



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Change HEARING DATE: MARCH 13, 2014

Project Name: PDR Facilitation
Case Number: 2013.1896T [Board File No. 131205]
Initiated by: Mayor Lee and Supervisors Cohen, Campos, and Chiu
Staff Contact: Steve Wertheim, Citywide Planning
steve.wertheim@sfgov.org, 415-558-6612
Reviewed by: Joshua Switzky, Acting Chief of Citywide Planning
joshua.switzky@sfgov.org, 415-575-6815
Recommendation: **Recommend Approval with Modifications of the Draft Ordinance**

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code by deleting Sections 175.8, 249.39, 413.7, 428A, revising Sections 181, 204.3, 226, 227, and 890.49, and adding Section 219.1, as well as amending Administrative Code Section 10E.2, to make existing production, distribution, and repair (PDR) uses function better, facilitate construction of new PDR, make it easier for new PDR uses to get permits, and make PDR controls more comprehensible.

The Way It Is Now:

- Per Planning Code Section 181, non-conforming self-storage uses cannot be rebuilt under any circumstances.
- Per Planning Code Section 219, new office uses are not permitted in the PDR-1-D and PDR-1-G Districts except in landmark buildings.
- Planning Code Section 204.3 does not enable PDR uses to share accessory retail space.
- Per Planning Code Section 226, many manufacturing and processing uses require a Conditional Use authorization.
- Per Planning Code Section 227(t), 50% of units in Small Enterprise Workspaces (SEW) must be 500 square feet or less and the other 50% must be 2,500 square feet or less; and SEW is required to be contained in a stand-alone building independent of other uses on the lot.
- Planning Code Section 249.39 requires that all construction of new Integrated PDR (IPDR) require a Conditional Use Authorization in the Central Waterfront, and Planning Code Section 175.8 requires that all proposed new Integrated PDR uses citywide require a Conditional Use Authorization as of January 19, 2014.
- The definition of PDR in Planning Code Section 401 includes all of the uses contained in Planning Code Section 226, including chemical and life sciences laboratories.
- Collectively, Planning Code Sections 413.7, 428, and 890.49, and Administrative Code Section 10E.2(d) establish the ability for IPDR uses to receive reduced impact fees if they meet certain employment criteria and submit a report annually to the Office of Economic and Workforce Development (OEWD). Planning Code Section 890.49 includes varying controls for IPDR uses

based on size, and includes “any non-office uses that integrate multimedia, information technology, or software development functions” in the definition of IPDR.

The Way It Would Be:

The proposed Ordinance would:

- Allow PDR uses to function better by amending Section 204.3 to allow PDR uses to pool accessory retail space, while maintaining a maximum of 33% accessory retail for any individual PDR use.
- Facilitate the creation of more PDR space by:
 - Add subsection (j) to Planning Code Section 181 to enable **non-conforming self-storage to rebuild if it provides at least 1 FAR of new PDR space.**
 - Creating Section 219.1, which would enable the construction of new office space in the PDR-1-D and PDR-1-G Districts with a Conditional Use Authorization if it meets the following criteria: (1) the site is at least 20,000 square feet, (2) the site is located north of 20th Street, (3) the site is vacant or near-vacant (i.e. is built to a Floor Area Ratio of 0.3:1 or less), and (4) at least 33% of the gross square footage in the development is for PDR uses. The project would also have to create a PDR Businesses Plan, and report annually on its implementation to the Planning Department and Office of Economic and Workforce Development. For a map of affected parcels, see Attachment D.
 - Amend Planning Code Section 227(t) to require 100% of units in Small Enterprise Workspaces to be 1,500 square feet or less, and allow SEW to be part of a mixed-use building.
- Make it easier for PDR uses to get permits by amending Section 226 to allow a number of PDR uses as principally-permitted uses including:
 - Automobile assembly in the PDR-2 District,
 - Bottling plant, brewery, dairy products plant, malt manufacturing or processing or malt products plant in the PDR-1-G and PDR-2 Districts,
 - Concrete products manufacture in the PDR-2 District,
 - Manufacturing of food products such as pickles, sauerkraut, vinegar, yeast, fish products, and meat products in the PDR-1-G and PDR-2 Districts.
 - Metal working or blacksmith shop in the PDR-1-D, PDR-1-G, and PDR-2 Districts.
- Make the PDR controls more comprehensible by
 - Reforming IPDR Reporting Requirements through deleting Planning Code Sections 175.8 and 249.49, removing the requirement that Integrated PDR (IPDR) uses receive a Conditional Use Authorization. Simultaneously, it would amend Code Section 227(u) to make IPDR uses a Conditional Use in the PDR-1-D and PDR-1-G Districts.
 - Eliminating the IPDR reporting requirement and fee incentive program by deleting Planning Code Sections 413.7 and 428A and amending Planning Code Section 890.49 and Administrative Code Section 10E.2.
 - Amending Planning Code Section 890.49 to eliminate the varying controls for IPDR based on size, and delete “any non-office uses that integrate multimedia, information technology, or software development functions” from the list of uses allowable as IPDR.
 - Removing chemical and life science laboratory uses from Planning Code Section 226 and move it to Section 227.

REQUIRED COMMISSION ACTION

The proposed Resolution is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the Draft Resolution to that effect. The modifications are as follows, and are discussed in more detail below:

- In Section 219.1(c)(9)(F), add to the PDR Business Plan that the project sponsors shall consider utilizing other local, State and Federally subsidized hiring programs including but not limited to the work opportunity tax credit, California new jobs tax credit, Jobs Now! Program, Hire SF and the California new employment tax credit authorized by AB93.
- In Section 219.1(e)(2)(C), add to the annual reporting requirements that the project sponsor or owner will need to also report on current rents or lease terms for the PDR spaces.
- Add a new subsection 219.1(f) limiting this program to a three-year pilot program, which would need to be re-authorized by the Board of Supervisors if there was a desire to re-authorize it. Also establish that a project must submit its environmental application to the Planning Department before the end of this three year period to be considered eligible for the program.
- In Section 890.49 and others, remove Integrated PDR as a use from the Planning Code. This would require removing the definition contained in Section 890.49, as well as references to the use in use tables contained in Articles 2 and 8 of the Planning Code and fee programs contained in Article 4.

BASIS FOR RECOMMENDATION

The need for the legislation is based on the strong growth witnessed in the PDR sector over the last few years, and the desire to see this sector continue to expand and thrive. This growth is due, in part, to the demand created by our strong technology and tourism economies, which drive the need for services provided by businesses involved in distribution and repair. This growth is also due to the growth of our local manufacturing sector, which has increased in size over the past two years, after decades of decline. This growth has been spurred by the rise in artisanal manufacturing – a phenomenon being witnessed across the country, and which shows no signs of slowing down. The result of this growth is that PDR space is in high demand, vacancy is exceedingly low, and we are now seeing PDR companies leaving San Francisco because they cannot find space to expand.

On December 17, 2013, Mayor Lee and Supervisors Cohen, Campos, and Chiu introduced legislation (BOS 131205) to make existing production, distribution, and repair (PDR) uses function better, facilitate construction of new PDR, make it easier for new PDR uses to get permits, and make PDR controls more comprehensible. The proposed legislation reflects over 18 months of collaboration between the Mayor's Office, the Supervisors' offices, Planning Department staff, and SFMade, a non-profit that represents the interests of San Francisco's manufacturing sector.

Since the legislation was introduced, the legislative sponsors and Planning staff have been working with a variety of stakeholders to vet concerns and amend the document. This includes multiple meetings with a working group of the Eastern Neighborhoods Citizens Advisory Committee, meeting with the full Small Business Commission and its Legislative and Policy Committee, and multiple meetings with other PDR stakeholders. Additionally, on February 6, 2014 staff presented this legislation as an informational item to the Planning Commission. Based on the results of this input, and incorporating numerous changes (see Attachment C), BOS 131205 was re-introduced at the Board of Supervisors on March 4, 2014. Since March 4th, the legislative sponsors have continued to have ongoing conversations with individuals and organizations interested in this ordinance. As a result of these additional meetings, after the ordinance was substituted at the Board on March 4th the legislative sponsors agreed to four additional changes that are outlined in this case report and are recommended as modifications to this ordinance.

The proposed legislation reflects only a minor change to the function of the PDR Districts. The PDR Districts were created in 2008, through the Bayview and Eastern Neighborhoods Plans. These Districts have served just as they were intended – to provide a haven for PDR businesses by eliminating competition for land and space from housing, office, large institutions, and retail. Without the imminent risk of displacement, PDR businesses have been able to invest in the equipment and workforce necessary for them to thrive.

However, in the five years since the creation of these PDR Districts, there have been a handful of instances where the zoning controls have not supported the pro-PDR intent of the Districts – or did not support them enough. Additionally, despite the growth and strength of the PDR sector, it is still difficult to finance construction of additional PDR space even in PDR districts. The proposed legislation attempts to systematically address these concerns, so that existing PDR businesses may continue to succeed, and that we will have space for the increasing demand. The following explains how the proposed legislation and subsequent modifications attempt to address existing concerns:

Allow PDR Uses to Function Better

The proposed legislation would revise Planning Code Section 204.3 to allow PDR uses to share retail space. This change is proposed because on-site retail is often very important to PDR businesses, but it's often inefficient and/or impractical for these uses to have their own retail space, especially when such PDR uses are on located above the ground floor.

Facilitate Creation of More PDR Space

PDR businesses are typically space intensive, which requires a low rent per square foot. This means that PDR businesses have a hard time competing with non-PDR businesses and housing for the same land. It also means that, in San Francisco, revenues from PDR-only buildings are insufficient to economically justify their construction. The Eastern Neighborhoods Plan recognized this conundrum, and created two uses (Small Enterprise Workplace and Integrated PDR) where PDR space could be cross-subsidized by other, higher paying uses, to support new construction. Recognizing the acute demand for PDR space, the proposed legislation tries to make Small Enterprise Workspaces more attractive to build, and adds two new types of potential cross-subsidization (proposed changes to Integrated PDR are discussed later).

Refining Small Enterprise Workspace Controls

Small Enterprise Workspace (SEW) is a use comprised of multiple small units that can essentially be tenanted with any use other than residential, including office, retail, and services. By their nature, SEW buildings serve as excellent incubator space for new businesses, and provide an important resource for small businesses that are ready to move out of the home and/or garage. Through this mix of uses, and because small spaces can typically justify a higher rent per square foot, SEW buildings may support the construction of new PDR space. Although built before the adoption of the Eastern Neighborhoods Plan, ActivSpace at the corner of 18th Street and Treat Avenue is a good example of an SEW building.

The concern with the SEW controls, as they currently are written, is that experience has shown that they do not meet the “sweet spot” for PDR businesses. Data collected by SFMade has shown that there is a strong demand by PDR businesses for spaces of approximately 1,500 square feet – especially for new PDR businesses. However, as written, 50% of SEW units need to be 500 square feet or less, while the other 50% of SEW units need to be 2,500 square feet or less. To address this concern, the proposed legislation would require 100% of the SEW units be 1,500 square feet or less. In doing so, SEW buildings would be able to better meet the demand for PDR uses. In turn, the hope is that this will make it more desirable to build new SEW buildings.

Allowing Mixed PDR and Office Buildings on Certain Vacant Parcels in PDR Districts

The creation of larger PDR spaces requires a larger subsidy than is available through SEW. Absent direct government subsidies, such resources must come from the development itself. One potential way to provide such a subsidy is by co-locating PDR with office. The daytime oriented nature of office and its tolerance for a louder and more active commercial environment means that, if designed correctly, office and PDR can be successfully co-located.

The Eastern Neighborhoods Plan did not permit such co-location. But after five years, it has become apparent that the difficulty in financing new PDR-exclusive buildings means that vacant or substantially underdeveloped parcels in PDR Districts would continue to provide no additional space for the growing PDR sector. These factors have driven the re-consideration of the allowance of some new office space into the PDR Districts as a way to have the private market underwrite construction of new PDR space while not introducing the land use conflicts that have arisen in the past with introducing of housing into PDR areas. While dense office space is typically better directed to transit-rich locations such as Downtown and SoMa, this legislation recognizes that allowing some new office in PDR Districts may be the only way to realize development of a substantial amount of new PDR space.

The proposed legislation thus attempts to leverage demand for both office and PDR uses, and to address the issue of vacant parcels, by creating a mechanism to build both in the same development. The proposal includes the following parameters:

- New office space can be built only if at least 33% of the net new space is PDR use. This percentage is based on a 2012 Seifel Consulting, Inc. study commissioned by the Planning Department, which tested the feasibility of this cross-subsidy. The Seifel study actually determined that a feasible building could only be up to 20% PDR. However, the sponsors of this legislation believe that any development less than 33% PDR is not supportable or compatible with the intents of the PDR Districts.
- The ability to build such mixed projects is limited to parcels that:

- Are vacant or near-vacant (under 0.3 FAR). This ensures that the new amount of PDR space represents a substantial expansion of the PDR space stock and that there is no substantial displacement of existing PDR uses or space;
- Are at least 20,000 square feet. This ensures that the new PDR space is substantial in size, and leverages the demand for larger office floorplates.
- Are located in PDR Districts north of 20th Street. This ensures that the development is in areas that already contain a mix of office and PDR uses (e.g., Showplace Square and the Northeast Mission), and that already have infrastructure existing or planned that serves both uses. For a map of eligible parcels, see Attachment D.
- Any proposal for this kind of project would require a Conditional Use Permit. This ensures that the Planning Commission and community will be able to give any proposal close scrutiny.
- Any proposal of this kind must ensure that the PDR space is viable and the legislative sponsors demonstrate long-term commitment to maintain the space as actively-tenanted by PDR businesses. This includes controls and requirements to help meet the physical and economic needs of the PDR businesses.

As a modification to the proposed Ordinance, the legislative sponsors propose to limit this program to a three-year pilot program with a hard sunset date that requires a report from Planning Department staff to the Commission and the Board of Supervisors on the program. At the end of the three years, any continuation or expansion of the program would require legislative change to the Planning Code through the typical process. An environmental review application must be submitted to the Planning Department prior to sunset of this three-year period for a project to be eligible for entitlement under this program.

As another modification to the proposed Ordinance, the legislative sponsors propose that the section describing the components of the PDR business plan include references and referrals to local, State and Federally funded and subsidized hiring programs including but not limited to Work Opportunity Tax Credit, California New Jobs Tax Credit, Jobs Now! Program, Hire SF and the AB93 State New Employment Credit.

Support creation of new PDR space in re-built non-conforming self-storage

The proposed legislation would amend Planning Code Section 181(j) to allow self-storage to rebuild if it provides at least 1 FAR of new PDR space. As it currently stands self-storage buildings, which are legal non-conforming uses in PDR Districts, are not allowed to be demolished and rebuilt. The change is proposed because sites containing self-storage are unlikely to ever see PDR uses constructed without such a cross-subsidy.

Make it Easier for PDR Uses to Get Permits

The proposed Ordinance would revise Section 226 to change the status of certain PDR uses from conditional to principally permitted. This change is based on experiences in the past few years, where PDR businesses - particularly food-related uses - that were otherwise broadly supported were required to go through the Conditional Use Permit process, which created substantial uncertainty and costs for these uses.

Make the PDR Controls More Comprehensible

Removing IPDR from the Planning Code

Integrated PDR (IPDR) is a single use that is a combination of PDR and office activities and spaces into one space. This use category was created as part of the Eastern Neighborhoods rezoning. At the time of adoption of Eastern Neighborhoods, substantial annual reporting requirement for all IPDR uses were adopted because office was not otherwise allowed in PDR Districts and there was thus concern over potential abuse of this new hybrid use.. Additionally, the Code stipulated that if after five years an IPDR use had hired a substantial amount of “disadvantaged” workers, the City would rebate up to 50% of the project’s impact fees to the property owner.

The proposed ordinance dated March 4 would remove the reporting requirements for IPDR and the fee rebate program. However, the modification proposed by the Board sponsors after March 4th would remove IPDR from the Planning Code altogether. This use category has been very rarely used in its five years of existence and, with the disbandment of the State Enterprise Zone program, the hiring incentives attached to IPDR no longer exist. Upon deleting IPDR from the Code, businesses that would otherwise have been considered IPDR would still be permitted in the Mixed Use Districts, such as MUO and WMUO, where both office and PDR uses are principally permitted

Clean up the Definition of PDR

The proposed legislation would remove life science laboratories and chemical laboratories from the definition of PDR, by moving them from Section 226 to Section 227 of the Planning Code (the definition of PDR contained in Section 401 includes all uses in Section 226). The purpose of this change is to recognize that life science and chemical laboratories are not Production, Distribution, and Repair, and thus should not be able to benefit from the reduced impact fees that PDR uses pay.

ENVIRONMENTAL REVIEW

The proposed Ordinance is not a project under California Environmental Quality Act (“CEQA”), Public Resources Code section 15060(c). For more information, see Attachment E.

PUBLIC COMMENT

This legislation has received substantial public comment, both in writing and at the informational hearing held at the Planning Commission on February 6th. Changes based on these comments are reflected in the re-introduced version of the legislation. This includes a Resolution of Support from the Eastern Neighborhoods Citizens Advisory Committee (see Attachment F) and the Small Business Commission (see Attachment G). This also includes support from SFMade and numerous manufacturers in their network, as well as concern from other stakeholders over the potential effects of this legislation on PDR businesses.

RECOMMENDATION:	Recommendation of Approval with Modifications
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Attachments

- A. Proposed Ordinance – BOS 131205
- B. Draft Planning Commission Resolution
- C. Guide to Changes between versions of BOS 131205
- D. Map of parcels to which Section 219.1 would apply
- E. Environmental Documentation

- F. Resolution of Support from the Eastern Neighborhoods Citizens Advisory Committee
- G. Resolution of Support from the Small Business Commission

Attachment A.
Proposed Ordinance – BOS 131205

1 [Planning Code – PDR Zoning]

2

3 **Ordinance amending the Planning Code to address various revisions to PDR,**
 4 **integrated PDR, and small enterprise workplace zoning controls to facilitate the**
 5 **establishment of such uses, amending the Administrative Code to delete requirements**
 6 **concerning reporting on integrated PDR, affirming the Planning Department’s**
 7 **California Environmental Quality Act determination, and making Planning Code Section**
 8 **302 findings, and findings of consistency with the General Plan and the Priority**
 9 **Policies of Planning Code Section 101.1.**

10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
 11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 13 **Board amendment additions** are in double-underlined Arial font.
 14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 15 **Asterisks (* * * *)** indicate the omission of unchanged Code
 16 subsections or parts of tables.

14

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

16

17 Section 1. Findings.

18 (a) In 2008, the Board of Supervisors adopted the Eastern Neighborhoods Plan and
 19 related zoning, in part to refine the City’s approach to PDR (production, distribution, and
 20 repair) uses and to preserve and encourage such uses in the southeastern neighborhoods of
 21 the City. This legislative package is comprised of Ordinance Nos. 297-08, 298-08, and 299-
 22 08, copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 081152,
 23 081153, and 081154 respectively, and incorporated herein by reference. Since the adoption
 24 of this Plan and its associated zoning, the City has determined that the continued

25

1 establishment, evolution, and adaptation of these uses demands a more responsive set of
2 zoning controls in the Planning Code.

3 (b) The amended zoning controls in this legislation attempt to satisfy the following
4 goals: (1) Make it easier to establish PDR as a principally permitted use; (2) Allow PDR uses
5 to share accessory retail space; (3) Simplify the "Integrated PDR" (IPDR) controls; (4) Entice
6 the development of PDR on underdeveloped parcels in PDR Districts; (5) Support creation of
7 new PDR space in re-built non-conforming self-storage uses; (6) Make "Small Enterprise
8 Workspace" (SEW) to be more attractive to build; and (7) Clean up the definition of PDR.

9 (c) Utilizing available data, the Planning Department has determined that the following
10 parcels (listed as Assessor Block/Lot) would meet the requirements established in the
11 proposed Section 219.1(c) regarding new PDR space: 3552/012, 3573/015, 3573/023,
12 3592/032, 3807/001, 3807/004, 3807/008, 3807/012, 3808/003, 3820/002, 3821/005,
13 3821/006, 3905/012, 3916/002, 3921A/005, 3921A/006, 3924/006, and 3936/002.

14 (d) The Planning Department has determined that the actions contemplated in this
15 Ordinance comply with the California Environmental Quality Act (California Public Resources
16 Code Section 21000 et seq.). The Board of Supervisors hereby affirms this determination. A
17 copy of said determination is on file with the Clerk of the Board of Supervisors in File No.
18 _____ and incorporated herein by reference.

19 (e) Pursuant to Planning Code Section 302, the Board finds that the proposed
20 ordinance will serve the public necessity, convenience and welfare for the reasons set forth in
21 Planning Commission Resolution No. _____, which reasons are incorporated herein by
22 reference as though fully set forth. A copy of Planning Commission Resolution No. _____ is
23 on file with the Clerk of the Board of Supervisors in File No. _____.

24 (f) At a duly noticed public hearing held on _____, 2014, the Planning
25 Commission in Resolution No. _____ found that the proposed Planning Code amendments

1 contained in this ordinance are consistent with the City's General Plan and with the Priority
2 Policies of Planning Code Section 101.1. The Commission recommended that the Board of
3 Supervisors adopt the proposed Planning Code amendments. The Board finds that the
4 proposed Planning Code amendments contained in this ordinance are consistent with the
5 City's General Plan and with the Priority Policies of Planning Code Section 101.1 for the
6 reasons set forth in said Resolution.

7
8 Section 2. The Planning Code is hereby amended by deleting Sections 175.8, 249.39,
9 413.7, 428A, revising Sections 181, 204.3, 226, 227, and 890.49, and adding Section 219.1,
10 to read as follows:

11 ~~**SEC. 175.8. SUNSET FOR INTEGRATED PDR USES.**~~

12 ~~—Any Integrated PDR use (as defined in Sec. 890.49) permitted by this Code will require~~
13 ~~conditional use authorization five years after the effective date of Ordinance Number 298-08 in order~~
14 ~~to allow for greater scrutiny of Integrated PDR uses in light of the City's Enterprise Zone Payroll Tax~~
15 ~~Credit program. The Planning Commission and Board of Supervisors should consider revising this~~
16 ~~control to continue permitting Integrated PDR uses if data show that 25 percent of all employees in~~
17 ~~areas Integrated PDR uses are eligible for the City's Enterprise Zone Payroll Tax Credit.~~

18 **SEC. 181. NONCONFORMING USES: ENLARGEMENTS, ALTERATIONS AND**
19 **RECONSTRUCTION.**

20 (a) A nonconforming use, and any structure occupied by such use, shall not be
21 enlarged, intensified, extended, or moved to another location, with the exception of the
22 construction of a mezzanine within a live/work unit and expansion of dwelling units in PDR
23 Districts, unless the result will be elimination of the nonconforming use, except as provided in
24 Paragraph (b)(3) and (i) below and Section 186.1 of this Code. A nonconforming use shall not
25 be extended to occupy additional space in a structure, or additional land outside a structure,

1 or space in another structure, or to displace any other use, except as provided in Sections 182
2 and 186.1 of this Code.

3 (b) A structure occupied by a nonconforming use shall not be constructed,
4 reconstructed or altered, unless the result will be elimination of the nonconforming use, except
5 as provided in Section 186.1 of this Code and in Subsections (a) above and (d), (e), (f) and (g)
6 below, and except as follows:

7 (1) Ordinary maintenance and minor repairs shall be permitted where necessary to
8 keep the structure in sound condition, as well as minor alterations, where such work is limited
9 to replacement of existing materials with similar materials placed in a similar manner.

10 (2) Minor alterations shall be permitted where ordered by an appropriate public official
11 to correct immediate hazards to health or safety, or to carry out newly enacted retroactive
12 requirements essential to health or safety.

13 (3) Alterations otherwise allowed by this Code shall be permitted for any portion of the
14 structure that will not thereafter be occupied by the nonconforming use, provided the
15 nonconforming use is not enlarged, intensified, extended, or moved to another location.

16 (4) All other alterations of a structural nature shall be permitted only to the extent that
17 the aggregate total cost of such other structural alterations, as estimated by the Department of
18 Public Works, is less than ½ of the assessed valuation of the improvements prior to the first
19 such alteration, except that structural alterations required to reinforce the structure to meet the
20 standards for seismic loads and forces of the Building Code shall be permitted without regard
21 to cost.

22 (c) A dwelling or other housing structure exceeding the permitted density of dwelling
23 units or other housing units set forth in Sections 207.5, 208, 209.1, 209.2, or 215 of this Code
24 for the district in which it is located shall be classified as a nonconforming use under Section
25 180 of this Code, but only to the extent that such dwelling or other housing structure exceeds

1 the permitted density. This Section 181 shall apply with respect to enlargements, alterations
2 and reconstruction of the nonconforming portion of such dwelling or other housing structure,
3 consisting of those dwelling units or other housing units which exceed the permitted density.
4 Any dwelling unit or other housing unit coming within the density limit shall not be affected by
5 this Section 181. Except as provided in Sections 181(h) and 182(e), no dwelling or other
6 housing structure exceeding the permitted density of dwelling units or other housing units
7 shall be altered to increase the number of dwelling units or other housing units therein, or to
8 increase or create any other nonconformity with respect to the dwelling unit or other housing
9 unit density limitations of Section 209.1 or Section 209.2.

10 (d) Notwithstanding the foregoing provisions of this Section 181, a structure occupied
11 by a nonconforming use that is damaged or destroyed by fire, or other calamity, or by Act of
12 God, or by the public enemy, may be restored to its former condition and use; provided that
13 such restoration is permitted by the Building Code, and is started within eighteen months and
14 diligently prosecuted to completion. The age of such a structure for the purposes of Sections
15 184 and 185 shall nevertheless be computed from the date of the original construction of the
16 structure. Except as provided in Subsection (e) below, no structure occupied by a
17 nonconforming use that is voluntarily razed or required by law to be razed by the owner
18 thereof may thereafter be restored except in full conformity with the use limitations of this
19 Code.

20 For purposes of this Subsection (d), "started within eighteen months" shall mean that
21 within eighteen months of the fire or other calamity or Act of God, the structure's owner shall
22 have filed a building permit application to restore the structure to its former condition and use.

23 (e) In order that major life safety hazards in structures may be eliminated as
24 expeditiously as possible, a structure containing nonconforming uses and constructed of
25 unreinforced masonry that is inconsistent with the requirements of the UMB Seismic Retrofit

1 Ordinance, Ordinance No. 227-92, may be demolished and reconstructed with the same
2 nonconforming use or a use as permitted by Planning Code Section 182; provided that there
3 is no increase in any nonconformity, or any new nonconformity, with respect to the use
4 limitations of this Code; provided further that the current requirements of the Building Code,
5 the Housing Code and other applicable portions of the Municipal Code are met; and provided
6 further that such restoration or reconstruction is started within one year after razing or other
7 demolition work on the structure and diligently prosecuted to completion.

8 (f) A nighttime entertainment use within the RSD, MUG, MUR, or SLR Districts may
9 be enlarged, intensified, extended or expanded, including the expansion to an adjacent lot or
10 lots, provided that: (1) the enlargement, intensification, extension or expansion is approved as
11 a conditional use pursuant to Sections 303 and 316 of this Code; (2) the use as a whole
12 meets the parking and signage requirements, floor area ratio limit, height and bulk limit, and
13 all other requirements of this Code which would apply if the use were a permitted one; and (3)
14 the provisions of Section 803.5(b) of this Code are satisfied.

15 (g) Automotive sales and service signs within the Automotive Special Use District
16 which have all required permits but which do not comply with the controls for new signs
17 established in Section 607.3 of this Code shall be permitted to remain as nonconforming uses
18 and shall be permitted to modify the signage text to describe new automobile ownerships and
19 dealerships that may occur from time to time.

20 (h) In PDR Districts, no building containing a residential use shall be altered to
21 increase the number of dwelling units or other housing units therein. However, individual
22 dwelling units or other housing units may be expanded, subject to height, bulk, and all other
23 provisions of this Code which would otherwise be applicable to dwelling units or other housing
24 units in the Urban Mixed Use District.

1 (i) In the Eastern Neighborhoods Mixed Use, PDR-1-D, and PDR-1-G Districts, a non-
2 residential nonconforming use may expand in gross floor area by no more than 25 percent
3 with conditional use authorization pursuant to Section 303 of this Code. Such conditional use
4 authorization may not be granted for any subsequent or additional expansion beyond the
5 initial 25 percent.

6 (j) In the PDR-1-D, PDR-1-G, and PDR-2 Districts, a storage building for household goods
7 shall be allowed to rebuild to its current square footage, as long as it provides at least one FAR of PDR
8 uses, as defined in Section 401. A Notice of Special Restriction (NSR) shall be recorded on the title of
9 any property receiving approval under this Section. This NSR shall provide the Planning Department
10 with the ability to enforce the provisions of this Section.

11 **SEC. 204.3. ACCESSORY USES IN C, M, AND PDR DISTRICTS.**

12 (a) No use shall be permitted as an accessory use to a lawful principal or conditional
13 use in any C-1 or C-2 District which involves or requires any of the following:

14 (1) The total employment for such accessory use of more than five persons in a C-1
15 District, or more than 10 persons in a C-2 District;

16 (2) The use of any single machine of more than one horsepower in a C-1 District, or
17 more than 2½ horsepower in a C-2 District;

18 (3) The use of machines in any one establishment in an aggregate of more than five
19 horsepower in a C-1 District, or more than 10 horsepower in a C-2 District;

20 (4) The use of more than ¼ of the total floor area occupied by such use and the
21 principal or conditional use to which it is accessory, except in the case of accessory off-street
22 parking or loading; or

23 (5) The production of goods not intended primarily for retail sale or use on the
24 premises.

1 (b) No use shall be permitted as an accessory use to a lawful principal or conditional
2 use in any C-3 District which involves or requires the use of any single machine of more than
3 five horsepower; or the use of more than ¼ of the total floor area occupied by such use and
4 the principal or conditional use to which it is accessory, except in the case of accessory off-
5 street parking and loading. These limitations shall not apply to equipment or machines
6 pertaining integrally to the lawful principal use itself.

7 (c) Notwithstanding the provisions of Sections 227(h) and (i) and 260(b)(2)(l) and (M)
8 of this Code, an accessory use to a lawful principal or conditional use in any C or M District
9 which involves or requires the installation of a tower or antenna solely for the reception of
10 radio and television broadcasts for the exclusive benefit of the residents or occupants in the
11 building on which the antenna is placed shall be permitted without regard to the height of such
12 tower or antenna and without regard to the proximity of such tower or antenna to any R
13 District.

14 (d) No use shall be permitted as an accessory use to a lawful principal or conditional
15 use in any PDR District which involves or requires the use of more than one-third (1/3) of the
16 total floor area occupied by such use and the principal or conditional use to which it is
17 accessory, except in the case of accessory retail, off-street parking, and loading. *Multiple PDR*
18 *uses within a single building or development may combine their accessory retail allotment into one or*
19 *more shared retail spaces, provided that the total allotment of accessory retail space per use does not*
20 *exceed what otherwise would be permitted by this Section.*

21
22 **SEC. 219.1. ALLOWANCE FOR USES TO SUPPORT THE DEVELOPMENT OF NEW**
23 **PDR SPACE IN THE PDR-1-D AND PDR-1-G DISTRICTS.**

24 (a) **Purpose.** The purpose of this provision is to support the increase in the overall stock of
25 PDR space in the City. Despite consistent and growing demand for PDR space in San Francisco, the

1 economics of building new PDR space are very challenging, even in PDR zoning districts where these
2 uses do not compete for land with other more economically-attractive uses. One way to make such
3 development economically viable is to utilize the value of other non-residential space, such as office
4 and institutional uses, to subsidize the construction of PDR space on properties that are largely vacant
5 or substantially underutilized and that do not contain significant PDR space that would be demolished.

6 (b) **Geography.** This provision applies to parcels that meet all of the following criteria:

7 (1) Are located in either the PDR-1-D or PDR-1-G Districts;

8 (2) Are located north of 20th Street;

9 (3) Contain a floor area ratio of 0.3 gross floor area or less as of January 1, 2014; and

10 (4) Are 20,000 square feet or larger.

11 (c) **Controls.** The Planning Commission may permit, per the procedures described below in
12 Subsection (d), non-PDR uses on the subject lot pursuant to the following provisions:

13 (1) At least 1/3 of the total gross floor area developed on the parcel shall contain PDR uses, as
14 defined in Section 401.

15 (2) For purposes of this Subsection, every square foot of Integrated PDR, as defined in Section
16 890.4, or Small Enterprise Workspace, as defined in Section 227(t), shall count as 0.5 square feet of
17 PDR space and 0.5 square feet of non-PDR space as specified in Subsection (3) below.

18 (3) The non-PDR space may contain one or both of the following uses:

19 _____ (A) Office, as defined in Section 890.70; and/or

20 _____ (B) Institutions, Other, as defined in Section 890.50.

21 (4) Uses other than those listed in Subsections (2) and (3) above, such as retail, are subject to
22 the controls of the underlying district.

23 (3) Contain a floor area ratio of less than 0.3 gross floor area or less as January 1, 2014 of the
24 date of this legislation; and

25 (4) Are 20,000 square feet or larger.

1 (c) Controls. The Planning Commission may permit, per the procedures described below in
2 Subsection (d), non-PDR uses on the subject lot pursuant to the following provisions:

3 (1) At least 1/3 of the total gross floor area developed on the parcel shall contain PDR uses, as
4 defined in Section 401.

5 (2) For purposes of this Subsection, every square foot of Integrated PDR, as defined in Section
6 890.4, or Small Enterprise Workspace, as defined in Section 227(t), shall count as 0.5 square feet of
7 PDR space and 0.5 square feet of non-PDR space as specified in Subsection (3) below.

8 (3) The non-PDR space may contain one or both of the following uses:

9 (A) Office, as defined in Section 890.70; and/or

10 (B) Institutions, Other, as defined in Section 890.50.

11 (4) Uses other than those listed in Subsections (2) and (3) above, such as retail, are subject to
12 the controls of the underlying district.

13 (5) No residential uses are permitted, even as part of Institutions as defined under 890.50,
14 except as allowed pursuant to Section 204.4.

15 (6) The PDR space in any building must be served by:

16 (A) Sufficient off-street loading, and

17 (B) One or more freight elevators, in accordance with Code Section 155(f).

18 (7) The project shall meet the Transportation Management Program requirements of Section
19 163(c) of the Planning Code.

20 (8) Accessory parking for uses listed in subsection (2) above may be permitted up to one space
21 per each 1,500 square feet of occupied floor area, and all such parking shall be subject to the pricing
22 requirements of Section 155(g).

23 (9) The project sponsor must develop a “PDR Business Plan”. The purpose of this PDR
24 Business Plan is to maximize the potential for the project to produce new PDR space that is viable and
25 affordable. The features of the PDR Business Plan should include, but are not limited to:

1 (A) Overall strategy to incorporate PDR businesses, including specifying which kinds of PDR
2 businesses are the target for the development;

3 (B) A description of the kinds of non-PDR businesses intended for the site and a plan for how
4 they will co-exist with the PDR businesses and any strategies required to achieve this balance;

5 (C) A description of how the site's marketing and outreach plan will effectively target these
6 same PDR businesses;

7 (D) A description of how the development's design is suited to PDR businesses;

8 (E) A description of the rent/purchase price proposed by the developer for the PDR spaces and
9 the approach to keep these rents accessible to PDR tenants over time;

10 (F) A detailed overview of the workforce and hiring strategy for the PDR businesses on the site,
11 as well as for the non-PDR businesses, including how the project sponsor will abide by City programs
12 such as the First Source Hiring Program, and how the project sponsor will inform its tenants about
13 other relevant public programs; and,

14 (G) A detailed community outreach plan, including a plan for engaging any specific community
15 partners in the development, tenanting of the project, and ongoing management of the PDR portions of
16 the property.

17 (10) The first Certificate of Occupancy for the PDR portion of the development must be issued
18 by the Department of Building Inspection before or concurrently with the first Certificate of Occupancy
19 for the non-PDR portion of the development unless the PDR and non-PDR portions are part of a single
20 site or building permit.

21 (d) Referral to OEWD. Upon receiving an application for a project under this Section, the
22 Planning Department shall inform the Director of the Office of Economic and Workforce Development
23 (OEWD) or successor agency, so that OEWD may inform the project sponsor of existing programs and
24 requirements relevant to PDR businesses, including any existing economic incentive and hiring
25 programs.

1 (e) Approvals.

2 (1) All projects seeking entitlement pursuant to this Section 219.1 shall be required to receive a
3 Conditional Use authorization, per Section 303 of the Planning Code. In evaluating a proposed
4 authorization under this Section, the Planning Commission shall consider:

5 _____ (A) The likely viability of the new PDR space created by the development, as influenced
6 by such factors as the content of the project sponsor’s PDR Business Plan, and whether the project
7 sponsor has the commitments of established PDR tenants and/or a demonstrated relationship with
8 organizations established in the PDR community.

9 _____ (B) Whether the project is an appropriate location and intensity for the proposed non-
10 PDR use, including but not limited to whether the location of non-PDR uses would be compatible with
11 or disruptive to PDR uses on the site and in the vicinity, recognizing that PDR uses may generate noise,
12 vibrations, odors, trucking activity, or other PDR-related operational characteristics.

13 (2) A Notice of Special Restriction (“NSR”) shall be recorded on the title of any property
14 receiving approval under this Section 219.1. Such NSR shall:

15 _____ (A) Designate the PDR portion of parcel, building, and/or development;

16 _____ (B) State that the proportion of gross floor area on the site dedicated to PDR uses shall
17 never be less than 1/3 of the total gross floor area on the parcel, including any future building or use
18 alterations or expansions;

19 _____ (C) Require the property owner to submit an annual report to the Planning Department
20 and OEWD, on or before January 31 of each year, describing the status of the implementation of its
21 PDR Business Plan, identifying PDR tenants on the property during the prior year, and providing
22 information on their respective square footages, number of employees, contact information for each
23 tenant, a description of the business or industry characteristics of each business, and the PDR space
24 vacancy on the parcel as of the date of each report; and,

25 (D) Provide the Planning Department with the ability to enforce the provisions of this Section.

(E) Restrict the ability of the non-PDR portion of the development from limiting the PDR portion from undertaking activities necessary to maintain PDR business operations in such matters as trucking and noise generation.

SEC. 226. MANUFACTURING AND PROCESSING.

SEC. 226. MANUFACTURING AND PROCESSING.

C-1	C-2	C-3-O	C-3-O(SD)	C-3-R	C-3-G	C-3-S	C-M	M-1	M-2	PDR-1-G	PDR-1-D	PDR-1-B	PDR-2
		P	P	P	P	P	P	NA	NA	P	P	P under 5,000 gsf	P

SEC. 226. MANUFACTURING AND PROCESSING.

(a) Light manufacturing uses, involving only the assembly, packaging, repairing or processing of previously prepared materials, which are conducted within a building but do not occupy the ground story of any building; provided:

(1) That no part of a building so occupied shall have any opening, other than fixed windows and exits required by law, within 50 feet of any R District;

(2) That the mechanical equipment required for such uses, together with related floor space used primarily by the operators of such

1														equipment, shall not in the aggregate occupy more than ¼ of the gross floor area of the building in which the uses are located; and
2														(3) That no machine shall be used that has more than five horsepower capacity.
3														(b) Light manufacturing which occupies not more than ½ the ground story of the building and involves or requires no machine that has more than five horsepower capacity, if conducted entirely within an enclosed building; provided, that no part of a building so occupied shall have any opening, other than fixed windows and exits required by law, within 20 feet of any R District.
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5														
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11														
12														
13						P	P	NA	NA	P	P	P	under	
14													5,000	
15													gsf	
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22														
23						P	P	NA	NA	P	P	P	under	
24													5,000	
25													gsf	

1															any opening, other than fixed windows or exits required by law, within 20 feet of any R District.
2															(d) Light manufacturing, not including any use first specifically listed below.
3															(e) Industrial or chemical research or testing laboratory, not involving any danger of explosions.
4								P	P	P	P	P under 5,000 gsf	P		
5															
6															
7			P	P	P	P	P	P	P	P	P	P under 2,500 gsf	P		(f) Life Science laboratory (as defined in Sections 890.52 and 890.53) Reserved for future use.
8															
9															
10			P	P	P	P	P	P	P						
11															
12															
13															(g) Battery manufacture, if conducted on premises not less than 200 feet from any R District.
14								P	P	P					
15															
16															(h) Any of the following uses, when conducted within a completely enclosed building; provided, that no part of a building so occupied shall have any opening, other than fixed windows or exits required by law, within 50 feet of any R District:
17															
18															
19															
20															
21															
22															
23															
24								<u>P</u>	<u>P</u>	<u>C</u>	<u>C</u>		<u>P</u>		(1) Automobile assembling.
25								<u>P</u>	<u>P</u>	<u>C</u>	<u>P</u>		<u>P</u>		(2) Bottling plant, brewery, dairy

1															any R District, without limitation as to nature of sale.
2															(t) Stockyard, livestock feed yard, abattoir.
3									C						
4															(u) Rendering or reduction of fat, bones or other animal material, where adequate provision is made for the control of odors through the use of surface condensers and direct-flame afterburners or equivalent equipment.
5															
6															
7															
8								C	C	C				C	
9															
10															
11															
12															(v) Incineration of garbage, refuse, dead animals or parts thereof.
13									C						
14															(w) The following uses, when conducted not less than 500 feet from any R or NC District:
15									P					C	(1)
16															Manufacture, refining, distillation or treatment of any of the following:
17															abrasives, acid (noncorrosive), alcohol, ammonia, asbestos, asphalt, bleaching powder, candles (from tallow), celluloid, chlorine, coal, coke, creosote, dextrine, disinfectant, dye, enamel, gas
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is a ~~single-building use that is~~ comprised of discrete workspace units ~~of limited size that~~ ~~which~~ are independently accessed from building common areas.

(1) The S.E.W. building must meet the following additional requirements:

(A) Each unit may contain only uses principally or conditionally permitted in the subject zoning district, or office uses (as defined in Section 890.70);

(B) Any non-accessory retail uses are subject to any per parcel size controls of the subject zoning district;

(C) No residential uses shall be permitted;

(D) ~~Fifty percent of the units in the building must contain no more than 500 gross square feet each, while the remaining fifty percent~~ Each of the units in the building must contain no more than ~~2,500~~ 1,500 gross square feet each; an exception to this rule applies for larger PDR spaces on the ground floor, as described in subsection (E) below

(E) An S.E.W. building may contain units larger than ~~2,500~~ 1,500 square feet on the ground floor as long as each such unit contains a principal PDR use. For the purposes of this Section, a PDR use is one identified in Sections 220, 222, 223, 224, 225, 226, 227(a), 227(b), and 227(p) of this Code. Such PDR units may be independently accessible from

the street.

(F) After the issuance of any certificate of occupancy or completion for the building, any merger, subdivision, expansion, or other change in gross floor area of any unit shall be permitted only as long as the provisions of this subsection (D) and (E) are met. ~~To facilitate review of any such project, all such applications will be referred to the Planning Department, and applicants are required to submit full building plans, not just the unit(s) subject to the change in floor area.~~

(2) S.E.W. units may be established only in new buildings or in buildings for which a first certificate of occupancy or completion was issued after ~~the effective date of this Section~~ January 19, 2009.

(3) Where permitted, S.E.W. Buildings are exempt from the controls in Sec. 230 limiting demolition of industrial buildings.

(4) S.E.W. projects shall provide a PDR Business Plan in accordance with the requirements of Section 219.1(c)(9).

(5) In considering the approval of a S.E.W. project, the Planning Commission should consider the likely viability of the new PDR space that the development creates, as influenced by such facts as the content of the project sponsor's PDR Business Plan and whether the project sponsor has the commitments of established PDR tenants and/or a demonstrated

1 ~~An exception to this process exists for Integrated PDR projects that are subject to Section 428~~
2 ~~of this Code, for which only 50% of the fees must be paid before the issuance of the first construction~~
3 ~~document or first certificate of occupancy with a deferral surcharge, whichever applies.~~

4 ~~**SEC. 428A. INTEGRATED PDR FEE DISCOUNT PROGRAM.**~~

5 ~~(a) **Purpose.** The purpose of the Integrated PDR Fee Discount Program is to encourage the~~
6 ~~hiring of disadvantaged workers by existing or future business tenants and/or occupants in newly~~
7 ~~permitted Integrated PDR space. Owners of buildings with Integrated PDR space are given the option~~
8 ~~of deferring up to fifty percent of development impact fees that would otherwise be owed, to encourage~~
9 ~~their Integrated PDR tenants and/or occupants to register their respective business with the Office of~~
10 ~~Economic and Workforce Development's (OEWD) Integrated PDR Program. At the end of a five-year~~
11 ~~period commencing upon issuance of the first site or building permit, owners of Integrated PDR~~
12 ~~buildings will be responsible for payment of the full deferred amount unless they can demonstrate to the~~
13 ~~Planning Department, based on registration records submitted to OWED, that a certain percentage of~~
14 ~~the employees occupying Integrated PDR space qualify as "disadvantaged workers." The greater the~~
15 ~~percentage of disadvantaged workers, the higher the fee waiver.~~

16 ~~(b) **Definitions.**~~

17 ~~(1) **Applicant.** For purposes of this section, the owner of a building that contains permitted~~
18 ~~Integrated PDR space.~~

19 ~~(2) **Integrated PDR.** This is defined in Section 890.49.~~

20 ~~(3) **Disadvantaged worker.** Any employee who qualifies for the California State.~~

21 ~~(4) **Enterprise Zone hiring credit for the San Francisco Enterprise Zone.**~~

22 ~~(5) **Discount eligible worker,** a disadvantaged worker who lives within the City and County of~~
23 ~~San Francisco.~~

1 ~~(6) Discount program fees. The fees that are subject to this discount program are the Eastern~~
2 ~~Neighborhoods Fees (per Sec. 327), the Transit Impact Development Fee (TIDF) (per Chapter 38 of~~
3 ~~the Administrative Code), and the Jobs Housing Linkage Fee (per Section 313).~~

4 ~~(7) Integrated PDR Registration Record. A dated receipt acknowledging that the subject~~
5 ~~Integrated PDR business has newly registered or updated their existing registration with the Office of~~
6 ~~Economic and Workforce Development (OEWD).~~

7 ~~(8) Outstanding Discount Program fees. The 50% of Discount program fees that are not paid~~
8 ~~at the issuance of the first site or building permit.~~

9 ~~(c) Controls.~~

10 ~~(1) Any project involving the establishment of net new Integrated PDR space may choose to~~
11 ~~avail itself of the fee discounts described below in this Subsection.~~

12 ~~(2) Initial fee reduction and payment:~~

13 ~~—— (A) At the issuance of the first site or building permit, the Applicant will pay 50% of~~
14 ~~discount program fees.~~

15 ~~—— (B) An Integrated PDR Notice of Special Restrictions (NSR) will be placed on the~~
16 ~~property stating the following:~~

17 ~~—— (i) The amount of Outstanding Discount Program fees.~~

18 ~~—— (ii) That the Outstanding Discount Program fees, adjusted for the cost of living as~~
19 ~~defined by the Controller's Office, will be paid within 30 days of notification of the applicant by the~~
20 ~~Planning Department of the amount of payment due. A reduction or waiver of these outstanding fees is~~
21 ~~available only if the conditions of subsection (c)(3) of this Section are met.~~

22 ~~(3) Outstanding Discount Program fee determination and payment:~~

23 ~~—— (A) After five years from the issuance of the first site or building permit for any~~
24 ~~Integrated PDR space, the Applicant must pay the Outstanding Discount Program fees.~~

1 ~~—— (B) An Applicant may seek to waive or reduce any Outstanding Discount Program fees~~
2 ~~by providing sufficient evidence in the form of Integrated PDR Registration Records to demonstrate to~~
3 ~~the Planning Department that they have satisfied the workforce goals of the Integrated PDR program~~
4 ~~as of the date of the filing of an application for such a waiver.~~

5 ~~—— (C) Outstanding Discount Program fees may be waived or forgiven under the following~~
6 ~~circumstances:~~

7 ~~—— (i) If 10% to 14.9% of the total workforce currently employed in space that is permitted~~
8 ~~as Integrated PDR is discount-eligible workers, then 50% of the outstanding fees will be waived.~~

9 ~~—— (ii) If 15% to 19.9% of the total workforce currently employed in space that is~~
10 ~~permitted as Integrated PDR is discount-eligible workers, then 60% of the outstanding fees will be~~
11 ~~waived.~~

12 ~~—— (iii) If 20% to 24.9% of the total workforce currently employed in space that is~~
13 ~~permitted as Integrated PDR is discount-eligible workers, then 70% of the outstanding fees will be~~
14 ~~waived.~~

15 ~~—— (iv) If 25% to 29.9% of the total workforce currently employed in space that is~~
16 ~~permitted as Integrated PDR is discount-eligible workers, then 80% of the outstanding fees will be~~
17 ~~waived.~~

18 ~~—— (v) If 30% to 34.9% of the total workforce currently employed in space that is~~
19 ~~permitted as Integrated PDR is discount-eligible workers, then 90% of the outstanding fees will be~~
20 ~~waived.~~

21 ~~—— (vi) If 35% or more of the total workforce currently employed in space that is permitted~~
22 ~~as Integrated PDR is discount-eligible workers, then 100% of the outstanding fees will be waived.~~

23 ~~—— (D) Applicants who cannot provide sufficient evidence in the form of Integrated PDR~~
24 ~~Registration records to demonstrate to the Planning Department that tenants and/or occupants of any~~
25 ~~Integrated PDR space have satisfied the annual reporting requirements of the Office of Economic and~~

1 ~~Workforce Development (OEWD), or its successor, will not be eligible for any waivers or reductions of~~
2 ~~Outstanding Discount Program Fees, and will owe the full amount of any Outstanding Discount~~
3 ~~Program Fees five years after the issuance of the first site or building permit. These annual reporting~~
4 ~~requirements are stated contained in the City's Administrative Code Sec. 10E.7.~~

5 ~~——— (E) Applicants must apply to the Planning Department for Outstanding Discount~~
6 ~~Program Fee reduction or waiver. This application must be submitted within three months before or~~
7 ~~after the five-year anniversary of the issuance of the first site or building permit. The Planning~~
8 ~~Department shall transmit the application to the Office of Economic and Workforce Development~~
9 ~~(OEWD), or its successor, for verification of relevant employment statistics, and the Director of OEWD~~
10 ~~shall subsequently submit its findings to the Planning Department.~~

11 ~~——— (F) Payment of outstanding fees is due within 30 days of notification of the applicant by~~
12 ~~the Planning Department of the amount of payment due.~~

13 ~~——— (G) Failure to pay shall be deemed a violation of the Planning Code and result in an~~
14 ~~enforcement action by the Department, which may include, referral to the Bureau of Delinquent~~
15 ~~Revenue and a lien on the subject property. Any enforcement action also may result in additional~~
16 ~~charges or penalties to cover the City's costs in the enforcement action, including, but not limited to~~
17 ~~City Attorney's fees.~~

18 **SEC. 890.49. INTEGRATED PDR.**

19 (a) Integrated PDR is a land use that meets the following requirements:

20 (1) ~~Contains at least the following amount of PDR activities:~~

21 ~~——— (A) For uses of 2,000 gross square feet or greater, at At least 1/3 of the total space~~
22 ~~of the use shall contain PDR activities as defined in Section 401; ~~or~~~~

23 ~~(B) For uses of less than 2,000 gross square feet, at least 20% of the total space shall~~
24 ~~contain PDR activities;~~

1 (2) All uses in the space are conducted as integral and related parts of a single business
2 activity or enterprise;

3 (3) Does not include residential activities;

4 (3 4) The ~~remaining~~ non-PDR space may contain any non-residential use permitted in
5 the MUO District ~~as long as~~;

6 (A 5) Retail space is limited to 1/3 of the total space; ~~and~~

7 ~~(B) All uses in the space are conducted as integral and related parts of a single~~
8 ~~business activity or enterprise;~~

9 (6) Any retail space contained within the Integrated PDR use shall not count against any per
10 parcel retail limits of the subject zoning district; and

11 ~~(C) May include any non-office uses that integrate multimedia, information technology,~~
12 ~~or software development functions;~~

13 ~~—— (D) Do not include typical office support functions; and~~

14 ~~—— (E) Occur in space specifically designed to accommodate the industrial nature of the~~
15 ~~PDR activities.~~

16 ~~(5) Any retail space contained within the Integrated PDR use shall not count against any per-~~
17 ~~parcel retail limits of the subject zoning district.~~

18 (b) Integrated PDR uses are subject to the following requirements only permitted in the
19 following buildings:

20 (1) These uses are only permitted in buildings:

21 ~~—— (A) That Buildings that were constructed before 1951 which were at least three~~
22 ~~stories in height above grade, excluding those building features listed in Section 260(b) and related~~
23 ~~structures, as of the effective date of Ordinance Numbers 0297-08, 0298-08, 0299-08 and 0300-08 as of~~
24 January 19, 2009; or

1 (~~B 2~~) ~~For Building for which a first certificate of occupancy was issued after the~~
2 ~~effective date of Ordinance Numbers 0297-08, 0298-08, 0299-08, and 0300-08~~January 19, 2009;

3 (c) Integrated PDR uses are required to develop a PDR Business Plan. The purpose of this
4 PDR Business Plan is to maximize the potential for the project to produce new PDR space that is viable
5 and affordable. The features of the PDR Business Plan should include, but are not limited to, a detailed
6 overview of the workforce and hiring strategy for the PDR portion of IPDR businesses on the site. For
7 those IPDR projects that require Planning Commission approval, the Planning Commission should
8 consider the likely viability of the new PDR space that the development creates based on the content of
9 the project sponsor's PDR Business Plan.

10 (~~2 d~~) A Notice of Special Restriction (NSR) shall be recorded on the title of any
11 property containing an Integrated PDR use. ~~The Planning Department shall forward a copy of~~
12 ~~each NSR to the Mayor's Office of Economic and Workforce Development, or a successor office, for~~
13 ~~purposes of record keeping and monitoring. This NSR shall include a copy of the use provisions of this~~
14 ~~Section and also require that the property owner:~~

15 ——— (~~A~~) ~~Ensure that all new Integrated PDR tenants and/or occupants register with the~~
16 ~~Office of Economic and Workforce Development's PDR Program. The purpose of this registration is to~~
17 ~~confirm the accuracy of each tenant's or occupant's NAICS code on their Business Registration and~~
18 ~~Payroll Tax forms, collect basic information on the nature of each tenant's or occupant's business,~~
19 ~~including the total number of employees to inform the tenant or occupant of available tax credits and~~
20 ~~other benefits of the state and local Enterprise Zone program; and to determine, to the extent possible,~~
21 ~~the total number of employees that reside within the City and are eligible to receive State Enterprise~~
22 ~~Zone tax credits ("IPDR Disadvantaged Employees"); and~~

23 ——— (~~B~~) ~~Report annually to the Planning Department staff on any reallocation of space~~
24 ~~within an Integrated PDR space~~ This NSR shall provide the Planning Department with the ability to
25 enforce the provisions of this Section.

1 (e) Integrated PDR uses are not subject to the annual office limit controls of Sections
2 320-324.

3
4 Section 3. The Administrative Code is hereby amended by revising Section 10E.2, to
5 read as follows:

6 **SEC. 10E.2. EASTERN NEIGHBORHOODS AREA PLANS MONITORING**
7 **PROGRAM.**

8 * * * * *

9 ~~(d) INTEGRATED PDR REPORTING.~~

10 ~~(1) The owner of any property subject to an Integrated PDR Notice of Special Restrictions~~
11 ~~(NSR) recorded pursuant to Planning Code Section 328 is required to ensure that any new tenants or~~
12 ~~new occupants of any space that is permitted as Integrated PDR contact the Integrated PDR Program~~
13 ~~of the Office of Economic and Workforce Development (OEWD), or its successor, to register their~~
14 ~~respective Integrated PDR business with OEWD's Integrated PDR Program Database and that these~~
15 ~~same businesses continually update OEWD's PDR Program Database on an annual basis.~~

16 ~~(2) Upon successful registration of a new Integrated PDR business, OEWD will provide each~~
17 ~~individual Integrated PDR business registrant with a dated receipt acknowledging that the subject~~
18 ~~Integrated PDR business has newly registered or updated their existing registration with OEWD. This~~
19 ~~receipt shall be referred to as an "Integrated PDR Registration Record" for purposes of this Section~~
20 ~~and Planning Code Section 328. If an Integrated PDR business failed to register for an Integrated PDR~~
21 ~~Registration Record as of December 31st of the subject year, the OEWD is prohibited from issuing a~~
22 ~~receipt for that year.~~

23 ~~(3) It is the responsibility of the owner of any property subject to an Integrated PDR NSR~~
24 ~~recorded pursuant to Planning Code Sections 328 to collect and retain copies of any Integrated PDR~~
25 ~~Registration Records obtained by any tenant or occupant in a property subject to this Section.~~

1 ~~(4) Property owners who cannot provide sufficient evidence in the form of Integrated PDR~~
2 ~~Registration Records to demonstrate to the Planning Department that current and former occupants of~~
3 ~~any Integrated PDR space have satisfied the initial registration and annual reporting requirements~~
4 ~~outlined in this Section will not be eligible for any waivers or reductions of Outstanding Discount-~~
5 ~~Program Fees as set forth in Planning Code Section 328.~~

6 ~~(5) OEWD, or its successor, shall make available summary reports of any and all Integrated~~
7 ~~PDR business data collected pursuant to this program at the request of the Planning Department staff~~
8 ~~or the Planning Commission, as necessary for their enforcement of any provisions of the Planning~~
9 ~~Code or for general information.~~

10 ~~(6) OEWD, or its successor, shall provide a 5-year summary report on the status of~~
11 ~~employment of disadvantaged workers, as defined in Planning Code Section 328(b)(2) and the profile~~
12 ~~of all businesses registered under this program within 6 months of the 5-year anniversary of the~~
13 ~~adoption of this Section. This summary report shall contain data on the total number and types of~~
14 ~~businesses occupying Integrated PDR space, as well the total percentage share of the total workforce~~
15 ~~employed by businesses occupying Integrated PDR space that qualify as disadvantaged workers as of~~
16 ~~the 5-year anniversary of the effective date of this Section.~~

17 ~~(e d)~~ **EASTERN NEIGHBORHOODS CITIZENS ADVISORY COMMITTEE.**

18 **(1) Establishment and Purpose.** An Eastern Neighborhoods Citizens Advisory
19 Committee (CAC) is hereby established. Within 6 months of adoption of the Eastern
20 Neighborhoods Area Plan and related Planning Code changes, the Mayor and the Board of
21 Supervisors shall have appointed all members to the CAC. The CAC shall be the central
22 community advisory body charged with providing input to City agencies and decision makers
23 with regard to all activities related to implementation of the Eastern Neighborhoods Area
24 Plans. The CAC is established for the purposes of providing input on the prioritization of
25 Public Benefits, updating the Public Benefits program, relaying information to community

1 members in each of the four neighborhoods regarding the status of development proposals in
2 the Eastern Neighborhoods, and providing input to Plan Area monitoring efforts as
3 appropriate. The CAC shall be advisory, as appropriate, to the Planning Department, the
4 Interagency Planning & Implementation Committee (IPIC), the Planning Commission and the
5 Board of Supervisors. The CAC may perform the following functions as needed:

6 (A) Collaborate with the Planning Department and the Interagency Plan
7 Implementation Committee on prioritizing the community improvement projects and identifying
8 implementation details as part of annual expenditure program that is adopted by the Board of
9 Supervisors;

10 (B) Provide an advisory role in a report-back process from the Planning
11 Department on enforcement of individual projects' compliance with the Area Plans standards
12 and on specific conditions of project approvals so that those agreements will be more
13 effectively implemented;

14 (C) Collaborate with the Planning Department and relevant city agencies in the
15 monitoring of the Plans' implementation program at approximately every fifth year, in
16 coordination with the Monitoring Program required by the Administrative Code Section 10.E;
17 and provide input to Plan Area monitoring efforts for required time-series reporting.

18 (2) **Representation and Appointments.**

19 (A) The CAC shall consist 19 members representing the diversity of the
20 Eastern Neighborhoods; key stakeholders, including resident renters, resident homeowners,
21 low-income residents, local merchants, established neighborhood groups within the Plan
22 Area; and other groups identified through refinement of the CAC process.

23 (B) All members shall live, work, own property or own a business in the Eastern
24 Neighborhoods Plan Area they are appointed to represent.

1 (C) The Board of Supervisors shall appoint a total of eleven members to the
2 CAC. Based on the Supervisorial District boundaries, the District 6 and 10 Supervisors shall
3 nominate 4 four CAC members, the District 9 Supervisor shall nominate two CAC members,
4 and the District 8 Supervisor shall nominate one CAC member. The appointment of each of
5 the Board's CAC nominees shall be confirmed by the full Board of Supervisors.

6 (D) The Mayor shall appoint a total of eight members, with one voting member
7 representing each of the five neighborhoods, and three voting at-large members.

8 (E) Members shall serve for two-year terms, but those terms shall be staggered
9 such that, of the initial membership, some members will be randomly selected to serve four
10 year terms and some will serve two year terms.

11 (F) At the first official meeting of the CAC, which shall not occur until at least 13
12 voting members of the CAC have been appointed by the respective appointment process, a
13 lottery shall be conducted in order to randomly select four Board of Supervisors appointees
14 and two Mayoral appointees to serve four-year terms. At a subsequent meeting, when the
15 final two voting members of the CAC have been appointed by the respective appointment
16 process, a lottery shall be conducted in order to randomly select which member shall serve a
17 four-year term.

18 (G) The Board of Supervisors and Mayor may renew a member's term by
19 repeating the respective appointment process.

20 (3) Committees or Working Groups of the CAC. According to procedures set forth in
21 bylaws adopted by the CAC, the CAC may, at its discretion create subcommittees or working
22 groups based around geographic areas or functional issues. Each of these subcommittees or
23 working groups shall contain at least one CAC member who is eligible to vote, but may also
24 be comprised of individuals who are not members of the CAC. If a non-voting member of the
25

1 CAC serves on a subcommittee or working group that individual may act as a voting member
2 of the subcommittee or working group.

3 (4) Staffing for Eastern Neighborhoods Citizens Advisory Committee. The Planning
4 Department or Interagency Plan Implementation Committee shall designate necessary
5 staffing from relevant agencies to the CAC, as needed to complete the responsibilities and
6 functions of the CAC described in this code. To the extent permitted by law, staffing and
7 administrative costs for the CAC shall be funded through the Eastern Neighborhoods Public
8 Benefits Fund. Staff shall participate in the Interagency Planning and Implementation
9 Committee as set forth in Administrative Code Section 36.

10 (5) The Eastern Neighborhoods CAC will automatically terminate on December 31,
11 2020, unless the Board of Supervisors extends the CAC's term by Ordinance.

12
13 Section 4. Effective Date. This ordinance shall become effective 30 days after
14 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
15 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
16 of Supervisors overrides the Mayor's veto of the ordinance.

17
18 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
19 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
20 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
21 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
22 additions, and Board amendment deletions in accordance with the "Note" that appears under
23 the official title of the ordinance.

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

3 By: _____
4 John D. Malamut
Deputy City Attorney

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Attachment B.
Draft Planning Commission
Resolution



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Resolution

HEARING DATE MARCH 13, 2014

Project Name: **PDR Facilitation**
Case Number: 2013.1896T [Board File No. 131205]
Initiated by: Mayor Lee, Supervisors Cohen, Campos, and Chiu
Staff Contact: Steve Wertheim, Citywide Planning
steve.wertheim@sfgov.org, 415-558-6612
Reviewed by: Joshua Switzky, Acting Chief of Citywide Planning
joshua.switzky@sfgov.org, 415-575-6815
Recommendation: **Recommend Approval with Modifications**

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE BY DELETING SECTIONS 175.8, 249.39, 413.7, 428A, 890.49 AND REVISING SECTIONS 181, 204.3, 226, AND 227, AND ADDING SECTION 219.1, AND AMEND THE ADMINISTRATIVE CODE BY REVISING SECTION 10E.2, TO ADDRESS VARIOUS REVISIONS TO PDR AND SMALL ENTERPRISE WORKPLACE ZONING CONTROLS TO FACILITATE THE ESTABLISHMENT OF SUCH USES AND ELIMINATING INTEGRATED PDR AS A USE, AFFIRMING THE PLANNING DEPARTMENT'S CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION, AND MAKING PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

WHEREAS, on December 17, 2013, Mayor Lee and Supervisors Cohen, Campos, and Chiu (hereafter "legislative sponsors") introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 131205, which would amend the Planning Code by deleting Sections 175.8, 249.35B, 249.39, 413.7, 428A, revising Sections 181, 204.3, 226, 227, and 890.49, and adding Section 219.1, and amend the Administrative Code by revising Section 10E.2, to address various revisions to Production, Distribution, and Repair (PDR), Integrated PDR, and Small Enterprise Workplace zoning controls to facilitate the establishment of such uses;

WHEREAS, on March 4, 2014 the legislative sponsors re-introduced Ordinance 131205 to incorporate a number of amendments requested by stakeholders;

WHEREAS, since March 4, 2014 the legislative sponsors have requested four modifications to the Ordinance: (1) in proposed Planning Code Section 219.1(c)(9)(F), to add to the PDR Business Plan that the legislative sponsors shall consider utilizing other local, State and Federally subsidized hiring programs including but not limited to the work opportunity tax credit, California new jobs tax credit, Jobs Now! Program, Hire SF and the California new employment tax credit authorized by AB93; (2) in proposed Planning Code Section 219.1(e)(2)(C) to add to the annual reporting requirements that the project sponsor

or owner will need to also report on current rents or lease terms for the PDR spaces; (3) in proposed Planning Code Section 219.1(f) to add a new subsection limiting this program to a three-year pilot program, which would need to be re-authorized by the Board of Supervisors if there was a desire to re-authorize it. Also established that a project must submit its environmental application to the Planning Department within this three year period to be considered eligible for the program; and (4) in Planning Code Section 890.49 and others, to remove Integrated PDR as a use from the Planning Code.

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to discuss the proposed Ordinance on February 6, 2014; and,

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on March 13, 2013; and,

WHEREAS, the proposed Ordinance has been determined not to be a project under the California Environmental Quality Act Section 15060(c); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors **approve the proposed ordinance with the modifications listed above.**

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. In 2008, the Board of Supervisors adopted the Eastern Neighborhoods Plan and related zoning, in part to refine the City's approach to PDR (production, distribution, and repair) uses and to preserve and encourage such uses in the southeastern neighborhoods of the City. This legislative package is comprised of Ordinance Nos. 297-08, 298-08, and 299-08, copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 081152, 081153, and 081154 respectively, and incorporated herein by reference. Since the adoption of this Plan and its associated zoning, the City has determined that the continued establishment, evolution, and adaptation of these uses demands a more responsive set of zoning controls in the Planning Code.
2. The amended zoning controls in this legislation attempt to satisfy the following goals: (1) Make it easier to establish PDR as a principally permitted use; (2) Allow PDR uses to share accessory retail space; (3) Entice the development of PDR on underdeveloped parcels in PDR Districts; (4)

Support creation of new PDR space in re-built non-conforming self-storage uses; (5) Make “Small Enterprise Workspace” (SEW) to be more attractive to build; (6) Eliminate “Integrated PDR” (IPDR) as a land use; and (7) Clean up the definition of PDR.

3. **General Plan Compliance.** The proposed amendments to the Planning Code and Administrative Code are in keeping with the Central Waterfront, Mission, and Showplace Square/Potrero Hill Area Plans, particularly to protect and promote PDR activities (Policy 1.1.1 in all three Area Plans); the Commission finds that the proposed Ordinance is not inconsistent with the Objectives and Policies of the General Plan.

4. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative impact on neighborhood serving retail uses and will not impact opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would not have a negative effect on housing or neighborhood character.

3. That the City’s supply of affordable housing be preserved and enhanced;

The proposed Ordinance would not have an adverse effect on the City’s supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed Ordinance would not enhance the economic wellbeing of our industrial and service sectors, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of

life in an earthquake;

The proposed Ordinance would not have an impact on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an impact on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance would not have an impact on the City's parks and open space and their access to sunlight and vistas.

- 8. Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on March 13, 2014.

Jonas Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: March 13, 2014

Attachment C.
Guide to Changes between versions of
BOS 131205

Guide to Changes to BOS 131205

The Board of Supervisors introduced BOS 131205 on December 17, 2013. The legislation was reintroduced on March 4, 2014. Subsequently, additional changes have been proposed by the legislative sponsors.

The following tables were created to help keep track of the evolution of the legislation.

- Table 1 conveys the changes between the version of BOS 131205 introduced on December 17, 2013 and the version introduced on March 4, 2014.
- Table 2 conveys additional modifications being proposed by the legislative sponsors. These changes are not yet reflected in the introduced legislation that is contained in Appendix A of this Case Report.

Table 1 – Differences between the December 17, 2013 and March 4, 2014 Versions of BOS 131205

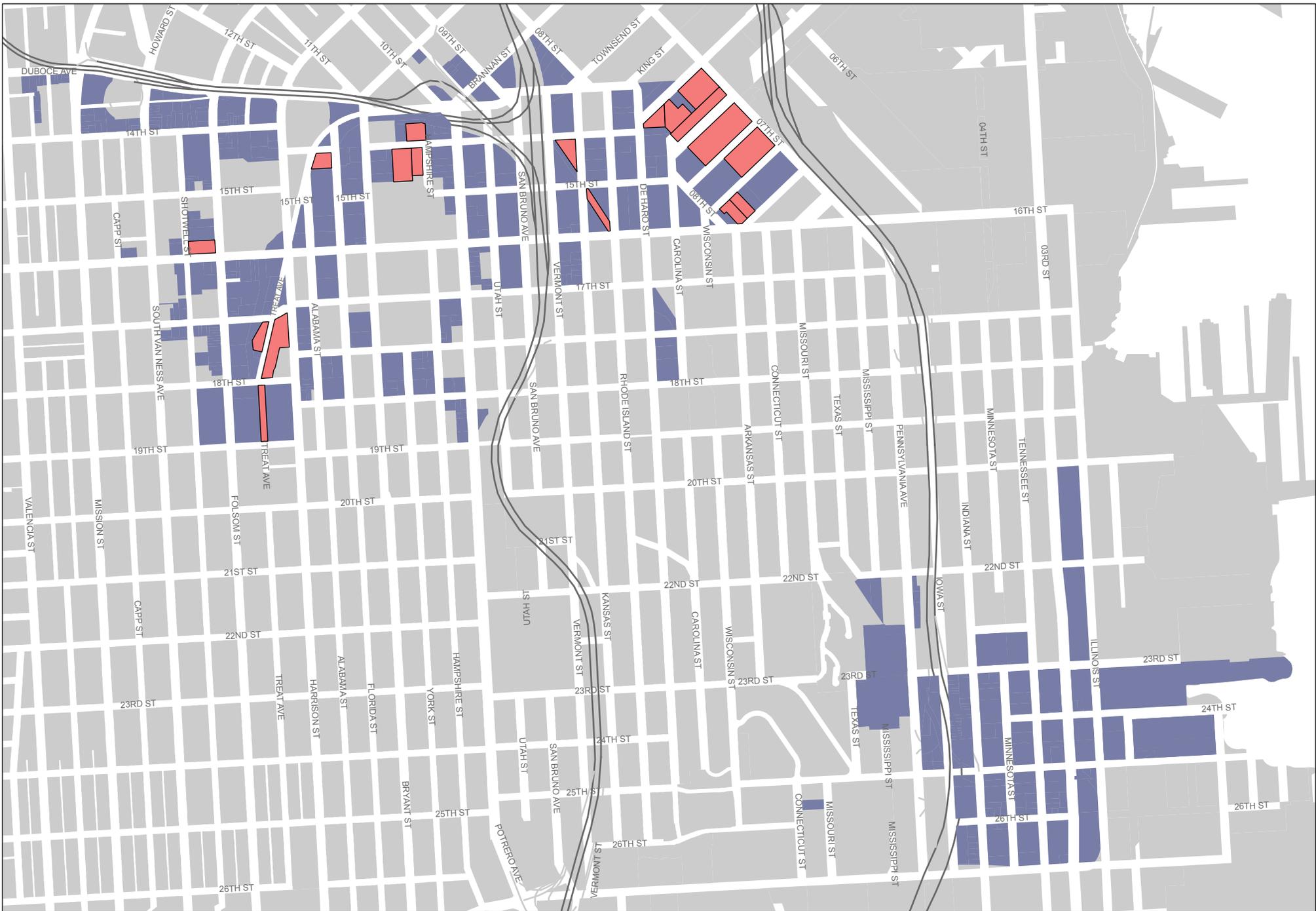
Section	Change
Findings	Updated to include list of parcels to which 219.1 applies.
204.3(d)	Removed clause requiring shared space to be proportional to the use; allow uses to be combined over a development, and in multiple spaces.
219.1(b)(3)	Language revised to clarify that eligible parcels must have a Floor Area Ratio under 0.3, and to create a definitive date under which they must be in this condition.
219.1(c)(5)	Clarified that accessory residential was allowed, but no other residential, including in potential institutional uses.
219.1(c)(6)(A) and (B)	Revised the requirements around loading and freight elevators to be consistent with best practices.
219.1(c)(6)(C)	Removed the minimum ceiling heights for upper floors of new buildings, as they counter-productively reduced development capacity, and because the FAR limits on these new buildings serve the function of supporting higher floor heights.
219.1(c)(9)	Added section describing PDR Business Plan in substantial detail.
219.1(d)	Inserted a referral program to OEWD, which will enable OEWD to early on inform the project sponsor and eventually tenants of all relevant programs that can affect and support PDR businesses and workers.
219.1(e)(1)(A)	Language written to make sure project approval is based on the content and fulfillment, to date, of the PDR Business Plan.
219.1(e)(2)(A)	Language clarified to better handle cases where there are multiple buildings.
219.1(e)(2)(C)	Include that the annual report will include an update on fulfillment of the PDR Business Plan
219.1(e)(2)(E)	Added a section protecting the PDR portion of site from claims by the non-PDR portion.
226(e) and 227(w)	Undid movement of industrial labs to Section 227, as industrial labs are seen as a PDR use.
226(g)	Undid deletion of battery manufacture, which was a staff mistake in the first version.
227(t)	Returned SEW to NP in PDR-2

Section	Change
227(t)(1)(B)	Added “non-accessory” to retail.
227(t)(2)	Added the date that the Eastern Neighborhoods went into effect.
227(t)(4)	Added that a PDR Business Plan is required for SEW.
227(t)(5)	Added that the Commission should consider the PDR Business Plan in their approval process.
227(u)	Make IPDR a CU in PDR Districts
249.35B	Rescinded the removal of this section from the Code by deleting this change from the legislation.
890.49(a)(1)	Have IPDR utilize the definition of PDR contained in Section 401, as used elsewhere in Code.

Table 2 – Additional Modifications Proposed by the Project Sponsors Since March 4, 2014 (these changes are not reflected in the legislation included in Attachment A of this Case Report)

Section	Proposed Change
219.1(c)(9)(F)	Add to the PDR Business Plan that the project sponsors shall consider utilizing other local, State and Federally subsidized hiring programs including but not limited to the work opportunity tax credit, California new jobs tax credit, Jobs Now! Program, Hire SF and the California new employment tax credit authorized by AB93.
219.1(e)(2)(C)	Add to the annual reporting requirements that the project sponsor or owner will need to also report on current rents or lease terms for the PDR spaces.
219.1(f)	Add a new subsection limiting this program to a three-year pilot program, which would need to be re-authorized by the Board of Supervisors if there was a desire to re-authorize it. Also established that a project must submit it environmental application to the Planning Department before the end of this three year period to be considered eligible for the program.
890.49 and others	Remove Integrated PDR as a use from the Planning Code. This would require removing the definition contained in Section 890.49, as well as references to the use in use tables contained in Articles 2 and 8 of the Planning Code and fee programs contained in Article 4.

Attachment D.
Map of parcels to which Section 219.1
would apply



SAN FRANCISCO

Potential Sites for PDR Cross-Subsidization

- Potential Development Sites
- Other sites in PDR-1-G and PDR-1-D Districts

Potential Development Sites are:

- In PDR-1-G or PDR-1-D Districts, and
- Have an FAR less than 0.3, and
- North of 20th Street, and
- Over 20,000 square feet by themselves or in combination with adjacent parcels

1/2 Mile

Attachment E.
Environmental Documentation



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: March 5, 2014

TO: Eastern Neighborhoods Rezoning and Area Plans Environmental Impact Report File, Planning Department Case No. 2004.0160E

FROM: Wade Wietgreffe, San Francisco Planning Department

RE: Production, Distribution, and Repair Zoning Changes, File No. 131205, Planning Department Case No. 2013.1896T

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

On December 17, 2013, the Board of Supervisors introduced legislation to amend the Planning Code to revise various revisions to Production, Distribution, and Repair (PDR) Integrated PDR, and Small Enterprise Workplace zoning controls, with a goal of facilitating the establishment of such uses within the adopted Eastern Neighborhoods Area Plan. The legislation was reintroduced March 4, 2014 at the Board of Supervisors. The memorandum responds to the changes indicated in the proposed legislation and discusses how the proposed zoning changes fall within the amount of development anticipated for Option C within the Eastern Neighborhoods Rezoning and Area Plans Environmental Impact Report (Eastern Neighborhoods EIR) and do not substantially alter the conclusions reached in the Eastern Neighborhoods EIR.

INTEGRATED PDR, SMALL ENTERPRISE WORKPLACE, AND ENTICING NEW PDR

Existing Controls

The Integrated PDR use is an existing use intended to support a business model that combines office and PDR use as a single integrated business enterprise. Its characteristics are defined as having at least one-third PDR space and at least one-third non-PDR (excluding residential) space, with a limit of one-third retail space. These uses must be interrelated and connected to the same business. Integrated PDR type uses are permitted in pre-1950 buildings of three-or-more stories in the MUG, MUO, MUR, WSMUO, UMU, PDR-1-D, and PDR-1-G Use Districts. Integrated PDR is also allowed in new construction in these districts.

Small Enterprise Workplace is currently allowed in a single building comprised of discrete workspace units which are independently accessed from building common areas. The buildings must be new and may contain a mix of non-residential uses (e.g., retail and office) that are not otherwise permitted in the PDR-1-G and PDR-1-D Use Districts. Zoning controls restrict the sizes of the use spaces, including the overall amount of retail use on a parcel.

Eastern Neighborhoods EIR

The Integrated PDR and Small Enterprise Workplace zoning controls, along with changes to student housing zoning controls, were introduced by the Planning Department's (Department) Citywide Group subsequent to the Eastern Neighborhoods EIR Comments and Responses document publication date of May 29, 2008. An August 7, 2008 Department memorandum to the Planning Commission concluded that these

changes fell within the range of housing, employment, and PDR numbers shown in the Eastern Neighborhoods EIR for Options B and C, and therefore, the potential impacts from the eventual adopted changes were covered by the EIR. Furthermore, the August 7, 2008 memorandum concluded:

...the Department determines that these changes [Integrated PDR, Small Enterprise Workplace, and student housing] may result in cumulative loss of PDR at a level higher than Option B but not as extensive as Option C. Consequently, the Department finds a potentially significant and unavoidable impact to cumulative PDR loss from these recent zoning proposals.

On August 7, 2008, by Motion No. 17659, the Planning Commission certified the Eastern Neighborhoods EIR as complying with the California Environmental Quality Act (CEQA). In certifying the Eastern Neighborhoods EIR, the Planning Commission found that the Preferred Project in the EIR (a combination of Options B and C) would result in a potentially significant, adverse cumulative land use impact related to the loss of PDR land supply and building space as identified in EIR Option C.

The certification of the Eastern Neighborhoods EIR was upheld on appeal to the Board of Supervisors at a public hearing on September 9, 2008. In December 2008, after further public hearings, the Board of Supervisors approved and the Mayor signed the Eastern Neighborhoods rezoning and Planning Code amendments.

Proposed Changes

The proposed legislation would amend the existing Integrated PDR and Small Enterprise Workspace zoning controls, and add a new section to the Planning Code related to new development of PDR space.

- In an attempt to simplify the Integrated PDR language, the proposed legislation would, among other items, remove the distinction between small PDR and large PDR space.
- In an attempt to meet the demand size and location of PDR space the proposed legislation would, among other items, alter the Small Enterprise Workspace definition to a use, instead of a single building, and change the calculation of the use sizes.
- In an attempt to entice new development of PDR space on underdeveloped parcels (i.e., parcels 20,000 square feet or larger and contain a floor area ratio of 0.3 gross floor area or less) within PDR-1-D or PDR-1-G Use Districts, north of 20th Street, the proposed legislation would allow new development to have at least one-third PDR space and two-thirds non-PDR (excluding residential) space. The major differences between the proposed new PDR space enticement and Integrated PDR is geographical (e.g., the former is not allowed in Mixed-Use Districts) and the former does not require the new building to operate as a single

integrated business enterprise, while Integrated PDR does and would continue to require this with the proposed legislation.

Potential Effects

The proposed changes to the Integrated PDR language would not result in physical changes or create new adverse physical impacts as the Integrated PDR would continue to be allowed in the same Use Districts and would not alter the physical parameters as those assumed at the time of certification of the Eastern Neighborhoods EIR.

The proposed changes to the Small Enterprise Workspace would not potentially increase the future amount of office and retail space in the PDR-1-D and PDR-1-G Use Districts. Therefore, potential impacts of this proposal are covered by the adopted findings of the Eastern Neighborhoods EIR.

The proposed PDR space enticement is the same as the Integrated PDR zoning controls in terms of allowing for one-third PDR space and two-thirds non-PDR (excluding residential) space. Both the proposed PDR space enticement and the existing and proposed Integrated PDR zoning controls for new buildings would be or are allowed within the PDR-1-D or PDR-1-G Use Districts. The only major difference is ownership, which would not result in physical changes or create new adverse physical impacts. Furthermore, sites subject to the proposed PDR space enticement would require a conditional use approval and, if approved, a notice of special restrictions regarding and annual reporting of the amount of PDR space on the site. Therefore, any potential new non-PDR space development and associated indirect potential loss of PDR space that would occur was already anticipated within Option C of the Eastern Neighborhoods EIR, as indicated in the aforementioned August 7, 2008 memo.

The Planning Department regularly monitors development within the Eastern Neighborhoods Plan Area and compares it with the land use assumptions made within the Eastern Neighborhoods EIR. Furthermore, each development proposal within the Eastern Neighborhoods Plan Area is evaluated through CEQA to see if it is consistent with the development density assumed in the Eastern Neighborhoods EIR and if all potentially significant project-specific and cumulatively considerable environmental impacts are fully consistent with significant impacts identified in the Eastern Neighborhoods EIR.

For the above reasons, the proposed changes would fall within the amount of development anticipated for Option C within the Eastern Neighborhoods EIR and do not substantially alter the conclusions reached in the Eastern Neighborhoods EIR.

OTHER CHANGES

The proposed legislation would allow certain uses to be permitted as-of-right, instead of conditional uses within PDR Use Districts; allow PDR uses to share accessory retail space without changing the overall existing retail space allowance per parcel; allow existing self-storage to be rebuilt if the rebuild would include new PDR space without changing the overall floor area ratio allowance per parcel; and remove the Design and Development Special Use District. None of these changes would result in physical changes or create new adverse physical impacts because they would not allow new uses that would be incompatible with the Use Districts or indirectly force PDR space to be lost or increase the physical parameters (e.g., floor area ratio) of the Use Districts.

Attachment F.
Resolution of Support from the
Eastern Neighborhoods Citizens
Advisory Committee

ACTION: The CAC hereby adopts the following Resolution:

The Eastern Neighborhoods Citizens Advisory Committee (ENCAC) recognizes the critical importance of available and appropriate industrial building stock to the health of San Francisco's growing local manufacturing sector and other industrial businesses who supply needed local repair and distribution capacity. Together these sectors continue to supply thousands of jobs for working class San Franciscans. In particular, the local manufacturing sector has grown by more than 10% for the past consecutive 3 years and added hundreds of blue collar jobs. At the same time, the repair and distribution sectors have also experienced growth, fueled both by a boom in construction and by supply chain ties to local manufacturing, retail, and wholesale sectors. The overall goals of the Eastern Neighborhoods Plan are well served to encourage these kinds of growing companies to stay in San Francisco, and yet, these same companies are having an increasingly difficult time finding available and modern industrial space in San Francisco.

To respond to this need, we recognize and support the dual goals of both making our existing industrial buildings more usable and easier to permit by industrial users as well as the urgent need to build additional industrial space in the City, as industrial vacancies are now at a record low.

The ENCAC thus SUPPORTS the pending Production, Distribution, Repair (PDR) legislative reform package- which seeks to achieve these dual goals- with the following comments:

1. We recommend a careful analysis and strengthening of the integrated PDR (IPDR) controls proposed, to ensure that they do not result in an unintended cannibalization of PDR space by quasi-industrial uses. Potential adjustments to the proposed changes might contemplate any or a combination of the following: making IPDR permanently require a conditional use; replacing the current "feebate" language, which is both fiscally detrimental to the EN impact fee fund and currently difficult to implement in practice due to the elimination of the State Enterprise Zone program, with a requirement to develop a "PDR and Workforce Plan" for all applications; or potentially removing IPDR as eligible for certain properties or all together.

2. We recommend a careful analysis of the Small Enterprise Workspace (SEW) product, in order to ensure a balance between providing general small business incubation space and ensuring that at least a portion of these spaces are also attractive to and affordable by industrial users. We recommend considering any or a combination of the following changes: requesting a "PDR Business Plan" to be a component of these projects, whereby such a plan describes how the project sponsor intends to proactively tenant at least 33% of the spaces with industrial and artisan users and/or making SEW a conditional use.

3. We recommend considering naming specific parcels that are eligible for the new construction "Inclusionary PDR" portion of the legislation- those sites with .3 or less FAR, north of 20th St., of at least 20,000 sqft in size, and in PDR1 D or G- as part of the legislation.

In addition, the CAC recommends that:

- a. Newly permitted mixed office PDR projects be conditioned with strong monitoring and enforcement provisions that assure PDR is appropriately used on an ongoing basis for its intended use.
- b. Newly permitted mixed office PDR projects be conditioned to assure appropriate compatibility between the two uses.
- c. In order to ensure that any new industrial development that utilizes cross-subsidization to produce new PDR space creates space that is viable, affordable, and ultimately tenanted with growing manufacturers and other locally-serving PDR businesses, we recommend that an "PDR Business Plan" be required to be developed and vetted by the community. The features of this Plan should include, but is not limited to:
 - Overall strategy to incorporate PDR businesses, including specifying which kinds of PDR businesses are the target for the development
 - A description of the kinds of non-PDR businesses intended for the site and a plan for how they will co-exist with the PDR businesses and any mitigation strategies required.
 - Description of how the site's marketing and outreach plan will effectively target these same PDR businesses
 - Description of how the development's design is suited to PDR businesses
 - Description of the rent/purchase price proposed by the developer for the PDR spaces and the approach to keep these rents affordable over time
 - Detailed overview of the workforce and hiring strategy for the PDR businesses on the site, as well as for the non-PDR businesses, and the anticipated demographics of both the workforce and ownership anticipated of the PDR businesses
 - Detailed community outreach plan, including a plan for engaging any specific community partners in the development, tenanting of the project, and ongoing management of the PDR portions of the property

MOTION: Karnilowitz SECOND: Huie
AYES: Block, Bass, Boss, Comerford, Goldstein, Karnilowitz, Huie, Reis, Shen,
Sofis
NOES: Leadbetter, Levy, Lopez, Martí,
ABSENT: Grande, Ongoco,
RECUSAL: Murphy (also absent from the meeting)
MOTION NO.: 2014-02-03

Attachment G.
**Resolution of Support from the Small
Business Commission**



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

February 13, 2014

Ms. Angela Calvillo, Clerk of the Board
Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File No. 131205 [Planning Code – Production, Distribution, and Repair Zoning]

Small Business Commission Recommendation: **Approval with Modifications (6-0 Vote)**

Dear Ms. Calvillo:

On February 10, 2014, the Small Business Commission heard the subject legislation and received a staff presentation from Tiffany Garcia, Office of Economic and Workforce Development, and Andrea Bruss, Legislative Aide to Supervisor Malia Cohen. The presenters conveyed the importance of the legislative proposal to San Francisco's burgeoning manufacturing sector, a relatively small but important part of the local economy experiencing steady growth in recent years. In fact, growth has been so impressive that the Commission is aware that too few manufacturing spaces are available to meet current demand, resulting in the possibility that some companies may be forced to locate in nearby cities on the Peninsula or in the East Bay. An inability to secure the investments and future growth of these manufacturing businesses would be detrimental to San Francisco's economy as hundreds of relatively well-paying jobs (with benefits) available to individuals with varying levels of education would be created outside the city. In appreciation of these and other factors, the Commission voted unanimously (6-0) to recommend approval to the Board of Supervisors of this timely legislative proposal that would harness the economic potential of certain vacant and underutilized parcels, with one key modification.

The Commission identified one element of the proposed legislation that it felt ran contrary to the overarching goal of supporting the viability of local manufacturers. Subsection (d) of section 204.3 addressing accessory retail uses was found to be overly prescriptive in its standards for allocation of accessory retail space within multi-tenant production, distribution, and repair (PDR) buildings. While the Commission expressed broad support for the subsection's allowance to combine accessory retail space within such buildings, it also strongly opposed the language requiring an accessory retail allotment to be allocated proportionally to the size of each contributing-PDR use, and limiting the accessory retail space of any tenant in a such a building to no more than 1/3 of its floor area.

Several specific points were raised in opposition to these provisions. From an area-wide, programmatic perspective, the Commission placed paramount importance on limiting accessory retail space per site or per building, not per user. Overall PDR-to-accessory retail ratios will be unaffected by any single user in a multi-tenant building having more or less than 1/3 of its floor area as accessory retail space. However, from a financial and marketability perspective, allowing flexible distributions of accessory retail space could have a tremendous impact for different types of manufacturers. Producers create products in a variety of sizes, not always directly related to the size of their production space. A clothing manufacturer may have a very different retail footprint than a furniture producer, although the legislation as drafted would treat them identically. By allowing greater flexibility, property owners and businesses can work

SUBJ: File No. 131205 [Planning Code – Production, Distribution, and Repair Zoning] (2/12/2014)

together to find an optimal breakdown of retail space based on individualized needs. Lastly, from an enforcement perspective, the Commission questioned the practical enforceability of such a specific prescription for the allocation of accessory retail space. Delineating the end of one manufacturer's display area and the start of another's was expected to prove frustrating to City inspectors and producers alike, with the Commission believing such an expenditure of taxpayer resources would be better directed elsewhere. Compliance can more easily be ensured, and the program's overarching goals furthered, by evaluating accessory retail space on a per-building basis. For these reasons, the Commission recommended that the final sentence in subsection (d) of section 204.3 be amended to read as follows:

For accessory retail, multiple PDR uses within a single building may combine their accessory retail allotment into a single space, as long as the total allotment of accessory retail space per building does not exceed what otherwise would be permitted by this Section.

I thank you for considering the Small Business Commission's comments on this legislation. Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi
Director, Office of Small Business

cc: Jason Elliot, Mayor's Office
Jon Lau, Office of Economic and Workforce Development
Andrea Bruss, Office of Supervisor Malia Cohen
Andrea Ausberry, Office of the Clerk of the Board
AnMarie Rodgers, Planning Department
Kate Sofis, SFMade