San Francisco Board of Supervisors
Budget and Finance Committee
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

September 9, 2025

RE: Opposition to File No. 250680 – Planning Code Amendment to Waive Certain Development Impact Fees in the Market and Octavia Area Plan and the Van Ness & Market Special Use District

Dear Chair and Members of the Budget and Finance Committee,

I write to you as the Executive Director of the Council of Community Housing Organizations (CCHO) to express **strong opposition** to the proposed ordinance [File No. 250680] that would waive development impact fees in the Market and Octavia Area Plan and Van Ness & Market Special Use District (SUD).

We urge you to reject this proposal, or at minimum, continue it until a robust, transparent public discussion can take place and any potential revenue losses are responsibly offset.

This is not merely a budgetary or procedural concern—it is a question of fiscal responsibility, equity, and the long-term viability of neighborhood-centered planning in San Francisco.

The Fiscal Impact: $81 Million in Lost Revenue for Communities

According to the Budget and Legislative Analyst, the 26 projects currently in the Market and Octavia pipeline—representing 2,685 units, including 674 affordable units—would otherwise generate:

- **$47,640,000** in Market Octavia/SUD fee revenue for **community infrastructure**
- **$33,390,628** in Market Octavia/SUD **affordable housing fees**
- For a combined **$81,030,628 over the next 10 years**

While the Planning Department does not expect these projects to begin construction in the next three years, waiving these fees permanently would eliminate a vital long-term revenue source for the community. At the same time, these projects would still be subject to citywide impact fees totaling $135,522,922—making clear that local fee waivers are not the determining factor in whether projects get built.

In other words, this proposal would **weaken the City's fiscal position** for housing and infrastructure without delivering credible benefits in terms of near-term housing production.

Impact Fees: A Community Contract, Not a Punitive Burden

Impact fees are not arbitrary costs. They were carefully designed to ensure that new development contributes fairly to the transit, child care, open space, traffic mitigation, and affordable housing necessary to support increased density. These fees were calculated based on the value conferred to landowners and developers through upzoning and other public benefits in the Market and Octavia Plan.

Waiving them now would **break the trust** established in that community planning process—trust that remains the foundation for neighborhood plans across San Francisco.

No Evidence That Fees Are a Barrier to Development

The Planning Department itself has acknowledged that the slowdown in new housing construction stems from **economic conditions**—high interest rates, escalating construction costs, and tech-sector contraction—not impact fees. In fact, excessive upzoning may itself be contributing to higher per-unit costs.

The claim that fee waivers will unlock new private housing development is unsubstantiated and **lacks transparent analysis**. San Francisco should not gamble away affordable housing and infrastructure revenue on speculative assumptions.

Misalignment with Equity and Housing Goals

This proposal is directly at odds with the City's Housing Element and equity commitments. The Market and Octavia Plan area borders three low-income neighborhoods that urgently need the infrastructure these fees would fund. Eliminating these revenue streams undermines the City's ability to deliver on **equity-driven planning** and sets a precedent that could unravel other neighborhood plans.

Our Request

We respectfully urge the Budget and Finance Committee to:

1. **Reject any waiver or reduction** of Market/Octavia impact fees without a concrete, durable replacement funding source that is fully public and accountable.

2. **Require transparent, independent evidence** demonstrating that these fees actually constrain development feasibility before considering any rollback.

3. **Ensure meaningful community engagement** beyond a narrow set of organizations to reflect the area's racial, economic, and geographic diversity.

San Francisco cannot afford to backslide on equity, affordability, or fiscal integrity in community planning. Forfeiting $81 million in affordable housing and infrastructure resources—on the speculative promise of spurring development that even the Planning Department does not expect in the near future—is both irresponsible and inequitable.

We urge you to take a principled stand and reject this damaging ordinance.

Sincerely,

Quintin Mecke
Executive Director
Council of Community Housing Organizations (CCHO)

Kyle Smeallie
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