

## **Limits on Office Development\***

**Digest** by the Ballot Simplification Committee

**Status:** Draft for Consideration

**On:** Monday, December 2, 2019

**Members:** Packard, Anderson, Girardin, Patterson

**Deadline to Request Reconsideration:** TBD

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**The Way It Is Now:** In 1986, San Francisco voters approved Proposition M, placing annual limits on new office space construction (“Annual Limit Program”). The Annual Limit Program 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 deciding whether to approve office project, 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 in doing so determines the amount of housing the Bay Area needs at different household income levels. The City has not met its share of these housing 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.

**The Proposal:** Proposition \_\_ would tie the limit on Large Office Projects in San Francisco under the Annual Limit Program 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.

Proposition \_\_ would also require the City to consider, when allocating office space under the lower annual limit, whether a Large Office Project includes affordable housing and community facilities beyond what the law requires.

Under Proposition \_\_ , the City’s Planning Commission could grant an exception for Large Office Projects from the lower annual limit for if:

- they include 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.

Proposition \_\_ would also allow the Planning Commission to grant an exception to the lower annual limit for Large Office Projects in Central SoMa, 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

*\*Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

- 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 exceptions would also be deducted against the annual limit evenly over a 10-year period, rather than in a single year.

**A "YES" Vote Means:** If you vote "yes," you want to tie the City's annual limit on office space projects that are 50,000 square feet or more to whether the City is meeting its affordable housing goals, excluding select affordable housing projects and certain SoMa projects that provide community space, neighborhood-serving retail, or public safety facilities.

**A "NO" Vote Means:** If you vote "no," you do not want the City to make these changes.