



SAN FRANCISCO PLANNING DEPARTMENT

New Planning Code Summary:

Child Care in Lieu Fee Increase and Application

Amended Sections: Planning Code Section 401, 406, and 414
Case Number: 015-009771PCA
Board File/Enactment #: 150793/2-16
Initiated by: Supervisor Yee
Effective Date: February 19, 2016

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The proposed Ordinance would amend the Planning Code to increase the Child Care In Lieu Fee for office and hotel development projects of up to \$1.57 per gross square foot and apply the Fee to projects of 25,000 or more gross square feet; to impose a tiered Child Care Fee for residential development projects of up to \$1.83 per gross square feet; to allow developers the option to provide onsite Small Family Daycare Homes in lieu of the fee.

The Way It Was:

Currently the City charges child care fees for downtown commercial development and residential development in Plan Areas per the table below:

Child Care Fee	Amount
Residential Fees (\$/Goss Square Feet (GSF))	
Balboa Park	\$1.46
Eastern Neighborhoods*	\$1.26
Market and Octavia	\$0.87
Visitacion Valley	\$1.11
Commercial Fees (\$/Goss Square Feet (GSF))	
Citywide-Office/Hotel (50,000 GSF or more)	\$1.21
Balboa Park	\$0.27
Eastern Neighborhoods*	\$0.34

*Note that the table highlights the maximum fee charged in each infrastructure category.

The child care fees associated with Area Plans must be spent within the Area Plans borders, while the Citywide Fee can be spent throughout the City. As with all impact fees, the funding must spent on capital costs associated with the anticipated growth in child care need.

The Way It Is Now:

The new Residential Child Care Impact Fee applies Citywide. The legislation changes the child care requirement for office and hotel development projects (section 414.1) by applying to projects proposing the net addition of 25,000 or more gross square feet of office or hotel space. New residential fees are charged based on the number of units provided per table below.

Child care Fee	Amount
Residential Fees (\$/Gross Square Feet (GSF))	
Balboa Park*	\$1.46
Eastern Neighborhoods	\$1.26
Market and Octavia	\$0.87
Visitacion Valley	\$1.11
Citywide Projects of 10 or more units	\$1.83
Citywide Projects of up to 9 units	\$0.91
Commercial Fees (\$/Gross Square Feet (GSF))	
Citywide-Office/Hotel (25,000 GSF or more)	\$1.57
Balboa Park	\$0.27
Eastern Neighborhoods*	\$0.34

The Residential Child Care Impact Fee (Fee) would apply to development projects which result in:

1. At least one net residential unit
2. Additional space in an existing residential unit of more than 800 gross square feet,
3. At least one net new group housing facility or residential care facility,
4. Additional space in an existing group housing or residential care facility of more than 800 gross square feet.

Note that the fee rates in Area Plans remain the same with the difference in the fee deposited into the newly created Child Care Facilities Fund. Exceptions to the new fee apply to retail portions of a residential project, government owned properties, and any project that has obtained its First Construction Document prior to the effective date of Section 414A.1. There are additional fees for the conversion of non-residential space to residential determined by the number of units as well from PDR to residential.

Projects may be eligible for a credit for on-site Child Care Facilities after an application to the Planning Department. Subject to the review and approval of the Planning Commission, the project sponsor may apply for a credit of up to 100% of the required fee. This City shall enter into an In Kind Agreement with the Project Sponsor under the

conditions described for In-Kind Agreements in Section 421.3(d), subsections (2) through (5).

Projects may also choose to provide a small family daycare home known as a Designated Child Care Unit¹ in lieu of a portion or 100 percent of the fee as follows:

Residential Project	Maximum Allowable Designated Child Care Units
25-100 units	1 unit
101-200 units	2 units
201 or more units	3 units

Designated Child Care Unit (DCCU) would only be offered if the following conditions are met:

1. The DCCU is two or bedrooms and is 1,000 square feet or more
2. A DCCU is only offered for rent and to a tenant who agrees to operate a licensed Small Family Daycare Home in the Unit
3. A DCCU shall be reserved for a period of at least ten years from the date that the unit is first leased to a tenant for use as a licenses Small Family Daycare Homes,
4. A DCCU may not be an on-site or Offsite Unit as defined in Planning Code Section 415 et seq., establishing the Inclusionary Affordable Housing Program.

A calculation to determine the value of a DCCU is as follows:

Total number of gross square feet of the unit or units designated as Child Care Units
 *Residential Child Care Impact Fee * 20.

This value shall be deducted from the amount of the Residential Child Care Impact Fee owed.

The Office of Early Care and Education shall monitor the DCCU and refer any instances of noncompliance to the Planning Department for enforcement. A tenant of any DCCU must agree to operate a licensed Small Family Daycare Home in the unit for a minimum of 10 years as follows:

1. If, in the determination of the Office of Early Care and Education, the tenant does not begin the operation of the Small Family Daycare Home within nine months

¹Designated Child Care Unit is a residential unit provided by a project subject to Section 414A abd that is designated for use as a Small Family Daycare Home.

of occupying the unit, or stops operating the Daycare Home within the ten year period, the tenant must vacate the unit in 180 days

2. At least 1/3 of the children served by the Small Family Daycare Home shall be from Households of Low-or Moderate income as defined in Section 401; and
3. The Small Family Daycare Home in the DCCU must serve at least four children of who the operator of the Daycare Home is not a parent or guardian, based on an average over the previous 12 months.

Link to signed legislation:

<https://sfgov.legistar.com/View.ashx?M=F&ID=4220373&GUID=E314FAF1-75C8-4354-B89C-0E38392E7635>