in the Eastern Neighborhoods proposed districts but not in those districts outside of the EN included in the proposed SUD.
- o **Movie theatres:** movie theatres are allowed with restrictions in the EN.
- o **Parking lots and parking garages.** These are not permitted or require a CU already in the EN but are permitted in some areas outside of the EN covered by the proposed SUD.

ENVIRONMENTAL REVIEW

On August 7th 2008, the Planning Commission adopted Motion No. 17659. In that action, the Commission certified the Eastern Neighborhoods Environmental Impact Report. The Planning Commission also adopted Motion No. 17661, adopting California Environmental Quality Act Findings related to the Eastern Neighborhoods Area Plans project. The amendment contained in the proposed Ordinance is in accordance with the Eastern Neighborhoods EIR and CEQA findings.

CONSISTENCY WITH GENERAL PLAN AND PRORITY POLICIES

The proposed legislation has been reviewed for consistency with the General Plan and priority policies and has been found consistent, with these based on the analysis in the Eastern Neighborhoods staff report dated August 7, 2008

PUBLIC COMMENT

As of the date of this report, the Planning Department has received three calls from property owners opposing the Ordinance.

RECOMMENDATION:	Disapproval (with minor amendments)
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Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 081333
- Exhibit C: SYFZ map