

CITY AND COUNTY OF SAN FRANCISCO



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DEPARTMENT OF ELECTIONS

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TO ALL INTERESTED PARTIES:

Attached is the City Attorney's title and summary for a proposed measure entitled, "LIMITS ON OFFICE DEVELOPMENT." In preparing this title and summary, the City Attorney makes no representation regarding the merits or legality of the proposed legislation. Nor does the City Attorney verify or confirm any factual or legal assertion made in the proposal. The title and summary is presented as a "true and impartial statement of the purpose of the proposed measure." Elections Code § 9203.

Very truly yours,

DENNIS J. HERRERA
City Attorney

A handwritten signature in black ink, appearing to read "Andrew Shen".

ANDREW SHEN
Deputy City Attorney

LIMITS ON OFFICE DEVELOPMENT

In 1986, San Francisco voters approved Proposition M, placing annual limits on new office space construction. Proposition M generally limits the total amount of new office space to 950,000 square feet each year. Of this amount, 875,000 square feet is available for projects with at least 50,000 square feet of office space ("Large Office Projects"). When a Large Office Project is approved, all of its allocated office space gets deducted against the limit in that year. If any office space goes unallocated, the unallocated amount carries over to the next year.

When it decides whether to approve office space, the City considers certain factors, including:

- the balance between economic growth, housing, transportation, and public services; and
- the suitability of the proposed project's location.

The State requires that cities plan for their housing needs and determines the amount of housing the Bay Area needs at different household income levels. The City's share of its housing needs is its Regional Housing Needs Allocation ("RHNA"). The City has not met its RHNA goals for very-low, low-, and moderate-income households ("Affordable Housing Goals").

In 2018, the City approved the Central SoMa Plan, which rezoned a portion of the South of Market ("SoMa") neighborhood roughly bordered by Second Street, Sixth Street, Townsend Street, and Folsom, Howard and Stevenson Streets. The Central SoMa Plan permits the development of several Large Office Projects.

This measure would tie Proposition M's annual limit on Large Office Projects in San Francisco to the City's affordable housing production. If the City falls short in meeting its Affordable Housing Goals, then the limit would go down by the same percentage as that shortfall.

The measure would also require the City to consider, when allocating office space, whether a Large Office Project includes affordable housing and community facilities beyond what the law requires.

The City's Planning Commission could grant a new exception from the annual limit for a Large Office Project if:

- it includes affordable housing, at a ratio of at least 809 units per 1 million square feet of new office space; and
- the affordable housing is on-site, or located off-site within an economically disadvantaged community.

For Large Office Projects in Central SoMa, the Planning Commission could grant another new exception from the lower annual limit, up to a total of 1.7 million square feet, if:

- the project sponsor submitted a proposal to the Planning Department before September 11, 2019;
- the project includes property to be given to the City for affordable housing, a space for community arts or neighborhood-serving retail at reduced rents, or a public safety facility; and
- until 15,000 new housing units are built in the wider SoMa neighborhood, the project would not cause the total amount of Large Office Projects approved in Central SoMa after January 1, 2019 to exceed a cumulative limit of 6 million square feet.

Any new office space approved using either of these new exceptions would be deducted against the annual limit evenly over a 10-year period, rather than in a single year.