

OFFICE DEVELOPMENT ANNUAL LIMIT PROGRAM UPDATE



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San Francisco
Planning



AGENDA

- Overview of Prop M (Office Development Annual Limit)
 - Program History
 - Program Mechanics
 - Status Update
- Large Projects in Central SoMa Area Plan
 - Central SoMa Key Sites
 - Central SoMa Large Office Projects
- Planning Director Remarks/Close

ANNUAL LIMIT: WHAT IS IT?

- Regulation to limit pace of Major Office Development
- Planning Code Sections 320-325
- Citywide Program, Independent of Zoning Districts
- Applies to any Office Development $\geq 25,000$ gsf
- Provides 950,000 gsf each year for Allocation
 - 75,000 gsf for small projects (25,000-49,999 gsf)
 - aka “Small Cap”
 - 875,000 gsf for large projects ($\geq 50,000$ gsf)
 - aka “Large Cap”

HISTORY OF THE ANNUAL LIMIT PROGRAM

- 1985 – The Downtown Plan established the Program
 - 50,000 gsf threshold
 - Permitted up to 2,850,000 gsf over a 3-year period
 - 1988 Expiration
 - Included exemptions for certain types of projects
 - Adopted by and Modifiable by Board of Supervisors

HISTORY OF THE ANNUAL LIMIT PROGRAM

- 1986 – Proposition M amended the Program
 - Initiated and adopted based on concerns related to Office Development impacts on transit, housing, and neighborhood character
 - Created an Annual Limit with no expiration
 - Reduced the Annual Limit to 475,000 gsf
 - Later Increased back to 950,000 gsf
 - Created the Small Cap (25,000-49,999 gsf)
 - Created Priority Policies to protect neighborhood businesses and character, affordable housing, etc.
 - Created a Job Training and Placement Program
 - Language added by Prop M cannot be modified except by Voters

ANNUAL LIMIT: HOW DOES IT WORK?

- All Office Projects $\geq 25,000$ gsf require Planning Commission approval
- Unallocated square footage in each cap rolls over year-to-year
- Approved Projects may be revoked by Planning Commission due to:
 - Performance period expiration (18-months, 3-5 years in Transbay)
 - Unused allocation (i.e. project reduction, change of uses, etc.)
- Revoked Projects' gsf added back to appropriate cap

ANNUAL LIMIT: HOW DOES IT WORK?

EXCEPTIONS:

- Regional, State, and Federal Office Buildings
 - GSF removed from cap, but no Planning Commission allocation
 - GSF removed from cap at commencement of construction
- SF Port and Redevelopment Project Areas
 - GSF removed from cap, but no Planning Commission allocation
 - GSF removed from cap at issuance of site/building permit
- City and County of SF Office Buildings
 - NOT subject to the Program

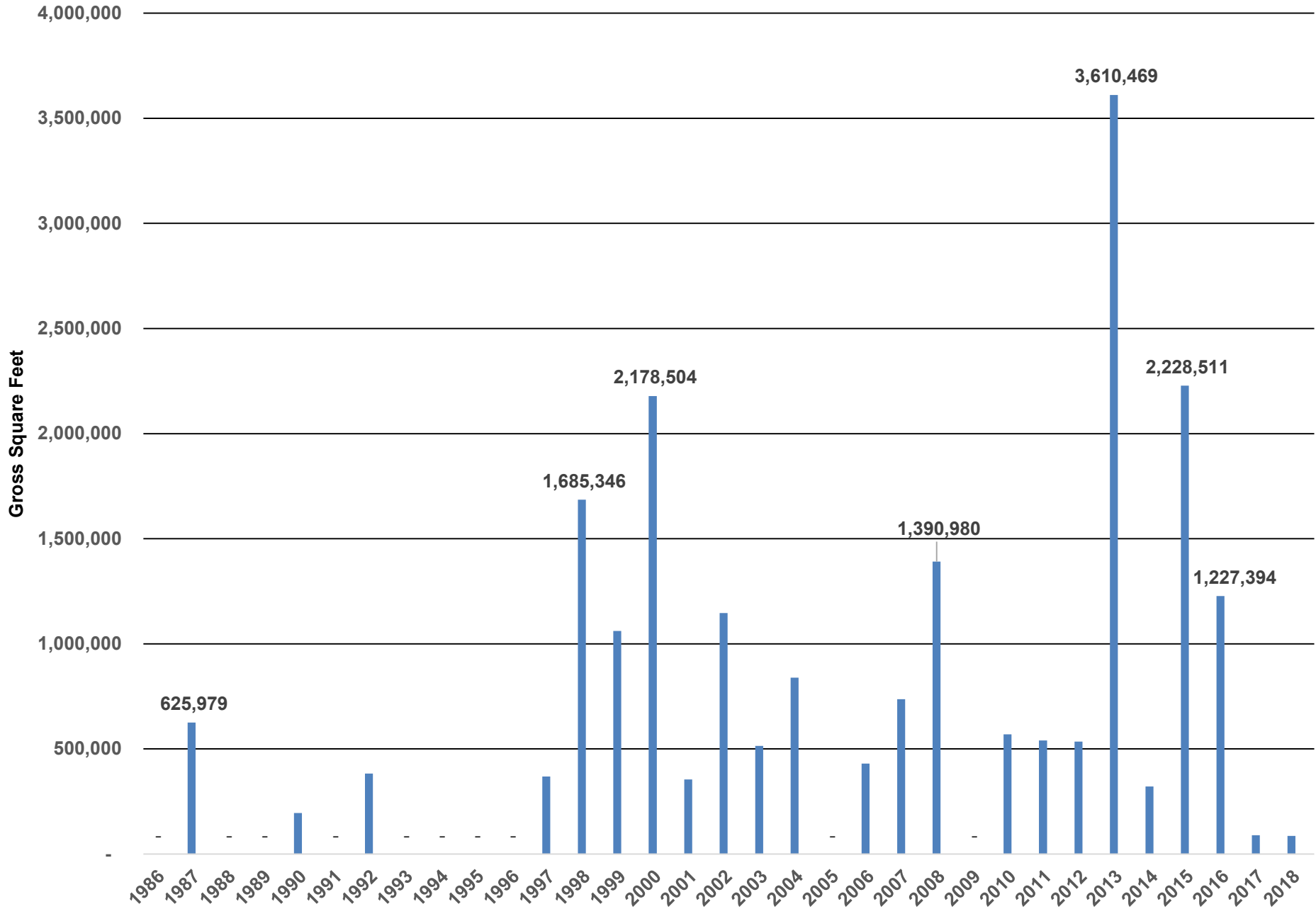
ANNUAL LIMIT: HOW DOES IT WORK?

- Per Previous Commission Resolutions, Large Office Projects in some areas receive priority consideration:
 - Mission Bay
 - Hunters Point
 - Treasure Island
- Prop O (2016): Hunters Point Shipyard Phase 2 and Candlestick Point Areas completely exempted from program

ANNUAL LIMIT: HOW DOES IT WORK?

- **Review Criteria per Planning Code Section 321:**
 - Pace of office growth over the course of the approval period in order to maintain a balance between economic growth, on the one hand, and housing, transportation and public services, on the other;
 - General Plan Consistency;
 - Quality of Design;
 - Suitability of the proposed office development for its location, and any effects of the proposed office development specific to that location;
 - Anticipated uses of the proposed office development, in light of employment opportunities to be provided, needs of existing businesses, and the available supply of space suitable for such anticipated uses;
 - Extent to which the proposed development will be owned or occupied by a single entity;
 - The use of Transfer of Development Rights (TDR); and
 - *“Payments, other than those provided for under applicable ordinances, which may be made to a transit or housing fund of the City, shall not be considered.”*
- **The Commission may adopt additional criteria as needed**

Large Cap Office Allocation 1986-2018*



*Allocation Year runs from 10/17 of previous year to 10/16 of the stated year

CURRENT PROGRAM STATUS

- **SMALL CAP**

Available Square Footage: **904,637 gsf**

Pending Projects: 274,179 gsf

Pre-Applications: 116,891 gsf

Pipeline Availability: **513,567 gsf**

- **LARGE CAP**

- Available Square Footage: **2,892,466 gsf**

- Pending Projects: 8,906,165 gsf

- Pre-Applications: 590,355 gsf

- Pipeline Availability: **-6,604,054 gsf**

AVAILABLE SF

- PENDING PROJECTS

- PRE-APPLICATIONS

= **PIPELINE AVAILABILITY**

PIPELINE CAVEATS — ONLY A SNAPSHOT IN TIME

- Pipeline does not account for “unknown” future proposals
 - Continued General Office Demand
 - Fed/State, Port, Redevelopment Proposals
- Pipeline does not account for future annual allotments
 - Each October 17th
- Project Proposals Generally = Max. Office
 - Some projects shrink before final approval, but usually do not increase
- Many Projects required recent rezonings to move forward
 - Central SoMa, 5M, Pier 70, SWL 337 (aka Mission Rock)

CENTRAL SOMA

- **Central SoMa Key Sites**

- Defined as large, underutilized development opportunities with lot areas ranging from 30,000 square feet to 100,000 square feet
- Allows the City to maximize public benefits, including: Affordable Housing; Protection and Incentives for Production, Distribution & Repair (PDR) uses; a Large Hotel for the Convention Center; Pedestrian Access; New Public Parks; New Public Recreation Center; and, New Public Plazas.
- 8 Central SoMa Key Development Sites adopted:
 - “5th & Howard”
 - “4th & Harrison” [725 Harrison]
 - “2nd & Harrison” [One Vassar]
 - “Flower Mart”
 - “Park Block”
 - “Wells Fargo”
 - “88 Bluxome/Tennis Club”
 - “4th and Townsend” [Creamery]

CENTRAL SOMA KEY SITES



CENTRAL SOMA LARGE OFFICE PROJECTS

- Central SoMa Large Office Project Projects:
 - 4th & Harrison aka. 725 Harrison St (Project Sponsor: Boston Properties)
 - *Development Application Received: August 2005*
 - Park Block aka. 598 Brannan St (Project Sponsor: Tishman)
 - *Development Application Received: May 2012*
 - Flower Mart aka. 610-690 Brannan St (Project Sponsor: Kilroy)
 - *Development Application Received: October 2012*
 - 2nd & Harrison aka. 400 2nd St./One Vassar (Project Sponsor: One Vassar)
 - *Development Application Received: October 2012*
 - 88 Bluxome/Tennis Club (Project Sponsor: Alexandria/TMG)
 - *Development Application Received: May 2016*

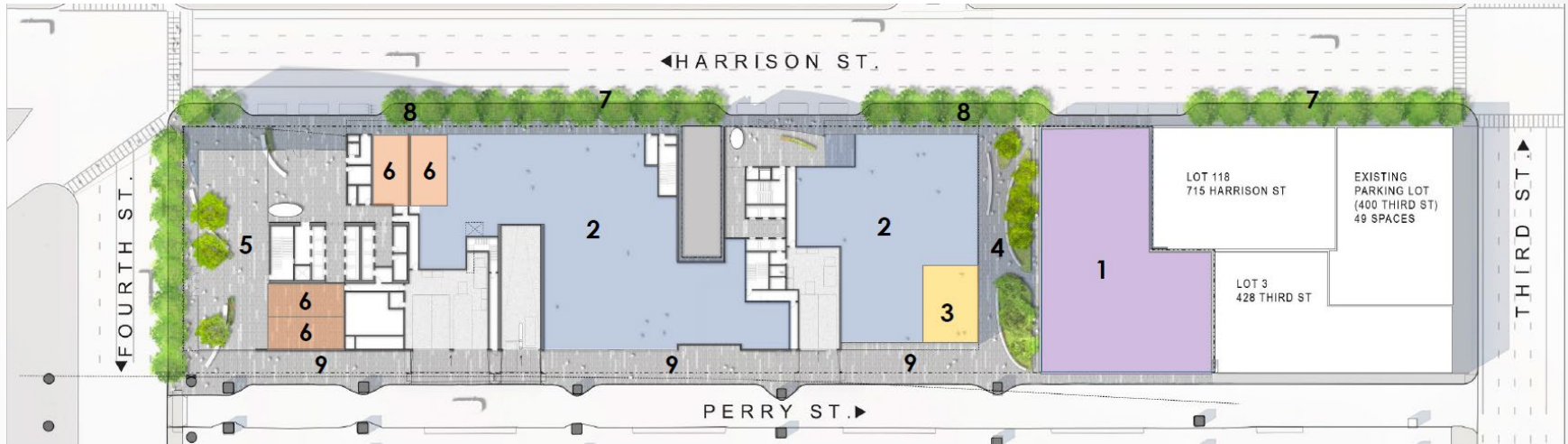
CENTRAL SOMA LARGE OFFICE PROJECTS

- **Central SoMa Community Benefits (ALL Projects)**
 - Development Impact Fees (Eastern Neighborhood Infrastructure Impact Fees, Jobs-Housing Linkage Fee, Central SoMa Community Service Facilities Fee & Transportation Sustainability Fee)
 - Transportation Demand Management
 - Significant Streetscape Improvements
 - Public Art (1%)
 - Child Care (either on-site or fee or combination)

4TH & HARRISON. AKA. 725 HARRISON STREET



4TH & HARRISON. AKA. 725 HARRISON STREET



Community Benefits (see site plan above)

1. Land for 100% affordable housing dedicated to MOHCD
Accommodates up to 160 units
2. Production, Distribution, and Repair Spaces
30,000 sq. ft. divisible into smaller units
3. On-site Child Care Facility
4. Mid-block Paseo connecting Harrison and Perry Streets
6,400 sq. ft.
5. Additional Indoor/Outdoor P.O.P.O.S. along 4th/Perry Streets
8,900 sq. ft.
6. Community serving micro-retail locations
Up to four
7. Expanded and improved 15ft wide sidewalk
Harrison Street for entire block from 4th to 3rd Streets
8. Class II public bicycle spaces for public visitors
25 spaces
9. Generous setback from freeway along Perry Street
For improved streetscape experience

4TH & HARRISON. AKA. 725 HARRISON STREET

- Office Use: 761,000 gsf
- Other Uses:
 - PDR - 30,000 gsf
 - Retail – 4,000 gsf
- Community Benefits:
 - Open Space (15,300 sf of POPOs, including 6,200 gsf Indoor POPOs & 6,400 gsf Mid-Block Paseo)
 - Child Care
 - Affordable Housing Land Dedication (15,000 sf)
 - LEED Platinum



PARK BLOCK AKA. 598 BRANNAN STREET



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PARK BLOCK AKA. 598 BRANNAN STREET

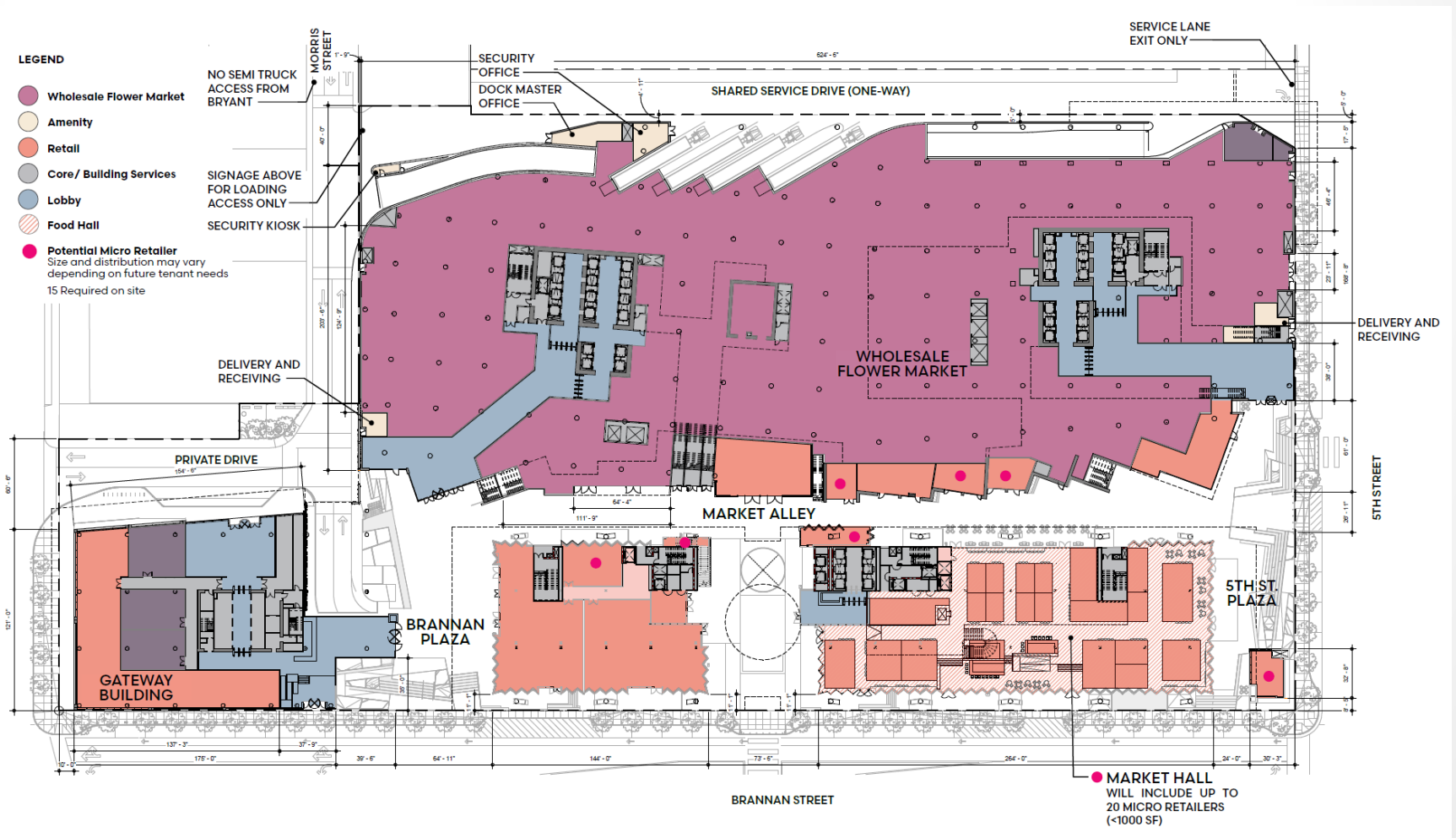
- Office Use: 922,737 gsf
- Other Uses:
 - PDR - 48,581 gsf
 - Retail – 16,741 gsf
 - Child Care – 5,546 gsf
- Community Benefits:
 - Open Space (One Acre Public Park & 19,336 gsf POPOS)
 - Child Care
 - Affordable Housing Land Dedication (13,000 sf)
 - Public Agency Support (Land Swap of 2000 Marin St & 639 Bryant St with SFPUC)



FLOWER MART AKA. 610-690 BRANNAN STREET



FLOWER MART AKA. 610-690 BRANNAN STREET



FLOWER MART AKA. 610-690 BRANNAN STREET

- Office Use: 2,032,165 gsf
- Other Uses:
 - PDR/Flower Mart - 115,000 gsf
 - Retail – 83,459 gsf
- Community Benefits:
 - Open Space (145,000 gsf, including 35,450 gsf POPOS; 8,125 gsf in Market Hall; 5,193 gsf Off-Site)
 - Retention & Significant Upgrade of San Francisco Flower Mart
 - Enhanced Workforce Program
 - Affordable Housing Land Dedication (14,000 sf) for Gateway Building
 - Below Market Rate PDR



- Child Care (Fee or On-Site of 10,185 gsf or Combo)
- LEED Platinum

2ND & HARRISON AKA. 400 2ND STREET/ONE VASSAR



2ND & HARRISON AKA. 400 2ND STREET/ONE VASSAR



2ND & HARRISON AKA. 400 2ND STREET/ONE VASSAR

- Office Use: 450,000 gsf
- Other Uses:
 - PDR - 48,581 gsf
 - Retail – 22,000 gsf (Market Hall) + 6,000 gsf
 - 500-Room Hotel
 - 500-Unit Residential
 - Child Care – 14,000 gsf
- **Community Benefits:**
 - Open Space (31,000 gsf, including 14,000 gsf of POPOS)
 - Child Care
 - Creation of 300 Permanent Hospitality-Related Service Jobs



- 110% of Inclusionary Requirement above Citywide Requirements
- Large Hotel to support Moscone Center & \$7.6 M in Annual TOT Generation

88 BLUXOME/TENNIS CLUB



88 BLUXOME/TENNIS CLUB



OFFICE • 840,240 sf



RETAIL • 16,590 sf



PDR • 8,840 sf



CHILDCARE • 4,630 sf



OPEN SPACE WITH ART WALK • 9,650 sf



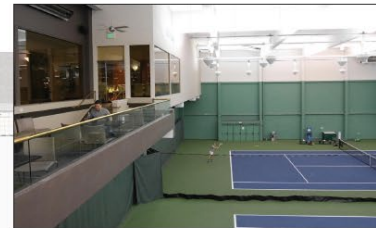
GENE FRIEND ANNEX AQUATIC AND COMMUNITY CENTER

- Two-story 30,000 sq community center donated to SF Parks and Rec.
- Lower level includes turnkey aquatic center featuring two swimming pools - one shallow pool for kids learning to swim, and the other a 25 yard 6-lane recreational swim pool - plus associated locker rooms and specialized pool support systems
- Also donating to SF Parks and Rec an at-grade shell space to complement other SF Parks and Rec programs which could not be accommodated at the Gene Friend Rec Center.



100% AFFORDABLE HOUSING

- 19,950 sf air space parcel dedicated to Mayor's Office of Housing for construction of up to 118 apartments.
- In addition to eliminating the land cost for future housing project, 88 Bluxome project will deliver the building foundation, the utility hook-ups, and the below grade support space to further reduce the cost to construct 100% affordable housing.



RETAIN LEGACY BUSINESS

- Re-construct 12 court tennis club and provide a long term lease at below market rents to ensure continuation of existing recreational use.
- In addition to preserving private recreational club project owner has also contributed \$1 million for public recreation as well as an additional \$864,000 to resurface 24 existing public tennis courts around San Francisco.



BLUXOME LINEAR PARK

- Create new 13,150 sf public park along length of Bluxome Street from 4th to 5th Streets by reclaiming underutilized street parking as envisioned by Central SOMA Plan.
- 88 Bluxome will pay all costs to design and construct the public park, whose scope includes reconstruction and widening sidewalk, curbs and gutters along both sides of street, planting of new street trees, and creation of a neighborhood serving linear park on the sunny side of Bluxome Street.



88 BLUXOME/TENNIS CLUB

- Office Use: 840,240 gsf
- Other Uses:
 - Recreation/Tennis Club - 137,200 gsf
 - Community Recreation – 30,000 gsf
 - Retail – 16,590 gsf
 - PDR – 8,080 gsf
 - Child Care – 4,630 gsf
- Community Benefits:
 - Open Space (29,046 gsf)
 - Community Recreation Center & Aquatic Center (SF Rec & Park)
 - Child Care
 - Affordable Housing Land Dedication (Air Space Parcel)



OTHER LARGE OFFICE PROJECTS IN PIPELINE

- **490 Brannan Street (Office Use: 338,370 gsf)**
 - *Development Application Received: March 2019 [PPA] (Project Sponsor: Strada Investment Group)*
- **542-550 Howard St / Transbay Parcel F (Office Use: 288,677 gsf)**
 - *Development Application Received: October 2016 (Project Sponsor: Hines)*
- **505 Brannan Street (Office Use: 165,000 gsf)**
 - *Development Application Received: November 2015 (Project Sponsor: TMG Partners)*
- **1800 Mission Street (Office Use: 119,599 gsf)**
 - *Development Application Received: January 2014 (Project Sponsor: SF Armory, LLC)*
- **2 Henry Adams Street (Office Use: 245,697 gsf)**
 - *Development Application Received: October 2013 (Project Sponsor: Bay West Development)*

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