

CITY AND COUNTY OF SAN FRANCISCO



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TO ALL INTERESTED PARTIES:

Attached is the City Attorney's title and summary for an initiative ordinance entitled, "Central South of Market 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 blue ink, appearing to be "Andrew Shen", written over a horizontal line.

Andrew Shen
Deputy City Attorney

CENTRAL SOUTH OF MARKET OFFICE DEVELOPMENT

In 1986, San Francisco voters approved Proposition M, a measure that limits new office space construction. Proposition M generally limits new office space in the City to 950,000 square feet each year.

In 2010, the Board of Supervisors ("Board") approved a "Jobs-Housing Linkage" fee that sponsors of large development projects must pay. The fee addresses the impact of new commercial and office developments on demand for additional housing. The project sponsor may pay the fee to the City, which the City then deposits into an affordable housing fund. Alternatively, the project sponsor may pay an equivalent amount or contribute land of equivalent value to an affordable housing developer.

The City's proposed Central SoMa Plan would guide development of the portion of the South of Market ("SoMa") neighborhood roughly bordered by Second Street on the east, Sixth Street on the west, Townsend Street on the south, and Folsom, Howard and Stevenson Streets to the north. The Central SoMa Plan proposes increased height limits and other zoning changes that would allow for office and residential development. The Board may approve the Central SoMa Plan in 2018.

If the Board approves the Central SoMa Plan, then this measure would exclude the construction of certain office space in Central SoMa from Proposition M's annual limit. Under this measure, the Planning Commission may approve projects with up to 6 million square feet of new office space in Central SoMa if:

1. the project sponsor starts environmental review within 24 months of the Central SoMa Plan's effective date;
2. the project sponsor does at least one of the following:
 - devotes at least 50% of the development's ground floor to light industrial, arts activities, or to a neighborhood-serving business;
 - dedicates at least 12,500 square feet of land in SoMa to the City for affordable housing;
 - constructs or funds a fire station in SoMa; or
 - makes at least 33% of on-site housing permanently affordable; and
3. the project sponsor either:
 - makes an early non-refundable payment of the Jobs-Housing Linkage fee;
 - pays the fee at a rate 25% higher than legally required;
 - satisfies the fee requirement by contributing land of equivalent value to the City for affordable housing; or
 - purchases rent-controlled housing of roughly equivalent value and contributes it for permanently affordable housing in SoMa, Tenderloin, Chinatown, the Mission, Japantown, Hayes Valley, or the Western Addition.

New office space in Central SoMa would count against Proposition M's annual limit. But the City would deduct the amount evenly over a 10-year period. For example, for a project with 100,000 square feet of office space, 10,000 square feet would be deducted from Proposition M's annual limit for each of the following 10 years.

The City may not approve more than 6 million square feet of office space in Central SoMa, until the number of (1) new housing units approved after January 1, 2018 in the SoMa neighborhood, and (2) existing housing units acquired and restricted to affordable low-income housing after January 1, 2018 in SoMa, Tenderloin, Chinatown, the Mission, Japantown, Hayes Valley, and the Western Addition, totals 15,000 or more. This limitation would expire on June 5, 2033.