

File No. 210031

Committee Item No. 8

Board Item No. 5

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 17, 2021

Board of Supervisors Meeting

Date February 23, 2021

#### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date February 12, 2021

Completed by: Linda Wong Date February 18, 2021

[Appropriation - General Reserve - Department of Building Inspection - Accessory Dwelling Unit Permit Services - \$165,000 - FY2020-2021]

**Ordinance appropriating \$165,000 from the General Reserve in the Department of Building Inspection to provide Accessory Dwelling Unit permit services in Fiscal Year (FY) 2020-2021.**

Note: Additions are single-underline italics Times New Roman; deletions are ~~strikethrough italics Times New Roman~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available in Fiscal Year 2020-2021.

**SOURCES Appropriation**

| Fund /<br>Department ID            | Project & Activity /<br>Authority | Account     | Description | Amount           |
|------------------------------------|-----------------------------------|-------------|-------------|------------------|
| 10020/ 230018 GF                   | 10023237 - 0001/                  | 598040      | Designated  | \$165,000        |
| Continuing Authority               | 17064                             | Designated  | For General |                  |
| Ctrl/ GEN General City             | General Reserve/                  | For General | Reserve     |                  |
| Responsibility                     | General Reserve                   | Reserve     |             |                  |
| <b>Total SOURCES Appropriation</b> |                                   |             |             | <b>\$165,000</b> |

1 Section 2. The uses of funding outlined below are herein appropriated to the  
 2 Department of Building Inspection to provide Accessory Dwelling Unit permit services in  
 3 Fiscal Year 2020-21.

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5 **USES Appropriation**

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| 7  | Fund /                          | Project & Activity / | Account | Description     | Amount           |
|----|---------------------------------|----------------------|---------|-----------------|------------------|
| 8  | Department ID                   | Authority            |         |                 |                  |
| 9  | 10020/ 230018 GF                | 10023237 - 0001/     | 591XXX  | Transfer out to | \$165,000        |
| 10 | Continuing Authority            | 17064                |         | the Department  |                  |
| 11 | Ctrl/ GEN General City          | General Reserve/     |         | of Building     |                  |
| 12 | Responsibility                  | General Reserve      |         | Inspection      |                  |
| 13 |                                 |                      |         |                 |                  |
| 14 |                                 |                      |         |                 |                  |
| 15 | <b>Total USES Appropriation</b> |                      |         |                 | <b>\$165,000</b> |

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17 Section 3. The Controller is authorized to record transfers between funds and  
 18 adjust the accounting treatment of sources and uses appropriated in this Ordinance as  
 19 necessary to conform to Generally Accepted Accounting Principles and other laws.

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

FUNDS AVAILABLE:  
 BEN ROSENFELD, Controller

23

24 By: \_\_\_\_\_/s/  
 JON GIVNER  
 Deputy City Attorney

By: \_\_\_\_\_/s/  
 BEN ROSENFELD  
 Controller

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|  |   |
|--|---|
| <b>Items 7 and 8</b><br><b>Files 21-0030 and 21-0031</b>   | <b>Department:</b><br>Department of Building Inspection |
| <b>EXECUTIVE SUMMARY</b>   |   |
| <p style="text-align: center;"><b>Legislative Objectives</b></p> <p><b>File 21-0030</b> is an ordinance amending the Building Code to waive certain fees for accessory dwelling unit projects on single family residence lots from January 1, 2021 through June 30, 2023. Under the proposed ordinance, the Department of Building Inspection would be required to annually report on the fee waivers.</p> <p><b>File 21-0031</b> is an ordinance appropriating \$165,000 from the General Reserve for FY 2020-21 to offset the revenue reduction of the proposed fee waiver.</p> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• File 21-0030 waives building inspection fees, plan review fees, records retention fees, and site surcharge fees for the construction of accessory dwelling units on single family residence lots. Plumbing and electrical inspection fees are not included. These fee waivers would apply retroactively to January 1, 2021 through June 30, 2023. Accessory dwelling unit projects that paid fees after January 1, 2021 but before approval of the proposed ordinance, including projects that applied for permits prior to January 1, 2021 but did not receive a certificate of occupancy until after January 1, 2021, would be eligible for reimbursement.</li> <li>• The Board of Supervisors approved a one-year pilot waiving building inspection and other fees from June 2019 to May 2020 for accessory dwelling unit projects. File 21-0030 applies specifically to accessory dwelling units on single family residence lots, compared to the pilot program which was not specific to single family residence lots. According to the Department of Building Inspection, approximately 38 percent of the accessory dwelling unit applications under the pilot program were for single family residence lots.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed appropriation of \$165,000 from the General Reserve in FY 2020-21 would offset the reduction in fee revenue for an estimated 93 new accessory dwelling unit projects on single family residence lots in FY 2020-21 between January 2021 and June 2021.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The General Reserve balance is \$78.5 million, equal to 1.5 percent of General Fund revenue in FY 2020-21. The Administrative Code allows reducing the General Fund Reserve level in FY 2020-21 from 3 percent to 1.5 percent if funds are appropriated from the Rainy Day Reserve. The proposed Five-Year Financial Plan anticipates appropriating \$114.5 million from the Rainy Day Reserve in FY 2020-21. Administrative Code Section 10.60(b) requires appropriation of sufficient funds to the General Reserve to restore the fund balance to the level required by the Administrative Code. The Board of Supervisors may temporarily suspend the provisions of Section 10.60(b) by two-thirds vote for the current or upcoming budget year.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approval of the proposed ordinances is a policy matter for the Board of Supervisors.</li> </ul> |   |

## MANDATE STATEMENT

Charter Section 2.105 states that the Board of Supervisors shall act by written ordinance or resolution.

## BACKGROUND

The Board of Supervisors approved a one-year pilot program from June 2019 through May 2020, waiving building inspection (except plumbing and electrical), plan review, records retention, and site surcharge fees for accessory dwelling unit projects (Ordinance 207-19).

## DETAILS OF PROPOSED LEGISLATION

**File 21-0030** is an ordinance amending the Building Code to waive certain fees for accessory dwelling unit projects on single family residence lots from January 1, 2021 through June 30, 2023. Under the proposed ordinance, the Department of Building Inspection would be required to annually report on the fee waivers. The proposed ordinance would affirm the Planning Department's determination that the proposed fee waiver complies with the California Environmental Quality Act (CEQA).

**File 21-0031** is an ordinance appropriating \$165,000 from the General Reserve for FY 2020-21 to offset the revenue reduction of the proposed fee waiver.

### **Building Permit Fee Waiver (File 21-0030)**

The proposed ordinance applies to the construction of accessory dwelling units (ADUs) on lots containing single family residences. The ordinance waives building inspection fees, plan review fees, records retention fees, and site surcharge fees. Building inspection fees for plumbing and electrical work are not included. These fee waivers would apply retroactively to January 1, 2021 through June 30, 2023. Accessory dwelling unit projects that paid fees after January 1, 2021 but before approval of the proposed ordinance, including projects that applied for permits prior to January 1, 2021 but did not receive a certificate of occupancy until after January 1, 2021, would be eligible for reimbursement.

### *Department of Building Inspection Reports*

The proposed ordinance requires reports to the Board of Supervisors and the Building Inspection Commission on the fee waiver program on March 1, 2022 for calendar year (CY) 2021, and on March 1, 2023 for CY 2022. These reports are to include the number of projects, including type and location, and total amount of fees waived or projected to be waived. The report is also to include characteristics of the accessory dwelling unit project, including (a) length of time the applicant has owned the property, (b) whether the applicant is an individual or a business, (c) whether the accessory dwelling unit will be a rental and the intended amount of the rent, (d) whether the applicant has submitted building permit applications for other residential properties; and (e) whether that applicant owns other residential properties in the City.

**FISCAL IMPACT***Impact of the FY 2019-20 One-Year Fee Waiver*

The Board of Supervisors approved a one-year waiver from June 2019 to May 2020 for plan review, building inspection, records retention, and site surcharge fees for accessory dwelling units (Ordinance 207-19). Ordinance 207-19 was enacted in October 2019 but was retroactive to June 2019. According to a May 2020 memorandum from the Department of Building Inspection, 489 accessory dwelling unit applications were submitted between June 2019 and May 2020, of which 259 applications were submitted prior to and 230 applications were submitted after the ordinance enactment date on October 13, 2019. The reduction in fee revenue to the Department of Building Inspection during the one-year fee waiver was \$861,967.

*Potential Impact of the Proposed Ordinances*

The proposed ordinance applies to accessory dwelling units on single family residence lots, compared to the pilot program from June 2019 to May 2020, which was not specific to single family residence lots. According to the Department of Building Inspection memorandum, approximately 38 percent of the accessory dwelling unit applications (87 of 230 applications) between October 2019 (the implementation date of Ordinance 207-19) and May 2020 were for single family residence lots.

The proposed appropriation of \$165,000 from the General Reserve in FY 2020-21 would offset the reduction in fee revenue for an estimated 93 new accessory dwelling unit projects on single family residence lots between January 2021 and June 2021.<sup>1</sup>

*General Reserve*

The current balance of the General Reserve is \$78.5 million, equal to 1.5 percent of General Fund revenue in FY 2020-21, according to the proposed Five-Year Financial Plan for FY 2021-22 through FY 2025-26. This General Reserve funding level is consistent with the Administrative Code, which allows a reduction in the General Fund Reserve in FY 2020-21 from 3 percent to 1.5 percent of General Fund revenues if funds are appropriated from the Rainy Day Reserve. The proposed Five-Year Financial Plan assumes the maximum appropriation of \$114.5 million from the Rainy Day Reserve in FY 2020-21.

Administrative Code Section 10.60(b) requires appropriation of sufficient funds to the General Reserve to restore the fund balance to the level required by the Administrative Code. The Board of Supervisors may temporarily suspend the provisions of Section 10.60(b) by two-thirds vote for the current or upcoming budget year. According to the Administrative Code, the Board of Supervisors may suspend Section 10.60(b) provisions following a natural disaster that causes the Mayor or the Governor to declare a state of emergency, or for any other purpose.

**RECOMMENDATION**

Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

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<sup>1</sup> The average fee waiver during the pilot program from June 2019 to May 2020 was \$1,762, based on approximately \$862,000 in waived fees for 489 units.

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Mar

Subject:

Appropriation – \$165,000 to the Department of Building Inspection for Accessory Dwelling Unit permit services – FY2020-2021

The text is listed:

Ordinance appropriating \$165,000 from the General Reserve in the Department of Building Inspection to provide Accessory Dwelling Unit permit services

Signature of Sponsoring Supervisor: /s/ Gordon Mar

For Clerk's Use Only