

File No. 240901

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation

Date: December 2, 2024

Board of Supervisors Meeting:

Date: _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract / DRAFT Mills Act Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

- Planning Commission Transmittal – November 15, 2024
- Small Business Commission Transmittal – September 24, 2024
- CEQA Determination – October 4, 2024
- Referrals, CEQA, Planning Commission, Depts FYI -
September 25, 2024
- _____
- _____
- _____
- _____
- _____

Prepared by: John Carroll

Date: November 25, 2024

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

1 [Planning Code - Impact Fees for Changes of Use From Production, Distribution, and Repair
to Other Non-Residential Uses]

2

3 **Ordinance amending the Planning Code to eliminate impact fees for changes of use**
4 **from PDR (Production, Distribution, and Repair) to other Non-Residential Uses, as**
5 **specified; affirming the Planning Department’s determination under the California**
6 **Environmental Quality Act; making findings of consistency with the General Plan, and**
7 **the eight priority policies of Planning Code, Section 101.1; and making findings of**
8 **public necessity, convenience, and welfare pursuant to Planning Code, Section 302.**

9

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

13

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

15

16 Section 1. Environmental and Land Use Findings.

17

(a) The Planning Department has determined that the actions contemplated in this
18 ordinance comply with the California Environmental Quality Act (California Public Resources
19 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
20 Supervisors in File No. 240901 and is incorporated herein by reference. The Board affirms
21 this determination.

22

(b) On November 14, 2024, the Planning Commission, in Resolution No. 21647,
23 adopted findings that the actions contemplated in this ordinance are consistent, on balance,
24 with the City’s General Plan and eight priority policies of Planning Code Section 101.1. The
25

1 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of
2 the Board of Supervisors in File No. 240901, and is incorporated herein by reference.

3 (c) Pursuant to Planning Code Section 302, this Board finds that these Planning Code
4 amendments will serve the public necessity, convenience, and welfare for the reasons set
5 forth in Planning Commission Resolution No. 21647, and the Board incorporates such
6 reasons herein by reference. A copy of said resolution is on file with the Clerk of the Board of
7 Supervisors in File No. 240901.

8
9 Section 2. Article 4 of the Planning Code is hereby amended by revising Sections
10 413.5, 421.3, 422.3, 423.3, 424.6.2, 424.7.2, 432.2, and 433.2, and including herein for
11 informational purposes only Sections 413, 421, 422, 423, 424.6, 424.7, 432, and 433, to read
12 as follows:

13
14 **SEC. 413. JOBS-HOUSING LINKAGE PROGRAM; HOUSING REQUIREMENTS FOR**
15 **LARGE-SCALE DEVELOPMENT PROJECTS.**

16 Sections 413.1 through 413.11, hereafter referred to as Section 413.1 et seq., set forth
17 the requirements and procedures for the Jobs-Housing Linkage Program. The effective date
18 of these requirements shall be either March 28, 1996, which is the date that the requirements
19 originally became effective, or the date a subsequent modification, if any, became effective.

20
21 **SEC. 413.5. COMPLIANCE BY PAYMENT OF IN-LIEU FEE.**

22 (a) The amount of the fee which may be paid by the sponsor of a development project
23 shall be determined by the following formulas for each type of space proposed as part of the
24 development project and subject to this Article 4.

1 (1) For applicable projects (as defined in Section 413.3), any net addition shall
 2 pay per the Fee Schedule in Table 413.5A, and

3 (2) For applicable projects (as defined in Section 413.3), any replacement or
 4 change of use shall pay per the Fee Schedule in Table 413.5B. Notwithstanding the foregoing
 5 sentence, there shall be no fee for any portion of a project that constitutes a change of use from PDR to
 6 any Non-Residential use that is not a Hotel or Office use.

7 * * * *

8 **TABLE 413.5B**

9 **FEE SCHEDULE FOR REPLACEMENT OF USE OR CHANGE OF USE**

Previous Use	New Use	Fee per Gross Square Foot
Entertainment, Hotel, Office, Laboratory, Retail, or Small Enterprise Workspace	Entertainment, Hotel, Office, Retail, or Small Enterprise Workspace	\$0
PDR which received its First Certificate of Occupancy on or before April 1, 2010	Entertainment, Hotel, or Office, Laboratory, Retail, or Small Enterprise Workspace	Use Fee from Table 413.5A minus \$14.09
<u>PDR which received its First Certificate of Occupancy on or before April 1, 2010</u>	<u>Entertainment, Laboratory, Retail, or Small Enterprise Workspace*</u>	<u>\$0</u>
Institutional which received its First Certificate of Occupancy on or before April 1, 2010	Entertainment, Hotel, Office, Laboratory, Retail, or Small Enterprise Workspace	\$0
Institutional or PDR which received its First Certificate of Occupancy on or before April 1, 2010	Institutional, PDR, Laboratory, Residential*	\$0
Institutional or PDR which received its First Certificate of Occupancy after April 1, 2010	Any Hotel or Office	Use Fee from Table 413.5A
<u>Institutional or PDR which received its First Certificate of Occupancy after April 1, 2010</u>	<u>Any (except Hotel or Office)</u>	<u>\$0</u>

Residential	Entertainment, Hotel, Office, PDR, Laboratory, Retail, or Small Enterprise Workspace	Use Fee from Table 413.5 <u>4</u>
-------------	--	-----------------------------------

** There is no fee for any portion of a project that constitutes a change of use from PDR to any Non-Residential use that is not a Hotel or Office use.*

* * * *

SEC. 421. MARKET AND OCTAVIA COMMUNITY IMPROVEMENTS FUND.

Sections 421.1 through 421.7, hereafter referred to as Section 421.1 et seq., set forth the requirements and procedures for the Market and Octavia Community Improvements Fund. The effective date of these requirements shall be either April 3, 2008, the date that the requirements originally became effective, or the date a subsequent modification, if any, became effective.

SEC. 421.3. APPLICATION OF COMMUNITY IMPROVEMENTS IMPACT FEE.

(a) **Application.** Section 421.1 et seq. shall apply to any development project located in the Market and Octavia Program Area as defined in Section 401.

(b) **Projects subject to the Market and Octavia Community Improvement_s Impact Fee.** The Market and Octavia Community Improvements Impact Fee is applicable to any development project in the Market and Octavia Program Area which results in:

- (1) At least one net new residential unit,
- (2) Additional space in an existing residential unit of more than 800 gross square feet,
- (3) At least one net new group housing facility or residential care facility,
- (4) Additional space in an existing group housing or residential care facility of more than 800 gross square feet,

- 1 (5) New construction of a non-residential use, or
 2 (6) Additional non-residential space in excess of 800 gross square feet in an
 3 existing structure.

4 (c) **Fee Calculation for the Market and Octavia Community Improvements Impact**

5 **Fee.** For development projects for which the Market and Octavia Community Improvements
 6 Impact Fee is applicable:

7 (1) Any net addition of gross square feet shall pay per the Fee Schedule in
 8 Table 421.3A, and

9 (2) Any replacement of gross square feet or change of use shall pay per the
 10 Fee Schedule in Table 421.3B, except that there shall be no fee for any portion of a project that
 11 constitutes a change of use from PDR to any Non-Residential use that is not a Hotel or Office use.

12 * * * *

13 **TABLE 421.3B**

14 **FEE SCHEDULE FOR REPLACEMENT OF USE OR CHANGE OF USE IN THE MARKET**
 15 **AND OCTAVIA PROGRAM AREA**

16 Residential to Residential or Non-residential; or 17 Non-residential to Non- residential	Non-Residential to Residential	PDR to Residential	PDR to Non- Residential
18 \$0	\$5.60/gsf	\$7.30/gsf	\$1.70/gsf*

19 * There is no fee for any portion of a project that constitutes a change of use from PDR to a Non-
 20 Residential use that is not a Hotel or Office use.

21 * * * *

22
 23 **SEC. 422. BALBOA PARK COMMUNITY IMPROVEMENTS FUND.**

24 Sections 422.1 through 422.5, hereafter referred to as Section 422.1 et seq., set forth
 25 the requirements and procedures for the Balboa Park Community Improvements Fund. The

1 effective date of these requirements shall be either April 17, 2009, which is the date that the
2 requirements originally became effective, or the date a subsequent modification, if any,
3 became effective.

4
5 **SEC. 422.3. APPLICATION OF COMMUNITY IMPROVEMENT IMPACT FEE.**

6 (a) **Application.** Section 422.1 et seq. shall apply to any development project located
7 in the Balboa Park Community Improvements Program Area.

8 (b) **Projects subject to the Balboa Park Impact Fee.** The Balboa Park Impact Fee is
9 applicable to any development project in the Balboa Park Program Area which results in:

- 10 (1) At least one net new residential unit,
- 11 (2) Additional space in an existing residential unit of more than 800 gross
12 square feet,
- 13 (3) At least one net new group housing facility or residential care facility,
- 14 (4) Additional space in an existing group housing or residential care facility of
15 more than 800 gross square feet,
- 16 (5) New construction of a non-residential use, or
- 17 (6) Additional non-residential space in excess of 800 gross square feet in an
18 existing structure.

19 (c) **Fee Calculation for the Balboa Park Impact Fee.** For development projects for
20 which the Balboa Park Impact Fee is applicable:

- 21 (1) Any net addition of gross square feet shall pay per the Fee Schedule in
22 Table 422.3A, and
- 23 (2) Any replacement of gross square feet or change of use shall pay per the
24 Fee Schedule in Table 422.3B, except that there shall be no fee for any portion of a project that
25 constitutes a change of use from PDR to any Non-Residential use that is not a Hotel or Office use.

* * * *

TABLE 422.3B

**FEE SCHEDULE FOR REPLACEMENT OF USE OR CHANGE OF USE IN THE BALBOA
PARK PROGRAM AREA**

Residential to Residential or Non-residential; or Non-residential to Non-residential	Non-Residential to Residential	PDR to Residential	PDR to Non-Residential
\$0	\$6.50/gsf	\$7.25/gsf	\$0.75/gsf*

** There is no fee for any portion of a project that constitutes a change of use from PDR to any Non-Residential use that is not a Hotel or Office use.*

* * * *

SEC. 423. EASTERN NEIGHBORHOODS IMPACT FEES AND PUBLIC BENEFITS FUND.

Sections 423.1 through 423.5 set forth the requirements and procedures for the Eastern Neighborhoods Impact Fee and Public Benefits Fund. The effective date of these requirements shall be either December 19, 2008, which is the date that these requirements originally became effective, or the date a subsequent modification, if any, became effective.

SEC. 423.3. APPLICATION OF EASTERN NEIGHBORHOODS INFRASTRUCTURE IMPACT FEE.

(a) **Application.** Section 423.1 et seq. shall apply to any development project located in the Eastern Neighborhoods Program Area.

(b) **Projects subject to the Eastern Neighborhoods Infrastructure Impact Fee.**
The Eastern Neighborhoods Infrastructure Impact Fee is applicable to any development project in the Eastern Neighborhoods Program Area which results in:

- (1) At least one net new residential unit,

- (2) Additional space in an existing residential unit of more than 800 gross square feet,
- (3) At least one net new group housing facility or residential care facility,
- (4) Additional space in an existing group housing or residential care facility of more than 800 gross square feet,
- (5) New construction of a non-residential use, or
- (6) Additional non-residential space in excess of 800 gross square feet in an existing structure.

(c) **Fee Calculation for the Eastern Neighborhoods Infrastructure Impact Fee.**

For development projects for which the Eastern Neighborhoods Infrastructure Impact Fee is applicable:

- (1) Any net addition of gross square feet shall pay per the Fee Schedule in Table 423.3A, and
- (2) Any replacement of gross square feet or change of use shall pay per the Fee Schedule in Table 423.3B. *There shall be no fee for any portion of a project that constitutes a change of use from PDR to any Non-Residential use that is not a Hotel or Office use.*

* * * *

TABLE 423.3B
FEE SCHEDULE FOR REPLACEMENT OF USE OR CHANGE OF USE IN THE EASTERN NEIGHBORHOODS PROGRAM AREA

Tier (per Sec. 423.3(a))	Residential to Residential or Non-residential; or Non-residential to Non-residential	Non-Residential to Residential	PDR to Residential	PDR to Non-residential
1	\$0	\$2/gsf	\$5/gsf	\$3/gsf*
2	\$0	\$2/gsf	\$9/gsf	\$7/gsf*
3	\$0	\$2/gsf	\$13/gsf	\$11/gsf*

1 * There is no fee for any portion of a project that constitutes a change of use from PDR to any Non-
2 Residential use that is not a Hotel or Office use.

3 * * * *

4
5 **SEC. 424.6. TRANSIT CENTER DISTRICT OPEN SPACE IMPACT FEE AND FUND.**

6 Sections 424.6.1 through 424.6.4 set forth the requirements and procedures for the
7 Transit Center District Open Space Impact Fee and Fund. The effective date of these
8 requirements shall be the effective date of this Ordinance or the date a subsequent
9 modification, if any, became effective.

10
11 **SEC. 424.6.2. APPLICATION OF TRANSIT CENTER DISTRICT OPEN SPACE IMPACT**
12 **FEE.**

13 (a) **Application.** Sections 424.6 et seq. shall apply to any development project
14 located in the C-3-O(SD) District and meeting the requirements of subsection (b) below.

15 (b) **Projects subject to the Transit Center District Open Space Impact Fee.** The
16 Transit Center District Open Space Impact Fee is applicable to any development project in the
17 C-3-O(SD) District which results in:

- 18 (1) At least one net new residential unit,
- 19 (2) Addition of space to an existing residential unit of more than 800 gross
20 square feet,
- 21 (3) At least one net new group housing facility or residential care facility,
- 22 (4) Addition of space to an existing group housing or residential care facility of
23 more than 800 gross square feet,
- 24 (5) New construction of a non-residential use, ~~or~~

1 (6) Addition of non-residential space in excess of 800 gross square feet to an
2 existing structure, or

3 (7) Conversion of existing space to a different use where the project's total fee
4 as calculated according to subsection (c) below would exceed the total fee for the uses being
5 replaced.

6 (c) **Fee Calculation for the Transit Center District Open Space Impact Fee.** For
7 development projects for which the Transit Center District Open Space Impact Fee is
8 applicable, the corresponding fee for net addition of gross square feet is listed in Table
9 424.6A. Where a development project includes more than one land use, the overall proportion
10 of each use relative to other uses on the lot shall be used to calculate the applicable fees
11 regardless of the physical distribution or location of each use on the lot. Where a project
12 proposes conversion of existing space to a different use, the Director shall specify the fee
13 amount based on a Guidance Statement or other document establishing the methodology for
14 calculating fees. Notwithstanding the foregoing provisions of this subsection (c), there shall be no fee
15 for any portion of a project that constitutes a change of use from PDR to any Non-Residential use that
16 is not a Hotel or Office use.

17 (1) **Base Fee.** The fee listed in Column A shall be assessed on all applicable
18 gross square footage for the entire development project.

19 (2) **Projects Exceeding FAR of 9:1.** For development projects that result in
20 the Floor Area Ratio on the lot exceeding 9:1, the fee listed in Column B shall be assessed on
21 all applicable gross square footage on the lot above an FAR of 9:1.

TABLE 424.6A
FEE SCHEDULE FOR NET ADDITIONS OF GROSS SQUARE FEET IN THE TRANSIT
CENTER DISTRICT AREA

Use	Column A (Base Fee)	Column B (GSF Above 9:1)
Residential	\$2.50/gsf	N/A
Office	\$3.00/gsf	\$7.00/gsf
Retail	\$5.00/gsf*	\$4.50/gsf*
Hotel	\$4.00/gsf	N/A
Institutional/Cultural/ Medical	\$5.00/gsf*	\$4.30/gsf*
Industrial	\$2.50/gsf*	N/A*

** There is no fee for any portion of a project that constitutes a change of use from PDR to any Non-Residential use that is not a Hotel or Office use.*

* * * *

SEC. 424.7. TRANSIT CENTER DISTRICT TRANSPORTATION AND STREET IMPROVEMENT IMPACT FEE AND FUND.

Sections 424.7.1 through 424.7.4 set forth the requirements and procedures for the Transit Center District Transportation and Street Improvement Impact Fee and Fund. The effective date of these requirements shall be either the effective date of this Ordinance or the date a subsequent modification, if any, became effective.

1 **SEC. 424.7.2. APPLICATION OF TRANSIT CENTER DISTRICT TRANSPORTATION AND**
2 **STREET IMPROVEMENT IMPACT FEE.**

3 (a) **Application.** Sections 424.7 et seq. shall apply to any development project
4 located in the C-3-O(SD) District and meeting the requirements of subsection (b) below.

5 (b) **Projects subject to the Transit Center District Transportation and Street**
6 **Improvement Impact Fee.** The Transit Center District Transportation and Street
7 Improvement Impact Fee is applicable to any development project in the C-3-O(SD) District
8 which results in:

- 9 (1) At least one net new residential unit,
- 10 (2) Addition of space to an existing residential unit of more than 800 gross
11 square feet,
- 12 (3) At least one net new group housing facility or residential care facility,
- 13 (4) Addition of space to an existing group housing or residential care facility of
14 more than 800 gross square feet,
- 15 (5) New construction of a non-residential use, ~~or~~
- 16 (6) Addition of non-residential space in excess of 800 gross square feet to an
17 existing structure, or
- 18 (7) Conversion of existing space to a different use where the project's total fee
19 as calculated according to subsection (c) below would exceed the total fee for the uses being
20 replaced.

21 (c) **Fee Calculation for the Transit Center District Transportation and Street**
22 **Improvement Impact Fee.** For development projects for which the Transit Center District
23 Transportation and Street Improvement Impact Fee is applicable, the corresponding fee for
24 net addition of gross square feet is listed in Table 424.7A. Where a development project
25 includes more than one land use, the overall proportion of each use relative to other uses on

1 the lot shall be used to calculate the applicable fees regardless of the physical distribution or
 2 location of each use on the lot. Notwithstanding the foregoing provisions of this subsection (c), there
 3 shall be no fee for any portion of a project that constitutes a change of use from PDR to any Non-
 4 Residential use that is not a Hotel or Office use. If necessary, the Director shall issue a Guidance
 5 Statement clarifying the methodology of calculating fees.

6 (1) **Transit Delay Mitigation Fee.** The fee listed in Column A shall be
 7 assessed on all applicable gross square footage for the entire development project.

8 (2) **Base Fee.** The fee listed in Column B shall be assessed on all applicable
 9 gross square footage for the entire development project.

10 (3) **Projects Exceeding FAR of 9:1.** For development projects that result in
 11 the Floor Area Ratio on the lot exceeding 9:1, the fee listed in Column C shall be assessed on
 12 all applicable gross square footage on the lot above an FAR of 9:1.

13 (4) **Projects Exceeding FAR of 18:1.** For development projects that result in
 14 the Floor Area Ratio on the lot exceeding 18:1, the fee listed in Column D shall be assessed
 15 on all applicable gross square footage on the lot above an FAR of 18:1.

16 **TABLE 424.7A**

17 **FEE SCHEDULE FOR NET ADDITIONS OF GROSS SQUARE FEET IN THE TRANSIT**
 18 **CENTER DISTRICT AREA**

Use	Column A (Transit Delay Mitigation Fee)	Column B (Base Fee)	Column C (GSF Above 9:1)	Column D (GSF Above 18:1)
Residential	\$0.06/gsf	\$3.94/gsf	\$6.00/gsf	\$3.00/gsf
Office	\$0.20/gsf	\$3.80/gsf	\$19.50/gsf	\$10.00/gsf
Retail	\$1.95/gsf*	\$2.05/gsf*	\$19.50/gsf*	\$10.00/gsf*
Hotel	\$0.10/gsf	\$3.90/gsf	\$8.00/gsf	\$3.00/gsf
Institutional/ Cultural/Medical	\$0.30/gsf*	\$3.70/gsf*	\$19.50/gsf*	\$10.00/gsf*
Industrial	N/A*	\$4.00/gsf*	N/A*	N/A*

1 * There is no fee for any portion of a project that constitutes a change of use from PDR to any Non-
2 Residential use that is not a Hotel or Office.

3 * * * *

4
5 **SEC. 432. CENTRAL SOMA COMMUNITY SERVICES FACILITIES FEE AND FUND.**

6 Sections 432.1 through 432.4 set forth the requirements and procedures for the Central
7 SoMa Community Services Facilities Fee and Fund.

8
9 **SEC. 432.2. APPLICATION OF FEES.**

10 (a) **Applicable Projects.** The Central SoMa Community Services Facilities Fee is
11 applicable to any development project in the Central SoMa Special Use District that:

- 12 (1) Is in any Central SoMa Fee Tier, pursuant to Section 423; and
13 (2) Includes new construction or an addition of space in excess of 800 gross
14 square feet.

15 (b) **Fee Calculation.** For applicable projects, the Fee is as follows:

16 (1) For Residential uses, \$1.30 per gross square foot of net additional gross
17 square feet, net replacement of gross square feet from PDR uses, or net change of use of
18 gross square feet from PDR uses.

19 (2) For Non-residential uses,

20 (A) \$1.75 per gross square foot of net additional gross square feet; or
21 net replacement of gross square feet from PDR uses; ~~or net change of use of gross square feet~~
22 ~~from PDR uses.~~ There shall be no fee for any portion of a project that constitutes a change of use from
23 PDR to any Non-Residential use that is not a Hotel or Office use.

24 (B) \$0.45 per gross square foot of net replacement of gross square feet
25 from Residential uses or net change of use of gross square feet from Residential uses.

1 * * * *

2
3 **SEC. 433. CENTRAL SOMA INFRASTRUCTURE IMPACT FEE AND FUND.**

4 Sections 433.1 through 433.4 set forth the requirements and procedures for the Central
5 SoMa Infrastructure Impact Fee and Fund.

6
7 **SEC. 433.2. APPLICATION OF FEES.**

8 (a) **Applicable Projects.** The Central SoMa Infrastructure Impact Fee is applicable to
9 any development project in the Central SoMa Special Use District that:

- 10 (1) Is in any Central SoMa Tier, pursuant to Section 423; and
11 (2) Includes new construction or an addition of space in excess of 800 gross
12 square feet.

13 (b) **Fee Calculation.** For applicable projects, the Fee is as follows:

- 14 (1) For Residential uses in Central SoMa Fee Tier B:
15 (A) For Owned Units, as defined in Section 415.2, ~~\$20.00~~ per gross
16 square foot of net additional gross square feet, net replacement of gross square feet from
17 PDR uses, or net change of use of gross square feet from PDR uses.
18 (B) For Rental Units, defined as units that are not Owned Units as
19 defined in Section 415.2, ~~\$10.00~~ per gross square foot of net additional gross square feet, net
20 replacement of gross square feet from PDR uses, or net change of use of gross square feet
21 from PDR uses.
22 (2) For Non-residential uses in Central SoMa Fee Tier A that are seeking an
23 Office Allocation of 50,000 gross square feet or more pursuant to the requirements of
24 Planning Code Section 321, \$21.50 per gross square foot of net additional gross square
25 feet; or net replacement of gross square feet from PDR uses; ~~or net change of use of gross~~

1 square feet from PDR uses. There shall be no fee for any portion of a project that constitutes a change
2 of use from PDR to any Non-Residential use that is not a Hotel or Office use.

3 (3) For Non-residential uses in Central SoMa Fee Tier A that are not seeking
4 an Office Allocation of 50,000 gross square feet or more pursuant to the requirements of
5 Planning Code Section 321:

6 (A) \$41.50 per gross square foot of net additional gross square feet, or
7 net replacement of gross square feet from PDR uses, ~~or net change of use of gross square feet~~
8 ~~from PDR uses.~~ There shall be no fee for any portion of a project that constitutes a change of use from
9 PDR to any Non-Residential use that is not a Hotel or Office use.

10 (B) \$21.50 per gross square foot of net replacement of gross square feet
11 from Residential uses or net change of use of gross square feet from Residential uses.

12 (4) For Non-residential uses in Central SoMa Fee Tier C that are not seeking
13 an Office Allocation of 50,000 gross square feet or more pursuant to the requirements of
14 Planning Code Section 321, ~~\$20.00~~ per gross square foot of net additional gross square
15 feet, or net replacement of gross square feet from PDR uses, ~~or net change of use of gross~~
16 ~~square feet from PDR uses.~~ There shall be no fee for any portion of a project that constitutes a change
17 of use from PDR to any Non-Residential use that is not a Hotel or Office use.

18 * * * *

19
20 Section 3. Effective Date. This ordinance shall become effective 30 days after
21 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
22 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
23 of Supervisors overrides the Mayor's veto of the ordinance.

1 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
2 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
3 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
4 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
5 additions, and Board amendment deletions in accordance with the “Note” that appears under
6 the official title of the ordinance.

7

8 APPROVED AS TO FORM:
9 DAVID CHIU, City Attorney

10 By: /s/ HEATHER GOODMAN
11 HEATHER GOODMAN
Deputy City Attorney

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LEGISLATIVE DIGEST

[Planning Code - Impact Fees for Changes of Use From Production, Distribution, and Repair to Other Non-Residential Uses]

Ordinance amending the Planning Code to eliminate impact fees for changes of use from PDR (Production, Distribution, and Repair) to other Non-Residential Uses, as specified; affirming the Planning Department’s determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302

Existing Law

The Planning Code requires the payment of certain impact fees associated with development projects. Typically, the fees are calculated based on the nature and the size of the development. Several different impact fees may be assessed for developments that change the existing use of property from PDR to another non-residential use. Such fees are assessed under the following programs and funds, among others: Jobs-Housing Linkage, Market and Octavia Community Improvements, Balboa Park Community Improvements, Eastern Neighborhoods Impact Fees and Public Benefits, Transit Center District Open Space, Transportation Center District Transportation and Street Improvement, Central SoMa Community Services Facilities, and Central SoMa Infrastructure (collectively, the “Impact Fee Programs”).

Amendments to Current Law

The ordinance amends the Impact Fee Programs to eliminate fees for that portion of a development project that constitutes a change of use from PDR to any other non-residential use, except hotel or office uses. For a change of use from PDR to a hotel or office use, the existing fee for a change in use from PDR to a non-residential use would continue to apply.



November 15, 2024

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

Re: **Transmittal of Planning Department Case Number 2024-008950PCA:**
Impact Fees for Changes of Use From Production, Distribution, and Repair to Other Non-Residential Us
Board File No. 240901

Planning Commission Recommendation: Approval with Modification

Dear Ms. Calvillo and Mayor Breed,

On November 14, 2024, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Mayor Breed. The proposed ordinance would amend Planning Code to eliminate impact fees for changes of use from PDR (Production, Distribution, and Repair) to other Non-Residential Uses. At the hearing the Planning Commission adopted a recommendation for approval with modifications.

The Commission's proposed modifications were as follows:

1. Do not remove the Jobs Housing Linkage Fee, or only provide for a partial waiver of the Jobs Housing Linkage Fee.
2. Continue to reach out and consult with affected community groups to see if other fees should also remain.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

Mayor Breed, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

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,



Aaron D. Starr
Manager of Legislative Affairs

cc: Heather Goodman, Deputy City Attorney
Katy Tang, Director, Office of Small Business
John Carroll, Clerk, Office of the Clerk of the Board

ATTACHMENTS :

Planning Commission Resolution
Planning Department Executive Summary



PLANNING COMMISSION RESOLUTION NO. 21647

HEARING DATE: NOVEMBER 14, 2024

Project Name: Impact Fees for Changes of Use From Production, Distribution, and Repair to Other Non-Residential Uses
Case Number: 2024-008950PCA [Board File No. 240901]
Initiated by: Mayor Breed / Introduced September 17, 2024
Staff Contact: Veronica Flores Legislative Affairs
veronica.flores@sfgov.org, 628-652-7525
Reviewed by: Aaron Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, 628-652-7533

RESOLUTION ADOPTING A RECOMMENDATION FOR APPROVAL OF A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO ELIMINATE IMPACT FEES FOR CHANGES OF USE FROM PDR (PRODUCTION, DISTRIBUTION, AND REPAIR) TO OTHER NON-RESIDENTIAL USES, AS SPECIFIED; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1; AND MAKING FINDINGS OF PUBLIC NECESSITY, CONVENIENCE, AND WELFARE PURSUANT TO PLANNING CODE, SECTION 302.

WHEREAS, on September 17, 2024 Mayor Breed introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 240901, which would amend the Planning Code to eliminate impact fees for changes of use from PDR (Production, Distribution, and Repair) to other Non-Residential Uses, as specified;

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on November 14, 2024; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15378 and 15060(c)(2); 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 49 South Van Ness Avenue, Suite 1400, San Francisco; and

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

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby adopts a **recommendation for approval with modifications** of the proposed ordinance.

1. Do not remove the Jobs Housing Linkage Fee, or only provide for a partial waiver of the Jobs Housing Linkage Fee.
2. Continue to reach out and consult with affected community groups to see if other fees should also remain.

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:

The proposed Ordinance promotes business growth and fosters newly emerging economic sectors. However the Commission is concerned about the loss of the Jobs Housing Linkage Fee as a revenue source for affordable housing, and is recommending it be maintained.

General Plan Compliance

The proposed Ordinance is consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 2

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

OBJECTIVE 3

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

Policy 3.4

Assist newly emerging economic activities.

The proposed Ordinance supports the Commerce and Industry Element's goals of maintaining and supporting the economic growth of San Francisco. The new impact fee waiver would eliminate some financial burdens for new businesses converting former PDR spaces. This would balance the goals of Policy 2.1: to retain existing commercial and industrial activities and attract new such activities to the city. The proposed Ordinance also aligns with Policy 3.4 which seeks to assist newly emerging economic activities.

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 effect on neighborhood serving retail uses and will not have a negative effect on 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 cause displacement of the industrial or service sectors due to office development, 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 adverse effect 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 adverse effect 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 adverse effect on the City's parks and open space and their access to sunlight and vistas.

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 ADOPTS A RECOMMENDATION FOR APPROVAL WITH MODIFICATIONS for the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on November 14, 2024.



Jonas P Ionin

Digitally signed by Jonas P Ionin
Date: 2024.11.15 09:15:41 -08'00'

Jonas P. Ionin
Commission Secretary

- AYES: Campbell, McGarry, Braun, So
NOES: Williams, Imperial
ABSENT: Moore
ADOPTED: November 14, 2024



EXECUTIVE SUMMARY

PLANNING CODE TEXT AMENDMENT

HEARING DATE: November 14, 2024

90-Day Deadline: December 24, 2024

Project Name: Impact Fees for Changes of Use From Production, Distribution, and Repair to Other Non-Residential Uses
Case Number: 2024-008950PCA [Board File No. 240901]
Initiated by: Mayor Breed / Introduced September 17, 2024
Staff Contact: Veronica Flores Legislative Affairs
veronica.flores@sfgov.org, 628-652-7525
Reviewed by: Aaron Starr, Manager of Legislative Affairs
aaron.starr@sfgov.org, 628-652-7533
Environmental Review: Not a Project Under CEQA

RECOMMENDATION: Adopt of Recommendation for Approval

Planning Code Amendment

The proposed Ordinance would eliminate impact fees for changes of use from PDR (Production, Distribution, and Repair) to other Non-Residential Uses, excluding Hotel and Office uses.

The Way It Is Now:

An impact fee is triggered to change the use from PDR to other Non-Residential Uses in the following programs and districts:

- Jobs Housing Linkage Fee
- Market and Octavia Community Improvements Impact Fee
- Balboa Park Community Improvements Impact Fee
- Eastern Neighborhoods Infrastructure Impact Fee (Mission District, Central Waterfront, SOMA, Showplace)
- Transit Center District Open Space Impact Fee and Fund
- Transit Center District Transportation and Street Improvement Impact Fee and Fund
- Central SOMA Community Services Facilities Fee
- Central SOMA Infrastructure Impact Fee and Fund

The Way It Would Be:

These change-of-use impact fees would not be triggered if changing from a PDR use to another Non-Residential use, excluding Hotel and Office uses.

Background

The Ordinance came about because Shennon Biotechnologies (Shennon) converted a former manufacturing space into a cancer research facility. This triggered an impact fee of \$14,000 for changing a PDR use to another Non-Residential use within an existing building. Shennon reached out to the Office of Small Business in hopes that other businesses, particularly Laboratory uses, would not have to pay this impact fee in the future. The Office of Small Business then introduced this ordinance with the goal of eliminating some of the financial burdens for associated with PDR conversion.

The Small Business Commission heard this item on September 23, 2024. SBC noted that this proposal maintains existing zoning controls within PDR districts but removes additional fees. They noted that a change of use within an existing footprint does not yield additional impacts¹ and that eliminating these fees supports their overall goal to streamline small business permitting.

Issues and Considerations

The impact fees are intended to offset the impacts caused by new construction and conversion projects on public services, infrastructure, and facilities.

Impact Fees

The city imposes development impact fees on projects to offset the impacts caused by new development on public services, infrastructure, and facilities. The rates are adjusted annually, and the current rates can be found on the Department of Building Inspection's (DBI's) [Development Impact Fee Register](#). The various impact fees for both new construction and conversion projects are described in Article 4 of the Planning

¹ Planning does not agree with this finding. The *Impact Fees* section outlines how different uses can in fact have different impacts on infrastructure needs.

Code. This includes citywide impact fees such as Affordable Housing Fee, Jobs-Housing Linkage Fee, or Child Care Fee.

The code also includes neighborhood-specific impact fees. These fees come about from large rezoning efforts that allow more intense uses in the area. For example, the Eastern Neighborhoods went through a significant rezoning effort and were identified as a target area to develop new housing. This new development would have an extraordinary impact on the Plan Area's already deficient neighborhood infrastructure. Thus, the Eastern Neighborhoods Impact Fee and Public Benefits Fund was established. Each new square foot of development would be charged a specific rate and deposited into this fund. These collected impact fees would help improve and increase associated infrastructure.

| Converting existing space still has an impact on public services, infrastructure and facilities.

Impact fees are also imposed on conversion projects. These are subject to reduced rates because converting an existing use is not as significant an impact as constructing a new use, but there are still impacts. The amount of reduction is determined by comparing the impacts of the existing use to the impacts of the proposed use. When a PDR use is converted to another non-residential use, the impacts on infrastructure are typically higher. This is because PDR uses typically have fewer employees and fewer visitors than other uses, resulting in fewer trips generated from PDR uses. In some cases, when the existing and proposed uses are considered to have similar impacts, the rate is \$0 per square foot. This is because the proposed use is not deemed to have additional impact compared to the existing use.

Development Project Trends and Effects on Impact Fees

The current economic conditions have stalled many development projects, significantly reducing the city's revenue from impact fees. Since 2012, a total of 57 projects have paid this fee, averaging four projects per year. Collectively, these projects generated \$3,037,899, with an annual average revenue of \$202,526, or roughly \$53,296 per project. The median fee collected was just \$16,040, with amounts ranging from as little as \$243 to a high of \$549,494. However, since 2020, due to adverse economic factors both locally and nationally, revenue from the change-of-use impact fee has sharply declined. Over the past three years, only 15 projects have paid the fee—an average of five per year—contributing just \$113,789 annually, or \$37,929 per project. This trend highlights that the change-of-use impact fee is not a substantial revenue source; instead, it may be discouraging new businesses from establishing themselves in San Francisco. Removing or reducing this fee could attract more businesses, creating jobs, expanding the tax base, and stimulating economic growth that would benefit the city far beyond the limited revenue currently generated by the fee.

Protecting PDR Uses and Districts

The city has implemented various efforts, including the Eastern Neighborhoods plans, to preserve PDR industries and the opportunities they provide. PDR businesses served as a supply and distribution lifeline to small businesses during the pandemic. They also serve as a source of employment for workers who may not have a college degree and at a salary that is higher than in the retail sector. The proposed Ordinance does not amend the zoning control tables to make it easier to displace PDR uses. It also does not delete Section 202.8 that requires a CUA for certain projects proposing a change of use from PDR to another use. However, the proposed Ordinance would eliminate impact fees for changing a PDR use to another use. This

amendment would benefit prospective business owners, but it may also incentivize converting existing PDR spaces to other uses.

General Plan Compliance

The proposed Ordinance supports the Commerce and Industry Element's goals of maintaining and supporting the economic growth of San Francisco. The new impact fee waiver would eliminate some financial burdens for new businesses converting former PDR spaces. This would balance the goals of Policy 2.1: to retain existing commercial and industrial activities and attract new such activities to the city. The proposed Ordinance also aligns with Policy 3.4 which seeks to assist newly emerging economic activities.

Racial and Social Equity Analysis

The proposed Planning Code amendments aim to advance racial and social equity by making it easier to open small businesses in San Francisco. A key component is the elimination of impact fees when changing a property's use from PDR to other Non-Residential uses, except for Hotel or Office spaces. By waiving these fees, which can exceed \$10,000 in some cases, small business owners—often from underrepresented or economically disadvantaged communities—can avoid a significant financial barrier, potentially enabling them to establish or expand their enterprises. This aligns with the city's goals to foster greater equity by lowering entry costs for diverse entrepreneurs.

However, while individual business owners stand to benefit, there are broader public and infrastructure costs to consider. Currently, impact fees support essential public services like affordable housing and infrastructure improvements. Reducing these fees could slow the funding available for these critical needs, potentially affecting low-income communities that rely on affordable housing and other public resources. Moreover, the proposed changes may have unintended consequences for PDR uses. PDR businesses provide vital employment opportunities for individuals without a college degree, often offering wages that exceed those in the retail sector. Facilitating conversions away from PDR uses could reduce entry-level and semi-skilled job opportunities, disproportionately impacting marginalized communities that benefit from these jobs. Thus, while the ordinance helps individual small business owners, it could also limit career opportunities for workers reliant on PDR industries.

In weighing the benefits to small business owners against potential impacts on jobs and public resources, the city should consider complementary measures to support both new business growth and the economic stability of marginalized communities.

Implementation

The Department has determined that this ordinance will not impact our current implementation procedures.

Recommendation

The Department recommends that the Commission **adopt a recommendation for approval** of the proposed Ordinance and adopt the attached Draft Resolution to that effect.

Basis for Recommendation

The Department supports the goals of this Ordinance, as it promotes business growth and fosters newly emerging economic sectors. On balance, the Department believes that removing the fee will have a more positive impact on the city than retaining it. While the revenue from this fee is helpful, it is not a substantial source of city funding. Conversely, for small and emerging businesses, these fees represent a significant financial burden that can impede their establishment and growth. Eliminating this fee would offer crucial cost savings, making San Francisco a more accessible and attractive environment for entrepreneurs and new businesses. This change would help invigorate the local economy, drive job creation, and encourage diverse economic development across the city.

Required Commission Action

The proposed Ordinance is before the Commission so that it may adopt a recommendation of approval, disapproval, or approval with modifications.

Environmental Review

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

Public Comment

The Planning Department received one public comment in support of the proposed Ordinance. The comment letter was from Joey Mucha, owner of Sure Fun Amusements Inc. d.b.a. Joey the Cat. He noted the proposed Ordinance would add much-needed financial relief to small businesses.

ATTACHMENTS:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 240901
- Exhibit C: Letter of Support



CITY AND COUNTY OF SAN FRANCISCO
LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS
DIRECTOR KATY TANG

September 24, 2024

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

RE: BOS File No. 240901 - Impact Fees for Changes of Use From Production, Distribution, and Repair to other Non-Residential Uses - Support

Dear Ms. Calvillo,

On September 23, 2024 the Small Business Commission (the Commission) heard BOS File No. 240901 - Impact Fees for Changes of Use From Production, Distribution, and Repair to other Non-Residential Uses. Katy Tang, Director of the Office of Small Business, presented the legislation on behalf of the Mayor's Office.

The legislation removes impact fees for projects that change use from production, distribution, and repair (PDR) uses, such as manufacturing or industrial uses, to a different non-residential use when there is no change in the building footprint. The Commission noted that this proposal maintains existing zoning controls within PDR districts, but removes additional fees which supports their overall goal to streamline small business permitting.

Thank you for considering the Commission's recommendations. Please feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Katy Tang". The signature is fluid and cursive.

Katy Tang
Director, Office of Small Business

BOARD of SUPERVISORS




City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

Date: September 25, 2024
To: Planning Department/Planning Commission
From: John Carroll, Assistant Clerk, Land Use and Transportation Committee
Subject: Board of Supervisors Legislation Referral - File No. 240901
Planning Code - Impact Fees for Changes of Use From Production, Distribution, and Repair to Other Non-Residential Uses

- California Environmental Quality Act (CEQA) Determination
(California Public Resources Code, Sections 21000 et seq.) Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.
 - Ordinance / Resolution
 - Ballot Measure

10/4/2024 
- Amendment to the Planning Code, including the following Findings:
(Planning Code, Section 302(b): 90 days for Planning Commission review)
 General Plan Planning Code, Section 101.1 Planning Code, Section 302
- Amendment to the Administrative Code, involving Land Use/Planning
(Board Rule 3.23: 30 days for possible Planning Department review)
- General Plan Referral for Non-Planning Code Amendments
(Charter, Section 4.105, and Administrative Code, Section 2A.53)
(Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)
- Historic Preservation Commission
 - Landmark (Planning Code, Section 1004.3)
 - Cultural Districts (Charter, Section 4.135 & Board Rule 3.23)
 - Mills Act Contract (Government Code, Section 50280)
 - Designation for Significant/Contributory Buildings (Planning Code, Article 11)

Please send the Planning Department/Commission recommendation/determination to John Carroll at john.carroll@sfgov.org.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Sarah Dennis Phillips, Executive Director, Office of Economic and Workforce Development
Jose Cisneros, Treasurer

FROM: John Carroll, Assistant Clerk, Land Use and Transportation Committee

DATE: September 25, 2024

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Mayor Breed on September 17, 2024.

File No. 240901

Ordinance amending the Planning Code to eliminate impact fees for changes of use from PDR (Production, Distribution, and Repair) to other Non-Residential Uses, as specified; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: john.carroll@sfgov.org.

cc:
Office of Chair Melgar and Mayor Breed
Anne Taupier, Office of Economic and Workforce Development
Alesandra Lozano, Office of Economic and Workforce Development
Amanda Kahn Fried, Office of the Treasurer-Tax Collector

From: [Board of Supervisors \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS-Legislative Aides](#)
Cc: [BOS-Operations](#); [Carroll, John \(BOS\)](#); [Calvillo, Angela \(BOS\)](#); [De Asis, Edward \(BOS\)](#); [Entezari, Mehran \(BOS\)](#); [Mchugh, Eileen \(BOS\)](#); [Ng, Wilson \(BOS\)](#); [Somera, Alisa \(BOS\)](#)
Subject: FW: Opposition to Exemption of PDR Impact Fees
Date: Monday, November 18, 2024 9:41:22 AM
Attachments: [PDR Legislation - DNA & PBNA.pdf](#)

Hello,

Please see attached regarding **File No. 240901**:

Ordinance amending the Planning Code to eliminate impact fees for changes of use from PDR (Production, Distribution, and Repair) to other Non-Residential Uses, as specified; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302.

Regards,

John Bullock
Office of the Clerk of the Board
San Francisco Board of Supervisor
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
(415) 554-5184
BOS@sfgov.org | www.sfbos.org

***Disclosures:** Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.*

From: J.R. Eppler <jrepp1@gmail.com>
Sent: Monday, November 18, 2024 9:17 AM
To: Chan, Connie (BOS) <connie.chan@sfgov.org>; Dorsey, Matt (BOS) <matt.dorsey@sfgov.org>; Engardio, Joel (BOS) <joel.engardio@sfgov.org>; Mandelman, Rafael (BOS)

<rafael.mandelman@sfgov.org>; Melgar, Myrna (BOS) <myrna.melgar@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Preston, Dean (BOS) <dean.preston@sfgov.org>; Ronen, Hillary (BOS) <hillary.ronen@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Stefani, Catherine (BOS) <catherine.stefani@sfgov.org>; Walton, Shamann (BOS) <shamann.walton@sfgov.org>; Board of Supervisors (BOS) <board.of.supervisors@sfgov.org>

Subject: Opposition to Exemption of PDR Impact Fees

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear President Peskin and Board of Supervisors,

Please find attached a joint letter from the Potrero Boosters Neighborhood Association and the Dogpatch Neighborhood Association opposing legislation that would exempt PDR changes of use from impact fees.

Sincerely,

J.R. Eppler

President

Potrero Boosters Neighborhood Association



November 15, 2024

Re: File No. 240901 - Impact Fees for Changes of Use from PDR to Other Non-Residential Uses

Dear President Peskin and Supervisors:

The Potrero Boosters and Dogpatch Neighborhood Association learned just yesterday that legislation was moving forward to exempt PDR conversions from impact fees. Meanwhile our neighborhoods are among the ones most impacted from the growth in biotech.

We lag far behind in the infrastructure investment that had been promised to us in the Eastern Neighborhoods Plan and oppose this effort to exempt companies such as Shennon Biotechnologies from paying what amount to very modest impact fees.

We must also remind the Board of the two key policy goals of the Eastern Neighborhoods Plan—to ensure a stable future for PDR businesses in the City, and to provide new affordable housing along with complete neighborhoods.

The proposed legislation would simultaneously incentivize the growth of non-traditional PDR uses such as laboratories while slashing the impact fees that support the needs of our neighborhoods.

We are well aware of the opportunities that biotechnology brings to our local economy, but are deeply frustrated at the lack of comprehensive policies to provide for that growth while protecting our community from what amounts to spot-zoning, with no consideration to its impacts on our mixed-use neighborhoods. Our organizations have publicly supported the biotechnology sector at both Pier 70 and Potrero Power Station as they support much-needed public benefits including affordable housing and amenities such as open space.

We urge you to oppose this legislation, and ask that the City move forward with comprehensive policies that promote economic growth, protect working class jobs, and provide our neighborhoods with the infrastructure promised to us long ago under the Eastern Neighborhoods Plan.

Sincerely,

Donovan Lacy

President, Dogpatch
Neighborhood Association

J.R. Epstein
President, Potrero Boosters
Neighborhood Association

From: [Adam Mendelson](#)
To: [Melgar, Myrna \(BOS\)](#); [Preston, Dean \(BOS\)](#); [Peskin, Aaron \(BOS\)](#); [Carroll, John \(BOS\)](#)
Cc: [Birnbach, Kerry \(ECN\)](#)
Subject: Support for BOS file 240901
Date: Thursday, November 14, 2024 6:03:20 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello folks who make a difference,

I'm writing today in support of BOS File 240901-**Impact Fees for Changes of Use From Production, Distribution, and Repair to Other Non-Residential Uses**. As the owner of the Pearl, I know firsthand how expensive it can be to start a business, ranging from rent to inventory to permitting fees. Removing one additional fee can make a huge difference, and this legislation would remove costly impact fees for businesses like mine. San Francisco needs to incentivize innovation and business creation – removing hurdles like impact fees can help with that. This proposal is not about displacing PDR uses – existing controls and regulations remain in place to preserve PDR spaces in San Francisco. It's about helping businesses like the Pearl thrive in San Francisco.

Sincerely,

Adam Mendelson

Adam Mendelson

The Pearl & Lodge at Marconi
Managing Partner

Adam@thepearlsf.com
239 560 8661