



# The Office Development Annual Limit Program and Implementing Proposition C

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Implementing Proposition C / June 20, 2024 / Planning Commission Presentation



**San Francisco**  
**Planning**

# Presentation Outline

- Provide a baseline of information regarding:
  - Program mechanics
  - Program history
  - Current program data
- Provide an overview of Proposition C
- Discuss Proposition C implementation plan

# WHAT IS THE OFFICE DEVELOPMENT ANNUAL LIMIT PROGRAM?



# Program Basics

- Regulation to limit major office development each year
- City-wide, independent of zoning districts
- Applies to any office development of 25,000 gsf or more
- Provides 950,000 gsf each year for allocation (**each Oct. 17<sup>th</sup>**)
- 75,000 gsf for small projects (25,000-49,999 gsf)
  - aka “Small Cap”
- 875,000 gsf for large projects (50,000 gsf or more)
  - aka “Large Cap”

# Mechanics of the Annual Limit Program

- All office projects 25,000 gsf or more 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 (i.e., inactivity)
  - Project alterations to other uses (i.e., Institutional, Residential, etc.)
- Revoked square footage added back to appropriate cap

# Mechanics of the Annual Limit Program

## Exceptions:

- State and Federal office buildings
  - GSF removed from cap, but no Planning Commission review
  - GSF removed from cap at commencement of construction
- SF Port and Redevelopment Project Areas
  - Approvals and timing vary, but GSF removed from cap
- City and County of SF office buildings
  - Not subject to the Program

# History of the Annual Limit Program

- 1985 – The Downtown Plan established the Program
  - Temporary 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 BoS, so could be modified by BoS

# 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
  - Made the Annual Limit program permanent
  - Created the Small Cap (25,000-49,999 gsf)
  - Provisions added by Prop M can only be modified by ballot measure



# History of the Annual Limit Program

- 2020 – **Proposition E** Amended the Program
  - Substantially altered the required criteria for considering office allocations
  - Office space availability tied to the City's production of affordable housing
  - Limited office development in CSoMa in relation to housing production in the larger SoMA area
  - Allowed new projects to be allocated office space beyond Program availability if enough affordable housing also provided
  - Allowed projects w/affordable housing and CSoMa project allocated beyond Program availability to be accounted for over 10 years

# Current Office Program Balances

ACCOUNT	BALANCE
Large Cap	289,728 sf
Small Cap	405,693 sf
CSoMa Reserve	731,588 sf

# WHAT IS PROPOSITION C?



# Proposition C (Adopted March 2024)

1. Exempts Non-residential to Residential conversions from the Real Estate Transfer Tax;
2. Allows existing office space that is demolished for a new office project to be credited towards any required allocation; and
3. Created an office conversion and demolition credit program

# Proposition C – Conversion Program

- 10,000 gsf or more office space converted or demolished on or after January 1, 1986, may be added to the Large Cap
- By September 1, 2024, the ZA must adopt and publish an inventory of converted/demolished office space to be added to the Large Cap
- The ZA must provide the public with an opportunity for meaningful review and comment on the inventory before publishing
  - The ZA may adopt rules deemed appropriate to implement the Program
- Updated inventories must be published in the future if additional conversions/demolitions are identified

# Proposition C – Conversion Program

## ■ Action Plan:

1. Release a draft inventory in early-mid July
2. Public awareness:
  - Announce draft inventory at PC hearing
  - Post inventory and method for public input on the Dept Webpage
  - Send draft inventory to current Office Program email list
3. Provide approximately 1 month for public comment
4. Publish final inventory by August 30, 2024
  - Sept 1<sup>st</sup> is a Sunday

THANK YOU



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