

# INCLUSIONARY HOUSING AND DEVELOPMENT IMPACT FEE REDUCTIONS

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE  
JULY 2, 2026

San Francisco  
**Planning**



SAN FRANCISCO  
OFFICE OF ECONOMIC &  
WORKFORCE DEVELOPMENT

MAYOR'S OFFICE OF  
**HOUSING & COMMUNITY  
DEVELOPMENT**





# INCLUSIONARY REQUIREMENTS AND APPLICABILITY (CITYWIDE)



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

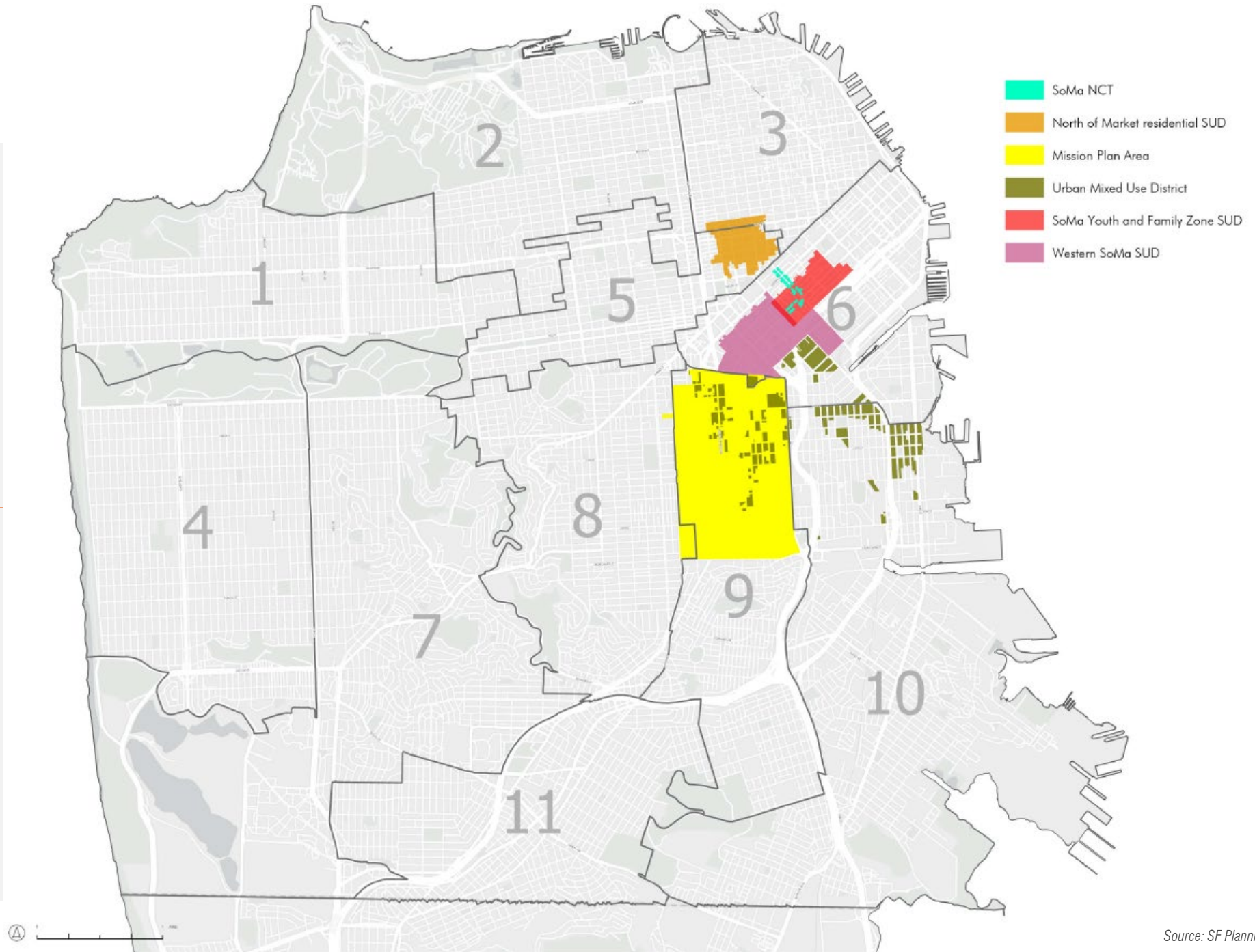
# UNIQUE INCLUSIONARY REQUIREMENTS

## 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%



# LAND DEDICATION

## ■ Specific Areas

*Van Ness & Market Residential SUD*

*Central SoMa SUD*

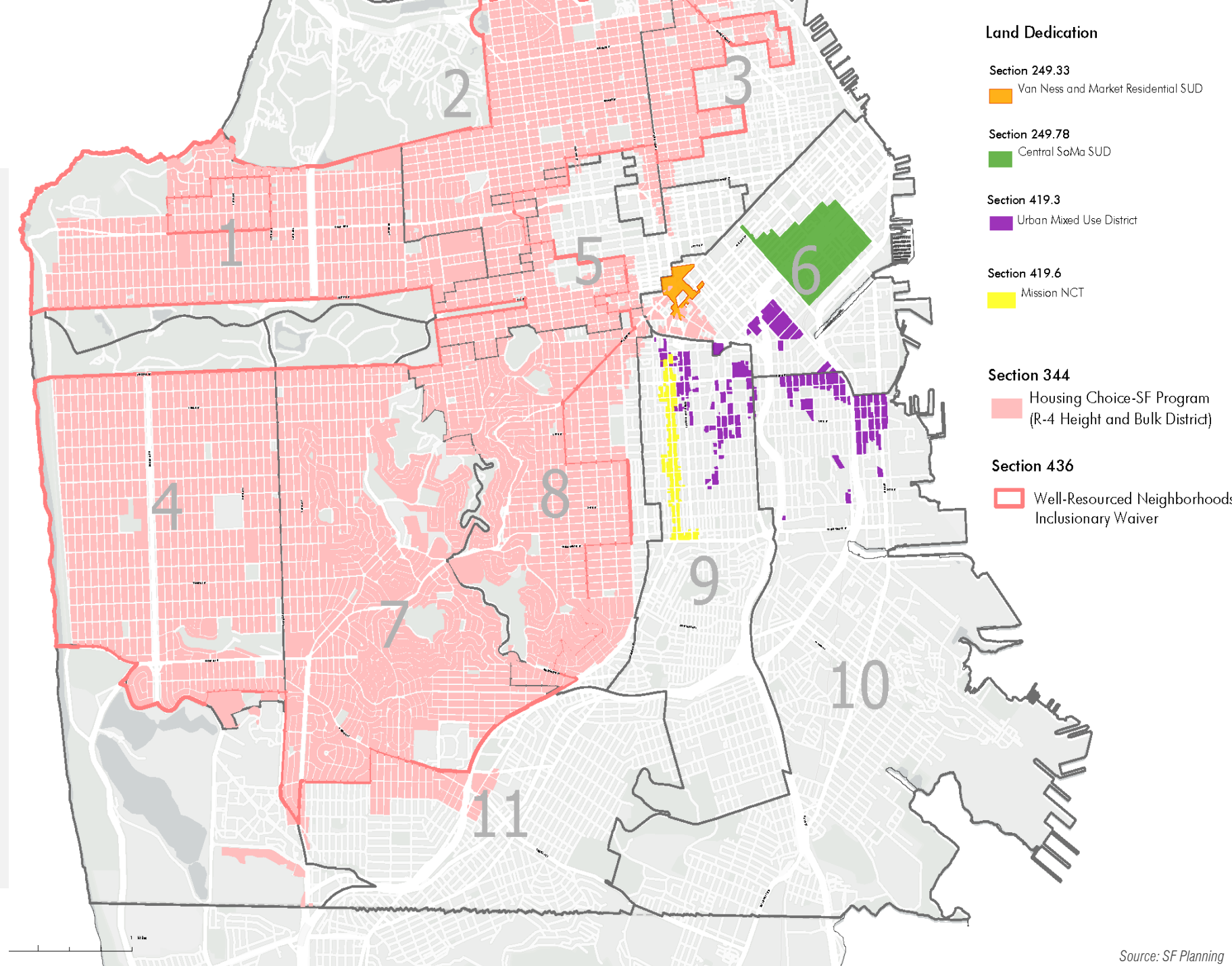
*Urban Mixed Use*

*Mission NCT*

≥ 15% of units on  
principal site

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

≥ 10% of units on  
principal site



# 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

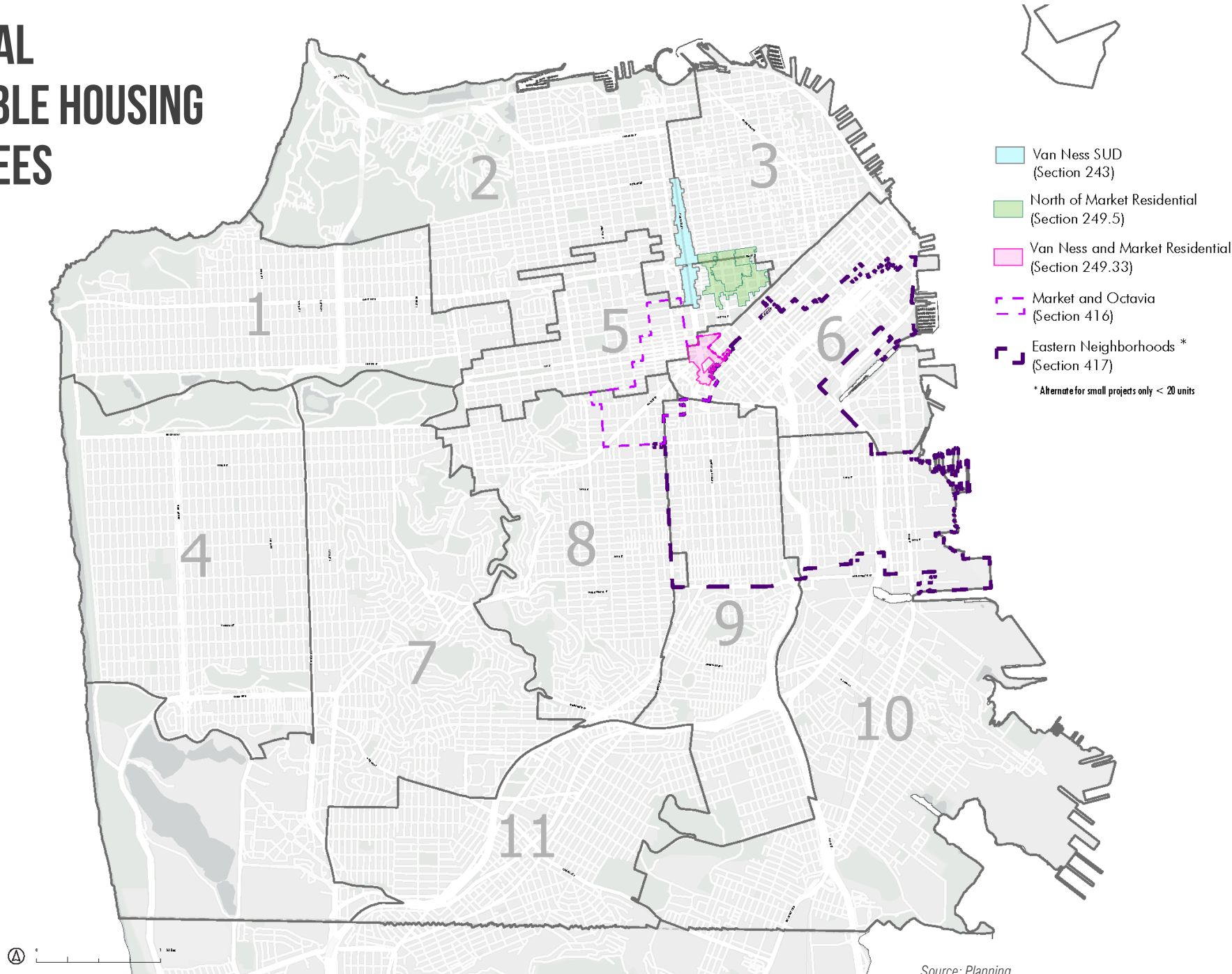


Fee Reduction applies to:

- 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



# PIPELINE PROJECTS APPLICABILITY

## Legislated Fee Reductions



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

## Minor Modifications ( $\leq 20\%$ GFA Increase)



Impact fee types and rates remain as assessed at Final Approval

## Major Modifications ( $> 20\%$ GFA) or Entitlement Extension

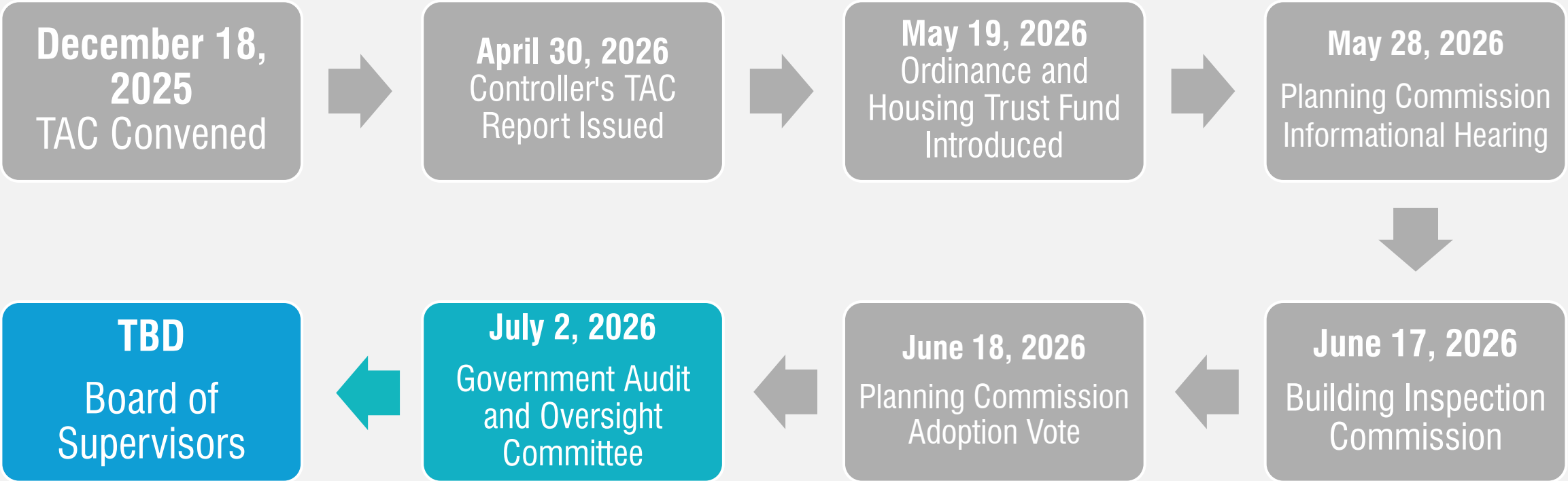


Impact fee types and rates reassessed at time of modification/extension

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



# LEGISLATIVE TIMELINE



# 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.





THANK YOU

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