



November 27, 2019

Ballot Simplification Committee
John Arntz, Director of Elections
Department of Elections
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 48
San Francisco, CA 94102

VIA ELECTRONIC MAIL TO: publications@sfgov.org

Re: Ballot Digest for “Limits on Office Development” measure on March 2020 Ballot

Dear Ballot Simplification Committee and Director Arntz:

Thank you for the opportunity to review the ballot digest for the March 3, 2020 ballot. In support of the Ballot Simplification Committee’s mission to ensure the ballot provides accurate, fair and impartial summaries of the measure that provide necessary information for the voters, the Planning Department (“Department”) submits the following suggested objective and technical edits and corrections to the draft digest published by the BSC.

The proposed edits generally correspond with the following three issues requiring clarification or correction:

- (1) ***Replacing “construction” with “approvals.”*** The Annual Office Limit Program does not limit construction of office buildings in any year, only the rate of initial approvals by the City. The amount of actual construction in any year is not limited.
- (2) ***Including language clarifying that the state-established Affordable Housing goals are actually established as cumulative goals for an 8-year period.*** The Measure would newly create an annualized goal and use it to determine the available office allocation in individual years.
- (3) ***Including language clarifying that that the measure would permanently deduct office allocation that cannot be returned to the Program regardless of subsequent years’ production of affordable housing relative to the Goals.*** This is notable because the Goals established by the State are intended to be measured and achieved by a city over a full 8-year period.
- (4) ***Clarifying and restructuring the digest to more clearly establish that the measure does not provide for “exceptions” to the Annual Limit but rather enables the Planning Commission to “borrow” from future years’ allocation in order to advance approvals of projects meeting two sets of criteria.*** The term “exception”

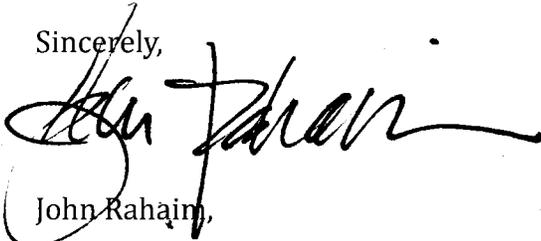
misleadingly suggests that such projects do not count toward the cumulative available limit or are exempted from the Limit, whereas they all count toward the Limit. (There are certain types of office projects in the city that are fully exempted from the Program, but that is not addressed by this measure.) Rather, the measure creates two buckets of "reserves" that provide for advances, or borrowing, from future Annual Limits in order to allow approval sooner of certain projects. This "borrowed" space is then deducted incrementally, over a 10-year period, from future available allocations.

(5) Clarifying and restructuring the digest to distinguish that the 6 million square foot cumulative limit in Central SoMa is unrelated to and independent of the "reserves" that allow borrowing from future year's allocation in Central SoMa. The current digest confuses and incorrectly conflates these controls in the Measure.

Attached to this letter please find our proposed specific language effectuating the corrections and clarifications addressed in this letter.

Thank you for your consideration of these suggestions.

Sincerely,



John Rahajin,

Director of Planning

Attachment: Proposed Clarifying and Corrective Edits to Ballot Digest for "Limits on Office Development" measure

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

The Way It Is Now: In 1986, San Francisco voters approved Proposition M, placing annual limits on new office space approvals 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”). These Affordable Housing Goals are established as cumulative goals for an eight-year period. Annual goals or goals for specific years are not established. The current goals are for the period 2015-2022.

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 any year in

meeting its Affordable Housing Goals, based on an annualized calculation of the eight-year goal, then the limit for that year would go down by the same percentage as that shortfall. Any deducted office space allocation from that year is permanently removed from the allocation and can never be returned to the office limit Program regardless of affordable housing production in subsequent years, including in years where affordable housing production meets or exceeds the Goals.

Notwithstanding the available Annual Limit in any year, Proposition would allow the Planning Commission to borrow from future office allocation to approve select projects that meet one of two sets of criteria. In either of these two cases, the borrowed amount will be deducted from the available allocation in 10 equal increments over the following 10 years: 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.

(1) Proposition would allow the Planning Commission to borrow from future office space allocation in the Annual Limit Program 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; and
- 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.~~

(2) Proposition would also allow the Planning Commission to borrow from future office space allocation in the Annual Limit Program grant an exception to the lower annual limit for Large Office Projects from the lower annual limit for other office projects anywhere in the City 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 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.

Proposition would also establish that after January 1, 2019, a cumulative limit of 6 million square feet of office space in Central SoMa cannot be exceeded through allocations of Large Office Projects until at least 15,000 new housing units are built in the wider SoMa neighborhood.

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, **with the exception that select office projects that include affordable housing excluding select affordable housing projects** and certain SoMa projects that provide community space, neighborhood-serving retail, or public safety facilities **can borrow office space allocation from future year allocations.**

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