

**REVISED LEGISLATIVE DIGEST**

(Revised in Board: 12/14/2010)

[Administrative Code - Child Care Centers for City Projects and City-Funded Private Projects]

**Ordinance amending the San Francisco Administrative Code by adding Chapter 29B to require a City agency or a private developer that receives City funds for a development project, as defined, of 50,000 gross square feet or more to prepare a feasibility study for providing an on-site child care center whenever it plans to construct or purchase a building, lease more than 50 percent of space in a private building for an initial term of more than one year, or alter more than 50 percent of the space in an existing building; adopting findings, including environmental findings.**

Existing Law

Planning Code Section 414 et seq. establishes child care requirements for private office and hotel development projects proposing the net addition of 50,000 or more gross square feet of office or hotel space. Such projects must either provide a child care center of at least 3,000 square feet on site or nearby, or pay an in-lieu fee of \$1.00 per net additional gross square foot of office or hotel space. There are no existing requirements for City projects or other private projects to include a child care center in the project.

Amendments to Current Law

The proposed legislation adds Chapter 29B to the San Francisco Administrative Code to require a City agency that is proposing or funding a "development project" of 50,000 gross square feet or more to prepare an on-site Child Care Feasibility Study at an early stage in the project design when budgeting and other planning decisions are made. This Feasibility Study requirement is also imposed on a private development project of 50,000 gross square feet or more that receives any funds controlled by the City and County of San Francisco unless the project sponsor is required to comply with the child care requirements of Planning Code Section 414 et seq. "Development project" is defined as a project to construct a new building, purchase an existing building, perform alterations to more than 50 percent of the gross square footage of an existing building, or lease more than 50 percent of the space in a privately-owned building for an initial term of more than one year; it does not include a building that will not be used primarily for human occupancy.

The sponsor of a development project subject to this ordinance must consult with the San Francisco Department of Children, Youth and their Families (DCYF) in preparing the Child Care Feasibility Study. DCYF is responsible for providing all of the necessary data on the child care needs generated by a specific project.

The Child Care Feasibility Study must consider the build out and tenant improvements of a child care center on the project site that has the minimum features described in the legislation.

The Study must be submitted to the City Administrator prior to either (1) the purchase or lease of the building or (2) the submission of an environmental evaluation application, application for a building permit, or application for other project approvals by the City, whichever applies. The Feasibility Study must be completed and submitted to the funding entity prior to any funding approvals. If the project is subject to the Fiscal Responsibility and Feasibility requirements of Chapter 29 of the Administrative Code, the Feasibility Study must be presented to the Board of Supervisors at the same time. Unless otherwise indicated in the Feasibility Study (with reasons supporting alternative priorities), the child care center shall provide first priority for child care space to City employees working in the building. If space is available, all City employees shall have the second priority for child care space and San Francisco residents shall have third priority.

If a City agency proposes an office development project, as defined in Planning Code Section 401, that creates the need for additional child care services and has decided not to provide new child care services as part of the proposed project, the sponsoring agency shall provide evidence to the agencies approving the project that the sponsor fairly considered providing child care services early in project development and why such services would not be provided.

The City Administrator is authorized to waive the requirement to prepare a Feasibility Study. The City Administrator must grant the waiver if (1) the project sponsor has decided to include a child care center in the project or (2) the proposed project is under the jurisdiction of the Port, the Public Utilities Commission, or other City agency where the agency contends, and the City Attorney agrees, that the use of agency funds to support the establishment or operation of a child care center is prohibited by State or local law. The City Administrator may grant the waiver if (1) the project sponsor has documented that the site cannot meet, or be remodeled to meet, the State of California child care licensing requirements or (2) the project sponsor has provided evidence establishing that due to space constraints, legal constraints, or other reasons, including a child care center on site is infeasible without the necessity of preparing a Feasibility Study. All waivers must be in writing and state the specific reason or reasons for granting the waiver.

The consultant that prepares the Child Care Feasibility Study must be approved by the San Francisco Department of Children, Youth and Their Families as qualified to prepare the Study. One year after the effective date of this legislation and every year thereafter, the City Administrator shall prepare and submit to the Board of Supervisors a report that summarizes any waivers that have been granted. A copy of the report shall also be submitted to the San Francisco Child Care Planning and Advisory Council and the Department of Children, Youth and Their Families.

### Background Information

There is a substantial body of research showing that investments in high-quality educational experiences during a child's early years significantly improve not only school achievement but

also a range of social and economic outcomes throughout life. Economists have shown that public investments in high-quality early child care and education generate a higher rate of return than almost any other public investment. However, early child care and education in the Bay Area is expensive and working families with young children, most of whom receive no government subsidies, typically devote large portions of their income to child care. The cost of child care is rising faster than inflation.

In San Francisco, the availability of child care spaces at high-quality, community-based child care programs is at a premium, with infant care being the most difficult to find. Despite existing efforts by the City, child care providers, foundations, and corporations to increase the capacity, there remains a considerable gap in available licensed care. Studies have shown that in San Francisco, licensed care is available for only 43 percent of parents in the labor force. For one-third of the families with children who need licensed care, it is unavailable irrespective of affordability. Licensed child care spaces are particularly limited in specific neighborhoods, such as the downtown corridor and South of Market. A child care nexus study prepared for the City in 2007 found that there is a shortage of approximately 17,828 spaces overall for children aged 0 to 13; most of this shortage is for preschool-age and school age care. For infant care, only 46 percent of the demand is being met. Overall, one-third of children that need a licensed child care space may not have one available, and the City will experience even more demand in the future based on projected population growth.

The lack of affordable quality child care for workers greatly affects the productivity of the workforce. Large employers in the City who have built on-site child care for their employees, such as PG&E, The Gap, and the UCSF, have stated that their investments of company resources in on-site child care has increased recruitment and yielded a more stable productive workforce. Offering on-site child care for employees also boosts the morale of all employees, not only those who use the child care services. The Federal Government has a policy of providing child care centers in federal buildings for government employees and also for nonemployees if space is available.

As a large employer, the City is severely impacted by the lack of affordable quality child care in San Francisco. Requiring City agencies to explore the feasibility of building on-site child care whenever they construct, purchase, lease, or perform a major renovation to a City building would not only provide the significant benefits to its employees that have been recognized by the Federal Government and large private-sector San Francisco employers, it would also ease the demand for child care services in private facilities. Requiring that private developers who receive City funds for a large project also comply with this requirement would ensure that these developments do not burden San Francisco's already scarce child care resources.