

FILE NO. 031791

ORDINANCE NO. 69-04

1 [Special Use District to eliminate certain zoning requirements for residential uses in the  
2 Downtown consistent with a proposed ordinance to facilitate housing in the Downtown.]

3 **Ordinance amending the San Francisco Planning Code by adding Section ~~249.25~~  
4 249.26 to create the Downtown Housing Demonstration Special Use District  
5 encompassing the property zoned Downtown Office District (C-3-O) at the corner of  
6 Market Street, Kearny Street and Geary Avenue (690 Market Street, Assessor's Block  
7 0311, Lot 006) and making findings. The proposed Special Use District would eliminate  
8 floor area restrictions and maximum dwelling unit densities density limits and would  
9 allow exceptions to ~~the open space requirements~~ and dwelling unit exposure  
10 requirements for new residential uses be granted through the process outlined in  
11 Planning Code Section 309. The proposed Special Use District would also increase the  
12 maximum height and bulk allowed in the district from 250-S to 285-S, and would require  
13 that residential projects be subject to the 12 percent (on-site) and 17 percent (off-site) the  
14 inclusionary Affordable Housing Program Requirements found in Section  
15 315.3(a)(2)~~315(a)(2)~~.**

16  
17 Note: Additions are single-underline italics Times New Roman;  
18 deletions are ~~strikethrough italics Times New Roman~~.  
19 Board amendment additions are double underlined.  
20 Board amendment deletions are ~~strikethrough normal~~.

21 Be it ordained by the People of the City and County of San Francisco:  
22 Section 1.

23 **Findings.** The Board of Supervisors makes the following findings:

- 24 1. The population of California has grown by more than 11 percent since 1990.  
25 During the next twenty years, California is expected to add more than five million new jobs to  
its economy. This economic growth is expected to be accompanied by the addition of more

1 than 20 million new residents, a population increase equal to that experienced during the  
2 boom years of the 1950's, 1960's and 1970's combined. As California grows, the State  
3 Legislature and local governments will need to determine where to locate additional housing  
4 in a fiscally, socially and environmentally sustainable manner consistent with sound urban  
5 planning practices.

6 2. The preferred sustainable way to accommodate future regional population  
7 growth is to encourage new housing close to jobs in existing cities that are well-served by  
8 transit infrastructure, such as San Francisco. Directing future growth to urban centers like  
9 San Francisco will help protect the region's greenbelt and reduce over-dependence on the  
10 private automobile for commuting.

11 3. The production of new market-rate and subsidized below market-rate housing in  
12 San Francisco has continually fallen far short of the level needed to meet housing demand.  
13 According to the 2000 Census, San Francisco added approximately 53,000 new residents  
14 between 1990 and 2000 but added only 11,200 net housing units during the same 10-year  
15 period. The Association of Bay Area Governments (ABAG) forecasts that San Francisco's  
16 population will reach approximately 810,000 by 2010, further increasing the need for  
17 increasing housing supply.

18 4. Between 1990 and 2000, approximately 1,130 units per year have been added  
19 to the City's housing stock. ABAGs' Regional Housing Needs Determination calls for  
20 construction of 2,717 units of housing annually through 2006 to meet the needs of the City's  
21 anticipated household growth and to house at least half of the City's new workers. Because  
22 annual housing production has already fallen short of this target, more than 3,200 new units a  
23 year must be built between 2003 and 2006 to meet regional housing goals.

24 5. A 2001 study commissioned by the City and prepared by The Sedway Group  
25 concluded that steadily increasing the supply of housing can serve to increase the availability

1 of residential product at a range of price levels and that policies designed to increase housing  
2 production in the City will indirectly increase the supply of affordable housing.

3 6. The Planning Department's Citywide Action Plan (CAP) strongly encourages  
4 developing new housing in the Downtown Office (C-3-O) District and adjacent areas.

5 7. California Government Code 65583 requires that cities like San Francisco  
6 demonstrate "efforts to remove governmental constraints that hinder the locality from meeting  
7 its share of the regional housing need."

8 8. Constraints that hinder increased housing production in the Downtown core  
9 include certain zoning impediments to residential development contained in the City's  
10 Planning Code. These impediments include restrictive floor area ratio and density limits on  
11 residential uses in certain C-3 and C-2 zoning Districts which are located in some of the most  
12 transit-intensive sections of the City in or adjacent to the Downtown. Requirements regarding  
13 open space and dwelling unit exposure further constrain the increase in housing in the  
14 Downtown Core.

15 9. Without certain amendments to the Planning Code to remove these unintended  
16 and unnecessary zoning impediments to residential development in the Downtown, the supply  
17 of new market-rate and ~~subsidized~~ below market-rate affordable housing will continue to fall  
18 short of that needed to meet demand.

19 10. Amendments to the Planning Code are among the tools available to the City to  
20 encourage new housing production in a manner that enhances existing neighborhoods and  
21 creates new residential and mixed-use neighborhoods.

22 11. On August 8, 2002, the Board of Supervisors introduced a draft ordinance that  
23 would amend the Planning Code to encourage housing development in the Downtown zoning  
24 districts by eliminating floor area restrictions and maximum dwelling unit densities for new  
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1 residential uses in certain C-3 and C-2 Districts, in addition to other Code changes that would  
2 protect historic structures (the "C-3 Housing Ordinance").

3 12. Before the Board of Supervisors can make a final decision on the C-3 Housing  
4 Ordinance, the C-3 Housing Ordinance needs review under the California Environmental  
5 Quality Act (CEQA) and requires an inventory of the status Transferable Development Rights  
6 ("TDRs") in C-3 Districts.

7 13. If the C-3 Housing Ordinance could be adopted by the end of 2003~~4~~, the current  
8 owner of the 11,000-sf lot at the corner of Market Street, Kearny Street and Geary Avenue, on  
9 which is located the former offices of the Chronicle (690 Market Street, Assessor's Block  
10 0311, Lot 006), could proceed with the seismic retrofit, historic rehabilitation and conversion of  
11 the existing commercial office tower into a mixed-use residential and time-share/hotel project.

12 14. To illustrate the benefit of the C-3 Housing Ordinance, the proposed Downtown  
13 Housing Demonstration Special Use District would apply several Planning Code amendments  
14 proposed in the C-3 Housing Ordinance to the proposed historic rehabilitation and conversion  
15 of 690 Market Street to a mixed-use residential project, use. These amendments would  
16 eliminate existing floor area restrictions and ~~maximum dwelling unit densities~~ density limits,  
17 and would allow exceptions to open space requirements and dwelling unit exposure  
18 requirements to proceed under Planning Code Section 309.

19 15. The proposed seismic upgrade, historic rehabilitation and residential conversion  
20 of 690 Market would provide an important demonstration of the potential public benefits of  
21 enacting the generally applicable C-3 Housing Ordinance. In addition, as part of the  
22 demonstration project, the owner of 690 Market has proposed converting another historic  
23 office building located at 942 Market Street to residential use. The proposed conversion of  
24 942 Market Street will provide ~~up to 28 units of permanently~~ approximately 14 units of  
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1 affordable, for-sale housing, a number well in excess of the minimum off-site requirements for  
2 690 Market as set forth in the City's Inclusionary Affordable Housing Program.

3 156. This proposed Ordinance Adopting the Downtown Housing Demonstration  
4 Special Use District is being undertaken in combination with several companion ordinances,  
5 including a General Plan Amendment, on file with the Clerk of the Board in File No. 040147  
6 and a Zoning Map Amendment, on file with the Clerk of the Board in File No. 040184.  
7 Together with various approvals of the Planning Commission and other actions by the Board  
8 of Supervisors, the approvals will permit an eight-story vertical addition, historic façade  
9 restoration, and conversion of an existing office building to a mixed-use project for up to  
10 approximately 5764 residential dwelling units, up to approximately 7273 hotel time-share  
11 units, approximately 6,500 square feet of ground level retail space, and a sub grade parking  
12 garage (capable of accommodating up to 29 independently-accessible parking spaces with  
13 the capability of accommodating up to approximately 100 vehicles through the use of valet  
14 services and vehicle-stacking in place of the 29 independently-accessible spaces)  
15 (collectively, the "Project").

16 1617. The Planning Department concluded environmental review of the Project,  
17 including this ordinance, under the California Environmental Quality Act. Documentation of  
18 that review is on file with the Clerk of the Board of Supervisors in File No 040147 . In  
19 connection with the Ordinance adopting a General Plan Amendment for the Property on file  
20 with the Clerk of the Board of Supervisors in File No 040147 , the Board adopted the  
21 findings and conclusion of Planning Commission Resolution No. 16749 , a copy of which is  
22 on file with the Clerk of the Board of Supervisors in File No. 040147, adopting the negative  
23 declaration for the Project.

24 1847. Pursuant to Planning Code Section 101.1, this Board of Supervisors found in its  
25 adoption of the General Plan Amendment, on file with the Clerk of the Board of Supervisors in

1 File No. 040147, that the Project, including this ordinance, is consistent with the priority  
2 policies of Section 101.1(b) of the Planning Code and the General Plan and incorporates said  
3 findings by reference herein.

4 1918. Pursuant to Planning Code Section 302, this Board of Supervisors found, in its  
5 ordinance adopting the Zoning Map amendment for the Project, on file with the Clerk of the  
6 Board of Supervisors in File No. 040184 that the Project, including this Special Use District,  
7 will serve the public necessity, convenience and welfare and those findings and conclusions  
8 are incorporated by reference herein.

9 2016.19. For all of the reasons above, the Board hereby finds that  
10 implementation of this Special Use District would advance the general welfare by supporting  
11 the City's efforts to improve the downtown as a place to live and work.

12 Section 2. The San Francisco Planning Code is hereby amended by adding Section  
13 ~~249.25~~ 249.26 to read as follows:

14 **Sec. ~~249.25~~ 249.26 DOWNTOWN HOUSING DEMONSTRATION SPECIAL USE**  
15 **DISTRICT.** In order to provide a demonstration of the effects of reducing the constraints  
16 placed on residential housing in the Downtown Core, there shall be a special use district  
17 known as the Downtown Housing Demonstration Special Use District encompassing the  
18 approximately 11,000-sf lot at the corner of Market Street, Kearny Street and Geary Avenue  
19 (Assessor's Block 0311, Lot 006), as designated on Section Map 1SU of the Zoning Map of  
20 the City and County of San Francisco.

21 (a) **Special controls.** The following controls shall apply in this Special Use District.

22 (1) **Floor Area Ratio:** The floor area ratio limits set forth in Sections 123 and 124 of  
23 this Code for C-3-O Districts shall not apply to dwellings or other residential uses.

1 (2) **Density:** The density of dwelling units shall be determined by the allowable  
2 building envelope of the lot to be developed. The maximum density ratio for dwelling units in  
3 C-3-O Districts set forth in Section 215 shall not apply.

4 (3) **Open Space:** Exceptions to the open space provisions of Section 135 and 138  
5 of this Code may be granted through the process set forth in Section 309(a) in lieu of the  
6 process set forth in Section 305 of this Code.

7 (4) **Exposure of Dwelling Units:** Exceptions to the provisions of Planning Code  
8 Section 140 may be granted through the process set forth in Section 309(a) in lieu of the  
9 process set forth in Section 305 of this Code. An exception shall only be granted upon a  
10 determination that the proposed design provides adequate access to air and light consistent  
11 with the intent of Section 140 of this Code.

12 (b) **Height and Bulk Restrictions.** The applicable Height and Bulk for this Special  
13 Use District shall be 285-S.

14 (c) **Residential Inclusionary Affordable Housing Program.** For purposes of  
15 determining the number of units required pursuant to Sections 315 et seq. of this Code, any  
16 residential project shall be considered as an application under Section 315.3(a)(2) and will be  
17 subject to the associated requirements set forth in Sections 315 et seq. 315(a)(2)

18 (d) **Limited Scope.** The creation of this Special Use District shall not limit the  
19 discretion vested in the Planning Commission to review projects and impose conditions  
20 pursuant to Section 309 or any other applicable section of this Code.

21 (f) **Sunset Provision.** Except for the Height and Bulk Restrictions set forth in  
22 Section (b) above, this Special Use District shall expire within four years of the effective date  
23 of this Ordinance or when the proposed Downtown Housing Ordinance or a similar ordinance  
24 that would eliminate floor area restrictions and maximum density ratios for dwelling units in C-  
25 3 Districts is enacted, whichever is earlier.

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APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By:   
Deputy City Attorney





# City and County of San Francisco

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

## Tails Ordinance

**File Number:** 031791

**Date Passed:**

Ordinance amending the San Francisco Planning Code by adding Section 249.26 to create the Downtown Housing Demonstration Special Use District encompassing the property zoned Downtown Office District (C-3-O) at the corner of Market Street, Kearny Street and Geary Avenue (690 Market Street, Assessor's Block 0311, Lot 006) and making findings. The proposed Special Use District would eliminate floor area restrictions and maximum dwelling unit density limits and would allow exceptions to open space requirements and dwelling unit exposure requirements for new residential uses be granted through the process outlined in Planning Code Section 309. The proposed Special Use District would also increase the maximum height and bulk allowed in the district from 250-S to 285-S, and would require that residential projects be subject to the 12 percent (on-site) and 17 percent (off-site) Inclusionary Affordable Housing Program Requirements found in Section 315.3(a)(2).

April 13, 2004 Board of Supervisors — PASSED ON FIRST READING

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin, Sandoval

April 20, 2004 Board of Supervisors — FINALLY PASSED

Ayes: 10 - Ammiano, Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin, Sandoval

Absent: 1 - Alioto-Pier

File No. 031791

I hereby certify that the foregoing Ordinance was **FINALLY PASSED** on April 20, 2004 by the Board of Supervisors of the City and County of San Francisco.

APR 22 2004

\_\_\_\_\_  
Date Approved

*Kay Sulbegas*  
\_\_\_\_\_  
for Gloria L. Young  
Clerk of the Board

*[Signature]*  
\_\_\_\_\_  
Mayor Gavin Newsom