

February 2, 2015

San Francisco Planning Commission
1650 Mission Street, Suite 400
San Francisco, CA 94103

RE: **2014-2022 San Francisco Housing Element**

Dear Commission President Wu, Commission Vice President Fong, and Commissioners Antonini, Hillis, Johnson, Moore and Richards:

On behalf of SPUR, thank you to the Planning Commission for the opportunity to comment on the 2014-2022 Housing Element proposed for adoption today. Housing is clearly the key focus of attention at this moment in San Francisco. Our city is attracting jobs and residents like never before, bringing resources and opportunity, but also putting pressure on our limited housing stock and our transportation system.

We commend planning staff for their work on the 2009-2014 Housing Element, which serves as the backbone for the current draft. In general, this housing element provides reasonable policy guidance for the work that needs to happen. We support adoption of the draft today in order to allow many of the Mayor's Housing Work Group's pending policy initiatives to move forward into implementation.

Nevertheless, this also the right moment to take a step back and look at the broader picture. According to this document and other analyses, the City and its partners need to be producing between 4,000 and 5,000 new units per year, more if we are to catch up with our existing housing deficit. Our city's current workplan is unlikely to get us there. We can and should do more.

1. Restart neighborhood planning

The City has completed an impressive set of neighborhood plans over the past 15 years. Those plans are currently coming to fruition and yielding the vast majority of the housing production underway in San Francisco. And yet there is only one neighborhood plan now in process, the Central SoMa plan. We believe it's time for the planning department to begin planning again. There are no new neighborhood plans contemplated, and we suggest that needs rethinking. Some of these could be major efforts like the Better Neighborhoods plans. Others might be smaller, more targeted rezonings. In either case, we think it is important for the Planning Department to be working to expand the long-term zoned capacity of the city.

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2. Make it easy for home-owners to add secondary units.

In the lower- and medium-density neighborhoods of the city, there is a great untapped opportunity to add housing that is relatively less expensive in the form of secondary units. This should be a top priority city policy to encourage throughout the city, since it is one of the few ways that we will be able to add units in neighborhoods where "existing housing and neighborhood character [is to] be conserved and protected." Supervisor Wiener is doing an excellent job moving this effort forward, ordinance by ordinance, and the planning department also has some exciting efforts underway to make secondary unit additions easier and more approachable for the typical property owner. Let's continue to grow this effort.

3. Launch multiple experiments to produce middle-income housing.

Given the Mayor and public's widespread belief in the need for middle-income housing, the housing element could give greater emphasis to the need for experiments that would produce more housing for the middle. In general, our current housing production system is not good at meeting the needs of this group. We don't necessarily have the full solution at hand, but the city should be focused on more experimentation. Our "8 Ways" report suggests a few ideas that have not been tackled yet, including more student housing, conversion of underutilized hotels to housing, and removal of the citywide cap on micro-units.

4. Reject the misguided idea of metering.

On the issue of metering, we are concerned to see mention of the idea that all neighborhoods should have one-third of housing restricted to below-market-rate levels. As we have said before, we believe metering (a.k.a. "housing balance") is a misguided strategy. It is better to maximize the overall number of affordable units rather than focus on the percentage of affordable units. Our goal should be to come up with as much funding for affordable housing as we can. There is nothing to be gained by restricting market rate housing to a ratio that matches the available funding for affordable housing. The only outcome of this approach can be to restrict the overall supply of housing, putting additional pressure on our housing stock and increasing the overall cost of housing for those not lucky enough to win a below-market-rate unit. There may be locations when the city is able to have a third of the units be below market rate—especially when there are extraordinary sources of subsidy or when the total number of market rate units in an area is small. But in general, it will be highly counter-productive to establish a percentage goal citywide.

We see this playing out in the Central SoMa plan. Central SoMa benefits from having an extraordinary source of subsidy available because that area is able to use office development to cross-subsidize housing. However, the only way that the 33% number is achieved is by having a small total number of housing units. This is not a precedent we should be replicating.

5. Fix the process

Finally, we want to remind the Commission that one of the underlying causes of San Francisco's high housing costs is the fact that it takes so long and is so risky to get approval to

add housing supply. San Francisco is one of the only major cities in America to not have any as-of-right zoning, which means that every proposal can be appealed or rejected, even when it conforms to the zoning. There are many ideas that have been proposed for reforming the entitlement process. We believe this should be a major focus of the Housing Element and City housing policy more broadly.

The city's housing element efforts have been heroic over the last several years, so we urge you to adopt this policy document today *and* continue the hard discussions of how San Francisco can continue to welcome newcomers and take care of existing residents.

Please do not hesitate to contact me at 415-644-4884 or kwang@spur.org if you have any questions. Thank you again for the opportunity to share our thoughts.

Best,

A handwritten signature in black ink, appearing to read 'KWANG' with a stylized flourish at the end.

Kristy Wang
Community Planning Policy Director