

LEGISLATIVE DIGEST

[Planning Code Amendments – Development Impact and In-Lieu Fees]

Ordinance amending the San Francisco Planning Code by (1) amending Section 409 to clarify that the Annual Infrastructure Cost Inflation Adjustments to development fees authorized by the section do not need further action by the Board of Supervisors, to provide that the Planning Director be included in the annual fee reporting process, and to make other technical amendments to simplify the annual fee reporting process and ensure that the Controller's Office and the Capital Planning Program coordinate their efforts, (2) amending other sections of Article 4 to clarify language, eliminate confusion as to when requirements must be met, and correct errors in cross-referencing, and (3) adding an uncodified section providing that (a) if a development fee was evaluated in 2010 or 2011, it need not be included in the 2011 five-year evaluation and (b) authorizing the Controller to make the 2011 Infrastructure Cost Inflation Adjustments to the development fees 30 days from the effective date of this ordinance rather than in January; amending the San Francisco Administrative Code by repealing Section 38.14 (the Severability Clause) and moving it to Section 430.3; and adopting environmental, Planning Code Section 302, and Planning Code Section 101.1 findings.

Existing Law

Article 4 of the Planning Code contains San Francisco's requirements for development impact fees. It also contains requirements for a project sponsor to provide physical improvements, facilities, or below market rate housing units ("development impact requirements"), and the option to pay a fee in lieu of complying with a development impact requirement. These requirements are imposed by the Planning Commission as a condition of approval of the development project, and must be complied with prior to issuance of the first building permit or, in the case of a site permit, the first building permit addendum or other document that authorizes construction of the project unless the project sponsor elects to defer payment of a portion of the fees to prior to issuance of the first certificate of occupancy.

Section 409 requires the Controller's Office to issue annual reports providing certain information on development impact fees and development impact requirements and authorizes the Controller to make inflation adjustments to the fees every year based on the Annual Infrastructure Construction Cost Inflation Estimate published by the City Administrator's Capital Planning Group and approved by the City's Capital Planning Committee.

Amendments to Current Law

The proposed legislation amends Section 409 to clarify that the Controller's Annual Infrastructure Cost Inflation Adjustments to development fees do not need further action by the Board of Supervisors, to provide that the Planning Director be included in the annual fee reporting process, and to make other technical amendments to simplify the annual fee

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reporting process and ensure that the Controller's Office and the Capital Planning Program coordinate their efforts. MOH will adjust the Jobs-Housing Linkage and Inclusionary Affordable Housing Fees in January, at the same time as the other Planning Code development fees are adjusted, and will be included in the Planning Department/DBI website notice of the fee adjustments and the Controller's annual report. An uncodified section has been added to provide that (1) if a development fee was evaluated in 2010 or 2011, it need not be included in the Controller's 2011 five-year evaluation required by Section 410 and (2) authorizing the Controller to make the 2011 Infrastructure Cost Inflation Adjustments to the development fees 30 days from the effective date of this ordinance rather than on January 1, 2011.

Because compliance with development fee or development impact requirements may not be required until prior to issuance of the first construction document (in the case of a site permit) or to prior to issuance of the first certificate of occupancy (if the project sponsor elects the deferral option), each development fee or development impact requirement section is amended to clarify that the requirements are not imposed as a condition of approval on the building or site permit but rather are imposed as a condition of approval of the development project. Section 403 is amended to clarify that the development fee(s) are payable prior to issuance of the first construction document for a building(s) and in proportion to the amount required for each building if there are multiple buildings. Additional amendments to these sections, and other sections of Article 4, are made in order to standardize language or to correct errors in cross-referencing. The Severability Clause in the former Chapter 38 of the Administrative Code, which is the only section still remaining in that Chapter, has been repealed and moved to Section 430 of the Planning Code.