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Dear Housing Element Team,

Thank you for the opportunity to comment on the Draft Housing Element 2022 Update. We are pleased to see this important document take shape. SPUR's mission is to create an equitable, sustainable and prosperous region. Our comments are intended to further these objectives. While we are supportive of the direction that the Department is taking in this draft, we have several comments, questions and concerns, which we outline below:

1. We support the manner in which the draft centers racial equity.

As the draft makes clear, the scarcity of housing is an economic problem, but one which disproportionately impacts American Indian, Black and other Communities of Color. By centering the experiences of these communities, the housing element can focus on policies that achieve more equitable outcomes.

2. We appreciate the ways in which the Planning Department is engaging a wider range of stakeholders through direct outreach and through new ways of presenting materials.

The Department is committed to doing extensive outreach to American Indian, Black and other Communities of Color, as well as other groups it has not reached as well in prior Housing Element cycles. Moreover, the Department has provided materials in a more user-friendly manner, through videos, digital storytelling and other mechanisms that make the Housing Element more accessible to a broader group of people than in past cycles.

3. We support the goal of planning for half the city's growth in High Opportunity Neighborhoods as a means to affirmatively further fair housing, but we have questions about how that goal will be achieved.

In order to further racial equity and housing affordability goals, the Department is committing to plan for roughly half of the 83,000 units San Francisco needs to accommodate in the next RHNA cycle to be built in High Opportunity Neighborhoods (policy III.5). There are many benefits to this approach. It provides more equitable

outcomes by creating housing opportunities in higher wealth neighborhoods, it allows for infill development in communities that have previously not accepted much growth.

However, such planning must be realistic, and take into account the likelihood of site redevelopment given 1) the limited number of multi-unit redevelopment sites, 2) the political challenges housing sponsors will face, and 3) the high cost of land. Specifically, we are concerned that there may be insufficient site inventory to realistically allow for the development of 40,000+ units on the west side, particularly sites that provide enough scale for feasible redevelopment and sites that are underdeveloped enough to support alternative use at feasible land valuation. In order to support multifamily affordable housing, sites should support 40 units at a minimum, and preferably more; and in order to support multifamily mixed income housing, sites should support 20 units at a minimum, and preferably more. We also are concerned about challenges that affordable housing developments may face securing entitlements on the west side, which has been less friendly to growth. Additionally, it will be important to ensure that affordable housing developments in high opportunity areas will close enough to transit to compete well for state funding. We look forward to reviewing the site inventory analysis as it relates to this policy recommendation.

4. We are concerned that if rezoning is limited in Priority Geographies that it will be challenging to meet the need for the other 50% of housing units that are not accommodated in high opportunity areas.

Policy III.5 includes a policy to limit rezoning within Priority Geographies to the specific needs of American Indian, Black and other Communities of Color. Policy III.1 seeks to target affordable housing funding to support the creation of 50% of the affordable housing RHNA allocation within Priority Geographies.

At minimum it would be helpful to clarify A. if the rezoning contemplated within Priority Geographies under policy 111.5 are those that would predominantly support the creation of affordable housing and if so, B. where the Department will be zoning for the market rate and mixed income housing that is not accommodated either in Areas of Opportunity or in Priority Geographies. The challenge for 100% affordable housing developments is primarily fiscal, and limiting mixed income housing will not address the fiscal challenge.

It will also be helpful to clarify what is meant by the policy to limit rezoning to the specific needs of American Indian, Black and other Communities of Color. Limiting housing production in San Francisco has negative disproportionate impacts on low income people of color because it drives up the cost of available housing by limiting supply. It may be better to concentrate on policies that stabilize American Indian, Black and other Communities of Color in existing housing, while also seeking to add more housing (which, per the city's inclusionary requirement, includes affordable units or pays

an in lieu fee). Policy III.3 to prioritize the City’s acquisition and rehabilitation program in priority geographies is perhaps a better policy to prioritize to achieve this policy goal.

Lastly, Policy III.1 recommends increasing inclusionary requirements in priority geographies. It is very important that inclusionary requirements not be increased beyond levels of financial feasibility. Some of the area plans on the east side already have high inclusionary housing requirements, increasing them still further without increasing density further could have a potential chilling impact on housing development in these areas.

5. We encourage the department to find ways to elevate environmental sustainability in the draft, particularly by encouraging new housing construction near transit.

Policy III.6 describes how new housing should be placed near transit in high opportunity areas, which we support. We would recommend finding ways to place new housing near transit in other city neighborhoods as well.

6. We are concerned that new housing is sometimes referred to in the draft as a “burden” rather than an asset to San Francisco.

Policy III.5 refers to “reducing the burden of new housing” to advocate for limiting new housing construction in priority geographies. While we understand that new housing construction does result in more people living in a community and therefore a greater demand for services, it is also a net asset for the city as a whole, enabling the city to address the chronic housing shortage. It also can be an asset to these neighborhoods as well. It would be helpful to ensure that new housing is not characterized in a negative light when it is necessary for achieving so many of the city’s goals.

7. We are pleased to see the department include policies and actions that reduce the cost of producing new housing and therefore increase the likelihood that new housing will be built and would like to see that language strengthened.

Policy IV.3 seeks to reduce development constraints such as high construction cost and lengthy City-permitting timelines to increase housing choices and improve affordability. Given the challenges of producing housing in San Francisco, we are pleased to see this goal included in the housing element.

Policy V.4, however, includes language that limits permit streamlining to projects that maximize the number of below market rate units under state density bonus law. We believe that streamlining should be a goal for all housing projects, particularly since significant impact fees are already exacted through the inclusionary requirement, the TSF, as well as child-care, school fees, and infrastructure impact fees. While the housing element draft includes a policy focused on ensuring the feasibility of the inclusionary housing requirement, it would be helpful if the city examines the impact on housing production associated with the full fee stack imposed on a unit.

8. The housing element should emphasize a more aggressive approach to using surplus public sites for housing.

Policy III.1 supports using publicly-owned underutilized sites for housing needs and policy IV.5 also discusses how public sites should be used to support new housing production. The Housing Element should emphasize an even more aggressive approach to using surplus public sites for housing. For example, the city should examine the huge amount of land dedicated to suburban type roadways on the West Side, including Sunset Boulevard (an entire block wide running from Golden Gate Park to Sloat that contains six underutilized lanes of traffic). Those blocks could be redeveloped with mid-rise housing with a high percentage of affordable housing with infrastructure already in place.

9. We encourage the department to review draft goals, policies and actions with an eye towards feasibility of implementation.

This draft of the housing element puts forward many policies with laudable goals but high costs. We do feel it will be important to prioritize policies for inclusion in the final document, taking into account that some policies are very expensive to implement and therefore are unlikely to occur without additional subsidy. Otherwise we are concerned that it will be challenging to actually implement the housing element and may leave some stakeholders feeling like they were promised certain policies that are unlikely to actually be implemented.

10. We encourage the city to analyze the capacity of sites under current zoning by taking into account the historic housing yield on existing sites.

While a site analysis has not been yet released to the public, we are very interested to see how the city will assess the capacity of sites under current zoning. We hope that the city will look at how many sites contemplated under the last housing element were actually developed. As you may know, Los Angeles has been pioneering a new model for assessing site capacity¹, which may be beneficial for San Francisco to review.

Thank you for considering our comments. If you have any questions, please feel free to contact me at skarlinsky@spur.org

Sincerely,

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Senior Advisor

¹ <https://temercenter.berkeley.edu/research-and-policy/stronger-housing-element-los-angeles/>