



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

November 4, 2019

RE: File 191055 – Ordinance creating the Affordable Housing and Small Business Priority Reserve

Dear Ms. Calvillo,

Should the proposed ordinance be approved by the voters, in my opinion, it would likely result in the acceleration of new office construction in the City that could otherwise be prohibited for several years. The ordinance would therefore likely result in a period of higher tax revenues offset in part by higher City costs required to serve a higher number of workers in the City. Actual City revenues and costs would depend on a host of future factors, including the overall pace of office construction in the City, the specific projects that might occur more rapidly as a result of the measure, and the specific revenues and costs resulting from those projects.

The proposed ordinance amends the Planning Code to increase the maximum size of office space for small businesses and to add back certain converted office space to the available annual limit established by Proposition M passed by voters in 1986. Any office space that was demolished or converted to non-office use would be added to the Affordable Housing and Small Business Reserve which would make office space available for developments that provide on-site or off-site affordable housing or include community arts, PDR space, or neighborhood-serving retail.

In general, developing property for office uses increases property assessed value, and thus property tax revenue to the City. Other tax revenues are also generated through the use of office properties. The revenues resulting from these projects would likely be partially offset by higher City transit and other costs required to serve a higher number of workers in the City.

Sincerely,

A handwritten signature in blue ink, appearing to be "Ben Rosenfield", written over a horizontal line.

Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.