

**Initiative measure to be submitted directly to the voters:**

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DEPARTMENT OF ELECTIONS

**Ordinance enacting interim zoning controls on the development of market-rate housing within the Mission District for a period of eighteen (18) months and requiring the City and County of San Francisco to develop a Neighborhood Stabilization Plan to preserve and Develop Affordable Housing in the Mission District.**

(Proposed Summary)

This is an Urgency Ordinance approving interim zoning controls on the issuance of any permits to demolish, convert, or construct housing projects, as defined, on the issuance of any permits to demolish, convert, or eliminate Production, Distribution and Repair (PDR), and to create an exception from the interim controls that allow for the issuance of permits for 100% affordable housing projects, as defined, and to allow the elimination of PDR uses where necessary to permit 100% affordable projects, in the Mission Area Plana Area of the General Plan (comprising of the area bounded by the north side of Cesar Chavez from the east side of Guerrero to the west side of Potrero, to the south side of US Route 101 to the east side of Valencia to the north side of Stevenson to the east side of Stevenson to the south side of 14<sup>th</sup> Street to the east side of Guerrero to the north side of Cesar Chavez); and requiring the City and County of San Francisco to develop a Neighborhood Stabilization Strategy to include programs that promote the preservation and development of housing that is affordable to low, moderate, and middle class households, and in a manner consistent with the priority policies of Planning Code Section 101.1.

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

**Section 1. Findings.**

(a) Summary of findings and intent:

San Francisco's current housing policies have failed to meet their own affordable housing goals for the Mission District as well as other San Francisco neighborhoods. The Mission

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District has been especially affected by this failure of policy. In recent years the Mission has seen a glut in the production of market rate housing units which are unaffordable to a majority of San Franciscans. At the same time the Mission has experienced displacement that has reduced the Mission's rich ethnic, economic, and job base. Thousands of Mission Residents, as well as small businesses serving the community, nonprofits and cultural organizations have been displaced by the increasingly high costs associated with market-rate development. This Ordinance is intended to temporarily halt market-rate development and require the City to develop a Neighborhood Stabilization Strategy that will promote development of housing that is affordable to least 33% low and moderate income households, and that at least 50% low, moderate and middle income households.

(b) General Findings.

(1) In 2008, the Board of Supervisors adopted the Eastern Neighborhoods Plan, including the Mission Area Plan, as part of the General Plan. The Eastern Neighborhoods Plan, specifically including the Mission Area Plan, must be revisited for the following reasons:

(A) The economic projections that serve as the foundation for the Eastern Neighborhoods rezoning have changed, because of the Great Recession and subsequent recovery created very different market conditions than could have been anticipated in 2006-2007 when the projections were made.

(B) Even though the economic projections could not have forecast the current escalation in housing prices, the Hausrath Economics Group, in a 2007 study entitled "San Francisco Eastern neighborhoods Rezoning Socioeconomic Impacts: a Report to Planning Department City and county of San Francisco," (the "Socioeconomic Impacts Report"), made a statement about the need for systems and programs to ensure affordable housing: "(t)he socioeconomic analysis indicates that land use regulation alone is not adequate to address the wide range of community needs and planning goals. New financial resources, new programs, and interagency coordination to better target existing programs and resources are required to complement the proposed land use regulations"

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(C) The Board of Supervisors adopted the Mission Area Plan of the Eastern Neighborhoods in December 2008. The preface states: “(a)t their core, the Eastern Neighborhoods Plans try to accomplish two key policy goals: 1) they attempt to ensure a stable future for Production, Distribution and Repair (PDR) businesses in the City, mainly by reserving a certain amount of land for this purpose; and 2) they strive to provide a significant amount of new housing affordable to low, moderate, and middle income families and individuals along with ‘complete neighborhoods’ that provide appropriate amenities for these new residents.: Despite the fact that there was a conceptual framework for the Eastern Neighborhoods to provide “significant” affordable housing, there was not an adequate funding strategy for purchasing sites for building affordable housing, nor were there adequate programs in place to encourage development of affordable housing in the Eastern Neighborhoods.

(D) One of the products of the Eastern Neighborhoods Plan was a project of the San Francisco Department of Public Health to create the Eastern Neighborhoods Community health Impact Assessment (ENCHIA) “to analyze how development in several San Francisco neighborhoods would affect attributes of social and physical environments that are most important to health.” This became the Healthy Development Measurement Tool in 2007 and in 2012 transformed into the Sustainable Communities Index. The measurements for housing include: 1) Preserve and construct housing in proportion to demand with regards to size, affordability and tenure; 2) Protect residents from involuntary displacement; 3) Decrease concentrated poverty; 4) Assure access to healthy quality housing. But the City has not held the Eastern Neighborhoods Plan to account under these measures for ensuring development of healthy communities since at least 2012. The Sustainable Communities Index website states “Intense development pressures in San Francisco throughout the mid-late 1990’s and early 2000’s generated a multitude of infrastructure, zoning, public safety and environmental impacts, most especially a shortage of affordable housing. Many communities called on public health officials to evaluate the health impacts of these development pressures and advocate for healthy environments” The website further states,

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“The [Healthy Development Measurement Tool] HDMT was subsequently applied to planning and development decisions in San Francisco between 2007 and 2012, leading to a number of refinements in the data and application methods.”

(E) The Impact Fees documented in the “San Francisco Eastern Neighborhoods Nexus Study” published in May 2008 by Seifel Consulting have been inadequate for mitigating the impacts of market rate housing among other things.

“Table A-2: current and future needs (2025-option B revised) Mission Neighborhood” details the needs, existing conditions, current demand, existing need or surplus, the growth in need, the future conditions needed, the net future conditions, and the need of projection for a number of different community infrastructure components such as open space, schools, libraries, police, fire, and affordable housing. Page 31 of this report says “ABAG estimates that 64% of new housing production in San Francisco will need to be affordable to very low, low and moderate income households as indicated in the Socioeconomic Impacts Report. Within the East Eastern Neighborhoods, this translates to 1,901 units of affordable to very low income households, 771 to low income households and 2,044 to moderate income households for a total of 4,716 of the 7,385 units anticipated” and the report uses the same ratio of affordable to market rate to establish the need for affordable housing in each of the Eastern Neighborhoods Plan Areas including the Mission.

(F) The Mission District in particular is losing its income diversity: purse census data, since 2000, the Mission has lost 3000 households earning less than 100% of the Area Median Income (AMI) which is approximately 230 households per year. Since 2006, according to the Rent Stabilization Board, the Mission lost roughly 80 rent-controlled units per year due to Ellis act conversions, condo conversions and demolition. Also per Census data, 8,000 Latinos have been displaced from the Mission between 2000 and 2013. According to Socioeconomic Impacts Report, “The Eastern Neighborhoods have a greater racial and ethnic mix than this City overall, and the mix varies among neighborhoods. Almost 30% of the court City’s Latino residents live in the Eastern Neighborhoods, almost (90%) of them

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live in the Mission- an established Latino cultural hub for San Francisco and the entire Bay Area.” (P. 18). The report continues, “The foreign-born in the Eastern Neighborhoods are less likely than the foreign-born elsewhere in the City to have attained citizenship status. One in eight of the foreign-born non-citizen residents of San Francisco lives in the Mission.” (P. 18) This vulnerability is underscored by the census data cited above that shows the loss of Latinos in the Mission.

(c) Findings related to the imposition of an interim zoning controls.

(1) The proposed interim controls are intended and designed to deal with and ameliorate the problems and conditions associated with the overproduction of market rate housing resulting from the implementation of the Eastern Neighborhoods Planned and a period of economic growth, both of which have led to the underproduction of affordable housing, particularly in the Mission Area Plan.

(2) In order to evaluate these impacts, the San Francisco Planning Department, in cooperation with the Mayor’s Office, the Mayor’s Office of Housing and Community Development, and the Office of Economic and Workforce Development, is currently engaged in a community-based planning effort for the Mission District called the “Mission Action Plan 2020.” The purpose of the Mission Action Plan 2020 is to “stem displacement, to create more affordable housing options for all income levels, and to protect and promote small and locally-owned businesses and jobs that serve the community,” according to the outreach flyer for the April 22, 2015 community meeting of the Mission Action Plan 2020.

(3) in November 2014, the voters passed Proposition K, establishing as City policy that at least 33% of all new housing be affordable to low and moderate income households, and that at least 50% of all new housing be affordable to low, moderate and middle income households; and

(4) there is a current and immediate threat to the public health, safety, and welfare caused by continuing to issue permits under and comply with the Mission Area Plan of the Eastern Neighborhoods Plan, specifically the approval of housing projects that are not affordable,

and continuing to comply with the Mission Area Plan and its implementing zoning, harms the public health, safety and welfare for, among other reasons:

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(A) The continued approval of market rate housing reduces options for securing sites for affordable housing production: the Socioeconomics Impacts Report, page 1, states that rezoning many of the former industrial lands of the Eastern Neighborhoods for residential development “would almost double the housing development potential in San Francisco.” The report continues “(w)ithout affirmative programs to preserve sites, one potential cost of the proposed rezoning would be the reduction in options for securing sites for affordable housing production.”

(B) There is very little affordable housing being produced in the Mission Area Plan.

(i) The Planning Department published a Report on Housing production in the Mission Plan Area from 2006 to 2010, and annually publishes a Housing Inventory report. These two documents show that market rate housing continues to be built but affordable housing does not. According to the “Mission Area Plan Monitoring Report: 2000 to 2006” and the annual “Housing Inventory Reports” from 2006 to 2014, the Mission gained 1,327 units total with only 165 of these (12.4%) being affordable which is far less than the 64% goal from the Association of Bay Area Governments (ABAG) as stated in the Socioeconomics Impacts Report “San Francisco’s Eastern Neighborhoods, Rezoning Socioeconomics Impacts: A Report to Planning Department City and County of San Francisco,”

(ii) In the past decade only 151 units of affordable housing have been built in the Mission, and none have been entitled since the adoption of the Mission Area Plan in December 2000 in December 2008. The 2014 Housing Inventory reports in Section 3.3 that “At the time of the Mission Plan adoption and approval” the mission had only “5% of the citywide total of affordable housing . . . ,” and no new affordable housing units, and no new affordable housing units were in the pipeline. According to the “Mission Area Planned Monitoring Report: 2000 to 2010” Section 3.4, the only net affordable housing units were 151 units built at Mosaica on Alabama Street and first occupied in 2009.

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(iii) There is very little future affordable housing development currently planned. The Council of Community Housing Organizations (CCHO) has compiled information from the Planning Departments list of every project that has received Planning Approval or is under construction, including affordable housing developments, and a similar list published by the Mayor's Office of Housing for inclusionary units. CCHO combined these lists and it shows that the Mission has a total of 478 residential units in the pipeline, with none of these being affordable units produced by nonprofit affordable housing development and only 34 (7%) are a Below Market Rate (BMR) units.

(iv) San Francisco has over-built market rate units it has under Bill affordable units. The latest "Residential Pipeline: Entitled Housing Units 2007 two 2014 Q3" which rep which "represents completed units and development projects in the current residential pipeline" shows that San Francisco has built and entitled 202% of its RHNA allocation of housing for "above moderate income" households (above 120% A M I) only 30.4% of its RHNA allocation of housing for "moderate income households" (80% A M I) and only 55.7% of its RHNA allocation of housing for "low income" households (below 80% AMI).

(C) The lack of affordable housing leads to impacts on the public health, safety and welfare:

(i) Many households in San Francisco are living in overcrowded conditions. According to the 2014 Housing Element, "a household is considered overcrowded when there is more than one person per room in a dwelling unit. The 2012 senses reported that 20,520 or 6% of all San Francisco households were overcrowded (Table 1 – 43)." This section continues "Asian-Americans and Hispanic/Latino households make up a disproportionate number of overcrowded households (14%) (Table 1 – 44)" This section further explains "High housing costs also forces overcrowding. To afford the cost of housing, many low-income families crowd into smaller units." Overcrowding creates an impact on the public health, safety, peace, and a general welfare by increasing the likelihood of food insecurity (Children's HealthWatch Policy Action Brief "Overcrowding and Frequent Moves Undermined Children's Health" from November 2011. According to Robert Wood Johnson Foundation's

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“Issue Brief #7: Exploring the Social Determinants of Health published in May 2019  
“residential overcrowding has been linked both with physical illness, including infectious  
diseases such as tuberculosis and respiratory infections, and with psychological distress  
among both adults and children; children who live in crowded housing may have for  
cognitive and cycle molder development and be more anxious, socially withdrawn, stressed  
more aggressive.”

(ii) The high cost of housing in the Mission is causing negative health impacts documented  
in such public health records as the San Francisco Department of Public Health:

“Unaffordable Housing: cut costs to Public Health June 2004.” California Newsreel  
produced in 2008 a series of video documentaries with the National Association of County  
and City Health Officials called “Unnatural Causes: is inequality making us sick?” a number  
of publications and documentary segments aggregated into their website  
[www.unnaturalcauses.org](http://www.unnaturalcauses.org) Clearly document the linkage between the lack of affordable  
housing and health impacts. A recent research study by sociologists from price and Harvard  
universities is “the first to examine the consequences of eviction from housing in a  
nationally representative data set” according to Amy McCraig writing for Rice University  
News & Media in her article “Eviction can result in depression, poorer health and higher  
stress.” Specifically, and the Mission Area Plan the Mission District has long been home to  
immigrants, many of whom depend on living in San Francisco, a Sanctuary in order to  
access public health and other services. Many immigrants come to San Francisco because in  
1989, the “City and County Refuge” Ordinance was passed, and in 2007 was reaffirmed by  
Mayoral Executive order. This enables all city residents to safely access city services  
including Healthy San Francisco and enrollment in the public school system. For  
immigrants who are displaced from San Francisco, not only is their housing destabilized,  
and their commute to work likely to be much longer and more expensive, but they might not  
be able to keep their children in school, and also likely will be able to access health services.

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The Mission District has for decades been importing neighborhood for immigrants, especially from central and South America.

(5) there is a current and immediate threat to the public health, safety, and welfare caused by the continued approval of permits to demolish or eliminate Production, Distribution and Repair (PDR) and continuing to comply with the current zoning ordinance, specifically in the mission Area Plan and its implementing zoning, harms the public health safety and welfare by eliminating PDR uses which, among other things leads to unemployment and job losses. “unemployed people are twice as likely to as employed people to suffer from psychological problems (34% to 16%), and blue collar workers are more distressed by an employment those and those who have lost a white collar job” according to Healthline’s “Depression After a Job Loss: Statistics & How To Cope” by Michael Kerr, 29 March 2012 and medically review by George Krucik, MD. As stated in the introduction to the Mission Area Plan, “retail is a significant business type in the Mission. Mission and 24<sup>th</sup> Streets in particular offer a variety of shops and services including many small grocery stores, beauty shops and restaurants that serve the local neighborhood in reflects the Latino population. There are about 900 stores and restaurants in the Mission, employing nearly 5,000 people. Retail however does not employ as many people as Production Distribution and Repair (PDR) activities. PDR businesses, concentrating in the Northeast Mission, provide jobs for about 12,000 people, making PDR business the largest employers in the Mission. These businesses support San Francisco’s service and tourist industry and are comprised of everything from furniture makers, sound and video recording studios, wholesale distributors, auto repair shops, plumbing supply stores, lumber yards, and photographs of photography studios, plumbing supply stores, lumberyards, and photography studios, to the large P G & E and Muni facilities.”

## **Section 2. Imposition of Interim Zoning Controls and Neighborhood Stabilization Strategy.**

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

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(a) These interim zoning controls shall apply in the geographic area the Mission Area Plana Area of the General Plan ((comprising of the area bounded by the north side of Cesar Chavez from the east side of Guerrero to the west side of Potrero, to the south side of US Route 101 to the east side of Valencia to the north side of Stevenson to the east side of Stevenson to the south side of 14<sup>th</sup> Street to the east side of Guerrero to the north side of Cesar Chavez)

(b) In the geographic area covered, no City department shall issue any permit, including any Planning Approval, for:

(1) Any permit, including any approvals from the San Francisco Department of City Planning, for the demolition, conversion, or new construction of any housing project containing five or more units. For the purposes of this urgency ordinance “housing project” shall mean any development which includes residential use as defined in “housing project” show mean any development which includes residential use as defined in Planning Code Section 102, including but not limited to Dwellings, Group Housing, Single Room Occupancy Units, independent living units, live\work units, and other forms of development which are intended to provide long-term housing to individuals and households. For the purposes of this ordinance, this “demolition” shall mean any demolition as defined under Planning Code Section 317.

(2) any permit to demolish, convert or eliminate Production, Distribution and Repair (PDR) use, as defined in Planning Code Section 102, unless the elimination of the PDR use is necessary to construct a project that consists of 100% affordable housing, as defined below.

(c) These interim controls shall not apply to issuance of permits of “100% affordable housing projects.” For purposes of this urgency ordinance a 100% affordable housing project shall mean a project where, except for a dedicated manager’s unit, every unit in the residential portion of the project is:

(1) affordable to a household at or below 120% of the Area Median Income (as published by HUD), including units that qualify as replacement Section 8 units under the HOPE SF program; and (2) which maintains its affordability for a term no less than 55 years, whether it is a rental or ownership opportunity.

(d) These interim controls shall take effect on the date the official election vote count is declared by the San Francisco Department of Elections, and shall be in effect for eighteen (18) months from and after the date of adoption, and, under this ordinance, may be extended for up to an additional 12 months by a vote of a majority of the members of the San Francisco Board of Supervisors.

(e) During the period of these interim controls, the City and County of San Francisco, including the San Francisco Planning Department, The Mayor's Office, the Mayor's Office of Housing and Community Development, and the Office of Economic and Workforce Development, shall collaborate with recognized community stakeholders, including nonprofit community organizations, and develop a Neighborhood Stabilization Plan to be completed no later than January 31, 2017, and propose for adoption appropriate legislation, policies, programs, funding, and zoning controls intended to enhance and preserve the stock of affordable housing in the Mission District, such that at least 33% of all new housing be affordable to low and moderate income households, and that at least 50% of all new housing be affordable to low, moderate and middle income households and to insure that those units will be available to Mission District Residents. This strategy will include, but not be limited to the following:

(i) Preparation of an Affordable Housing Development Strategy with policy recommendations and legislation as needed to ensure that at least 33% of all new housing in the Mission Area Plan be affordable to low and moderate income households, and that at least 50% of all new housing be affordable to low, moderate and middle income households and to insure that those units will be available to Mission District Residents. Components of this Affordable Housing Development Strategy will include, but not be limited to, use of

zoning and other land use tools to promote affordable housing development, designation of special use districts, funding for affordable housing development, increased inclusionary and linkage fees, new infrastructure finance districts, and additional incentives for developers who choose to build affordable units.

(ii) Preparation of a Neighborhood Stabilization Strategy which should include preservation and protection of legacy and locally-serving small businesses and arts and cultural organizations, community nonprofit acquisition of existing residential and commercial properties, and providing counseling and other support for tenants who are at risk of displacement.

(iii) Public Hearings The agency or department responsible for the strategies outlined in (i) and (ii), above shall hold at least two public hearings and allow members of the public to provide input and information regarding each of these strategies.

### **Section 3. Severability**

If any provision of this Initiative or any application thereof to any person or circumstance is held invalid, such invalidity shall not affect any provision or application of this Initiative that can be given effect without the invalid provision or application. Therefore, the provisions of this Initiative are severable.