

May 19, 2025

Brent Jalipa
Committee Clerk
Budget & Finance Committee
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102-4689

RE: Support for Board File #BF 250423

Dear Members of the Budget & Finance Committee,

I am writing to express my strong support for BF 250423. This initiative is an essential tool to enable a crucial strategy in transforming downtown San Francisco into a more activated, diversified, and resilient district – the conversion of functionally obsolete, commodity office buildings into homes.

The COVID-19 pandemic has fundamentally changed the way we work, leading to a decrease in demand for office space and a shift towards hybrid work models. Quality office buildings have gained an even greater share of office user demand, leaving functionally obsolete, commodity Class B/C office buildings to languish with decreasing levels of occupancy – unoccupied space is currently at an all-time high of 40%, or nearly 10 million square feet. Based on an analysis by SPUR, it could take 40-50 years for the 25 million square feet of Class B/C commodity office in downtown San Francisco to return to normal vacancy levels. These are the types of buildings that could be resurrected by conversion to residential. By supporting the conversion of underutilized commercial spaces into much-needed housing, we can make better use of existing infrastructure and contribute to creating vibrant, mixed-use communities in our downtown core.

As SPUR has noted in their report “From Workspace to Homebase”, cities throughout the country are proactively establishing policy platforms to enable the financial feasibility of such conversions. New York City, the leader in office-to-residential conversions, created approximately 30,000 homes from the initiative they enacted in the mid-1990s in response to a similar condition – large swaths of functionally obsolete, older office buildings with increasingly high vacancy rates. The policy platform that created the momentum for the conversions included the exact same policies as are proposed in BF 250423.

Finally, these languishing buildings neither currently contribute nor will contribute much property tax or foot traffic to support small businesses and retail downtown. So, in enacting this legislation, the City is not “giving up” anything that it has or would have otherwise gained. It is instead actively stimulating investment in the transformation of downtown to a place that will be more resilient, more active, and more lived in.

Sincerely,

A handwritten signature in black ink that reads "Jack Sylvan". The script is fluid and cursive, with the first letters of each word being capitalized and larger than the rest of the letters.

Jack Sylvan
SPUR Board Member
Founder & Principal, SDG

19 MAY 2015

Brent Jalipa
Budget & Finance Committee Clerk
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Support for Downtown Revitalization Financing District Legislation (BF 250424)

Dear Brent,

I am writing to express my strong support for the proposed legislation to establish a Downtown Revitalization Financing District in San Francisco. This innovative and timely proposal offers a powerful tool to help transform underutilized office space into the housing and mixed-use development our city urgently needs—while revitalizing the economic and cultural heartbeat of downtown.

This legislation aligns closely with our own work in this space. At Skidmore, Owings & Merrill, we have developed a city data analysis tool designed specifically to identify buildings well-positioned for commercial-to-residential conversion. Our tool leverages key metrics—such as building age, size, vacancy rates, zoning, and infrastructure capacity—to surface high-potential properties and assist both city agencies and private developers in targeting conversion opportunities efficiently and strategically. We believe that initiatives like the proposed financing district will further amplify the effectiveness of data-driven efforts like ours and help realize these projects faster.

The city's commitment to reinvesting incremental property tax revenue into eligible conversions is a smart and pragmatic approach. As the analysis shows, there are potentially thousands of residential units that could be realized through this strategy. And when paired with complementary efforts like PermitSF, the Vacant to Vibrant program, and the establishment of a Downtown Revitalization Financing District Board, this legislation forms a clear, coordinated roadmap toward long-term downtown recovery and reinvention.

Thank you to Mayor Lurie, President Mandelman, and Supervisors Dorsey, Mahmood, Sauter, and Sherrill for your leadership and vision. This kind of proactive, data-informed governance sets San Francisco apart as a model for urban innovation and resilience.

Sincerely,



Lisa Follman
Skidmore, Owings & Merrill

May 21, 2025

Brent Jalipa, Committee Clerk
Budget & Finance Committee
City and County of San Francisco

**Re: BF 250423 – Resolution of Intention to Establish San Francisco Downtown
Revitalization and Economic Recovery Financing District**

Dear Supervisors Chan, Dorsey, and Engardio:

On behalf of SPUR, I am writing in support of the proposed resolution of intention to establish the San Francisco Downtown Revitalization and Economic Recovery Financing District and define its boundaries and goals. We commend OEWD staff and the Board of Supervisors for their work developing a comprehensive policy strategy to accelerate downtown recovery. The new financing district would help make it feasible for developers to pursue expensive but transformative projects that will convert obsolete office buildings into housing for San Francisco families and bring new energy and activation to downtown streets.

SPUR is a public policy organization dedicated to making San Francisco and the Bay Area prosperous, equitable, and sustainable. Our research indicates that local property taxes and real estate transfer taxes, along with impact fees and inclusionary requirements, represent policy levers that the City can adjust to help make conversion projects financially feasible. We previously spoke in support of the recent legislation to reduce impact fees and transfer taxes on conversion projects.

Commercial to residential conversions, particularly redeveloping obsolete office buildings into housing, can help solve two issues that have hindered downtown San Francisco's recovery - the lack of diversity of land uses, and the lack of workforce housing near employment and transit. Other American and international cities have used office to residential conversions to transform their central business districts into mixed-use, 24/7 social hubs with housing, restaurants, retail,

entertainment, and cultural institutions. These cities have made this happen by providing incentives to offset project development costs. While policy tools and incentive programs vary across cities, tax increment financing has played a key role in accelerating office to residential conversions in New York, Chicago, and Denver.

Here, these conversion projects could create workforce housing in an area that already has high quality transit connections in place, and new residents will support the small businesses and cultural institutions that have been struggling with fewer people and less activity downtown. Therefore, SPUR supports creating the San Francisco Downtown Revitalization and Economic Recovery Financing District to finance conversion projects by reinvesting property tax revenue.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Erika McLitus". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Erika McLitus

Housing & Planning Policy Manager, SPUR

May 14, 2025

Supervisor Connie Chan
1 Dr. Carlton B. Goodlett Place
Room 244
San Francisco, CA 94102

**RE: Support for Establishing the Downtown Revitalization
and Economic Recovery Financing District (BF 250423)**

Dear Chair Chan,

We are writing to express enthusiastic support for establishing the San Francisco Downtown Revitalization and Economic Recovery Financing District, which would provide critical financial support for commercial-to-residential conversion projects and other projects of community-wide significance in downtown San Francisco.

By bringing more housing to our downtown, the Financing District can both address our housing shortage and revitalize our downtown neighborhoods, which are suffering from a vicious cycle of high office vacancy, retail store closures, empty sidewalks and public spaces, deteriorating street conditions, and an insolvent transit system.

Given that office demand is not expected to fully rebound due to the rise of remote and hybrid work, filling our vacant office buildings with housing is our best hope for bringing people and activity back to San Francisco's core. An increased residential population can restore foot traffic, increase transit ridership, provide a lifeline to our remaining small businesses, and support new entrepreneurial endeavors including restaurants, shopping, and nightlife.

Wilson Meany has been developing in San Francisco for more than 35 years. Our work includes the rehabilitation and adaptive reuse of downtown historic buildings including the Ferry Building, the Flood Building, and the Pacific Telephone Building at 140 New Montgomery Street. We are also part of the team currently developing Treasure Island into a new residential district, with 1,000 housing units completed and 7,000 more to come.

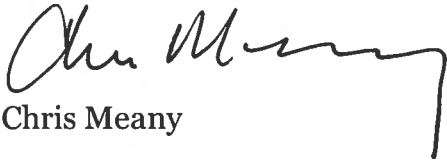
WILSON MEANY

In recent years, we have evaluated many potential office-to-residential conversion opportunities in downtown San Francisco, with a focus on historic buildings in the Union Square area. Under current market conditions, we have found that project costs would need to be reduced or offset by over \$200,000 per residential unit to become financially feasible for us to undertake.

The Financing District would significantly reduce this gap by reinvesting the increased property tax revenue generated by the conversion projects to offset their development costs. This funding would not draw from the General Fund or creating a new tax. Paired with the City's other efforts to reduce development costs for residential conversions, it would produce much-needed housing and restore our downtown neighborhoods' cultural and economic vitality.

For these reasons, Wilson Meany is in strong support of the Downtown Revitalization and Economic Recovery Financing District and ask for your "AYE" vote.

Sincerely,



Chris Meany