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San Francisco Board of Supervisors Considers Restricting Construction of Market Rate Housing in the Central City and SOMA When Not Enough Affordable Housing is Being Built

by M. Brett Gladstone

Supervisor Jane Kim (with co-sponsors John Avalos, David Campos and Eric Mar) has introduced an ordinance applicable to market rate housing in the Central City and SOMA areas which would seek a balance between affordable housing production and market rate housing production so that market rate housing does not represent too high a percentage of the area's new housing production. Since affordable housing production has been greatly restricted by the loss of Redevelopment Agency funds and by less and less City, State and federal funds, this threatens to restrict the creation of new market rate housing at the very time that money is available for building market rate housing due to the upturn in the business cycle. This legislation reflects the sponsors' sentiment that existing law that requires that market rate housing produce 15% to 20% affordable units (depending on whether built on-site or off-site) does not produce a sufficient amount of affordable housing in these areas.

In this so-called "Housing Balance Special Use District (SUD)", an area which also covers the Tenderloin and Treasure Island, a Planning Commission Conditional Use Permit hearing will be required should the ratio of new market rate housing to new affordable housing in these areas exceed 70% to 30%; a Conditional Use Permit hearing is not always required now.

Statistics show that since records on production of housing in these areas started being kept in 2006, new housing production has already resulted in a 70/30 ratio, and the legislative sponsors wish to preserve this. In order to approve a particular project should this law pass, the Commission will have to consider the following criteria: (1) whether the project has a beneficial effect despite any potential adverse impact on affordable housing and any potential adverse impact on displacement of lower income households in these areas; (2) whether the market rate project will exacerbate the displacement of very low, low or moderate income households from the SUD; (3) whether allowing the use will substantially hamper the location or viability of affordable housing in these areas; (4) whether the proposed project mitigates any potential adverse impacts on preserving the mixed income character of these areas; and (5) the extent to which the project will affect the 70/30 ratio.

This ordinance is pending in the Land Use and Economic

Development Committee and is expected to go before the Planning Commission in the next 45 days.

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