



SAN FRANCISCO PLANNING DEPARTMENT

August 6, 2013

The Honorable Mayor Edwin M. Lee
City and County of San Francisco
City Hall, Room 200
Ms. Angela Calvillo, Clerk
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

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415.558.6377

**Re: Transmittal of Planning Department Case Number 2013.0859T
Frequency of the Controller's Development Impact Fee Report
Board File No. 130549
Planning Commission Recommendation: Approval**

Dear Mayor Lee and Ms. Calvillo,

On August 1, 2013, the Planning Commission conducted a duly noticed public hearing at regularly scheduled meeting to consider the proposed Ordinance, introduced by Mayor Lee that would amend the Planning Code to modify when the City Controller is required to issue the Development Impact Fee Report. At the hearing, the Planning Commission recommended approval.

The proposed amendment to the Planning Code was found to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c)(2).

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "AM-Rodgers", with a long horizontal line extending to the right.

AnMarie Rodgers
Manager of Legislative Affairs

cc:

Jason Elliott, Director of Legislative and Government Affairs, Mayor's Office
Thomas J. Owen, Deputy City Attorney, City Attorney's Office
Alisa Miller, Assistant Clerk, Office of the Clerk of the Board

Attachments

Planning Commission Resolution No. 18935
Planning Department Executive Summary



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 18935

HEARING DATE: AUGUST 1, 2013

Project Name: **Frequency of the Controller's Development Impact Fee Report**
Case Number: 2013.0859T [Board File No. 130549]
Initiated by: Mayor Edwin Lee/ Introduced June 4, 2013
Staff Contact: Aaron Starr, Legislative Affairs
aaron.starr@sfgov.org, 415-558-6362
Reviewed by: AnMarie Rodgers, Manager Legislative Affairs
anmarie.rodgers@sfgov.org, 415-558-6395
Recommendation: **Recommend Approval**

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RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO MODIFY WHEN THE CITY CONTROLLER IS REQUIRED TO ISSUE THE DEVELOPMENT IMPACT FEE REPORT AND MAKING ENVIRONMENTAL FINDINGS AND FINDINGS OF CONSISTENCY WITH GENERAL PLAN

PREAMBLE

Whereas, on June 4, 2013, Mayor Edwin Lee introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 130549, which would amend the Planning Code to modify when the City Controller is required to issue the Development Impact Fee Report (hereinafter DIFR); and

Whereas, on August 1, 2013, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance; and

Whereas, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act, Non-Physical Exemption, Section 15060(c)(2); and

Whereas, the 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 the applicant, Department staff, and other interested parties; and

Whereas, the 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 Commission has reviewed the proposed Ordinance; and

MOVED, that the Commission hereby recommends that the Board of Supervisors recommends *approval of the proposed Ordinance* and adopts this Resolution to that effect.

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. The proposed Ordinance will sync the Controller's Development Impact Fee Report with the City's two-year budget cycle.
 2. The Planning Commission will still be updated on the collection and distribution of Development Impact Fees on an annual basis through the Interagency Plan Implementation Committee's annual report.
1. The proposed project is consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

- A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed Ordinance will not have an adverse effect on neighborhood-serving businesses.

- B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed Ordinance will not displace existing housing nor will it have any effect on existing neighborhood character.

- C) The City's supply of affordable housing will be preserved and enhanced:

The proposed Ordinance will not adversely affect the City's supply of affordable housing. The Planning Commission will still be informed about on- and off-site affordable units and in-lieu fees on an annual basis through the Interagency Plan Implementation Committee's annual report.

- D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

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

- E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposed Ordinance would not adversely affect the industrial or service sectors or future opportunities for resident employment or ownership in these sectors.

- F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

Preparedness against injury and loss of life in an earthquake is unaffected by the proposed Ordinance. Any new construction or alteration associated with this Ordinance would be executed in compliance with all applicable construction and safety measures.

- G) That landmark and historic buildings will be preserved:

Landmarks and historic buildings would be unaffected by the proposed Ordinance.

- H) Parks and open space and their access to sunlight and vistas will be protected from development:

The City's parks and open space and their access to sunlight and vistas would be unaffected by the proposed Ordinance. It is not anticipated that permits would be such that sunlight access, to public or private property, would be adversely impacted.

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on August 1, 2013.

Jonas P Ionin
Acting Commission Secretary

AYES: Commissioner Antonini, Borden, Fong, Moore, Sugaya and Wu

NAYS: none

ABSENT: Commissioner Hillis

ADOPTED: August 1, 2013



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Change

HEARING DATE: AUGUST 1, 2013

Project Name: **Frequency of Controller's Development Impact Fee Report**
Case Number: 2013.0859T [Board File No. 130549]
Initiated by: Mayor Edwin Lee/ Introduced June 4, 2013
Staff Contact: Aaron Starr, Legislative Affairs
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PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code to modify when the City Controller is required to issue the Development Impact Fee Report (hereinafter DIFR) and making environmental findings and findings of consistency with General Plan.

The Way It Is Now:

- Planning Code requires that the Controller to issue a DIFR every year. The DIFR gives a detailed accounting of what Development Impact Fees (hereinafter DIF) have been collected and how they have been spent.
- The Administrative Code requires the Interagency Plan Implementation Committee (hereinafter IPIC) to issue an Annual Report that details the status of how and where DIFs are being spent and upcoming projects.

The Way It Would Be:

The proposed legislation would:

- Amend the Planning Code so that the Controller's office would issue the DIFR every two years instead of every year.
- No changes will be made to the IPIC reporting schedule, which will continue to issue its report and present those finding to the Commission on an annual basis.

ISSUES AND CONSIDERATIONS

Development Impact Fees

Development Impact Fees are legislated to fund infrastructure necessary to support new residents and employees. The City establishes a fee based on both the demand for new infrastructure and the ability for new development to afford fees without negatively impacting the City's housing supply or affordability. State enabling legislation prescribes collection and expenditure rules for impact fees. Below is a brief list of major considerations for impact fee expenditures in San Francisco:

- Projects must address the impacts of additional growth
- Allocations must equal the established proportions for each improvement type; this must 'true up' at the end of the five-year period
- Some funds may go towards pre-development costs, but should lead to actual construction.
- Cannot overspend (cumulative revenues must exceed cumulative costs at any given time)
- Funded infrastructure projects must be within the respective plan areas Eastern Neighborhoods impact fees have the following additional criteria:
 - 80% of must go towards Eastern Neighborhoods priority projects for the "Transportation" and "Open Space" funds until the priority projects within each respective fund are completed
 - The Priority Projects require matches from partnering Agencies per the MOU

Controller's Development Impact Fee Report

The Development Impact Fee Report provides information on all development fees established in the San Francisco Planning Code collected during the fiscal year organized by development fee account type and all cumulative monies collected over the life of each development fee account, as well as all monies expended. The report also provides information on the number of projects that elected to satisfy development impact requirements through the provision of "in-kind" physical improvements, including on-site and off-site BMR units, instead of paying development fees. The report includes annual reporting information required pursuant to the California Mitigation Fee Act. The report is presented by the Planning Director to the Planning Commission and to the Land Use & Economic Development Committee of the Board of Supervisors.

Interagency Plan Implementation Committee (IPIC)

In October of 2006, the Board of Supervisors passed legislation to formalize interagency coordination for Area Plan-identified community improvements through the establishment of the Interagency Plan Implementation Committee (IPIC) (Article 36 of the San Francisco Administrative Code). The IPIC was developed "to provide mechanisms that will enhance the participation in the preparation and implementation of the Community Improvements Plans and Implementation Programs by the various City departments, offices; and agencies that will be responsible for their implementation and provide a means by which the various parties interested in realization of the Community Improvements Plans and Implementation Programs can remain informed about and provide input to and support for their implementation."

The IPIC makes recommendations for Area Plans with respect to capital project implementation, funding and programming, intra-departmental collaboration, coordinates with the Area Plans' Citizen Advisory Committees (CACs), and produces this annual report. The IPIC is chaired by Planning Department and includes representatives from the Municipal Transportation Agency (MTA), Department of Public Works (DPW), Recreation and Parks Department (RPD), San Francisco County Transportation Authority (SFCTA), the Library, the Human Services Agency (HAS), and Capital Planning Committee, among other agencies.

The goals of the IPIC annual process include:

1. Identify all funding sources for infrastructure projects to serve the impacts of new growth in Area Plans.

2. Program expected revenues over 10 years, including revenue generated from development impact fees, so that priority plan area capital projects can be completed.

REQUIRED COMMISSION ACTION

The proposed Ordinance 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* of the proposed Ordinance

BASIS FOR RECOMMENDATION

The Controller's DIFR and the IPIC Annual Report are two side of the same coin. Where the DIFR provides a very detailed accounting of the collection and distribution for DIFs, the IPIC Annual Report provides a less technical status update on the fees collected, projects that have been completed, and projects that are being planned. Because the City is on a two year budget schedule and creating the DIFR is a very technical and time consuming report, the Controller's office suggested moving the DIFR two year reporting schedule rather than annually. The Commission will still be kept abreast of the fees collected, what projects are being funded and what projects are in the pipeline through the IPIC on an annual basis, but the Controller's accounting report would now be synced up with the City's budget process and done every two years (every even year) rather than annually.

ENVIRONMENTAL REVIEW

The proposal ordinance would result in no physical impact on the environment. The Project was determined to be exempt from the California Environmental Quality Act ("CEQA") under the Non-Physical Exemption (CEQA Guidelines Section 15060(c)(2)) as described in the determination contained in the Planning Department files for this Project.

PUBLIC COMMENT

As of the date of this report, the Planning Department has not received any comments about the proposed Ordinance.

RECOMMENDATION:	Recommendation of Approval
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Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 130549