

BOARD of SUPERVISORS



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June 13, 2018

Planning Commission
Attn: Jonas Ionin
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Commissioners:

On June 5, 2018, Mayor Farrell introduced the following legislation:

File No. 180613

Ordinance amending the Planning Code to allow square footage of baseline office space that is converted to non-office uses to be available for allocation under the Office Development Limit Program and requiring Zoning Administrator written determination for such space; affirming the Planning Department's determination under the California Environmental Quality Act; making findings of public necessity, convenience, and welfare under Planning Code, Section 302; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

c: John Rahaim, Director of Planning
Aaron Starr, Acting Manager of Legislative Affairs
Scott Sanchez, Zoning Administrator
Lisa Gibson, Environmental Review Officer
AnMarie Rodgers, Director of Citywide Planning
Laura Lynch, Environmental Planning
Joy Navarrete, Environmental Planning

1 [Planning Code - Office Development Conversions]

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3 **Ordinance amending the Planning Code to allow square footage of baseline office**
4 **space that is converted to non-office uses to be available for allocation under the**
5 **Office Development Limit Program and requiring Zoning Administrator written**
6 **determination for such space; affirming the Planning Department's determination**
7 **under the California Environmental Quality Act; making findings of public necessity,**
8 **convenience, and welfare under Planning Code, Section 302; and making findings of**
9 **consistency with the General Plan, and the eight priority policies of Planning Code,**
10 **Section 101.1.**

11 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
12 **Additions to Codes** are in *single-underline italics Times New Roman font*.
13 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
14 **Board amendment additions** are in double-underlined Arial font.
15 **Board amendment deletions** are in ~~strikethrough Arial font~~.
16 **Asterisks (* * * *)** indicate the omission of unchanged Code
17 subsections or parts of tables.

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

19 Section 1. General Findings.

20 (a) The Planning Department has determined that the actions contemplated in this
21 ordinance comply with the California Environmental Quality Act (California Public Resources
22 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
23 Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms this
24 determination.

25 (b) On _____, the Planning Commission, in Resolution No. _____, adopted
findings that the actions contemplated in this ordinance are consistent, on balance, with the

1 City's General Plan and eight priority policies of Planning Code, Section 101.1. The Board
2 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
3 Board of Supervisors in File No. _____, and is incorporated herein by reference.

4 (c) Pursuant to Planning Code, Section 302, this Board finds that this Planning Code
5 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth
6 in Planning Commission Resolution No. _____ and the Board incorporates such reasons
7 herein by reference. A copy of Planning Commission Resolution No. _____ is on file with the
8 Board of Supervisors in File No. _____.

9
10 Section 2. Office Development Findings.

11 (a) In recent decades, cities across the United States, including San Francisco, have
12 seen increased demand for housing and for hotels in downtown locations, close to
13 workplaces, transit and amenities. At the same time, changes in workplace culture, including
14 innovations in technology, and preferences for more flexible and collaborative spaces, have
15 made many older office buildings less competitive in their markets.

16 (b) As a result, San Francisco has seen several older office buildings converted to
17 alternative uses. The conversions of these existing office buildings were not considered
18 explicitly by the City's Office Allocation Program. Because these conversions have not been
19 considered, numerous office spaces that existed prior to the adoption of this program, and
20 were considered part of the City's pre-existing supply of office, have been removed from the
21 City's baseline supply of office space as they redeveloped into other uses. At the same time,
22 constraints on office development combined with excessive costs for existing and remaining
23 office space have combined to displace numerous Class B and C offices, as well as non-profit
24 and industrial businesses. Ensuring that our baseline supply of office space is not unduly
25

1 reduced will help to protect working class jobs from further displacement due to space
2 constraints.

3 (c) The City has been considering ways to encourage an economically diverse and
4 lively jobs center. Recently, the Planning Commission has recommended the Central SOMA
5 Plan for approval. This Plan provides an example of the desire to facilitate an economically
6 diversified and active jobs center. It supports the preservation of strong, local job uses like
7 the San Francisco Flower Mart, requires production, distribution, and repair uses in most large
8 scale projects, and requires an employment plan for all large scale developments, to provide a
9 strategy for supporting permanent jobs for South of Market residents in future development,
10 especially disadvantaged persons, at good living wages with benefits.

11 (d) The Planning Code already provides that previously approved office space that
12 was not constructed must be returned to the Office Allocation Program. The Planning Code
13 also provides credit for pre-existing on-site office space that is modified or converted as part
14 of a new office development on-site. It is consistent with these allocation credit approaches to
15 allow office space, constructed before 1984 and converted to another use, to be returned to
16 the Allocation Program, so that projects that fulfill the City's vision for good jobs, with
17 significant public benefits, are not unduly constrained by past conversions.

18
19 Section 3. The Planning Code is hereby amended by revising Section 322, to read as
20 follows:

21 **SEC. 322. PROCEDURES FOR ADMINISTRATION OF OFFICE DEVELOPMENT**

22 **LIMIT.**

23 * * * *

24 (g) Conversion of Baseline Office Space. In the event that any Office Space of 25,000 square
25 feet or more that lawfully existed before November 29, 1984 ("Baseline Office Space") is or was

1 lawfully converted to non-office use on or after November 4, 1986, such square footage shall be added
2 to the amount available for allocation to new Office Developments as provided below. If the converted
3 Baseline Office Space was part of a building containing office space totaling between 25,000 and
4 49,999 square feet in gross floor area, such converted space shall be allocated to the Reserve for
5 Smaller Buildings provided in Section 321(b)(4). If the converted Baseline Office Space was part of a
6 building containing office space totaling more than 49,999 square feet in gross floor area, then such
7 converted space shall be available for general allocation. Any unallocated amounts of the converted
8 Baseline Office Space shall be carried over to the next approval period.

9 (1) Within one month of the effective date of this Ordinance, the Zoning Administrator shall
10 make a written determination regarding conversion of any Baseline Office Space that was lawfully
11 converted to non-office use on or before such effective date. If an individual believes there is
12 additional Baseline Office Space that has been lawfully converted to non-office use, that individual may
13 submit a request for a written determination to the Zoning Administrator regarding such additional
14 Baseline Office Space.

15 (2) For Baseline Office Space that is converted to non-office use after the effective date of this
16 Ordinance, the Zoning Administrator shall make a written determination regarding such conversion.
17 When such written determination becomes final, any converted Baseline Office Space that is
18 determined to be available shall be added to the amount available for allocation to new Office
19 Developments. Such conversions shall be allocated consistent with Subsection (g) above: If the
20 converted Baseline Office Space was part of a building containing office space totaling between 25,000
21 and 49,999 square feet in gross floor area, such converted space shall be allocated to the Reserve for
22 Smaller Buildings provided in Section 321(b)(4). If the converted Baseline Office Space was part of a
23 building containing office space totaling more than 49,999 square feet in gross floor area, then such
24 converted space shall be available for general allocation. Any unallocated amounts of the converted
25 Baseline Office Space shall be carried over to the next approval period.

1 (3) In determining whether Baseline Office Space lawfully existed or was lawfully converted to
2 a non-office use for the allocation set forth in Subsection (g) above, the Zoning Administrator shall
3 presume that such space was lawfully existing or converted unless there is conclusive evidence
4 otherwise.

5
6 Section 4. Effective Date. This ordinance shall become effective 30 days after
7 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
8 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
9 of Supervisors overrides the Mayor's veto of the ordinance.

10
11 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
12 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
13 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
14 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
15 additions, and Board amendment deletions in accordance with the "Note" that appears under
16 the official title of the ordinance.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA, City Attorney

20
21 By:


22 KATE H. STACY
23 Deputy City Attorney

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LEGISLATIVE DIGEST

[Planning Code - Office Development Conversions]

Ordinance amending the Planning Code to allow square footage of baseline office space that is converted to non-office uses to be available for allocation under the Office Development Limit Program and requiring Zoning Administrator written determination for such space; affirming the Planning Department’s determination under the California Environmental Quality Act; making findings of public necessity, convenience, and welfare under Planning Code, Section 302; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Planning Code Sections 320-325 set forth a number of provisions that regulate the approval of new office development in San Francisco (“Office Development Limitation”). An initiative ordinance passed by the voters in 1986 amended these provisions of the Planning Code to, among other things, restrict the amount of office space authorized for development in a given year (“Proposition M”). A total of 950,000 square feet is available for allocation each year, and any of this cap amount that is not allocated during a year is carried forward for potential allocation in future years.

The Office Development Limitation does not explicitly address allocation of office space that existed before the Office Development Limitation and converted later to other uses. The Office Development Limitation allows a credit for on-site conversion of office space that is part of a new office development, and adds back to the annual limit of 950,000 square feet any office space that was approved under the Office Development Limitation but not built.

The Office Development Limitation includes a Reserve for Smaller Buildings for new office development between 25,000 and 49,999 square feet in gross floor area, and allocates 75,000 each year to this Reserve.

Amendments to Current Law

The amendment provides that office space of 25,000 square feet or more that existed before November 29, 1984 (“Baseline Office Space”), which is or was lawfully converted to non-office use on or after November 4, 1986, may be added to the amount available for allocation to new Office Developments. If the converted Baseline Office Space was part of a building containing office space totaling between 25,000 and 49,999 square feet in gross floor area, the converted space would be allocated to the Reserve for Smaller Buildings provided in Section 321(b)(4). If the converted Baseline Office Space was part of a building containing office space totaling more than 49,999 square feet, then that converted space would be available for general allocation. Any unallocated amounts of the converted Baseline Office Space could be carried over to the next approval period.

Within 1 month of the effective date of the amendment, the Zoning Administrator must 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. 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 about this additional Baseline Office Space.

For Baseline Office Space that is converted to non-office use after the effective date of the amendment, the process is similar. The Zoning Administrator would make a written determination regarding that conversion. When the written determination becomes final, any converted Baseline Office Space determined to be available would also be added to the amount available for allocation to new Office Developments. Such later conversions also would be allocated to either the Reserve for Smaller Buildings or to the general allocation amount, depending on the size of the office building in which the conversion took place. Any unallocated amounts of this later-converted Baseline Office Space could also be carried over to the next approval period.

In determining whether Baseline Office Space lawfully existed or was lawfully converted to a non-office use, the presumption is that such space was lawfully existing or converted unless there is conclusive evidence demonstrating otherwise.

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