San Francisco Planning

49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103
628.652.7600
www.sfplanning.org

September 18, 2025

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

Re: **Transmittal of Planning Department Case Number 2025-005678PCA:**
Development Impact Fees for Residential Development Projects
Board File No. 250657

Planning Commission Recommendation:	**Adopt a Recommendation for Approval**

Dear Ms. Calvillo and Supervisor Mahmood,

On September 11, 2025, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Mahmood that would amend the Building and Planning Codes to postpone the collection of development impact fees for designated residential development projects to the date of first certificate of occupancy or first temporary certificate of occupancy, whichever occurs first. At the hearing the Planning Commission adopted a recommendation for approval.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

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: Robb Kapla, Deputy City Attorney
Raynell Cooper, Aide to Supervisor Mahmood
John Carroll, Office of the Clerk of the Board

ATTACHMENTS :

Planning Commission Resolution
Planning Department Executive Summary

San Francisco Planning

49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103
628.652.7600
www.sfplanning.org

PLANNING COMMISSION RESOLUTION NO. 21803

HEARING DATE: SEPTEMBER 11, 2025

Project Name:	Development Impact Fees for Residential Development Projects
Case Number:	2025-005678PCA [Board File No. 250657]
Initiated by:	Supervisor Mahmood / Introduced June 10, 2025
Staff Contact:	Veronica Flores Legislative Affairs veronica.flores@sfgov.org, 628-652-7525
Reviewed by:	Aaron Starr, Manager of Legislative Affairs aaron.starr@sfgov.org, 628-652-7533

RESOLUTION ADOPTING A RECOMMENDATION FOR APPROVAL OF A PROPOSED ORDINANCE THAT WOULD AMEND THE BUILDING AND PLANNING CODES TO COMPLY WITH CALIFORNIA GOVERNMENT CODE, SECTION 66007, BY POSTPONING THE COLLECTION OF DEVELOPMENT IMPACT FEES FOR DESIGNATED RESIDENTIAL DEVELOPMENT PROJECTS TO THE DATE OF FIRST CERTIFICATE OF OCCUPANCY OR FIRST TEMPORARY CERTIFICATE OF OCCUPANCY, WHICHEVER OCCURS FIRST; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1; AND MAKING FINDINGS OF PUBLIC NECESSITY, CONVENIENCE, AND WELFARE PURSUANT TO PLANNING CODE, SECTION 302.

WHEREAS, on June 10, 2025 Supervisor Mahmood introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 250657, which would amend the Building and Planning Codes to comply with California Government Code, Section 66007, by postponing the collection of development impact fees for designated residential development projects to the date of first certificate of occupancy or first temporary certificate of occupancy, whichever occurs first;

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on September 11, 2025; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15378 and 15060(c)(2); 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 49 South Van Ness Avenue, Suite 1400, San Francisco; and

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

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby adopts a **recommendation for approval** of the proposed ordinance.

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:

The proposed Ordinance would update our code to reflect recent state law amendments. By allowing the deferral of impact fee payments for eligible residential projects, the Ordinance provides greater flexibility for housing developers and helps reduce financial and administrative burdens during the construction process. Additionally, the Ordinance updates the Planning Code to reference the Building Code, which is administered by the Department of Building Inspection—the agency responsible for collecting and managing impact fees. Referencing the Building Code, rather than duplicating its language, ensures consistency across codes and minimizes the need for future legislative updates.

General Plan Compliance

The proposed Ordinance is consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

Policy 27
Improve coordination, alignment, shared mission, and functionality of post-entitlement permit processes across agencies and jurisdictions to speed housing construction starts after approvals, especially for 100% affordable housing and development agreements.

Policy 28
Affirm compliance in State housing law, requirements, and intent by strengthening data collection, clarifying definitions, and further supporting implementation.

The proposed Ordinance updates the local Planning Code to reflect recent amendments to state law, directly supporting Housing Element Policy 28, which calls for aligning local regulations with state housing policy. Additionally, by referencing the Building Code, the proposed Ordinance enhances consistency across regulatory codes and agencies. Since the Department of Building Inspection is responsible for administering impact fees, placing these provisions in the Building Code—rather than duplicating them in the Planning Code—is both appropriate and efficient. This approach advances Policy 27, which promotes improved coordination and alignment of post-entitlement permitting processes. Together, these changes provide greater flexibility for residential development projects by allowing impact fees to be deferred, helping to reduce upfront costs and streamline project delivery.

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.

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.

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.

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.

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.

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.

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.

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.

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 ADOPTS A RECOMMENDATION FOR APPROVAL the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on September 11, 2025.

Jonas P Ionin Digitally signed by Jonas P Ionin
Date: 2025.09.17 14:35:11 -07'00'

Jonas P. Ionin
Commission Secretary

AYES: Campbell, McGarry, Williams, Braun, Imperial, Moore, So

NOES: None

ABSENT: None

ADOPTED: September 11, 2025

San Francisco Planning

49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103
628.652.7600
www.sfplanning.org

EXECUTIVE SUMMARY
PLANNING AND BUILDING CODE TEXT AMENDMENT

HEARING DATE: **September 11, 2025**

90-Day Deadline: September 18, 2025

Project Name:	Development Impact Fees for Residential Development Projects
Case Number:	2025-005678PCA [Board File No. 250657]
Initiated by:	Supervisor Mahmood / Introduced June 10, 2025
Staff Contact:	Veronica Flores Legislative Affairs veronica.flores@sfgov.org, 628-652-7525
Reviewed by:	Aaron Starr, Manager of Legislative Affairs aaron.starr@sfgov.org, 628-652-7533
Environmental Review:	Not a Project Under CEQA

RECOMMENDATION: **Adopt a Recommendation for Approval**

Planning Code Amendment

The proposed Ordinance would amend the Building and Planning Codes to comply with California Government Code, Section 66007, by postponing the collection of development impact fees for designated residential development projects to the date of first certificate of occupancy or first temporary certificate of occupancy, whichever occurs first.

The Way It Is Now:

Impact fees must be paid prior to the issuance of the first construction document.

The Way It Would Be:

For Designated Residential Development Projects: impact fee collection would be deferred until the issuance date of the First Certificate of Occupancy or first Temporary Certificate of Occupancy, whichever occurs first. The only exception is if the impact fee qualifies for early collection.

Background

Senate Bill 937 (SB 937)
SB 937 revised the process for collecting impact fees for Designated Residential Development Projects, which is defined under state law[1]. This includes projects such as 100% affordable housing projects, State Density Bonus projects: projects 10 units of fewer, etc. The primary objective of SB 937 is to offer greater flexibility to housing developers by allowing the deferral of impact fee payments. The legislation is governed under the California Government Code, Section 66007 and took effect on January 1, 2025. In response, Supervisor Mahmood introduced this Ordinance to update our local code to reflect state law.

Issues and Considerations

Applicable Projects

Under the proposed Ordinance, only Designated Residential Development Projects qualify for the impact fee deferral. These projects include, but are not limited to:

- 100% affordable housing
- Density bonus projects
- Projects with 10 or fewer units
- Certain housing in infill or urban areas

For mixed-use projects, only the residential portion of the development would be eligible for this impact fee deferral.

General Plan Compliance

The proposed Ordinance updates the local Planning Code to reflect recent amendments to state law, directly supporting Housing Element Policy 28, which calls for aligning local regulations with state housing policy. Additionally, by referencing the Building Code, the proposed Ordinance enhances consistency across regulatory codes and agencies. Since the Department of Building Inspection is responsible for administering impact fees, placing these provisions in the Building Code—rather than duplicating them in the Planning Code—is both appropriate and efficient. This approach advances Policy 27, which promotes improved coordination and alignment of post-entitlement permitting processes. Together, these changes provide greater flexibility for residential development projects by allowing impact fees to be deferred, helping to reduce upfront costs and streamline project delivery.

[1] California Government Code, Section 66007.

Racial and Social Equity Analysis

The proposed Ordinance promotes racial and social equity by lowering upfront financial barriers for developers, which can improve access for smaller and minority-owned firms that may face challenges in securing early-stage capital. While all developers would still pay the same impact fees, deferring the payment to closer to unit occupancy improves cash flow management and can support a more diverse range of developers entering the housing market. Although this policy alone does not guarantee increased housing in underserved communities, it complements broader efforts to expand housing access and reduce disparities in who can participate in development.

Implementation

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

Recommendation

The Department recommends that the Commission ***adopt a recommendation for approval*** of the proposed Ordinance and adopt the attached Draft Resolution to that effect.

Basis for Recommendation

The Planning Department supports the proposed Ordinance because it would update our code to reflect recent state law amendments. By allowing eligible residential projects to defer impact fees payments, the Ordinance provides greater flexibility for housing developers and helps reduce financial and administrative burdens during the construction process. This would enable developers to defer payment of impact fees until closer to the time of unit occupancy, thereby improving cash flow management. Additionally, the Ordinance updates the Planning Code to reference the Building Code, which is administered by the Department of Building Inspection, the agency responsible for collecting and managing impact fees. Referencing the Building Code, rather than duplicating its language, ensures consistency across codes and minimizes the need for future legislative updates.

Required Commission Action

The proposed Ordinance is before the Commission so that it may adopt a recommendation of approval, disapproval, or approval with modifications.

Environmental Review

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c)(2) and 15378 because they do not result in a physical change in the environment.

Public Comment

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

ATTACHMENTS:

Exhibit A: Draft Planning Commission Resolution
Exhibit B: Board of Supervisors File No. 250657

San Francisco Planning

49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103
628.652.7600
www.sfplanning.org

EXHIBIT A

PLANNING COMMISSION
DRAFT RESOLUTION

HEARING DATE: SEPTEMBER 11, 2025

Project Name:	Development Impact Fees for Residential Development Projects
Case Number:	2025-005678PCA [Board File No. 250657]
Initiated by:	Supervisor Mahmood / Introduced June 10, 2025
Staff Contact:	Veronica Flores Legislative Affairs veronica.flores@sfgov.org, 628-652-7525
Reviewed by:	Aaron Starr, Manager of Legislative Affairs aaron.starr@sfgov.org, 628-652-7533

RESOLUTION ADOPTING A RECOMMENDATION FOR APPROVAL OF A PROPOSED ORDINANCE THAT WOULD AMEND THE BUILDING AND PLANNING CODES TO COMPLY WITH CALIFORNIA GOVERNMENT CODE, SECTION 66007, BY POSTPONING THE COLLECTION OF DEVELOPMENT IMPACT FEES FOR DESIGNATED RESIDENTIAL DEVELOPMENT PROJECTS TO THE DATE OF FIRST CERTIFICATE OF OCCUPANCY OR FIRST TEMPORARY CERTIFICATE OF OCCUPANCY, WHICHEVER OCCURS FIRST; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1; AND MAKING FINDINGS OF PUBLIC NECESSITY, CONVENIENCE, AND WELFARE PURSUANT TO PLANNING CODE, SECTION 302.

WHEREAS, on June 10, 2025 Supervisor Mahmood introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 250657, which would amend the Building and Planning Codes to comply with California Government Code, Section 66007, by postponing the collection of development impact fees for designated residential development projects to the date of first certificate of occupancy or first temporary certificate of occupancy, whichever occurs first;

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on September 11, 2025; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15378 and 15060(c)(2); 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 49 South Van Ness Avenue, Suite 1400, San Francisco; and

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

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby adopts a **recommendation for approval** of the proposed ordinance.

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:

The proposed Ordinance would update our code to reflect recent state law amendments. By allowing the deferral of impact fee payments for eligible residential projects, the Ordinance provides greater flexibility for housing developers and helps reduce financial and administrative burdens during the construction process. Additionally, the Ordinance updates the Planning Code to reference the Building Code, which is administered by the Department of Building Inspection—the agency responsible for collecting and managing impact fees. Referencing the Building Code, rather than duplicating its language, ensures consistency across codes and minimizes the need for future legislative updates.

General Plan Compliance

The proposed Ordinance is consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

Policy 27

Improve coordination, alignment, shared mission, and functionality of post-entitlement permit processes across agencies and jurisdictions to speed housing construction starts after approvals, especially for 100% affordable housing and development agreements.

Policy 28

Affirm compliance in State housing law, requirements, and intent by strengthening data collection, clarifying definitions, and further supporting implementation.

The proposed Ordinance updates the local Planning Code to reflect recent amendments to state law, directly supporting Housing Element Policy 28, which calls for aligning local regulations with state housing policy. Additionally, by referencing the Building Code, the proposed Ordinance enhances consistency across regulatory codes and agencies. Since the Department of Building Inspection is responsible for administering impact fees, placing these provisions in the Building Code—rather than duplicating them in the Planning Code—is both appropriate and efficient. This approach advances Policy 27, which promotes improved coordination and alignment of post-entitlement permitting processes. Together, these changes provide greater flexibility for residential development projects by allowing impact fees to be deferred, helping to reduce upfront costs and streamline project delivery.

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.

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.

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.

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.

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.

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.

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.

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.

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 ADOPTS A RECOMMENDATION FOR APPROVAL the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on September 11, 2025.

Jonas P. Ionin
Commission Secretary

AYES:
NOES:
ABSENT:
ADOPTED: September 11, 2025

EXHIBIT B

[Building and Planning Codes - Development Impact Fees for Residential Development Projects]

Ordinance amending the Building and Planning Codes to comply with California Government Code, Section 66007, by postponing the collection of development impact fees for designated residential development projects to the date of first certificate of occupancy or first temporary certificate of occupancy, whichever occurs first; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302.

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

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

Section 1. Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. ___ and is incorporated herein by reference. The Board affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance,

with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

(c) Pursuant to Planning Code Section 302, this Board finds that these Planning Code amendments will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. _____, and the Board incorporates such reasons herein by reference. A copy of said resolution is on file with the Clerk of the Board of Supervisors in File No. _____.

(d) On _____, at a duly noticed public hearing, the Building Inspection Commission considered this ordinance in accordance with Charter Section 4.121 and Building Code Section 104A.2.11.1.1. A copy of a letter from the Secretary of the Building Inspection Commission regarding the Commission's recommendation is on file with the Clerk of the Board of Supervisors in File No. _____.

(e) No local findings are required under California Health and Safety Code Section 17958.7 because the amendments to the Building Code contained in this ordinance do not regulate materials or manner of construction or repair, and instead relate in their entirety to administrative procedures for implementing the code, which are expressly excluded from the definition of a "building standard" by California Health and Safety Code Section 18909(c).

Section 2. Chapter 1A of the Building Code is hereby amended by revising Sections 107A.13.3, 107A.13.4, and 107A.13.7, to read as follows:

107A.13.3 Timing of development fee payments and satisfaction of development impact requirements.

(a) ***Timing for payment and compliance.***

(1) All development impact or in-lieu fees owed for a development project shall be paid by the project sponsor prior to issuance of the first construction document; provided, however, that the project sponsor may elect to defer payment of said fees under Section 107A.13.3.1.

~~*(b)*~~ *(2)* Any development impact requirement shall be completed prior to issuance of the first certificate of occupancy for the development project.

(b) ***Designated Residential Development Projects.*** *Pursuant to California Government Code Section 66007, development impact fees for Designated Residential Development Projects, as that term is defined in Government Code Section 66007(c)(4), shall be paid on the issuance date of the First Certificate of Occupancy or first Temporary Certificate of Occupancy, whichever occurs first, unless the development impact fee qualifies for early collection pursuant to Subsection 66007(c)(2).*

107A.13.4 Development Fee Collection Unit. There shall be a Development Fee Collection Unit established within the Department. The Unit's duties include: (1) receiving and organizing information from various City agencies concerning the amount of development fees owed or specific development impact requirements imposed under various sections of the San Francisco Municipal Code or other legal authority, (2) working with the project sponsor and relevant agencies to resolve any disputes or questions concerning the development fees or development impact requirements applied to specific development projects, (3) ensuring that the first construction document, or ~~*first certificate of occupancy*~~ *First Certificate of Occupancy or first Temporary Certificate of Occupancy* if the project *is a Designated Residential Development Project or if the* sponsor elects to defer payment, is not issued prior to payment of all development fees that are due and owing, (4) confirming with the Planning Department that any outstanding development impact requirements are satisfied prior to issuance of the first certificate of occupancy for projects subject to such requirements, (5) generating Project

Development Fee Reports, (6) processing any development fee refunds, (7) publishing and updating the Citywide Development Fee Register, (8) initiating lien proceedings to collect any unpaid development impact or in-lieu fees, and (9) performing such other duties as the Building Official requires. The fee for the Department's services shall be as provided in Section 107A.13.14.

107A.13.7 Project Development Fee Report. Prior to the issuance of the building or site permit for a development project that owes a development fee or fees or is subject to development impact requirements, and at any time thereafter, the Development Fee Collection Unit shall prepare and provide to the project sponsor, or any member of the public upon request, a Project Development Fee Report. The Report shall: (i) identify the development project, (ii) list which specific development fees and/or development impact requirements are applicable and the legal authorization for their application, (iii) specify the amount of the development fee or fees that the department or agency calculates is owed or that the project sponsor has elected to satisfy a development impact requirement through the direct provision of physical improvements, (iv) list the name and contact information for the staff person at each agency or department responsible for calculating the development fee or monitoring the development impact requirement, *(v) identify the fee dispute process pursuant to Section 107A.13.9,* and (v*i*) state *by when*~~*whether*~~ the development fee or fees are due and payable *pursuant to* ~~*prior to issuance of the first construction document or whether the project sponsor has requested deferral under*~~ Section 107A.13.3~~.1~~, and note the status of payment. A copy of the Project Development Fee Report shall always be made available to the project sponsor immediately prior to issuance of the site or building permit for a development project subject to any development fee or fees to provide adequate notice of the proposed development fee or fees. The Development Fee Collection Unit shall not issue a Final

Development Fee Report and the respective site or building permit for a development project until it has received written confirmation from the First Source Hiring Administration (FSHA) that the project sponsor has executed a first source hiring agreement(s) with the FSHA consistent with Administrative Code Section 83.11.

Section 3. Article 4 of the Planning Code is hereby amended by revising Sections 402, 403, 411A.3, 413.5, 424.6.2, 424.7.2, and 452.2, to read as follows:

SEC. 402. PROCEDURE FOR PAYMENT AND COLLECTION OF DEVELOPMENT FEES.

*** * * ***

(d) **Timing of Fee Payments.** All impact fees are due and payable to the Development Fee Collection Unit at DBI *consistent with the provisions of* ~~*at the time of, and in no event later than, issuance of the "first construction document" as defined in Section 401 of this Code and Section 107A.13.1 of the Building Code provided that a project sponsor may defer payment of the fee, excluding any fees that must be deposited in the Citywide Affordable Housing Fund (Administrative Code Section 10.100-49), to a later date pursuant to*~~ Section 107A.13.3 of the Building Code.

(e) **Amount and Applicability of Impact Fees.** When the Planning Department determines that a project is subject to development impact fees established in the Planning Code, with the exception of the Inclusionary Housing Fee as set forth in Section 415 et seq., the assessment shall be based on the types of fees and the rates of those fees in effect at the time of Final Approval. After Final Approval, the City shall not impose subsequently established development impact fees or increase the rate of existing fees on the development project, including annual inflation adjustments pursuant to Section 409, except as provided in subsection*s* (e)(1)-*(e)*(2) of this Section 402. The Planning Department shall transmit the fee

assessment to the Development Fee Collection Unit at DBI in accordance with this Section 402.

(1) **Modification, Renewal, Extension for Projects.** After the Final Approval, if a development project requires a modification to, renewal, or extension of a previously approved Development Application, the Planning Department shall reassess development impact fees pursuant to subsection (e)(2). For the purposes of this subsection (e)(1), a "modification" shall not include a legislatively-authorized reduction or waiver of fees, including any waivers pursuant to Section 406.

(2) **Amount of Reassessment.** For any development project that requires a modification to, renewal, or extension pursuant to subsection (e)(1), the Planning Department shall reassess fees as follows:

(A) **Modified Projects.** For projects increasing Gross Floor Area of any use, the Planning Department shall assess the new or increased Gross Floor Area by applying the types of impact fees in effect at the time of Final Approval at the rates in effect at the time of modification. For projects reducing Gross Floor Area, the Planning Department shall assess the types and rates of fees in effect at the time of Final Approval only on the remaining Gross Floor Area. If the modified project would result in a new type of fee or a different rate based on applicable thresholds in effect at the time of Final Approval, the entire project square footage is subject to the new type of fee or different rate in effect at the time of modification. The City shall refund fees, if any, without interest, based on the fees in effect at the time of Final Approval.

(B) **Renewal and Extended Projects.** For projects receiving a renewal or extension, the Planning Department shall reassess fees for the entire project's Gross Floor Area based on the type of fees and rates of those fees in effect at the time of renewal or extension.

* * * *

SEC. 403. PAYMENT OF DEVELOPMENT FEE(S) OR SATISFACTION OF DEVELOPMENT IMPACT REQUIREMENT(S) AS A CONDITION OF APPROVAL; TEMPORARY FEE REDUCTION PROGRAM.

In addition to any other condition of approval that may otherwise be applicable, the Department or Commission shall require as a condition of approval of a development project subject to a development fee or development impact requirement under this Article *4* that such development fee or fees be paid *consistent with the timing set forth in Building Code Section 107A.13.3*~~*prior to the issuance of the first construction document for any building or buildings within the development project*~~, in proportion to the amount required for each building if there are multiple buildings, with an option for the project sponsor to defer payment of 85*%* ~~*percent*~~ of the fees, or 80*%* ~~*percent*~~ of the fees if the project is subject to a neighborhood infrastructure impact development fee, to prior to issuance of the first certificate of occupancy, as provided by Section 107A.13.3*.1* of the San Francisco Building Code ("Fee Deferral Program"). The Fee Deferral Program shall not apply to fees that must be deposited in the Citywide Affordable Housing Fund (Administrative Code Section 10.100-49). Projects subject to development agreements executed pursuant to Chapter 56 of the Administrative Code shall be eligible for the Fee Deferral Program, except as may otherwise be agreed to by the parties to the development agreement. The Department or Commission shall also require as a condition of approval that any development impact requirement imposed on a development project under this Article shall be satisfied prior to issuance of the first certificate of occupancy for any building or buildings within the development project, in proportion to the amount required for each building if there are multiple buildings.

* * * *

SEC. 411A.3. APPLICATION OF TSF.

* * * *

(c) **Timing of Payment.** The TSF shall be paid ~~*at the time of and in no event later than when the City issues a first construction document, with an option for the project sponsor to defer payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge in accordance with*~~ *consistent with the timing set forth in* Section 107A.13.3 of the San Francisco Building Code.

* * * *

SEC. 413.5. COMPLIANCE BY PAYMENT OF IN-LIEU FEE.

* * * *

(b) Any in-lieu fee required under this Section 413.5 is due and payable to the Development Fee Collection Unit at DBI ~~*at the time of and in no event later than issuance of the first construction document, with an option for the project sponsor to defer payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge that would be deposited into the Citywide Affordable Housing Fund in accordance with*~~ *consistent with the timing set forth in* Section 107A.13.3 of the San Francisco Building Code.

* * * *

SEC. 424.6.2. APPLICATION OF TRANSIT CENTER DISTRICT OPEN SPACE IMPACT FEE.

* * * *

(e) **Timing of Fee Payments.** The Transit Center District Open Space Impact Fee is due and payable to the Development Fee Collection Unit at DBI ~~*at the time of and in no event later than issuance of the first construction document, with an option for the project sponsor to defer*~~

~~*payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge that would be paid into the appropriate fund in accordance with*~~*consistent with timing set forth in* Section 107A.13.3 of the San Francisco Building Code .

SEC. 424.7.2. APPLICATION OF TRANSIT CENTER DISTRICT TRANSPORTATION AND STREET IMPROVEMENT IMPACT FEE.

* * * *

(e) **Timing of Fee Payments.** The Transit Center District Transportation and Street Improvement Impact Fee is due and payable to the Development Fee Collection Unit at DBI ~~*at the time of and in no event later than issuance of the first construction document, with an option for the project sponsor to defer payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge that would be paid into the appropriate fund in accordance with*~~*consistent with the timing set forth in* Section 107A.13.3 of the San Francisco Building Code.

* * * *

SEC. 425.2. APPLICATION OF FEES.

* * * *

(d) **Timing of Fee Payments.** The fee shall be due and payable to the Development Fee Collection Unit at DBI ~~*at the time of issuance of the first construction document for the development project. However, the project sponsor shall have the option to defer payment to prior to issuance of the first certificate of occupancy upon agreeing to pay a deferral surcharge as set forth in*~~*consistent with the timing set forth in* Section 107A.13.3 of the San Francisco Building Code.

* * * *

Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

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

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ Robb Kapla_____
ROBB KAPLA
Deputy City Attorney

n:\legana\as2025\2500238\01846615.docx