

***Regular Meeting  
of the  
Building Inspection Commission***

***July 16, 2025***

***Agenda Item 7***

***File No. 250657***

**Building Inspection Commission**  
**July 19, 2025**

**Agenda Item #7 – File No. 250657**

**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.**

**Background**

In September, 2024, Senate Bill (SB) 937, by Senator Wiener, was signed by Governor Newsom. This law, which took effect January 1, 2025, requires jurisdictions to defer development impact fees for specified residential developments to the final inspection, or certificate of occupancy, whichever comes first.

Local governments have the authority to charge a range of fees on proposed developments with the goal of funding public improvement projects and meeting the needs of a growing population brought on by the development in question. These fees, while crucial for local governments, can impose large burdens on residential developers, in particular affordable housing developers. Interest rates offered to these developers are often much higher in the pre-construction phase, when development impact fees are typically collected. Shifting payment of these fees to a point in the process where construction has already begun, or is nearing completion, may result in reduced interest rates, and therefore less overall money spent on development impact fees for developers.

SB 937 requires local governments to shift their development impact fee payment timing to certificate of occupancy or final inspection, whichever is first, for specified residential developments. No additional fees or interest may be charged due to this shift in payment timing. Eligible developments must fall into one of the following categories:

- 100% affordable housing
- Low-Barrier navigation centers
- Project utilizes AB 2011 (Wicks, 2022) or SB 6 (Caballero, 2022)
  - o Per the Assembly Floor Analysis published on September 29, 2022, AB 2011 “Enacts the ‘Affordable Housing and High Road Jobs Act of 2022’ to create a ministerial, streamlined approval process for 100% affordable housing projects in

commercial zones and for mixed-income housing projects along commercial corridors, as specified.”

- Per the Senate Floor Analysis published on August 29, 2022, SB 6 “...enacts, until January 1, 2033, the Middle Class Housing Act of 2022, which establishes housing as an allowable use on any parcel zoned for office or retail uses.”
- Project utilizes SB 423 (Wiener, 2023)
  - This bill extended SB 35 (2017) which provides streamlined, ministerial approval processes for specified residential developments in local jurisdictions that have not met their Regional Housing Needs Allocation targets.
- Project utilizes SB 4 (Wiener, 2023)
  - Per the Senate Floor Analysis published on September 5, 2023, SB 4, “Establishes the Affordable Housing on Faith and Higher Education Lands Act of 2023, which, until January 1, 2036, enables 100% affordable housing to be a use by right on land owned by religious institutions and independent institution of higher education.”
- Project utilizes State Density Bonus Law
  - State Density Bonus Law allows, in specified circumstances, residential development projects to receive incentives and concessions, such as exceeding locally established maximum heights, in exchange for developing or donating land for affordable or senior housing units.
- 10 units or fewer

The law specifies that certain charges, such as utility service fees related to connections, may be collected at time of application for said service. Additionally, local governments may collect fees at an earlier time than required in SB 937 if shown that the public improvements are related to providing water, sewer, wastewater, fire, public safety, transportation improvements or emergency services to the residential development being proposed, and funds have already been appropriated for the public improvement.

### **Ordinance’s Proposed Changes to Existing Law**

The ordinance seeks to amend Section 107A.13.3, to reflect the required compliance with Government Code Section 66007, which was amended by SB 937. Other minor changes appear in subsequent sections, along with changes to the Planning Code, to ensure alignment with this new development impact fee payment timing.

### **Code Advisory Committee Recommendation**

The Administrative and General Design & Disability Access Subcommittee, as well as the Code Advisory Committee, met on July 9, 2025 and by a unanimous vote by both bodies, recommend approval of the ordinance.

# **File No. 250657 – Senate Bill 937 Implementation**

Department of Building Inspection  
July 16, 2025

# Background on Senate Bill 937

**Senate Bill 937** (Weiner) was signed into law on September 19, 2024 and took effect on January 1, 2025.

The law allows specified residential development projects to have certain development impact fees deferred to the final inspection or the date the certificate of occupancy is issued, whichever comes first.



# SB 937 Eligible Projects

Eligible projects include:

- 100% affordable housing
- Low-Barrier navigation center
- Project utilizes AB 2011 (Wicks, 2022) or SB 6 (Caballero, 2022)
- Project utilizes SB 423 (Wiener, 2023)
- Project utilizes SB 4 (Wiener, 2023)
- Project utilizes State Density Bonus
- 10 units or fewer

Types of Development Impact Fees (DIF)	Agency
Citywide Development Impact Fees - Collection & Deferral Information	Building Inspection
Jobs-Housing Linkage Program Fee	Mayor's Office of Housing and Community Development
	Planning Department
Inclusionary Affordable Housing Program Fee	Mayor's Office of Housing and Community Development
	Planning Department
Downtown Park Fee	Recreation & Park Department
	Planning Department
Child Care Impact Fees	Department of Early Childhood
	Planning Department
Transportation Sustainability Fee	Municipal Transportation Agency
	Planning Department
School Development Impact Fee	Unified School District
Adopted Plan Areas DIF	Planning Department

# Status of Implementation

The Department has already implemented the required processes to defer eligible fees for specified projects.

This implementation was done in conjunction with the Planning Department, Public Utilities Commission, San Francisco Unified School District, and other relevant departments that impose development impact fees.

# Code Advisory Committee Recommendation

The Administrative & General Design and Disability Access Subcommittee, as well as the full Code Advisory Committee met on July 9, 2025 and unanimously recommended approval of the ordinance.

The Department has no requested amendments and **recommends support** of the ordinance.





**THANK YOU**