



Date: May 12, 2020

To: San Francisco Board of Supervisors
San Francisco Building Inspection Commission

From: Patrick O'Riordan, Interim Director

Re: Ordinance 207-19 100% Affordable/ADU Pilot Fee Waiver Impact Report

Background

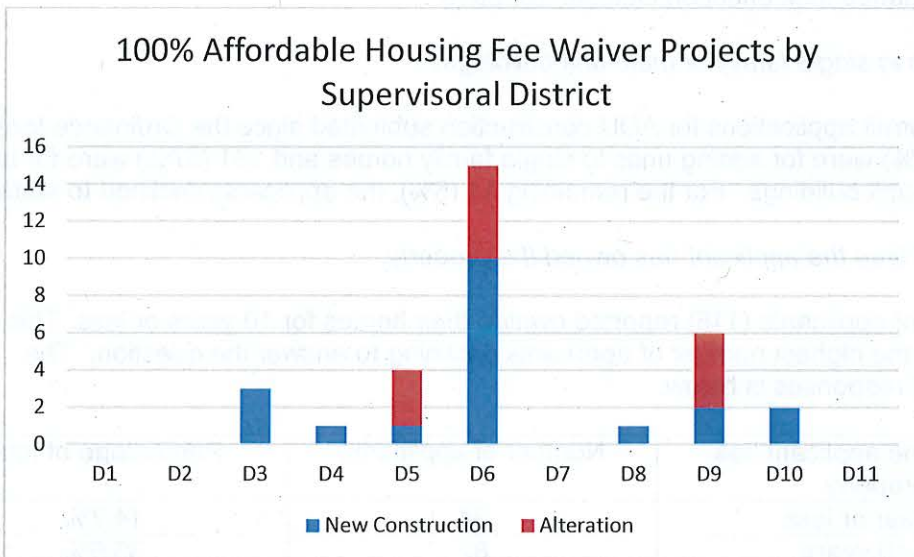
Effective October 13, 2019, Ordinance No. 207-19 waived for one year the Department of Building Inspection (DBI) Plan Review, Building Inspection, Records Retention and Site surcharge fees for the following types of projects:

- 100% Affordable Housing
- Accessory Dwelling Units (ADUs) on properties containing no more than four units or located on residential property owned by nonprofit charitable organizations.

The Ordinance was retroactive to June 1, 2019.

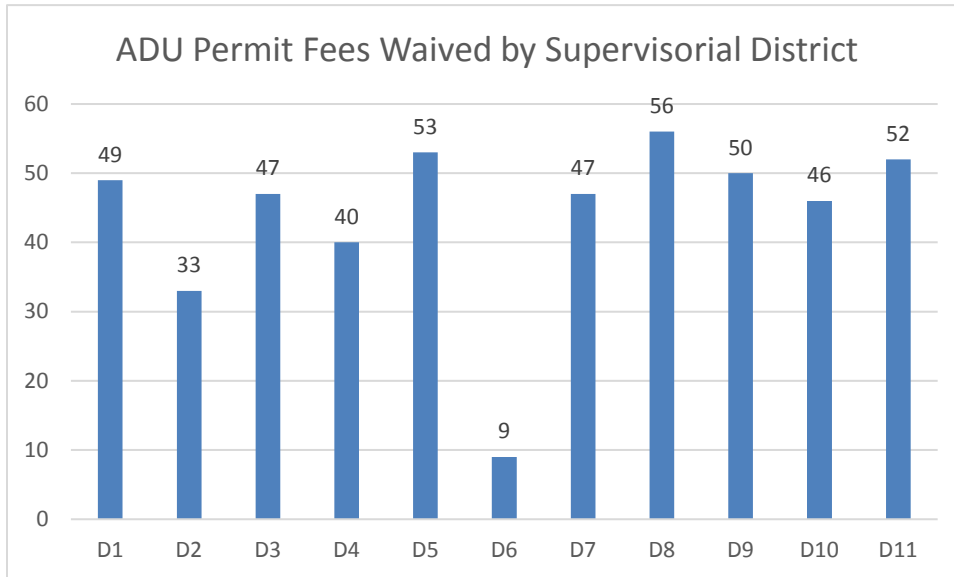
100% Affordable Housing Projects

DBI waived permit fees for a total of 32 100% affordable housing projects (12 alteration and 20 new construction projects). It should be noted that many of the projects required multiple building permits, so fees were waived for a total of 24 new construction permits and 49 alteration permits. The chart below shows the geographical distribution of projects taking advantage of the permit fee waivers.



Accessory Dwelling Units

A total of 482 ADU projects* took advantage of the pilot year fee waiver. Of those, 259 were submitted between June 1, 2019, the Ordinance's date of retroactivity, and October 13, 2019, the Ordinance's effective date. The chart below shows the geographical distribution of projects taking advantage of the permit fee waiver.



*The total number of ADU permits waived was 489, as a small number of projects applied for multiple permits.

The Ordinance requires this report to include the following information regarding ADUs. The information was self-reported by applicants via customer questionnaire. It was collected for permit applications submitted after the ordinance took effect on October 13, 2019.

1) *Are the ADUs in single family or multi-unit buildings?*

Of the 230 permit applications for ADU construction submitted since the Ordinance took effect, 87 (38%) were for adding units to single family homes and 131 (57%) were for adding units to multi-unit buildings. For the remaining 11 (5%), the applicants declined to state.

2) *The length of time the applicant has owned the property.*

The majority of applicants (116) reported owning their homes for 10 years or less. This question had the highest number of applicants declining to answer the question. The breakdown of responses is below.

Length of time applicant has owned the property	Number of applicants	Percentage of total
1 year or less	34	14.7%
1-10 years	82	35.6%
11-20 years	27	11.7%
21-30 years	14	6%
More than 30 years	10	4.3%
Decline to state	63	27.3%

3) *Is the applicant an individual or business?*

161 applicants were individuals, 52 were businesses, and 17 declined to state.

4) *Does the applicant intend to rent the ADU, and if so, does the applicant have a price range they are considering?*

168 permit applicants stated that they intend to rent the ADU, 33 said that they did not, and 29 declined to state. Of those applicants who stated that they intended to rent the units, the average expected rent was \$2,703. The breakdown of responses is below.

Anticipated Rent	Number of Applicants	Percentage of Total
\$1-\$1,000	5	3%
\$1,001-\$2,000	45	26.7%
\$2,001-\$3,000	42	25%
\$3,001-\$4,000	25	14.8%
\$4,001 or greater	9	5.3%
To be determined/ declined to state	42	25%

5) *Does the applicant have or has the applicant had building permit applications for other residential properties in the city within the last 10 years?*

110 of the applicants had applied for building permits for other residential properties in the city within the last 10 years, 92 had not, and 28 declined to state.

6) *Does the applicant own in whole or in part other residential property in San Francisco as an individual or as part of a partnership or corporation?*

111 of the applicants reported having some ownership in other residential property. 85 did not. 34 declined to state.

Fiscal Impact

Total affordable housing permit fees waived equal \$4.2M: \$3.3M for 24 new construction permits and \$852K for 49 alteration permits. The average fees waived per permit equal \$140K for new construction and \$17K for alteration. Total ADU permit fees waived equal \$862K for 489 ADU permits. The average fees waived for ADU permits equal \$1,762.

The total fiscal impact on DBI from the pilot program is \$5M. This amount is more than double the original estimate of \$2M in the Budget Analyst’s report, due primarily to the larger than estimated number of affordable housing permits. The table below includes details of fees waived.

	Plan Review Fee	Site Fee	Records Retention Fee	Building Inspection Fee	Total Fees
Accessory Dwelling Unit (ADU)	531,641	63,158	11,535	255,633	861,967
Affordable Housing new construction	1,894,581	426,260	6,982	1,038,215	3,366,038
Affordable Housing alteration/ small construction	519,668	65,489	17,680	249,126	851,963
Total	2,945,890	554,907	36,197	1,542,974	5,079,968