

BOARD of SUPERVISORS



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MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller

FROM: Victor Young, Assistant Clerk, Rules Committee
Board of Supervisors

DATE: October 22, 2019

SUBJECT: INITIATIVE ORDINANCE INTRODUCED
March 3, 2020 Election

The Board of Supervisors' Rules Committee has received the following Initiative Ordinance for the March 3, 2020, Election. This matter is being referred to you in accordance with Rules of Order 2.22.3.

File No. 191055

Hearing to consider the proposed Initiative Ordinance submitted by the Mayor to the voters for the March 3, 2020, Election, entitled "Ordinance amending the Planning Code to 1) Add back certain converted office space to make it available for office development projects, 2) Establish the Affordable Housing and Small Business Priority reserve to make office space available for office developments that provide sites for affordable housing or include community arts; PDR space or neighborhood-serving retail, and 3) increase the cap for smaller office development projects."

Please review and prepare a financial analysis of the proposed measure prior to the first Rules Committee hearing.

If you have any questions or concerns, please call me at (415) 554-7723 or email: victor.young@sfgov.org. To submit documentation, please email or forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Deputy City Controller
Peg Stevenson, City Performance Director
Natasha Mihal, City Services Auditor

SAN FRANCISCO
FILED

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DEPARTMENT OF ELECTIONS

**Submittal Form
For Proposed Initiative Measure(s)
Prior to Submittal to the Department of Elections**

by 4 or more Supervisors or the Mayor

I, hereby submit the following proposed initiative measure(s) for hearing before the Board of Supervisors' Rules Committee prior to the submittal of the proposed initiative measure to the Department of Elections (per Proposition C, November 2007).

This matter is for the **March 3, 2020** Election.

Sponsor(s): Mayor London Breed

Subject: Initiative Ordinance - Planning Code - Affordable Housing and Small Business Priority Reserve

The text is listed below or attached:

(See attached.)

Mayor Breed :



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(Clerk of the Board's Time Stamp)

**PROPOSED INITIATIVE ORDINANCE TO BE SUBMITTED BY THE
MAYOR TO THE VOTERS AT THE MARCH 3, 2020 ELECTION.**

[Under Charter Sections 3.100(16) and 2.113(b), this measure must be submitted to the Board of Supervisors and filed with the Department of Elections no less than *45 days prior* to deadline for submission of such initiatives to the Department of Elections set in Municipal Elections Code Section 300(b).]

[Initiative Ordinance - Planning Code - Affordable Housing and Small Business Priority Reserve]

Ordinance amending the Planning Code to 1) Add back certain converted office space to make it available for office development projects, 2) Establish the Affordable Housing and Small Business Priority reserve to make office space available for office developments that provide sites for affordable housing or include community arts, PDR space or neighborhood-serving retail, and 3) increase the cap for smaller office development projects.

NOTE: **Unchanged Code text and uncodified text** are in plain font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in *strikethrough italics Times New Roman font*.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) San Francisco's Office Development Annual Limit Program was established in 1985 with the adoption of the Downtown Plan. In 1986, San Francisco voters passed Proposition M, which amended the Office Development Annual Limit Program. These policies established an

affordable and used by smaller businesses that cannot afford the higher rents of class a office space.

(f) As the vacancy rate has shrunk and office space has become more scarce, the average small lease size has more than doubled, resulting in small businesses having difficulty finding building owners that are willing to lease smaller blocks of space to them – preferring a larger lease size and fewer tenants. This has forced many of our small businesses into co-working spaces – where costs are on average 150% of stand-alone space.

(g) In December 2018, following years of public input and comprehensive planning, the City and County of San Francisco (“City”) approved the Central SoMa Plan, a comprehensive framework of planning and land use policies which govern the growth of 230 acres of land adjacent to downtown. Central SoMa has excellent transit access and is served by both local and regional transit lines. As such, the neighborhood is well positioned to accommodate needed employment, housing, and visitor facilities in the core of the City and Bay Area region. The Central SoMa Plan contains the goals, objectives, and policies to guide this growth of this area and envisions the creation of a transit-oriented, sustainable, mixed-use neighborhood with housing, commercial, and light industrial uses.

(h) Developments in the Central SoMa Plan Area will also provide critical public benefits to San Franciscans and the Central SoMa community. Developments in this area will provide up to \$2 billion for: affordable housing, transit, street and park improvements, support for childcare and local public schools, and support for historic and cultural preservation efforts. This \$2 billion represents a 667 percent increase over the \$300 million that would be generated without the Central SoMa Plan. Additionally, taxes from new development in the Central SoMa Plan Area are expected to generate up to \$1 billion in additional revenues for the City's General Fund.

Section 2. Article 3 of the Planning Code is hereby amended by revising Sections 320, 321, , 322, and 325, deleting existing Section 321.2, and renumbering existing Section 321.3 as Section 321.2, to read as follows:

SEC. 320. OFFICE DEVELOPMENT: DEFINITIONS.

When used in Sections 320, 321, 322 and 323, the following terms shall each have the meaning indicated. See also Section 102.

(a) "Additional office space" shall mean the number of square feet of gross floor area of office space created by an office development, reduced, in the case of a modification, demolition, or conversion, by the number of square feet of gross floor area of preexisting office space which is lost in such office development.

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SEC. 321. OFFICE DEVELOPMENT: ANNUAL LIMIT.

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(b) Guidelines.

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(4) Reserve for Smaller Buildings. In each approval period at least 75,000 square feet of office development shall be reserved for buildings between 25,000 and 99,999 ~~49,999~~ square feet in gross floor area of office development. To the extent the total square footage allowed under this Subsection in any approval period is not allocated, the unallocated amount shall be carried over to the next approval period and added only to the Reserve for Smaller Buildings.

* * * *

25,000 and 49,999 square feet in gross floor area, such converted space shall be allocated to the Reserve for Smaller Buildings provided in Section 321(b)(4). If the converted office space was part of a building containing office space totaling more than 49,999 square feet in gross floor area, then such converted space shall be available for general allocation. Any unallocated amounts of the converted office space shall be carried over to the next approval period.

(3) Within two months of the effective date of this Ordinance, the Zoning Administrator shall make a written determination regarding conversion of any Baseline Office Space that was lawfully converted to non-office use on or before such effective date and shall allocate such Baseline Office Space to the Affordable Housing and Small Business Priority Reserve. If an individual believes there is additional Baseline Office Space that has been lawfully converted to non-office use, that individual may submit a request for a written determination to the Zoning Administrator regarding such additional Baseline Office Space. In determining whether Baseline Office Space lawfully existed or was lawfully demolished or converted to a non-office use for the allocation set forth in subsection (g)(1) above, the Zoning Administrator shall presume that such space was lawfully existing or converted unless there is conclusive evidence otherwise.

(4) For office space that is converted to non-office use after the effective date of this Ordinance, the Zoning Administrator shall make a written determination regarding such conversion. When such written determination becomes final, any converted office space that is determined to be available shall be added to the amount available for allocation to new Office Developments. Such conversions shall be allocated consistent with Subsection 322(g)(2) above. Any unallocated amounts of the converted office space shall be carried over to the next approval period.

(h) Affordable Housing and Small Business Priority Reserve. Notwithstanding the limits on office development set forth in Planning Code Sections 320-324, a property owner may elect to apply for allocation of office space from the Affordable Housing and Small Business Priority Reserve for an office development project, and the Planning Commission may allocate such office space, if:

(1) The amendment does not decrease the amount of office space that is allocated annually as provided in Section 321 or the allocations and adjustments that are provided in this Ordinance; and

(2) The Board of Supervisors approves the proposed amendment by at least a two-thirds vote of all its members.

Section 3. Scope of Ordinance. In enacting this ordinance, the People of the City and County of San Francisco intend to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions or deletions, in accordance with the "Note" that appears under the official title of the ordinance.

Section 4. Conflicting Measures. In the event that this initiative ordinance shall receive a greater number of affirmative votes than any other measure or measures related to limits on office development in the City at the March 3, 2020 election, the provisions of this initiative ordinance shall prevail in their entirety and each and every provision of the other measure or measures shall be null and void in their entirety. In the event that the other measure or measures shall receive a greater number of votes, the provisions of this initiative ordinance shall take effect to the extent permitted by law.