Ordinance amending the Planning Code to modify when the Controller is required to issue various reports; and making environmental findings, and findings of consistency with the General Plan.

NOTE: Additions are single-underline italics Times New Roman; deletions are strike-through 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. Findings.

(a) Pursuant to Planning Code Section 302, this Board of Supervisors finds that this Ordinance will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. 18935, and incorporates those reasons herein by reference. A copy of said Planning Commission Resolution is on file with the Clerk of the Board of Supervisors in File No. 130549.

(b) The Board of Supervisors finds that this Ordinance is, on balance, consistent with the General Plan and the Priority Policies of Planning Code Section 101.1(b) for the reasons set forth in Planning Commission Resolution No. 18935, and incorporates those reasons herein by reference.

(c) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 130549 and is incorporated herein by reference.
Section 2. The Planning Code is hereby amended by amending Sections 409, 413.6, 415.5, 418.5, 420.6, 421.5, 422.5, 423.5, and 424.5, to read as follows:

SEC. 409. ANNUAL CITYWIDE DEVELOPMENT FEE REPORTING REQUIREMENTS AND COST INFLATION FEE ADJUSTMENTS.

(a) Annual Citywide Development Fee and Development Impact Requirements

Report. In coordination with the Development Fee Collection Unit at DBI and the Planning Director, the Controller shall issue a report within 180 days after the end of each even-numbered year fiscal year, that provides information on all development fees established in the San Francisco Planning Code collected during the prior two fiscal years organized by development fee account and all cumulative monies collected over the life of each development fee account, as well as all monies expended. The report shall also provide information on the number of projects that elected to satisfy development impact requirements through the provision of "in-kind" physical improvements, including on-site and off-site BMR units, instead of paying development fees. The report shall also include any annual reporting information otherwise required pursuant to the California Mitigation Fee Act, Government Code 66001 et seq. The report shall be presented by the Planning Director to the Planning Commission and to the Land Use & Economic Development Committee of the Board of Supervisors. The Report shall also contain information on the Controller's annual construction cost inflation adjustments to development fees described in subsection (b) below, as well as information on MOH's separate adjustment of the Jobs-Housing Linkage and Inclusionary Affordable Housing fees described in Sections 413.6(b) and 415.5(b)(3).

(b) Annual Development Fee Infrastructure Construction Cost Inflation Adjustments. Prior to issuance of the Annual Citywide Development Fee and Development Impact Requirements Report referenced in subsection (a) above, the Controller shall review the amount of each development fee established in the San Francisco Planning Code and,
with the exception of the Jobs-Housing Linkage Fee in Section 413 et seq. and the
Inclusionary Affordable Housing Fee in Section 415 et seq., shall adjust the dollar amount of
any development fee on an annual basis every January 1 based solely on the Annual
Infrastructure Construction Cost Inflation Estimate published by the Office of the City
Administrator's Capital Planning Group and approved by the City's Capital Planning
Committee no later than November 1 every year, without further action by the Board of
Supervisors. The Annual Infrastructure Construction Cost Inflation Estimate shall be updated
by the Capital Planning Group on an annual basis and no later November 1 every year, in
consultation with the Capital Planning Committee, in order to establish a reasonable estimate
of construction cost inflation for the next calendar year for a mix of public infrastructure and
facilities in San Francisco. The Capital Planning Group may rely on past construction cost
inflation data, market trends and a variety of national, state and local commercial and
institutional construction cost inflation indices in developing their annual estimates for San
Francisco. The Planning Department and the Development Fee Collection Unit at DBI shall
provide notice of the Controller's development fee adjustments, including the Annual
Infrastructure Construction Cost Inflation Estimate formula used to calculate the adjustment,
and MOH's separate adjustment of the Jobs-Housing Linkage and Inclusionary Affordable
Housing Fees on the Planning Department and DBI website and to any interested party who
has requested such notice at least 30 days prior to the adjustment taking effect each
January 1. The Jobs-Housing Linkage Fee and the Inclusionary Affordable Housing fees shall
be adjusted under the procedures established in Sections 413.6(b) and 415.5(b)(3).

SEC. 413.6. COMPLIANCE BY PAYMENT OF IN-LIEU FEE.

(a) The amount of the fee which may be paid by the sponsor of a development project
subject to this Section in lieu of developing and providing the housing required by
Section 413.5 shall be determined by the following formulas for each type of space proposed as part of the development project and subject to this Article.

* * * *

Commencing on January 1, 2012, no later than January 1 of each year, MOH shall adjust the in-lieu fee payment option. No later than November 1 of each year, MOH shall provide the Planning Department, DBI, and the Controller with information on the adjustment to the in-lieu fee payment option so that it can be included in the Planning Department's and DBI's website notice of the fee adjustments and the Controller's Annual Citywide Development Fee and Development Impact Requirements Report described in Section 409(a) 409(h). MOH is authorized to develop an appropriate methodology for indexing the fee, based on adjustments in the costs of constructing housing and in the price of housing in San Francisco consistent with the indexing for the Residential Inclusionary Affordable Housing Program in lieu fee set out in Section 415.6. The method of indexing shall be published in the Procedures Manual for the Residential Inclusionary Affordable Housing Program. In making a determination as to the amount of the fee to be paid, the Department shall credit to the sponsor any excess Interim Guideline credits or excess credits which the sponsor elects to apply against its housing requirement.

* * * *

SEC. 415.5. AFFORDABLE HOUSING FEE.

Except as provided in Section 415.5(g), all development projects subject to this Program shall be required to pay an Affordable Housing Fee subject to the following requirements:

(a) Payment of a Fee. Payment of a fee to the Development Collection Unit at DBI for deposit into the Citywide Affordable Housing Fund for the purposes of that Fund.
(b) **Amount of Fee.** The amount of the fee which may be paid by the project sponsor subject to this Program shall be determined by MOH utilizing the following factors:

1. The number of units equivalent to the applicable percentage of the number of units in the principal project. The applicable percentage shall be 20 percent or the percentage that applied to the project if the project is subject to the requirements of an earlier version of this Program due to the date it submitted its application. For the purposes of this Section, the City shall calculate the fee using the direct fractional result of the total number of units multiplied by the applicable percentage, rather than rounding up the resulting figure as required by Section 415.6(a).

2. The affordability gap using data on the cost of construction of residential housing from the "San Francisco Sensitivity Analysis Summary Report: Inclusionary Housing Program" prepared by Keyser Marston Associates, Inc. in August 2006 for the Maximum Annual Rent or Maximum Purchase Price for the equivalent unit sizes. The Department and MOH shall update the technical report from time to time as they deem appropriate in order to ensure that the affordability gap remains current.

3. **Commencing on January 1, 2012, no later than January 1 of each year,** MOH shall adjust the fee. No later than November 1 of each year, MOH shall provide the Planning Department, DBI, and the Controller with information on the adjustment to the fee so that it can be included in the Planning Department's and DBI's website notice of the fee adjustments and the Controller's *Annual Citywide Development Fee and Development Impact Requirements Report* described in Section 409(a) 409(b). MOH is authorized to develop an appropriate methodology for indexing the fee, based on adjustments in the costs of constructing housing and in the price of housing in San Francisco. The method of indexing shall be published in the Procedures Manual.

* * * *
SEC. 418.5. RINCON HILL COMMUNITY IMPROVEMENTS FUND.

(a) There is hereby established a separate fund set aside for a special purpose entitled the Rincon Hill Community Improvements Fund ("Fund"). All monies collected by the Development Fee Collection Unit at DBI pursuant to Section 418.3(e) shall be deposited in a special fund maintained by the Controller. The receipts in the Fund are hereby appropriated in accordance with law to be used solely to fund public infrastructure subject to the conditions of this Section.

* * * *

(c) The Controller's Office shall file an annual report with the Board of Supervisors in even-numbered years beginning one year after the effective date of Section 418.1 et seq., which report shall set forth the amount of money collected in the Fund. The Fund shall be administered by the Planning Commission.

* * * *

SEC. 418.7. SOMA COMMUNITY STABILIZATION FUND.

(a) There is hereby established a separate fund set aside for a special purpose entitled the SOMA Community Stabilization Fund ("Fund"). All monies collected by DBI pursuant to Section 419.3 shall be deposited in a special fund maintained by the Controller. The receipts in the Fund are hereby appropriated in accordance with law to be used solely to address the effects of destabilization on residents and businesses in SOMA subject to the conditions of this Section.

* * * *

(c) The Controller's Office shall file an annual report with the Board of Supervisors in even-numbered years beginning one year after the effective date of Section 418.1 et seq., which report shall set forth the amount of money collected in the Fund. The Fund shall be administered
and expended by MOCD, but all expenditures shall first be approved by the Board of Supervisors through the legislative process. In approving expenditures from the Fund, MOCD and the Board of Supervisors shall accept any comments from the Community Advisory Committee, the public, and any relevant City departments or offices. Before approving any expenditures, the Board of Supervisors shall determine the relative impact from the development in the Rincon Hill Plan Area on the areas described in Section 418.7(b) and shall insure that the expenditures are consistent with mitigating the impacts from the development.

** * * *

SEC. 420.6. VISITACION VALLEY COMMUNITY FACILITIES AND INFRASTRUCTURE FUND.

(a) There is hereby established a separate fund set aside for a special purpose entitled the Visitation Valley Community Facilities and Infrastructure Fund ("Fund"). All monies collected by DBI pursuant to Section 420.3(b) shall be deposited in the Fund which shall be maintained by the Controller.

** * * *

(g) The Controller's Office shall file an annual report with the Board of Supervisors in even-numbered years beginning one year after the effective date of Section 420.1 et seq., which report shall set forth the amount of money collected in the Fund.

SEC. 421.5. MARKET AND OCTAVIA COMMUNITY IMPROVEMENTS FUND.

(a) There is hereby established a separate fund set aside for a special purpose entitled the Market and Octavia Community Improvements Fund ("Fund"). All monies collected by DBI pursuant to Section 421.3(b) shall be deposited in a special fund maintained by the
Controller. The receipts in the Fund to be used solely to fund community improvements subject to the conditions of this Section.

* * * *

(c) With full participation by the Planning Department and related implementing agencies the Controller's Office shall file an annual report with the Board of Supervisors in even-numbered years beginning 180 days after the last day of the fiscal year of the effective date of Section 421.1 et seq., which report shall include the following elements: (1) a description of the type of fee in each account or fund; (2) amount Amount of the fee; (3) beginning Beginning and ending balance of the accounts or funds including any bond funds held by an outside trustee; (4) amount Amount of fees collected and interest earned; (5) identification Identification of each public improvement on which fees or bond funds were expended and amount of each expenditure; (6) an identification of the approximate date by which the construction of public improvements will commence; (7) a description of any inter-fund transfer or loan and the public improvement on which the transferred funds will be expended; and (8) Amount-of refunds made and any allocations of unexpended fees that are not refunded.

* * * *

SEC. 422.5. BALBOA PARK COMMUNITY IMPROVEMENTS FUND.

(a) There is hereby established a separate fund set aside for a special purpose entitled the Balboa Park Community Improvements Fund ("Fund"). All monies collected by the Development Fee Collection Unit at DBI pursuant to Section 422.3 shall be deposited in a special fund maintained by the Controller. The receipts in the Fund to be used solely to fund community improvements subject to the conditions of this Section.

* * * *
(d) With full participation by the Department and related implementing agencies, the Controller's Office shall file a report with the Board of Supervisors in even-numbered years, which report beginning 180 days after the last day of the fiscal year of the effective date of Section 422.1 et seq. that shall include the following elements: (1) a description of the type of fee in each account or fund; (2) beginning and ending balance of the accounts or funds including any bond funds held by an outside trustee; (3) amount of fees collected and interest earned; (4) identification of each public improvement on which fees or bond funds were expended and amount of each expenditure; (5) an identification of the approximate date by which the construction of public improvements will commence; (6) a description of any inter-fund transfer or loan and the public improvement on which the transferred funds will be expended; and (7) amount of refunds made and any allocations of unexpended fees that are not refunded.

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SEC. 423.5. THE EASTERN NEIGHBORHOODS PUBLIC BENEFITS FUND.

(a) There is hereby established a separate fund set aside for a special purpose entitled the Eastern Neighborhoods Public Benefits Fund ("Fund"). All monies collected by the Development Fee Collection Unit at DBI pursuant to Section 423.3(b) shall be deposited in a special fund maintained by the Controller. The receipts in the Fund to be used solely to fund Public Benefits subject to the conditions of this Section.

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(d) With full participation by the Planning Department and related implementing agencies, the Controller's Office shall file a report with the Board of Supervisors in even-numbered years, which report beginning 180 days after the last day of the fiscal year of the effective date of Section 423.1 et seq. that shall include the following elements: (1) a description of
the type of fee in each account or fund; (2) amount of fee collected; (3) beginning and ending
balance of the accounts or funds including any bond funds held by an outside trustee; (4)
amount of fees collected and interest earned; (5) identification of each public improvement on
which fees or bond funds were expended and amount of each expenditure; (6) an
identification of the approximate date by which the construction of public improvements will
commence; (7) a description of any interfund transfer or loan and the public improvement on
which the transferred funds will be expended; and (8) amount of refunds made and any
allocations of unexpended fees that are not refunded.

* * * *

SEC. 424.5. VAN NESS AND MARKET DOWNTOWN RESIDENTIAL SPECIAL USE
DISTRICT INFRASTRUCTURE FUND.

(a) There is hereby established a separate fund set aside for a special purpose entitled
the Van Ness and Market Neighborhood Infrastructure Fund ("Fund"). That portion of gross
floor area subject to the $15.00 per gross square foot fee referenced in Section 424.3(b)(ii)
above shall be deposited into the Van Ness and Market Neighborhood Infrastructure Fund
deposited in the Fund, which shall be maintained by the Controller. The receipts of the Fund
are hereby appropriated in accordance with law to be used solely to fund public infrastructure
subject to the following conditions:

(1) All monies deposited in the Fund, plus accrued interest, shall be used
solely to design, engineer, acquire and develop neighborhood open spaces and streetscape
improvements that result in new publicly-accessible facilities within the Van Ness and Market
Downtown Residential Special Use District or the area bounded by 10th Street, Howard
Street, South Van Ness Avenue, the northeastern line of the Central Freeway, Market Street,
Franklin Street, Hayes Street, and Polk Street. These improvements shall be consistent with
the Market and Octavia Area Plan of the General Plan and any Plan that is approved by the
Board of Supervisors in the future for the area covered by the Van Ness and Market
Downtown Residential Special Use District, except that monies from the Fund may be used by
the Planning Commission to commission studies to revise the fee above, or to commission
landscape, architectural or other planning, design and engineering services in support of the
proposed public improvements.

(2) (iii) No portion of the Fund may be used, by way of loan or otherwise, to pay
any administrative, general overhead, or similar expense of any public entity.

(3) (iii) The Controller's Office shall file an annual report with the Board of
Supervisors in even-numbered years by the end of the City's fiscal year, which report shall set forth
the amount of money collected in the Fund. Monies in the Fund shall be appropriated by the
Board of Supervisors and administered by the Director of Planning.

(4) (iv) At the close of a fiscal year in which the Market and Octavia Community
Improvements Program has generated funding for no less than $211 million of expenditures in
the plan area, including revenue generated through this Section 424.1 et seq., Section 421
fee payments, in-kind improvements, public grants, San Francisco general funds, assessment
districts, and other sources which contribute to the overall programming, all future funds
generated through Section 424.1 et seq. shall be redirected one hundred (100) percent to the
Citywide Affordable Housing Fund.

(5) (v) Expenditure of funds shall be coordinated with appropriate City agencies
as detailed in Section 421.5(d) and (e).

(6) (vi) The Director shall have the authority to prescribe rules and regulations
governing the Fund, which are consistent with Section 424.1 et seq. The Director shall make
recommendations to the Board regarding allocation of funds.
Section 3. Effective Date. This ordinance shall become effective 30 days from the
date of passage.

Section 4. This section is uncodified. In enacting this Ordinance, the Board intends to
amend only those words, phrases, paragraphs, subsections, sections, articles, numbers,
punctuation, charts, diagrams, or any other constituent part of the Planning Code that are
explicitly shown in this legislation as additions, deletions, Board amendment additions, and
Board amendment deletions in accordance with the "Note" that appears under the official title
of the legislation.

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

By:  
THOMAS J. OWEN
Deputy City Attorney
Ordinance amending the Planning Code to modify when the Controller is required to issue various reports, and making environmental findings, and findings of consistency with the General Plan.

October 28, 2013 Land Use and Economic Development Committee - RECOMMENDED

November 05, 2013 Board of Supervisors - PASSED, ON FIRST READING
   Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

November 19, 2013 Board of Supervisors - FINALLY PASSED
   Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 130549
I hereby certify that the foregoing Ordinance was FINALLY PASSED on 11/19/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved

11/27/13