

File No. 170093

Committee Item No. 5

Board Item No. \_\_\_\_\_

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 21, 2017

Board of Supervisors Meeting

Date \_\_\_\_\_

### Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
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Completed by: Linda Wong Date June 16, 2017  
 Completed by: Linda Wong Date \_\_\_\_\_

1 [Planning Code - Establish Fee for Monitoring of Student Housing - Mayor's Office of Housing  
2 and Community Development]

3 **Ordinance amending the Planning Code to establish a fee for the Mayor's Office of**  
4 **Housing and Community Development to monitor Student Housing; affirming the**  
5 **Planning Department's determination under the California Environmental Quality Act;**  
6 **and making findings of public convenience, necessity, and welfare under Planning**  
7 **Code, Section 302.**

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

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

16 Section 1. 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. 170093 and is incorporated herein by reference. The Board affirms  
21 this determination.

22 (b) On April 27, 2017, the Planning Commission, in Resolution No. 19904, adopted  
23 findings that the actions contemplated in this ordinance will serve the public necessity,  
24 convenience, and welfare as required by Planning Code Section 302, for the reasons set forth  
25 in Resolution No. 19904. The Board adopts these findings as its own. A copy of said

1 Resolution is on file with the Clerk of the Board of Supervisors in File No. 170093, and is  
2 incorporated herein by reference.

3  
4 Section 2. The Planning Code is hereby amended by revising Section 415.3, to read  
5 as follows:

6 **SEC. 415.3. APPLICATION.**

7 \* \* \* \*

8 ~~(e)~~ Section 415.1 et seq., the Inclusionary Housing Program, shall not apply to:

9 \* \* \* \*

10 (5) A Student Housing project that meets all of the following criteria:

11 (A) The building or space conversion does not result in loss or  
12 conversion of existing housing, including but not limited to rental housing and dwelling units;

13 (B) An institutional master plan (IMP) pursuant to Section 304.5 is on  
14 file with the Planning Department prior to the issuance of any building permit or alteration  
15 permit in connection with the creation of the Student Housing project, and, in addition to the  
16 requirements of Section 304.5, such IMP shall describe:

17 (i) to the extent such information is available, the type and  
18 location of housing used by its students;

19 (ii) any plans for the provision of Student Housing; ~~and~~

20 (iii) the Educational Institution's need for student housing to  
21 support its program; and

22 (iv) the percentage of its students, on an average annual basis,  
23 that receive some form of need-based assistance.

24 (C) The Mayor's Office of Housing and Community Development  
25 (MOHCD) is authorized to monitor ~~this~~ the Student Housing program described in this subsection

1 (e)(5)- and MOHCD shall develop a monitoring form, and An annual monitoring fee of \$792 to  
2 per building exempted from the Inclusionary Housing Program pursuant to this Section 415.3(e)(5)  
3 shall be paid to MOHCD by the owner of the real property or the Post-Secondary Educational  
4 Institution or Religious Institutions, as defined in Section 102 of this Code. Beginning with the  
5 setting of fees for fiscal year 2018-2019, the Controller shall annually adjust the base monitoring fee  
6 amount referenced in this subsection (e)(5)(C) without further action by the Board of Supervisors, to  
7 reflect changes in the two-year average Consumer Price Index (CPI) change for the San Francisco/San  
8 Jose Primary Metropolitan Area (PMSA). This process shall occur as follows:

9 (i) No later than April 15 of each year, MOHCD shall submit the  
10 current monitoring fee to the Controller, who shall apply the CPI adjustment to produce a new  
11 monitoring fee for the fiscal year beginning July 1. No later than May 15 of each year, the Controller  
12 shall file a report with the Board of Supervisors reporting the new monitoring fee and certifying that  
13 the fees to be collected will produce sufficient revenue to support the costs of providing the services for  
14 which the fee is charged and will not produce revenue that exceeds the costs of providing the services  
15 for which the fee is paid.

16 (ii) No later than July 1 of each year, MOHCD will publish on its  
17 website the current monitoring fee amount inclusive of the annual adjustment, and also make the fee  
18 amount available upon request at MOHCD's main office.

19 (D) The owner of the real property and each Post-Secondary  
20 Educational Institution or Institutions shall agree to submit annual documentation to MOHCD  
21 and the Planning Department, along with the annual monitoring fee, on or before December 31  
22 of each year, that addresses the following:

23 (i) Evidence that the Post-Secondary Educational Institution  
24 continues to own or otherwise control the Student Housing project under a master lease or  
25 other contractual agreement with at least a two-year term, including a certificate from the

1 owner of the real property and the Post-Secondary Educational Institution attaching a true and  
2 complete copy of the master lease or other contractual agreement (financial information may  
3 be redacted *to the extent permitted by law*) and certifying that the lease or contract has not  
4 otherwise been amended or terminated; and

5 (ii) Evidence, on an average annualized basis, of the  
6 percentage of students in good standing enrolled at least *half-time half-time* or more in the  
7 Post-Secondary Educational Institution or Institutions who are occupying the beds or  
8 accessory living space in the Student Housing project; and

9 (iii) The owner of the real property records a Notice of Special  
10 Restrictions (NSR) against fee title to the real property on which the Student Housing is  
11 located that states the following:

12 a. The Post-Secondary Educational Institution, or the owner  
13 of the real property on its behalf, must file a statement with the Department if it intends to  
14 terminate the Student Housing project at least 60 days before it terminates such use  
15 ("statement of termination");

16 b. The Student Housing project becomes subject to the  
17 Inclusionary Housing Ordinance requirements applicable to Housing Projects other than  
18 Qualified Housing Projects if (1) a Post-Secondary Educational Institution files a statement of  
19 termination with the Department and another Post-Secondary Educational Institution or  
20 Institutions have not been substituted or obligated to meet the requirements of this subsection  
21 *(e)(5)*; or (2) the owner of the real property or the Post-Secondary Educational Institution fails  
22 to file a statement of termination and fails to meet the requirements for a Student Housing  
23 project, then within not more than one year of a Notice Of Violation issued by the Planning  
24 Department;

1 c. If units in a Student Housing project become subject to  
2 the Inclusionary Housing Ordinance then the owner of those units shall (1) pay the Affordable  
3 Housing Fee plus interest from the date the project received its first construction document for  
4 the project if there is no evidence the project ever qualified as Student Housing or, if Student  
5 Housing was provided and occupied, then the Affordable Housing Fee with no interest is due  
6 on the date the units were no longer occupied by qualifying households and interest would  
7 accrue from that date if the fee is not paid; or (2) provide the required number of on-site  
8 affordable units required at time of original project approval and that those units shall be  
9 subject to all of the requirements of this Program. In this event, the owner of the real property  
10 shall record a new NSR providing that the designated units must comply with all of the  
11 requirements of this Program.

12 d. The Post-Secondary Educational Institution is required to report  
13 annually as required in ~~§~~subsubsection ~~(e)~~ (e) (5)(D ~~E~~) above;

14 e. The City may commence legal action against the owner and/or  
15 Post-Secondary Educational Institution to enforce the NSR and the terms of Article 4 ~~IV~~ of the  
16 Planning Code and Planning Code Section 415 et seq. if it determines that the project no  
17 longer meets the requirements for a Student Housing project; and

18 f. The Student Housing project may be inspected by any duly  
19 authorized City employee to determine its status as a Student Housing project and its  
20 compliance with the requirements of this Code at any time upon at least 24 hours' prior notice  
21 to the owner of the real property or to the master lessee.

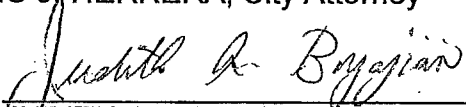
22  
23 Section 3. Effective Date. This ordinance shall become effective 30 days after  
24 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
25

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
2 of Supervisors overrides the Mayor's veto of the ordinance.

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

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APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By:   
\_\_\_\_\_  
JUDITH A. BOYAJIAN  
Deputy City Attorney  
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**REVISED LEGISLATIVE DIGEST**  
(Substituted, 6/6/2017)

[Planning Code - Establish a Fee for Monitoring of Student Housing by the Mayor's Office of Housing and Community Development]

**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code Section 302.**

Existing Law

Planning Code Section 415 through 415.10 set forth the requirements and procedures for San Francisco's Inclusionary Housing Program. Section 415.3 establishes the scope of this Program, and provides, in subsection (f)(5), that the Inclusionary Housing Program does not apply to a Student Housing project that meets the criteria set forth. Subsection (f)(5)(C) authorizes the Mayor's Office of Housing (now called the Mayor's Office of Housing and Community Development) to monitor the program and to develop a monitoring form and an annual monitoring fee. Each property owner and institution under this program is required to file specified information with the Mayor's Office of Housing each year.

Amendments to Current Law

The proposed legislation would establish the annual monitoring fee referenced in Planning Code Section 415.3(f)(5)(C) and provide for annual indexing of the fee by the Controller without further action by the Board of Supervisors. Subsection (f) has been renumbered (e) in order to correct a typographical error.

Background Information

The exclusion of Student Housing that meets specified criteria from the City's Inclusionary Housing Program and providing for monitoring by the Mayor's Office of Housing and Community Development (MOHCD) was added to Section 415.3 in 2010 by Ordinance No. 321-10. MOHCD has developed a monitoring form and, working with the Controller's Office and Mayor's Budget Office, has completed the cost analysis necessary to develop a monitoring fee that provides cost recovery without producing revenue that exceeds the costs of providing the monitoring service. The base monitoring fee established by this ordinance will be part of the Mayor's budget for fiscal year 2017-2018 and will be indexed by the Controller in subsequent years without further action by the Board.





# SAN FRANCISCO PLANNING DEPARTMENT

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May 2, 2017

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

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

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**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

**Re: Transmittal of Planning Department Case Number 2017-002161PCA:  
Establishing a Fee for Monitoring of Student Housing  
Board File No. 170093  
Planning Commission Recommendation: Approval with Modification**

Dear Ms. Calvillo and Mayor Lee,

On April 27, 2017, the Planning Commission conducted duly noticed public hearings at regularly scheduled meetings to consider the proposed Ordinance that would amend Planning Code Section 415, introduced by Mayor Lee. At the hearing the Planning Commission recommended approval with modification.

The Commission's proposed modifications were as follows:

1. Clarify that the Monitoring Fee is due December 31, accompanying the annual submission of documentation to MOHCD by modifying proposed Section 415.3(e)(5)(D):

(D) The owner of the real property and each Post-Secondary Educational Institution or Institutions shall agree to submit annual documentation to MOHCD and the Planning Department, along with the annual monitoring fee, on or before December 31 of each year, that addresses the following:

2. Amend the date MOHCD publishes the indexed Monitoring Fee on its website to July 1 by modifying proposed Section 415.3(e)(5)(C)(iii):

(iii) No later than ~~September 30~~ July 1 of each year, MOHCD will publish on its website the current monitoring fee amount inclusive of the annual adjustment, and also make the fee amount available upon request at MOHCD's main office.

3. Clarify that the Monitoring Fee is charged on a per Student Housing project basis by modifying proposed Section 415.3(e)(5)(C):

The Mayor's Office of Housing and Community Development (MOHCD) is authorized to monitor ~~this the Student Housing~~ program described in this subsection (e)(5), and MOHCD shall

develop a monitoring form. ~~and~~ An annual monitoring fee of \$792 ~~to~~ per building exempted from the Inclusionary Housing Program pursuant to this Section 415.3(e)(5) shall be paid to MOHCD by the owner of the real property or the Post-Secondary Education Institution or Religious Institutions, as defined in Section 102 of this Code.

The proposed amendments are statutorily exempt under CEQA Guidelines Section 15273 Rates, Tolls, Fares, and Charges.

Mr. Mayor, 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:

Judith A. Boyajian, Deputy City Attorney  
Amy Chan, Mayor's Office of Housing and Community Development  
Alisa Somera, Office of the Clerk of the Board

Attachments :

Planning Commission Resolution  
Planning Department Executive Summary



# SAN FRANCISCO PLANNING DEPARTMENT

## Planning Commission Resolution No. 19904 HEARING DATE APRIL 27, 2017

*Project Name:* Establish Fee for Monitoring of Student Housing  
*Case Number:* 2017-002161PCA [Board File No. 170093]  
*Initiated by:* Mayor Lee / Introduced January 24, 2017  
*Staff Contact:* Diego R Sánchez, Legislative Affairs  
diego.sanchez@sfgov.org, 415-575-9082  
*Reviewed by:* Aaron Starr, Manager of Legislative Affairs  
aaron.starr@sfgov.org, 415-558-6362

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**RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD ESTABLISH A FEE FOR THE MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT TO MONITOR STUDENT HOUSING; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND MAKING FINDINGS OF PUBLIC CONVENIENCE, NECESSITY, AND WELFARE UNDER PLANNING CODE SECTION 302.**

WHEREAS, on January 31, 2017 Mayor Edwin Lee introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 170093, which would establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing;

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on April 27, 2017; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15273 Rates, Tolls, Fares, and Charges; 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 1650 Mission Street, Suite 400, San Francisco; and

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

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors approve with modifications the proposed ordinance.

Those modifications include:

1. Clarify that the Monitoring Fee is due December 31, accompanying the annual submission of documentation to MOHCD by modifying proposed Section 415.3(e)(5)(D):

(D) The owner of the real property and each Post-Secondary Educational Institution or Institutions shall agree to submit annual documentation to MOHCD and the Planning Department, along with the annual monitoring fee, on or before December 31 of each year, that addresses the following:

2. Amend the date MOHCD publishes the indexed Monitoring Fee on its website to July 1 by modifying proposed Section 415.3(e)(5)(C)(iii):

(iii) No later than ~~September 30~~ July 1 of each year, MOHCD will publish on its website the current monitoring fee amount inclusive of the annual adjustment, and also make the fee amount available upon request at MOHCD's main office.

3. Clarify that the Monitoring Fee is charged on a per building basis by modifying proposed Section 415.3(e)(5)(C):

The Mayor's Office of Housing and Community Development (MOHCD) is authorized to monitor ~~this the Student Housing~~ program described in this subsection (e)(5), and MOHCD shall develop a monitoring form, ~~and~~ An annual monitoring fee of \$792 ~~to~~ per building exempted from the Inclusionary Housing Program pursuant to this Section 415.3(e)(5) shall be paid to MOHCD by the owner of the real property or the Post-Secondary Education Institution or Religious Institutions, as defined in Section 102 of this Code.

## 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. Providing a mechanism for the City to collect monetary resources to monitor the Student Housing stock is important. This housing stock is exempt from the Inclusionary Affordable Housing Program and it behooves the City to assure it remains in compliance with the criteria for that exemption.
2. Should a Student Housing project fall out of compliance for its exemption from the Inclusionary Affordable Housing Program, adequately resourced monitoring will help the City to bring the project back into compliance. Should the Student Housing use terminate, adequate monitoring will also help the City require the provision of Inclusionary Housing Units or payment of the Affordable Housing Fee.
3. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

## HOUSING ELEMENT

### OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

#### Policy 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

#### Policy 1.9

Require new commercial developments and higher educational institutions to meet the housing demand they generate, particularly the need for affordable housing for lower income workers and students.

*The proposed Ordinance will help the City manage its Student Housing stock, which is a valuable asset because it serves a population in need of housing in particular locations. By assuring Student Housing projects are in compliance with the exemption from the Inclusionary Affordable Housing Program, the City also assures that higher educational institutions are in fact providing this needed housing stock and thereby reducing demand on the balance of the City's housing.*

4. **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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing. The fee is intended to provide resources to MOHCD to assure that Institutions producing or using Student Housing use that housing for their students and do not use the exemption from the Inclusionary Affordable Housing Program granted to Student Housing for other purposes.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

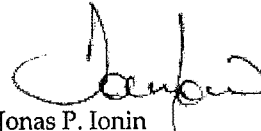
5. **Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

Resolution No. 19904  
April 27, 2017

CASE NO. 2017-002161PCA  
Establish Fee for Monitoring of Student Housing

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance with modifications as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on April 27, 2017.



Jonas P. Ionin  
Commission Secretary

AYES: Hillis, Johnson, Koppel, Melgar, Moore, Richards

NOES: None

ABSENT: Fong

ADOPTED: April 27, 2017



# SAN FRANCISCO PLANNING DEPARTMENT

---

## Executive Summary Planning Code Text Amendment

HEARING DATE: APRIL 27, 2017

EXPIRATION DATE: MAY 1, 2017

1650 Mission St.  
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San Francisco,  
CA 94103-2479

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*Project Name:* Establish Fee for Monitoring of Student Housing  
*Case Number:* 2017-002161PCA [Board File No. 170093]  
*Initiated by:* Mayor Lee / Introduced January 24, 2017  
*Staff Contact:* Diego R Sánchez, Legislative Affairs  
diego.sanchez@sfgov.org, 415-575-9082  
*Reviewed by:* Aaron Starr, Manager of Legislative Affairs  
aaron.starr@sfgov.org, 415-558-6362  
*Recommendation:* Recommend Approval with Modifications

### PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing.

#### The Way It Is Now:

The Planning Code establishes that the Mayor's Office of Housing and Community Development (MOHCD) is authorized to monitor Student Housing. As part of this effort MOHCD shall develop an annual monitoring fee.

#### The Way It Would Be:

The Mayor's Office of Housing and Community Development (MOHCD) would maintain its authorization to monitor Student Housing; in addition the Planning Code would list the base annual monitoring fee, the method for annually adjusting the monitoring fee and the manner in which the monitoring fee will be publicized.

### BACKGROUND

Prior to 2011 most Student Housing projects were subject to the Inclusionary Affordable Housing Program.<sup>1</sup> This often required the Student Housing project to provide permanently affordable housing in a setting geared to a temporary user. Recognizing this ill fit, and as a means to encourage new Student Housing production, Ordinance 321-10 exempted qualified Student Housing projects from the Inclusionary Affordable Housing Program.<sup>2</sup>

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<sup>1</sup> Planning Code Section 415.3(f)(2) exempts housing projects located on property owned by the State of California or any of its agencies if they are used for an educational purpose.

<sup>2</sup> Ordinance 321-10:

<https://sfgov.legistar.com/View.ashx?M=F&ID=1123080&GUID=39A95781-C62D-4E92-AA77-920A1922BBE8>



To qualify for the exemption, a Student Housing project must not result in the loss or conversion of existing housing. The owner or Institution served by the Student Housing must also file an Institutional Master Plan (IMP), pursuant to Planning Code Section 304.5, with the Planning Department.

As part of this exemption, MOHCD is authorized to monitor the Student Housing and establish a monitoring fee. The monitoring fee is paid by the owner of or Institution served by the Student Housing project. Exempted projects are required to provide documentation to MOHCD demonstrating the following:

- The Institution continues to own or control the Student Housing project under a master lease or other contractual agreement;
- The percentage of students enrolled in the Institution who are occupying the Student Housing project;
- The Institution has recorded a Notice of Special Restrictions (NSR) against the property where the Student Housing project is located stating:
  - The Institution, if terminating the Student Housing Project, must file a statement with the Planning Department at least 60 days in advance of termination (termination statement);
  - The Student Housing project becomes subject to the Inclusionary Affordable Housing Program if the Institution terminates the project or fails to file the termination statement and fails to meet the requirements for a Student Housing project;
  - If the Student Housing project becomes subject to the Inclusionary Affordable Housing Program the owner of the project shall pay the Affordable Housing Fee plus any applicable interest or provide on-site affordable units;
  - The Institution is require to report annually to MOHCD;
  - The City may commence legal action to enforce the NSR and the terms of Planning Code Article 4 and Section 415; and
  - The Student Housing project may be inspected by a City employee to determine compliance with the requirements of the Planning Code.

## **ISSUES AND CONSIDERATIONS**

### **The Importance of Monitoring Student Housing during a Housing Crisis**

Creating more student-housing helps reduce the demand on the City's existing housing stock, and in particular the City's supply of lower-cost housing. While some students have access to resources that allow them more choice in the housing market, students typically have lower incomes thereby increasing demand on the City's more affordable housing stock. Further, housing the City's student population,

regardless of financial resources, can be difficult given the City is in the midst of a housing crisis<sup>3</sup> and because higher educational institutions do not provide housing for every enrolled student.<sup>4</sup>

As means to facilitate the production of Student Housing, the Planning Code exempts qualified projects from the Inclusionary Affordable Housing Program.<sup>5</sup> Because of this exemption, the City has a significant interest in assuring that Student Housing is in fact being used to house students. Otherwise the exemption from the Inclusionary Affordable Housing Program becomes a loophole that developers could use to avoid paying millions of dollars in Affordable Housing Fees. As the charts below show, there are currently two student housing projects with over 180 units in operation and six student housing projects with approximately 795 units under construction or Planning Department review.<sup>6</sup> Given the size and projected increase of Student Housing projects, MOHCD needs the financial resources to successfully operate its monitoring function.

**STUDENT HOUSING IN OPERATION**

LOCATION	NO. OF BEDS	NO. OF UNITS	INSTITUTION
38 Harriet	46	23	California College of the Arts (CCA)
1321 Mission	400	160	CCA and San Francisco Conservatory of Music (SFCM)

**STUDENT HOUSING UNDER CONSTRUCTION OR REVIEW**

LOCATION	NO. OF BEDS	NO. OF UNITS	INSTITUTION
75 Arkansas	228	30	CCA
2500 Turk	600	150	University of San Francisco
200 Van Ness	400	117	SFCM
188 Hooper	600	247	CCA
333 12 <sup>th</sup> Street	394	200	Golden Gate University and San Francisco Art Institute (SFAI)
630 Geary	79	51	SFAI

<sup>3</sup>Periodicals of various political inclinations recognize San Francisco's housing crisis: [http://www.huffingtonpost.com/entry/san-francisco-housing-crisis\\_us\\_5750a95ee4b0eb20fa0d682e](http://www.huffingtonpost.com/entry/san-francisco-housing-crisis_us_5750a95ee4b0eb20fa0d682e)

<http://www.businessinsider.com/san-francisco-housing-crisis-history-2016-6/#san-francisco-is-the-second-densest-city-in-the-us-after-new-york-city-with-about-18451-people-per-square-mile-packed-into-about-47-square-miles-1>

<sup>4</sup>The General Plan, for example, notes on page I.58 that San Francisco State University, in 2013, had 29,905 enrolled students but only about 2,700 Student Housing units. [http://www.sf-planning.org/ftp/General\\_Plan/2014HousingElement-AllParts\\_ADOPTED\\_web.pdf](http://www.sf-planning.org/ftp/General_Plan/2014HousingElement-AllParts_ADOPTED_web.pdf)

<sup>5</sup>Ordinance 321-10

<sup>6</sup>Data from the San Francisco Property Information Map and MOHCD. Please note that these charts omit Academy of Art University (AAU) properties. The November 2015 AAU IMP indicates 1,783 beds in 17 properties.

### Clarifying Student Housing Fees

Currently, the Planning Code states that Student Housing developers are required pay annual monitoring fees to MOHCD. Unfortunately the Planning Code does not indicate the fee amount, whether it changes annually, or the fee's due date. The proposed Ordinance attempts to address these shortcomings in the following five ways. First, it includes an initial annual monitoring fee amount of \$792. Second, it establishes that the Controller is to index the fee to reflect changes in the two-year average Consumer Price Index for San Francisco/San Jose Primary Metropolitan Area. Third, it requires the Controller to report the newly indexed fee to the Board of Supervisors by May 15 of each year. This shall accompany a certification that the new fees are sufficient to support the monitoring costs and not result in revenues exceeding monitoring costs. Fourth, it indicates that the new fee rate is effective July 1 of each year. And fifth, it requires MOHCD to publish the indexed fee on its website by September 30 of each year.

### RECOMMENDATION

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Clarify that the Monitoring Fee is due December 31, accompanying the annual submission of documentation to MOHCD.
2. Amend the date MOHCD publishes the indexed Monitoring Fee on its website to July 1.

### BASIS FOR RECOMMENDATION

The Department supports the Ordinance because it provides the monetary resources required for MOHCD to regularly monitor the City's growing Student Housing stock. In the midst of a housing shortage and an affordability crisis, it is important to assure that Student Housing units are being used appropriately. If a Student Housing project falls out of Planning Code compliance, adequate monitoring helps the City to bring the project back into compliance. Should the Student Housing use terminate, adequate monitoring also helps the City require the provision of Inclusionary Housing Units or payment of the Affordable Housing Fee. Further, clarifying how the fee is calculated, having an annual review of the fee, and publishing the latest fee on the City's website are crucial to this program's success. These new provisions will make the program more transparent and help facilitate compliance.

The Department's following recommendations will further improve the program's transparency and facilitate compliance:

**Recommendation 1: Amend Section 415.3(e)(5)(D) to clarify that the Monitoring Fee is due December 31 of each year.** While the proposed Ordinance indicates a base annual monitoring fee and the method for its indexing, it omits an explicit mention of its due date. Indicating that the annual monitoring fee is due December 31, along with the annual submission to MOHCD, clarifies this ambiguity. It also facilitates compliance with the Student Housing program.

**Recommendation 2: Amend Section 415.3(e)(5)(C)(ii) to require that the indexed Monitoring Fee is published on the MOHCD website on July 1 of each year.** The proposed Ordinance sets three target dates: it requires the Controller to file a report with the Board of Supervisors by May 15 indicating the new annual monitoring fee; it states that the new monitoring fee becomes effective July 1; and it requires MOHCD to publish the indexed fee on its website by September 30 of each year. Requiring the new fee to be published on the MOHCD website on July 1, instead of no later than September 30, ensures that the correct fee is always reflected on the City's web site. This increases clarity about the Student Housing program, eases use of the program by its participants and ensures that the City's website is always up to date.

**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.

**IMPLEMENTATION**

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

**ENVIRONMENTAL REVIEW**

The proposed amendments are statutorily exempt under CEQA Guidelines Section 15273 Rates, Tolls, Fares, and Charges.

**PUBLIC COMMENT**

As of the date of this report, the Planning Department has not received any public comment regarding the proposed Ordinance.

<b>RECOMMENDATION:</b> <b>Recommendation of Approval with Modifications</b>
---

**Attachments:**

- Exhibit A:        Draft Planning Commission Resolution
- Exhibit B:        Board of Supervisors File No. 170093

BOARD of SUPERVISORS



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

## NOTICE OF PUBLIC HEARING

### BUDGET AND FINANCE COMMITTEE

### SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

**Date:** June 21, 2017

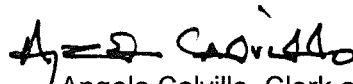
**Time:** 10:00 a.m.

**Location:** Legislative Chamber, Room 250, located at City Hall,  
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

**Subject:** File No. 170093. Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.

If the legislation passes, a new annual monitoring fee of \$792 per building exempted from the Inclusionary Housing Program pursuant to Planning Code, Section 415.3(e)(5), shall be established, and paid to the Mayor's Office of Housing and Community Development by the owner of the real property or the Post-Secondary Educational Institution or Religious Institutions, as defined in Planning Code, Section 102.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, June 16, 2017.

  
Angela Calvillo, Clerk of the Board

DATED: June 8, 2017

PUBLISHED: June 11, 2016 and June 16, 2017

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SAN FRANCISCO BOARD OF SUPERVISORS  
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)  
1 DR CARLTON B GOODLETT PL #244  
SAN FRANCISCO, CA 94102

**COPY OF NOTICE**

Notice Type: GPN GOVT PUBLIC NOTICE  
Ad Description Budget and Finance - File No. 170093 - Fee Ad

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

06/11/2017 , 06/16/2017

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an

EXM# 3020564

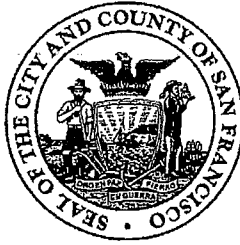
**NOTICE OF PUBLIC HEARING BUDGET AND FINANCE COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS WEDNESDAY, JUNE 21, 2017 - 10:00 AM LEGISLATIVE CHAMBER, ROOM 250, CITY HALL, 1. DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA**

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard: File No. 170093. Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302. If the legislation passes, a new annual monitoring fee of \$792 per building exempted from the Inclusionary Housing Program pursuant to Planning Code, Section 415.3(e)(5), shall be established, and paid to the Mayor's Office of Housing and Community Development by the owner of the real property or the Post-Secondary Educational Institution or Religious Institutions, as defined in Planning Code, Section 102. In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, June 16, 2017. Angela Calvillo, Clerk of the Board



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BOARD of SUPERVISORS



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

January 31, 2017

File No. 170093

Lisa Gibson  
Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Gibson:

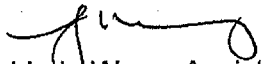
On January 24, 2017, Mayor Lee introduced the following legislation:

File No. 170093

**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

  
By: Linda Wong, Assistant Clerk

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Statutorily Exempt under CEQA Guidelines Section 15273  
Rates, Tolls, Fares, and Charges.

Joy  
Navarrete

Digitally signed by Joy Navarrete  
DN: cn=Joy Navarrete, o=Planning,  
ou=Environmental Planning,  
email=joy.navarrete@sfgov.org,  
c=US  
Date: 2017.02.27 08:33:21 -08'00'

**Wong, Linda (BOS)**

---

**From:** Wong, Linda (BOS)  
**Sent:** Tuesday, January 31, 2017 4:25 PM  
**To:** Lee, Olson (MYR)  
**Cc:** Flannery, Eugene (MYR); Hartley, Kate (MYR)  
**Subject:** File No. 170093 - REFERRAL FROM BOARD OF SUPERVISORS (Budget & Finance Committee)  
**Attachments:** 170093 fyi.pdf

Mr. Lee,

Attached is a referral for BOS File No. 170093, which is being sent to you for informational purposes. If you have any comments or reports to be included with the file, please respond to this email or forward them to me at the address listed below.

**File No. 170093**

**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

Sincerely,

Linda Wong  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244  
San Francisco, CA 94102-4689  
Phone: 415.554.7719 | Fax: (415) 554-5163  
[Linda.Wong@sfgov.org](mailto:Linda.Wong@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

**Please complete a Board of Supervisors Customer Service Satisfaction form by clicking [here](#).**

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Tel. No. 554-5184  
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## MEMORANDUM

TO: Olson Lee, Director, Mayor's Office of Housing and Community Development

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee

DATE: January 31, 2017

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation:

**File No. 170093**

**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

If you have any 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.

c: Eugene Flannery, Mayor's Office of Housing and Community Development  
Kate Hartley, Mayor's Office of Housing and Community Development

## Wong, Linda (BOS)

---

**From:** Wong, Linda (BOS)  
**Sent:** Tuesday, January 31, 2017 3:36 PM  
**To:** Ionin, Jonas (CPC)  
**Cc:** Rahaim, John (CPC); Starr, Aaron (CPC); Rodgers, AnMarie (CPC); Sanchez, Scott (CPC); Poling, Jeanie (CPC); Navarrete, Joy (CPC); Gibson, Lisa (CPC)  
**Subject:** Referral - BOS Budget and Finance Committee - File No. 170093  
**Attachments:** 170093.pdf

Hello,

The Board of Supervisors has received the attached legislation regarding the below subject matter introduced by Mayor Lee. This is being referred to the Planning Commission pursuant to **Planning Code, Section 302(b)**.

- **File No. 170093**  
Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.

The ordinance is pending before the Budget and Finance Committee and will be scheduled for hearing upon receipt of your response.

Regards,

Linda Wong  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244  
San Francisco, CA 94102-4689  
Phone: 415.554.7719 | Fax: (415) 554-5163  
[Linda.Wong@sfgov.org](mailto:Linda.Wong@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

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San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

January 31, 2017

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

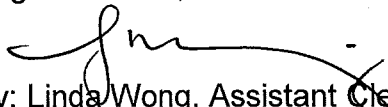
On January 24, 2017, Mayor Lee introduced the following legislation:

**File No. 170093**

**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

The proposed ordinance is being transmitted pursuant to Planning Code Section 302(b) for public hearing and recommendation. The ordinance is pending before the Budget and Finance Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

  
By: Linda Wong, Assistant Clerk  
Budget and Finance Committee

c: John Rahaim, Director of Planning  
Aaron Starr, Acting Manager of Legislative Affairs  
Scott Sanchez, Zoning Administrator  
Lisa Gibson, Acting Environmental Review Officer  
AnMarie Rodgers, Senior Policy Manager  
Jeanie Poling, Environmental Planning  
Joy Navarrete, Environmental Planning

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

To: Angela Calvillo, Clerk of the Board of Supervisors  
From: Melissa Whitehouse, Mayor's Acting Budget Director  
Date: June 1, 2017  
Re: Mayor's FY 2017-18 and FY 2018-19 Budget Submission

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's proposed budget by June 1<sup>st</sup>, corresponding legislation, and related materials for Fiscal Year 2017-18 and Fiscal Year 2018-19.

In addition to the Annual Appropriation Ordinance, Annual Salary Ordinance, and Mayor's Proposed FY 2017-18 and FY 2018-19 Budget Book, the following items are included in the Mayor's submission:

- The budget for the Treasure Island Development Authority for FY 2017-18 and FY 2018-19
- The budget for the Office of Community Investment and Infrastructure for FY 2017-18
- 21 separate pieces of legislation (see list attached)
- A Transfer of Function letter detailing the transfer of 3.0 positions from the City Administrator's Office to the Public Utilities Commission
- An Interim Exception letter
- A letter addressing funding levels for consumer price index increases for nonprofit corporations or public entities for the coming two fiscal years

If you have any questions, please contact me at (415) 554-6253.

Best Regards,

A handwritten signature in black ink, appearing to read "Melissa Whitehouse".

Melissa Whitehouse  
Mayor's Budget Director

cc: Members of the Board of Supervisors  
Harvey Rose  
Controller

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SAN FRANCISCO  
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DEPT	Budget & Finance Committee Calendar Date	Description or Title of Local Legislation	Type of Legislation
PAB	June 8 - Thursday	Administrative Code - Board of Appeals Surcharges on Permit Fees	Ordinance
MTA	June 15 -Thursday	Re-Appropriation – 2014 Transportation and Road Improvements General Obligation Bonds Series 2015B Projects - \$26,200,000 - FY2017-18	Ordinance
ADM	June 15 -Thursday	Administrative Code - Cannabis Regulation	Ordinance
AIR	June 15 -Thursday	Appropriation - Airport Hotel Project of \$70,060,000 and Re-Appropriation - Hotel Special Facility Revenue Bond of \$25,000,000 - Airport Commission - FY2016-2017	Ordinance
CON	June 15 -Thursday	Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling	Ordinance
CON	June 15 -Thursday	Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2017	Resolution
CON	June 15 -Thursday	Authorization the Examination of Prepaid Mobile Telephony Service Surcharge and Local Charge Records.	Resolution
CON	June 15 -Thursday	Proposition J Contract Certification—Security Guard Services	Resolution
CON	June 15 -Thursday	Proposition J Contract Certification Specified Contracted-Out Services Previously Approved	Resolution
MOHCD	June 15 -Thursday	Planning Code - Establish Fee for Monitoring of Student Housing by Mayor's Office of Housing and Community Development	Ordinance
PUC	June 15 -Thursday	Appropriation – Proceeds from Waster Enterprise Fund Balance Revenue Bonds - Property Purchase Located at Rollins Road - FY 2017-2018 - \$9,132,962	Ordinance
PUC	June 15 -Thursday	Amending Ordinance 112-16—Public Utilities Commission Water Revenue Bond Issuance—Not to Exceed \$274,130,430	Ordinance
ART	June 16 -Friday	Administrative Code - Arts Commission Contracting Authority	Ordinance
DPH	June 16 -Friday	Business and Tax Regulations Code - Emergency Medical Services Fees	Ordinance
DPH	June 16 -Friday	Health Code - Patient Rates 2017-2019	Ordinance
DPH	June 16 -Friday	Accept and Expend Grants- Recurring State Grant Funds - Department of Public Health- FY2017-2018	Resolution
DPH	June 16 -Friday	Agreement – Department of Public Health – Proposition 47 Grant Program	Resolution
DPH	June 16 -Friday	Agreement – Department of Public Health – LEAD SF Pilot Program	Resolution
FIR	June 16 -Friday	Fire Code - Fire Department Fees	Ordinance
HOM	June 16 -Friday	Homelessness and Supportive Housing Fund - FYs 2017-2018 and 2018-2019 Expenditure Plans	Resolution
LIB	June 16 -Friday	Accept and Expend Grant - Friends of San Francisco Public Library - Annual Grant Award, FY2017-2018 - Up to \$753,851 of In-Kind Gifts, Services, and Cash Monies	Resolution

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
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2017 JUN -1 AM 11:55

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Ed Mayor Edwin M. Lee  
RE: Mayor's Proposed FY 2017-2018 2018-2019 Budget Trailing Legislation  
DATE: June 1, 2017

Attached for introduction to the Board of Supervisors is Mayor's FY 2017-2018 2018-2019 Proposed Budget Trailing legislation.

**June 8, 2017 Budget & Finance Committee**

- Resolution approving the Interim Budget of the Treasure Island Development Authority for FY2017-2018 and FY2018-2019.
- / Resolution approving the Budget of the Treasure Island Development Authority for FY2017-2018 and FY2018-2019.
- Ordinance amending the Administrative Code to adjust existing surcharges on permit fees, license fees, permit review fees, and permit and license renewal fees for permits and licenses issued by the Planning Department, Department of Building Inspection, Department of Public Health and Police Department that may be appealed to the Board of Appeals.
- Resolution approving the Fiscal Year (FY) 2017-2018 Budget of the Office of Community Investment and Infrastructure (OCII), operating as the Successor Agency to the San Francisco Redevelopment Agency.

**June 15, 2017 Budget & Finance Committee**

- Ordinance amending the Administrative Code to establish an Office of Cannabis; to authorize the Director of the Office of Cannabis to issue permits to cannabis-related businesses; and to delegate to the Director of the Office of Cannabis the authority to establish permit application and annual license fees, subject to approval by the Controller.
- Ordinance adopting the Neighborhood Beautification and Graffiti Clean-up Fund Tax designation ceiling for tax year 2017.
- Resolution concurring with the Controller's establishment of the Consumer Price Index for 2017, and adjusting the Access Line Tax by the same rate.
- Resolution authorizing the Controller's Office and Office of the Treasurer and Tax Collector to examine the prepaid mobile telephony services surcharge and local charges collected by the State Board of Equalization.

- Resolution concurring with the Controller's certification that services previously approved can be performed by private contractor for a lower cost than similar work performed by City and County employees, for the following services: budget analyst (Board of Supervisors); citywide custodial services (excluding City Hall), citywide security services, central shops security, convention facilities management (General Services Agency—City Administrator); mainframe system support (General Services Agency—Technology); security services (Human Services Agency); food services for jail inmates (Sheriff); assembly of vote-by-mail envelopes (Department of Elections)
  - Resolution concurring with the Controller's certification that security services at the new Medical Examiner facility at 1 Newhall St. can be performed by a private contractor for a lower cost than similar work performed by City and County employees at the General Services Agency—City Administrator.
  - Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code Section 302.
  - Ordinance amending Ordinance No. 112-16 to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue Bonds and other forms of indebtedness (as described below) by the San Francisco Public Utilities Commission (Commission) in an aggregate principal amount not to exceed \$274,130,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including in addition the Rollins Road Property (as described below) pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; authorizing the issuance of Water Revenue Refunding Bonds; declaring the Official Intent of the Commission to Reimburse Itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.
  - Ordinance appropriating \$9,132,962 of proceeds from Water Enterprise Revenue Bonds to purchase the property located at 1657-1663 Rollins Road, Burlingame that has been served as the primary work location for SFPUC staff from the Water Quality Division, the Natural Resources & Land Management Division, and the Water Supply & Treatment Division in FY 2017-2018; and placing \$9,132,962 of proceeds on Controller's Reserve pending receipt of proceeds of indebtedness.
  - Ordinance appropriating \$70,060,000, consisting of \$35,000,000 of proceeds from the sale of Airport Capital Plan Bonds and \$60,000 from fund balance, and \$35,000,000 of proceeds transfer from Hotel Special Facility Revenue Bonds to support San Francisco International Airport Hotel Project and placing \$70,000,000 on Controller's Reserve pending receipt of proceeds of indebtedness; de-appropriating and re-appropriating \$25,000,000 of Hotel Special Facility Revenue Bonds.
-

- Ordinance Re-appropriating \$26,200,000 of 2014 Transportation and Road Improvements General Obligation Bonds Series 2015B funded Better Market Street projects and Muni Forward and Pedestrian Safety Improvements Projects to Transit projects including Muni Facility Upgrades in FY2017-18. (8<sup>th</sup> or 15<sup>th</sup>?)

#### **June 16, 2017 Budget & Finance Committee**

- Ordinance amending the Administrative Code to authorize the Arts Commission to contract for the development, fabrication, maintenance, conservation, removal, or installation of art work.
- Ordinance amending the Business and Tax Regulations Code to require that payment of emergency medical services fees be made to the Department of Public Health rather than the Department of Emergency Management.
- Ordinance amending the Health Code to set patient rates and other services provided by the Department of Public Health for patient and other services rendered, starting July 1, 2017, and continuing through June 30, 2019.
- Resolution authorizing the acceptance and expenditure of State grant funds by the San Francisco Department of Public Health of FY2017-2018.
- Resolution authorizing the Director of Health to sign an agreement, on behalf of the City and County of San Francisco, with the California Board of State and Community Corrections for participation in the Law Enforcement Assisted Diversion Pilot Program for the period of July 1, 2017 to June 30, 2019.
- Ordinance amending the Fire Code to increase the fees for certain Fire Department services, and affirming the Planning Department's determination under the California Environmental Quality Act.
- Resolution approving the FYs 2017-2018 and 2018-2019 Expenditure Plans for the Department of Homelessness and Supportive Housing Fund.
- Resolution authorizing the San Francisco Public Library to accept and expend a grant in the amount of up to \$753,851 of in-kind gifts, services, and cash monies from the Friends of the San Francisco Public Library for direct support for a variety of public programs and services in FY2017-2018.
- Resolution authorizing the Director of Health to sign an agreement, on behalf of the City and County of San Francisco, with the California Board of State and Community Corrections for participation in the Proposition 47 Grant Program for the period of July 1, 2017 to August 15, 2020.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.


---



OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *for* Mayor Edwin M. Lee   
RE: Substitute Ordinance – File #170093 - Planning Code - Establish Fee for  
Monitoring of Student Housing by Mayor's Office of Housing and  
Community Development  
DATE: June 1, 2017

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Attached for introduction to the Board of Supervisors is a substitute ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code Section 302.

I respectfully request a waiver of the 30-day hold and that this item be heard in Budget & Finance on June 15, 2017.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

BOARD of SUPERVISORS



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

## MEMORANDUM

TO: Olson Lee, Director, Mayor's Office of Housing and Community Development  
Ben Rosenfield, City Controller, Office of the Controller

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee

DATE: June 5, 2017

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following substituted legislation:

**File No. 170093**

**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

If you have any 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.

c: Eugene Flannery, Mayor's Office of Housing and Community Development  
Kate Hartley, Mayor's Office of Housing and Community Development  
Todd Rydstrom, Office of the Controller

BOARD of SUPERVISORS



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

June 5, 2017

File No. 170093

Lisa Gibson  
Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Gibson:

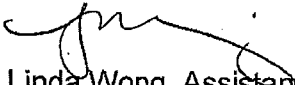
Mayor Lee introduced the following substituted legislation:

File No. 170093

**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

  
By: Linda Wong, Assistant Clerk

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Statutorily Exempt under CEQA Guidelines Section 15273  
Rates, Tolls, Fares, and Charges.

Joy  
Navarrete

Digitally signed by Joy Navarrete  
DN: cn=Joy Navarrete, o=Planning,  
ou=Environmental Planning,  
email=joy.navarrete@sfgov.org, c=US  
Date: 2017.06.06 15:36:36 -0700

**Wong, Linda (BOS)**

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**From:** Sanchez, Diego (CPC)  
**Sent:** Monday, June 05, 2017 5:28 PM  
**To:** Wong, Linda (BOS); Ionin, Jonas (CPC)  
**Cc:** Starr, Aaron (CPC)  
**Subject:** RE: Referral - BOS Budget and Finance Committee - File No. 170093 (Substituted)  
**Attachments:** Transmittal to BOS Establish Fee Monitor Student Housing.pdf

Linda,

This Ordinance and the proposed additions shown in single underline italics were reviewed and/or suggested by the Planning Commission on April 27, 2017. Attached is a copy of the May 2, 2017 transmittal to the Clerk of the Board of Supervisors.

Please let me know if you need any further information.

**DIEGO R SANCHEZ**

LEGISLATIVE ANALYST / URBAN PLANNER  
SAN FRANCISCO PLANNING DEPARTMENT  
(415) 575-9082

---

**From:** Wong, Linda (BOS)  
**Sent:** Monday, June 05, 2017 4:18 PM  
**To:** Ionin, Jonas (CPC)  
**Cc:** Rahaim, John (CPC); Starr, Aaron (CPC); Rodgers, AnMarie (CPC); Sanchez, Scott (CPC); Poling, Jeanie (CPC); Navarrete, Joy (CPC); Gibson, Lisa (CPC); Sanchez, Diego (CPC)  
**Subject:** Referral - BOS Budget and Finance Committee - File No. 170093 (Substituted)

Hello,

The Board of Supervisors has received the attached substituted legislation regarding the below subject matter introduced by Mayor Lee. This is being referred to the Planning Commission pursuant to **Planning Code, Section 302(b)**.

- **File No. 170093**  
**Ordinance amending the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing, affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of public convenience, necessity, and welfare under Planning Code, Section 302.**

The ordinance is pending before the Budget and Finance Committee and will be scheduled for hearing upon receipt of your response.

Regards,

Linda Wong  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244  
San Francisco, CA 94102-4689  
Phone: 415.554.7719 | Fax: (415) 554-5163  
[Linda.Wong@sfgov.org](mailto:Linda.Wong@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

Please complete a Board of Supervisors Customer Service Satisfaction form by clicking [here](#).

**The Legislative Research Center provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.**

*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.*



# SAN FRANCISCO PLANNING DEPARTMENT

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May 2, 2017

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

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

Re: **Transmittal of Planning Department Case Number 2017-002161PCA:  
Establishing a Fee for Monitoring of Student Housing  
Board File No. 170093  
Planning Commission Recommendation: Approval with Modification**

Dear Ms. Calvillo and Mayor Lee,

On April 27, 2017, the Planning Commission conducted duly noticed public hearings at regularly scheduled meetings to consider the proposed Ordinance that would amend Planning Code Section 415, introduced by Mayor Lee. At the hearing the Planning Commission recommended approval with modification.

The Commission's proposed modifications were as follows:

1. Clarify that the Monitoring Fee is due December 31, accompanying the annual submission of documentation to MOHCD by modifying proposed Section 415.3(e)(5)(D):

(D) The owner of the real property and each Post-Secondary Educational Institution or Institutions shall agree to submit annual documentation to MOHCD and the Planning Department, along with the annual monitoring fee, on or before December 31 of each year, that addresses the following:

2. Amend the date MOHCD publishes the indexed Monitoring Fee on its website to July 1 by modifying proposed Section 415.3(e)(5)(C)(iii):

(iii) No later than ~~September 30~~ July 1 of each year, MOHCD will publish on its website the current monitoring fee amount inclusive of the annual adjustment, and also make the fee amount available upon request at MOHCD's main office.

3. Clarify that the Monitoring Fee is charged on a per Student Housing project basis by modifying proposed Section 415.3(e)(5)(C):

The Mayor's Office of Housing and Community Development (MOHCD) is authorized to monitor ~~this the Student Housing~~ program described in this subsection (e)(5), and MOHCD shall

develop a monitoring form. ~~and~~ An annual monitoring fee of \$792 ~~to~~ per building exempted from the Inclusionary Housing Program pursuant to this Section 415.3(e)(5) shall be paid to MOHCD by the owner of the real property or the Post-Secondary Education Institution or Religious Institutions, as defined in Section 102 of this Code.

The proposed amendments are statutorily exempt under CEQA Guidelines Section 15273 Rates, Tolls, Fares, and Charges.

Mr. Mayor, 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:

Judith A. Boyajian, Deputy City Attorney  
Amy Chan, Mayor's Office of Housing and Community Development  
Alisa Somera, Office of the Clerk of the Board

Attachments :

Planning Commission Resolution  
Planning Department Executive Summary



# SAN FRANCISCO PLANNING DEPARTMENT

## Planning Commission Resolution No. 19904 HEARING DATE APRIL 27, 2017

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Project Name:* Establish Fee for Monitoring of Student Housing  
*Case Number:* 2017-002161PCA [Board File No. 170093]  
*Initiated by:* Mayor Lee / Introduced January 24, 2017  
*Staff Contact:* Diego R Sánchez, Legislative Affairs  
diego.sanchez@sfgov.org, 415-575-9082  
*Reviewed by:* Aaron Starr, Manager of Legislative Affairs  
aaron.starr@sfgov.org, 415-558-6362

**RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD ESTABLISH A FEE FOR THE MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT TO MONITOR STUDENT HOUSING; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND MAKING FINDINGS OF PUBLIC CONVENIENCE, NECESSITY, AND WELFARE UNDER PLANNING CODE SECTION 302.**

WHEREAS, on January 31, 2017 Mayor Edwin Lee introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 170093, which would establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing;

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on April 27, 2017; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15273 Rates, Tolls, Fares, and Charges; 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 1650 Mission Street, Suite 400, San Francisco; and

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



MOVED, that the Planning Commission hereby recommends that the Board of Supervisors approve with modifications the proposed ordinance.

Those modifications include:

1. Clarify that the Monitoring Fee is due December 31, accompanying the annual submission of documentation to MOHCD by modifying proposed Section 415.3(e)(5)(D):

(D) The owner of the real property and each Post-Secondary Educational Institution or Institutions shall agree to submit annual documentation to MOHCD and the Planning Department, along with the annual monitoring fee, on or before December 31 of each year, that addresses the following:

2. Amend the date MOHCD publishes the indexed Monitoring Fee on its website to July 1 by modifying proposed Section 415.3(e)(5)(C)(iii):

(iii) No later than ~~September 30~~ July 1 of each year, MOHCD will publish on its website the current monitoring fee amount inclusive of the annual adjustment, and also make the fee amount available upon request at MOHCD's main office.

3. Clarify that the Monitoring Fee is charged on a per building basis by modifying proposed Section 415.3(e)(5)(C):

The Mayor's Office of Housing and Community Development (MOHCD) is authorized to monitor ~~this the Student Housing~~ program described in this subsection (e)(5); and MOHCD shall develop a monitoring form, and An annual monitoring fee of \$792 to per building exempted from the Inclusionary Housing Program pursuant to this Section 415.3(e)(5) shall be paid to MOHCD by the owner of the real property or the Post-Secondary Education Institution or Religious Institutions, as defined in Section 102 of this Code.

## 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. Providing a mechanism for the City to collect monetary resources to monitor the Student Housing stock is important. This housing stock is exempt from the Inclusionary Affordable Housing Program and it behooves the City to assure it remains in compliance with the criteria for that exemption.
2. Should a Student Housing project fall out of compliance for its exemption from the Inclusionary Affordable Housing Program, adequately resourced monitoring will help the City to bring the project back into compliance. Should the Student Housing use terminate, adequate monitoring will also help the City require the provision of Inclusionary Housing Units or payment of the Affordable Housing Fee.
3. **General Plan Compliance.** The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

## HOUSING ELEMENT

### OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

#### Policy 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

#### Policy 1.9

Require new commercial developments and higher educational institutions to meet the housing demand they generate, particularly the need for affordable housing for lower income workers and students.

*The proposed Ordinance will help the City manage its Student Housing stock, which is a valuable asset because it serves a population in need of housing in particular locations. By assuring Student Housing projects are in compliance with the exemption from the Inclusionary Affordable Housing Program, the City also assures that higher educational institutions are in fact providing this needed housing stock and thereby reducing demand on the balance of the City's housing.*

4. **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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing. The fee is intended to provide resources to MOHCD to assure that Institutions producing or using Student Housing use that housing for their students and do not use the exemption from the Inclusionary Affordable Housing Program granted to Student Housing for other purposes.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

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 because it concerns itself with establishing an annual monitoring fee for Student Housing.*

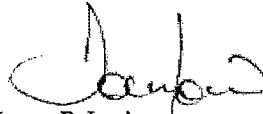
8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas because it concerns itself with establishing an annual monitoring fee for Student Housing.*

5. **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 recommends that the Board ADOPT the proposed Ordinance with modifications as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on April 27, 2017.



Jonas P. Ionin  
Commission Secretary

AYES: Hillis, Johnson, Koppel, Melgar, Moore, Richards

NOES: None

ABSENT: Fong

ADOPTED: April 27, 2017



# SAN FRANCISCO PLANNING DEPARTMENT

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## Executive Summary Planning Code Text Amendment

HEARING DATE: APRIL 27, 2017

EXPIRATION DATE: MAY 1, 2017

*Project Name:* Establish Fee for Monitoring of Student Housing  
*Case Number:* 2017-002161PCA [Board File No. 170093]  
*Initiated by:* Mayor Lee / Introduced January 24, 2017  
*Staff Contact:* Diego R Sánchez, Legislative Affairs  
diego.sanchez@sfgov.org, 415-575-9082  
*Reviewed by:* Aaron Starr, Manager of Legislative Affairs  
aaron.starr@sfgov.org, 415-558-6362  
*Recommendation:* **Recommend Approval with Modifications**

1650 Mission St.  
Suite 400  
San Francisco, CA  
94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

### PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code to establish a fee for the Mayor's Office of Housing and Community Development to monitor Student Housing.

#### The Way It Is Now:

The Planning Code establishes that the Mayor's Office of Housing and Community Development (MOHCD) is authorized to monitor Student Housing. As part of this effort MOHCD shall develop an annual monitoring fee.

#### The Way It Would Be:

The Mayor's Office of Housing and Community Development (MOHCD) would maintain its authorization to monitor Student Housing; in addition the Planning Code would list the base annual monitoring fee, the method for annually adjusting the monitoring fee and the manner in which the monitoring fee will be publicized.

### BACKGROUND

Prior to 2011 most Student Housing projects were subject to the Inclusionary Affordable Housing Program.<sup>1</sup> This often required the Student Housing project to provide permanently affordable housing in a setting geared to a temporary user. Recognizing this ill fit, and as a means to encourage new Student Housing production, Ordinance 321-10 exempted qualified Student Housing projects from the Inclusionary Affordable Housing Program.<sup>2</sup>

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<sup>1</sup> Planning Code Section 415.3(f)(2) exempts housing projects located on property owned by the State of California or any of its agencies if they are used for an educational purpose.

<sup>2</sup> Ordinance 321-10:

<https://sfgov.legistar.com/View.ashx?M=F&ID=1123080&GUID=39A95781-C62D-4E92-AA77-920A1922BBE8>

To qualify for the exemption, a Student Housing project must not result in the loss or conversion of existing housing. The owner or Institution served by the Student Housing must also file an Institutional Master Plan (IMP), pursuant to Planning Code Section 304.5, with the Planning Department.

As part of this exemption, MOHCD is authorized to monitor the Student Housing and establish a monitoring fee. The monitoring fee is paid by the owner of or Institution served by the Student Housing project. Exempted projects are required to provide documentation to MOHCD demonstrating the following:

- The Institution continues to own or control the Student Housing project under a master lease or other contractual agreement;
- The percentage of students enrolled in the Institution who are occupying the Student Housing project;
- The Institution has recorded a Notice of Special Restrictions (NSR) against the property where the Student Housing project is located stating:
  - The Institution, if terminating the Student Housing Project, must file a statement with the Planning Department at least 60 days in advance of termination (termination statement);
  - The Student Housing project becomes subject to the Inclusionary Affordable Housing Program if the Institution terminates the project or fails to file the termination statement and fails to meet the requirements for a Student Housing project;
  - If the Student Housing project becomes subject to the Inclusionary Affordable Housing Program the owner of the project shall pay the Affordable Housing Fee plus any applicable interest or provide on-site affordable units;
  - The Institution is require to report annually to MOHCD;
  - The City may commence legal action to enforce the NSR and the terms of Planning Code Article 4 and Section 415; and
  - The Student Housing project may be inspected by a City employee to determine compliance with the requirements of the Planning Code.

## **ISSUES AND CONSIDERATIONS**

### **The Importance of Monitoring Student Housing during a Housing Crisis**

Creating more student-housing helps reduce the demand on the City's existing housing stock, and in particular the City's supply of lower-cost housing. While some students have access to resources that allow them more choice in the housing market, students typically have lower incomes thereby increasing demand on the City's more affordable housing stock. Further, housing the City's student population,

regardless of financial resources, can be difficult given the City is in the midst of a housing crisis<sup>3</sup> and because higher educational institutions do not provide housing for every enrolled student.<sup>4</sup>

As means to facilitate the production of Student Housing, the Planning Code exempts qualified projects from the Inclusionary Affordable Housing Program.<sup>5</sup> Because of this exemption, the City has a significant interest in assuring that Student Housing is in fact being used to house students. Otherwise the exemption from the Inclusionary Affordable Housing Program becomes a loophole that developers could use to avoid paying millions of dollars in Affordable Housing Fees. As the charts below show, there are currently two student housing projects with over 180 units in operation and six student housing projects with approximately 795 units under construction or Planning Department review.<sup>6</sup> Given the size and projected increase of Student Housing projects, MOHCD needs the financial resources to successfully operate its monitoring function.

**STUDENT HOUSING IN OPERATION**

LOCATION	NO. OF BEDS	NO. OF UNITS	INSTITUTION
38 Harriet	46	23	California College of the Arts (CCA)
1321 Mission	400	160	CCA and San Francisco Conservatory of Music (SFCM)

**STUDENT HOUSING UNDER CONSTRUCTION OR REVIEW**

LOCATION	NO. OF BEDS	NO. OF UNITS	INSTITUTION
75 Arkansas	228	30	CCA
2500 Turk	600	150	University of San Francisco
200 Van Ness	400	117	SFCM
188 Hooper	600	247	CCA
333 12 <sup>th</sup> Street	394	200	Golden Gate University and San Francisco Art Institute (SFAI)
630 Geary	79	51	SFAI

<sup>3</sup>Periodicals of various political inclinations recognize San Francisco's housing crisis: [http://www.huffingtonpost.com/entry/san-francisco-housing-crisis\\_us\\_5750a95ee4b0eb20fa0d682e](http://www.huffingtonpost.com/entry/san-francisco-housing-crisis_us_5750a95ee4b0eb20fa0d682e)

<http://www.businessinsider.com/san-francisco-housing-crisis-history-2016-6/#san-francisco-is-the-second-densest-city-in-the-us-after-new-york-city-with-about-18451-people-per-square-mile-packed-into-about-47-square-miles-1>

<sup>4</sup>The General Plan, for example, notes on page I.58 that San Francisco State University, in 2013, had 29,905 enrolled students but only about 2,700 Student Housing units.

[http://www.sf-planning.org/ftp/General\\_Plan/2014HousingElement-AllParts\\_ADOPTED\\_web.pdf](http://www.sf-planning.org/ftp/General_Plan/2014HousingElement-AllParts_ADOPTED_web.pdf)

<sup>5</sup>Ordinance 321-10

<sup>6</sup>Data from the San Francisco Property Information Map and MOHCD. Please note that these charts omit Academy of Art University (AAU) properties. The November 2015 AAU IMP indicates 1,783 beds in 17 properties.

### Clarifying Student Housing Fees

Currently, the Planning Code states that Student Housing developers are required pay annual monitoring fees to MOHCD. Unfortunately the Planning Code does not indicate the fee amount, whether it changes annually, or the fee's due date. The proposed Ordinance attempts to address these shortcomings in the following five ways. First, it includes an initial annual monitoring fee amount of \$792. Second, it establishes that the Controller is to index the fee to reflect changes in the two-year average Consumer Price Index for San Francisco/San Jose Primary Metropolitan Area. Third, it requires the Controller to report the newly indexed fee to the Board of Supervisors by May 15 of each year. This shall accompany a certification that the new fees are sufficient to support the monitoring costs and not result in revenues exceeding monitoring costs. Fourth, it indicates that the new fee rate is effective July 1 of each year. And fifth, it requires MOHCD to publish the indexed fee on its website by September 30 of each year.

### RECOMMENDATION

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Clarify that the Monitoring Fee is due December 31, accompanying the annual submission of documentation to MOHCD.
2. Amend the date MOHCD publishes the indexed Monitoring Fee on its website to July 1.

### BASIS FOR RECOMMENDATION

The Department supports the Ordinance because it provides the monetary resources required for MOHCD to regularly monitor the City's growing Student Housing stock. In the midst of a housing shortage and an affordability crisis, it is important to assure that Student Housing units are being used appropriately. If a Student Housing project falls out of Planning Code compliance, adequate monitoring helps the City to bring the project back into compliance. Should the Student Housing use terminate, adequate monitoring also helps the City require the provision of Inclusionary Housing Units or payment of the Affordable Housing Fee. Further, clarifying how the fee is calculated, having an annual review of the fee, and publishing the latest fee on the City's website are crucial to this program's success. These new provisions will make the program more transparent and help facilitate compliance.

The Department's following recommendations will further improve the program's transparency and facilitate compliance:

**Recommendation 1: Amend Section 415.3(e)(5)(D) to clarify that the Monitoring Fee is due December 31 of each year.** While the proposed Ordinance indicates a base annual monitoring fee and the method for its indexing, it omits an explicit mention of its due date. Indicating that the annual monitoring fee is due December 31, along with the annual submission to MOHCD, clarifies this ambiguity. It also facilitates compliance with the Student Housing program.



**Recommendation 2: Amend Section 415.3(e)(5)(C)(ii) to require that the indexed Monitoring Fee is published on the MOHCD website on July 1 of each year.** The proposed Ordinance sets three target dates: it requires the Controller to file a report with the Board of Supervisors by May 15 indicating the new annual monitoring fee; it states that the new monitoring fee becomes effective July 1; and it requires MOHCD to publish the indexed fee on its website by September 30 of each year. Requiring the new fee to be published on the MOHCD website on July 1, instead of no later than September 30, ensures that the correct fee is always reflected on the City's web site. This increases clarity about the Student Housing program, eases use of the program by its participants and ensures that the City's website is always up to date.

### **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.

### **IMPLEMENTATION**

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

### **ENVIRONMENTAL REVIEW**

The proposed amendments are statutorily exempt under CEQA Guidelines Section 15273 Rates, Tolls, Fares, and Charges.

### **PUBLIC COMMENT**

As of the date of this report, the Planning Department has not received any public comment regarding the proposed Ordinance.

<b>RECOMMENDATION:</b> Recommendation of Approval with Modifications
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#### **Attachments:**

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 170093

**Wong, Linda (BOS)**


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**From:** Somera, Alisa (BOS)  
**Sent:** Wednesday, June 14, 2017 12:52 PM  
**To:** Wong, Linda (BOS)  
**Subject:** FW: File No. 170093 - MOHCD to Monitor Student Housing

For file 170093

*Alisa Somera*

Legislative Deputy Director  
San Francisco Board of Supervisors  
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San Francisco, CA 94102  
415.554.7711 direct | 415.554.5163 fax  
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 Click [HERE](#) to complete a Board of Supervisors Customer Service Satisfaction form.

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**From:** Calvillo, Angela (BOS)  
**Sent:** Tuesday, June 13, 2017 5:24 PM  
**To:** Somera, Alisa (BOS) <[alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org)>  
**Subject:** FW: File No. 170093 - MOHCD to Monitor Student Housing

File pls.

**From:** Aaron Goodman [<mailto:amgodman@yahoo.com>]  
**Sent:** Monday, June 12, 2017 12:24 PM  
**To:** Board of Supervisors, (BOS) <[board.of.supervisors@sfgov.org](mailto:board.of.supervisors@sfgov.org)>; Secretary, Commissions (CPC) <[commissions.secretary@sfgov.org](mailto:commissions.secretary@sfgov.org)>  
**Subject:** File No. 170093 - MOHCD to Monitor Student Housing

SFBOS -

RE: File No. 170093 - fee for MOHCD to Monitor Student Housing

I am writing to provide input and concern on the proposal for the proposal for the MOHCD to monitor student housing and developments.

The concern stems from the MOHCD not possibly being independent enough (\*need a third party) from developers and existing projects to look objectively at the impacts of institutional growth and the damage it has caused to essential housing citywide. As city funds come from proposals and projects, and the need to determine past impacts has to date been seriously ignored by lacking studies (nexus or other) to determine the effects of student enrollment increases and developments of Academic campuses. There have been occasions where people employed by firms touting projects have gone to work for academic civic positions in planning and vice-versa, so there are concerns about best interests, and how to ensure that the MOHCD when "monitoring" the effects of student housing and rapid development take into account their increases in enrollment and affect on essential housing stock citywide.

Academy of Art  
CCAC  
SFSU-CSU  
UC Berkeley  
UCSF  
USF  
CCSF (future proposals)

These programs (a limited array) and other institutional and academic programs affect greatly the housing stock in pricing and availability citywide. It is critical to review the impacts of housing and especially student housing as it is a known "profitability" zone adjacent to public/private schools and universities with many people trying to relocate adjacent or near schools in efforts that become "redlining" and more discriminatory housing practices, which can lead to flipping and more predatory real estate practices.

As I cannot attend, I wanted to submit my concerns for the issues of the fee's and where the funding for the adequate monitoring of campus/campus housing development and displacement and gentrification of neighborhoods coincide.

A.Goodman D11

