

REVISED LEGISLATIVE DIGEST

(7/23/2019, Amended in Board)

[Planning, Administrative Codes - North of Market Affordable Housing Fees and Citywide Affordable Housing Fund]

Ordinance amending the Planning Code and the Administrative Code to abolish the North of Market Affordable Housing Fund, reflect the current affordable housing fee collected in conjunction with the North of Market Residential Special Use District, and deposit such fee in the Citywide Affordable Housing Fund; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of public convenience, necessity, and welfare under Planning Code, Section 302.

Existing Law

The North of Market Affordable Housing Fund (“NOM Fund”) is currently established in the Planning Code as a special fund established by the Controller to receive fees in the amount of \$5 times the total gross square footage of floor space located above 80 feet in height as determined by the Zoning Administrator and as shown on the building plans within the North of Market Residential Special Use District (“NOM Fees”). The NOM Fund is administered by the Mayor’s Office of Housing and Community Development (“MOHCD”) and must be used solely to stabilize, rehabilitate, and retain affordable housing in the North of Market Residential Special Use District. The Citywide Affordable Housing Fund (the “Citywide Fund”) is established under the Administrative Code to receive fee revenue dedicated to affordable housing from several different programs related to affordable housing, including programs in the Planning Code. MOHCD administers the Citywide Fund for the exclusive purpose of supporting affordable housing or other eligible uses prescribed by the code where a fee was established. The Eastern Neighborhoods Area Plan Alternate Affordable Housing Fee is currently established in the Planning Code and must be deposited into the Citywide Fund.

Amendments to Current Law

The Proposed Legislation amends the Planning Code to abolish the NOM Fund, reflect the current rate of the NOM Fees which has adjusted from \$5 to \$25.41 times the total gross square footage of floor space located above 80 feet in height, and require NOM Fees to be deposited into the Citywide Fund, and clarify MOHCD as the administrator of the NOM Fees in the Citywide Fund. The NOM Fees within the Citywide Fund must be separately accounted for and expended by MOHCD. The Proposed Legislation also amends the Administrative Code to add the NOM Fees and the Eastern Neighborhoods Area Plan Alternate Affordable Housing Fee as fee revenue to be received by the Citywide Fund.

Background Information

The Proposed Legislation reflects amendments made by the Board on July 23, 2019. Under Planning Code Section 409(b), development fees are adjusted annually by the Controller based on the Annual Infrastructure Construction Cost Inflation Estimate (“AICCIE”) prepared by the San Francisco Office of Resilience and Capital Planning, which uses inflation data, market trend analyses, employment data, and a variety of national, state, and local commercial and institutional construction cost inflation data. The initial NOM Fee rate of \$5 under Planning Code 263.7 was established in 1985. On June 13, 2019, the Planning Commission recommended an amendment to the Proposed Legislation that the NOM Fees under Planning Code 263.7 reflect the current adjusted fee based on the AICCIE. Such amendment was not reflected prior to the Land Use Committee hearing on July 15, 2019.

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