INCLUSIONARY HOUSING AND DEVELOPMENT IMPACT FEE REDUCTIONS

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

JULY 2, 2026


Image: Jiri Foltyn

San Francisco Planning

SAN FRANCISCO OFFICE OF ECONOMIC & WORKFORCE DEVELOPMENT

MAYOR'S OFFICE OF HOUSING & COMMUNITY DEVELOPMENT

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO
ORO EN PAZ FIERRO EN GUERRA
CONTROLLER'S OFFICE

INCLUSIONARY REQUIREMENTS AND APPLICABILITY (CITYWIDE)

<table>
<tr><th></th><th>THE WAY IT IS</th><th>THE WAY IT WOULD BE</th></tr>
<tr><td>Project Size</td><td>10+ units</td><td>25+ units</td></tr>
<tr><td>On-Site Rate</td><td>15% (Interim) / 12% (Pipeline)</td><td rowspan="2">5%</td></tr>
<tr><td>Tenure
(On-Site Rate)</td><td>18% Rental
20% Ownership
(after temporary rates expire on November 1, 2026)</td></tr>
<tr><td>Income Tiers</td><td>10% at Low
2.5% at Moderate
2.5% at Middle Income</td><td>4% at Low
1% at Moderate Income</td></tr>
<tr><td>Fee Rate</td><td>20% (10-24 units)
20.5% (25+ units)</td><td>10% (25+ units)</td></tr>
<tr><td>Off-Site Rate</td><td>20.5%</td><td>10%</td></tr>
</table>

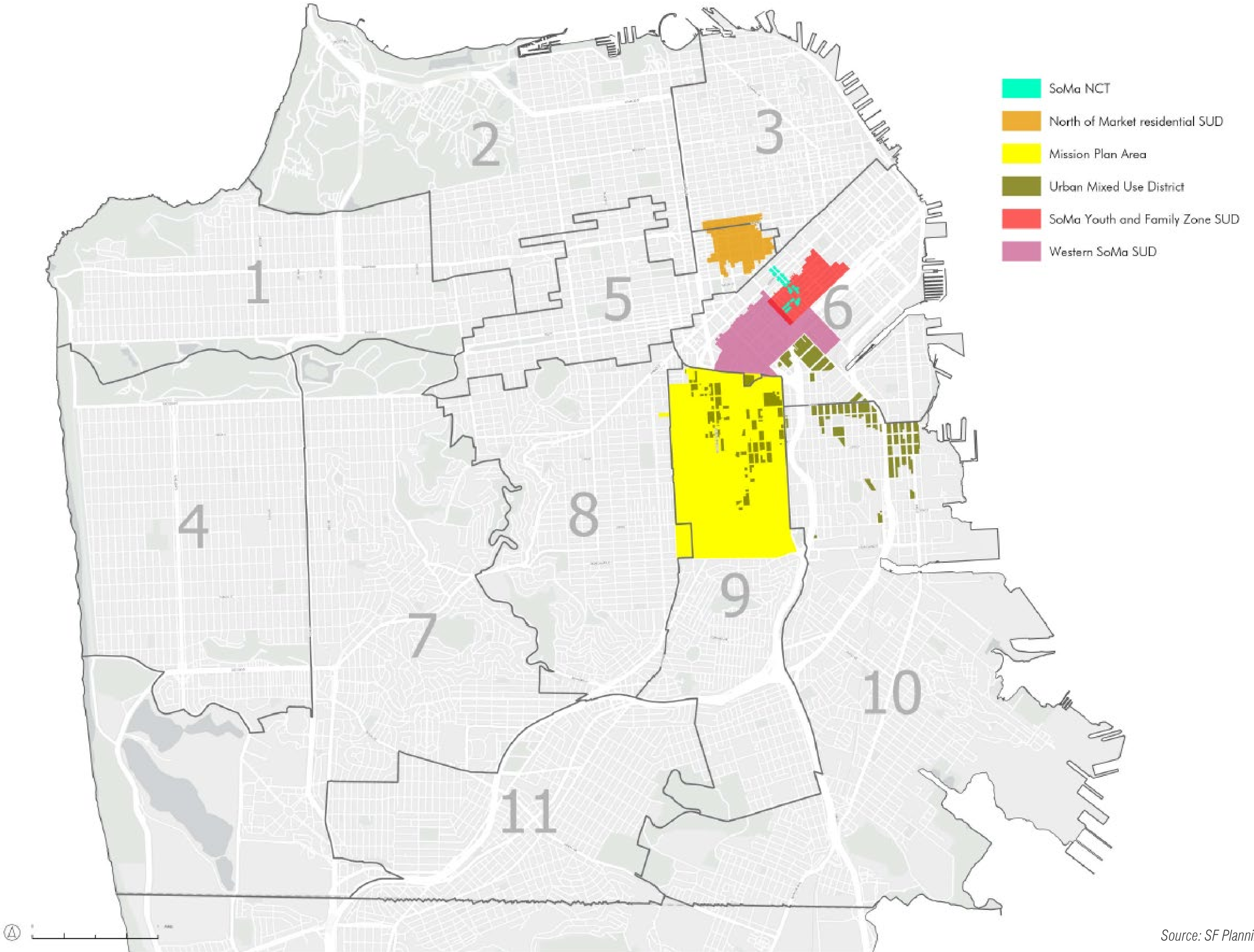
UNIQUE INCLUSIONARY REQUIREMENTS

Current Rates:

- On-site rate: 15 – 17.6%
- Fee/Off-site rate: 20 - 27%

Proposed Ordinance:

- On-site: Citywide rate (5%)
- Fee/Off-site rate: 15%



Source: SF Planning

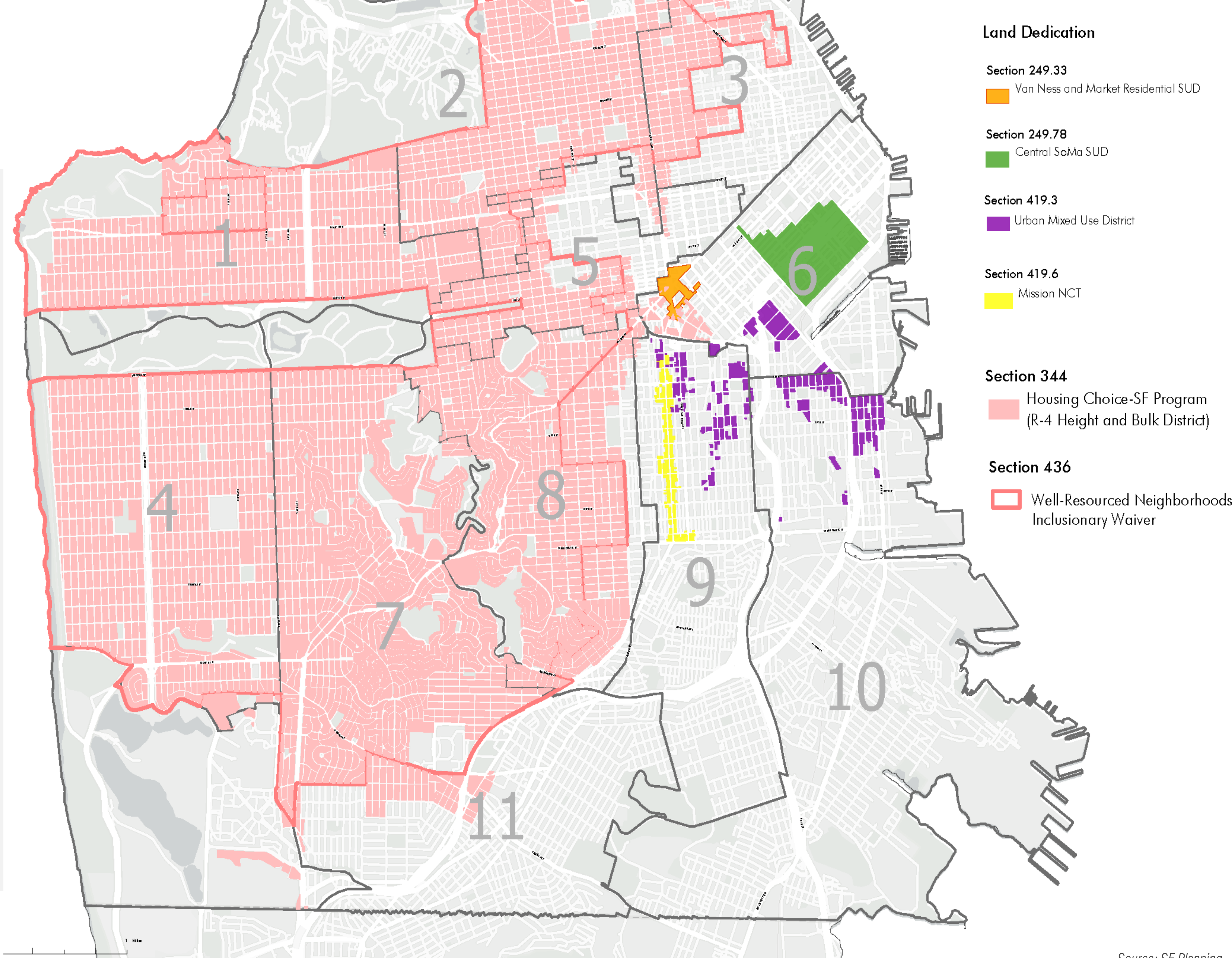
LAND DEDICATION

- Specific Areas
  Van Ness & Market Residential SUD
  Central SoMa SUD
  Urban Mixed Use
  Mission NCT

  ≥ 15% of units on principal site

- Citywide, Housing Choice-SF, Well-Resourced Neighborhoods

  ≥ 10% of units on principal site



Source: SF Planning

MODIFICATION PROCESS

Section 415.10 establishes requirements for how legislated changes apply to Pipeline Projects.

Delegate authority to Planning Director or designee for administrative approval.

Projects can apply to take advantage of new rates and request extension of entitlement.

Changes to elected inclusionary alternative and project tenure qualify for administrative approval (Section 415.4).

IMPACT FEES

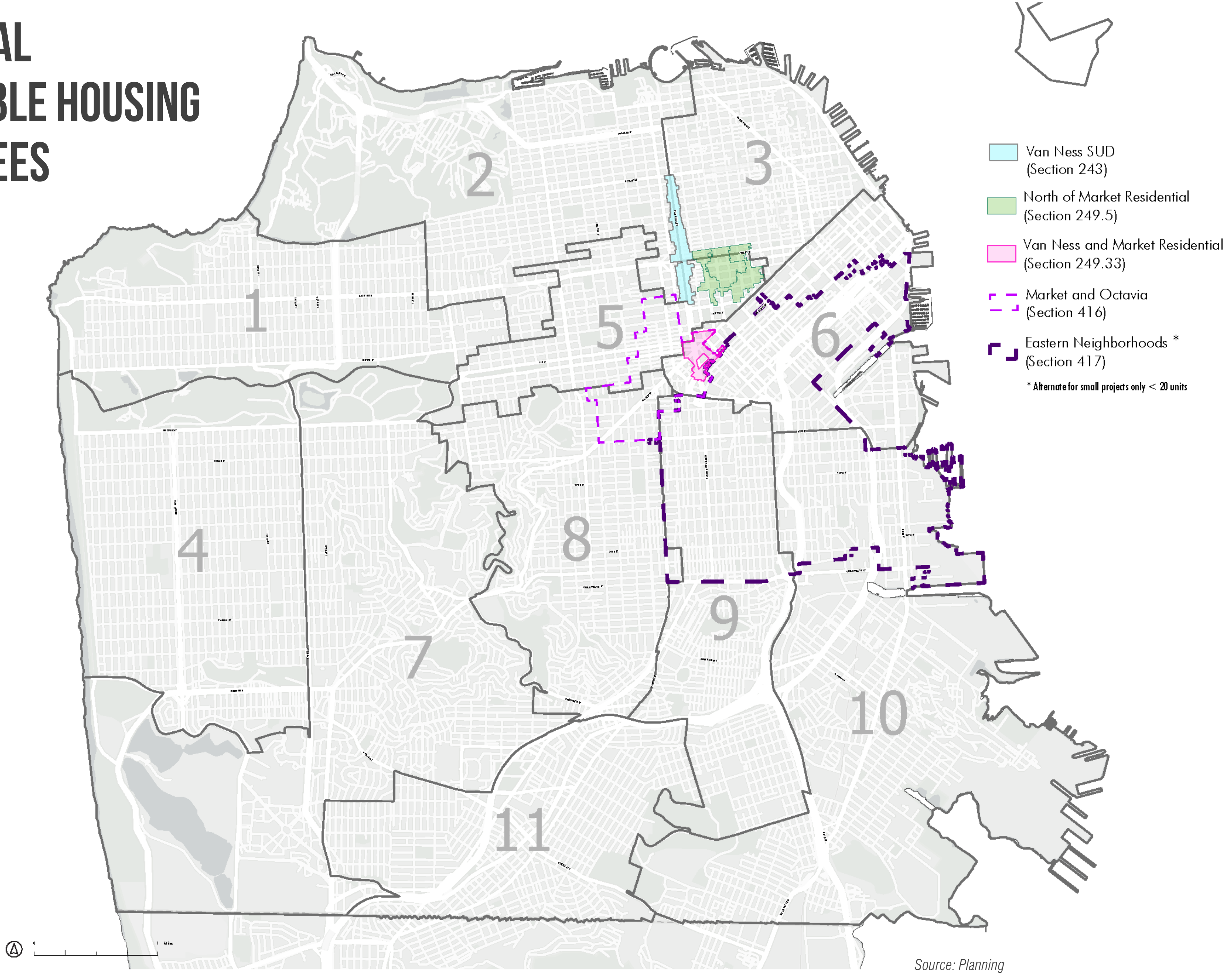
All Planning Code Article 4 **Impact Fees would be reduced by 67%** from the Impact Fee Register amount, which would continue to index by 2% annually.

The **Fee Deferral Program** would continue and allow all projects to defer 85% of fees to Certificate of Occupancy

Fee Reduction applies to:

- All projects, including non-residential projects.
- **New projects** that submit a complete Development Application after ordinance effective date.
- **Pipeline Projects** that have been finally approved but have not been issued a First Construction Document.

ADDITIONAL AFFORDABLE HOUSING IMPACT FEES



Source: Planning

PIPELINE PROJECTS APPLICABILITY

Legislated Fee Reductions

Legislative reductions to reduce or eliminate fees would apply to Pipeline Projects*

Minor Modifications (≤20% GFA Increase)

Impact fee types and rates remain as assessed at Final Approval

Major Modifications (>20% GFA) or Entitlement Extension

Impact fee types and rates reassessed at time of modification/extension

*Pipeline Projects: Eligible for reduced/removed rates on unpaid balances. No refunds for fees already paid.

LEGISLATIVE TIMELINE

December 18, 2025
TAC Convened

April 30, 2026
Controller's TAC Report Issued

May 19, 2026
Ordinance and Housing Trust Fund Introduced

May 28, 2026
Planning Commission Informational Hearing

June 17, 2026
Building Inspection Commission

June 18, 2026
Planning Commission Adoption Vote

July 2, 2026
Government Audit and Oversight Committee

TBD
Board of Supervisors

PLANNING COMMISSION ACTION

- Adopted a Recommendation of Approval with modifications (Resolution 21923)

- Adopted a Recommendation to Delegate Authority (Resolution 21924)

Recommended Modifications

1) Amend the North of Market Residential SUD to allow special exceptions to the 80-foot base height limit in the 80-120-T and 80-130-T Height and Bulk Districts to be granted through Conditional Use approval.

2) Update Section 415.10(e) to correct the references to 415.4(g)(4), and 415.4(g)(2).

3) Correct the definition of "Development Application" – specifically, for projects that are subject to a development agreement, the "Development Application" shall mean an individual building's first site or building permit.

Image: iStock

THANK YOU

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