




## MEMORANDUM

TO: Honorable Mayor Edwin Lee  
FROM: Todd Rufo, Director   
DATE: April 30, 2014  
RE: Departmental Analysis of Proposition B on the June 2014 Ballot

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### Introduction

I write in response to your request for an analysis from affected City departments of the potential effects of Proposition B on the June 2014 ballot. By agreement with the Port Commission the Office of Economic and Workforce Development (OEWD) has led negotiations regarding the projects proposed at Seawall Lot 337 and the Pier 70 Waterfront Site. OEWD has performed these tasks both with an eye toward the interests of the Port of San Francisco as well as the City economy as a whole. Because the Port is filing its own response to your request this memorandum focuses on the broader City impact of the measure as it relates to these projects in particular.

The passage of Proposition B would require an additional step of voter approval before the development programs represented in the Port Commission- and Board of Supervisors-endorsed deal terms for Seawall Lot 337 and Pier 70 Waterfront Site could be approved and commenced. At a minimum the imposition of this requirement would add time and expense to bringing these projects forward. In addition, the reduction of the height limit policy discussion to an up-or-down vote of the City electorate could result in a less effective negotiation for increased affordability and other public benefits due to the inflexibility of the voter-approved provisions of the measure. This will undoubtedly have effects on the timing and magnitude of benefits in two key areas: housing and job creation.

### Housing

In response to the increasing cost of housing in the City you have set an ambitious housing production goal of 30,000 new units by 2020, with half of that amount affordable to households of low and middle incomes. The attainability of that goal is dependent in part on the strength of the economic recovery and San Francisco's attractiveness to private investors, and in part on the successful implementation of policy initiatives and public-private transactions that would spur additional housing development, especially in the low to moderate income category.

There are several public-private developments approved and underway in San Francisco, led by the Hunters Point/Candlestick Point and Treasure Island base reuse projects. Of the public-private projects in the pipeline, the development potential at Seawall Lot 337 and the Pier 70 Waterfront Site as represented in the respective term sheets endorsed by the Port Commission and the Board of Supervisors were critical factors in creating new neighborhoods that could support significant housing production and needed open space and services to support the growth in a part of the City that has been underutilized for some time. Together the projects as described under the term sheets would provide approximately 2000 units of housing. The term sheets proposed a range of potential height increases on the sites to create the economics that would allow for a fairly dense urban design model and improved access to existing and newly-created public open spaces along the waterfront. As an analytical matter the projects would not be economically feasible at their current height limits due to the infrastructure and environmental remediation needs of the sites and the costs associated with addressing those issues. Therefore the imposition of a voter approval requirement under Proposition B would jeopardize the ability of the City to utilize these projects to achieve the Mayor's 2020 goal, and potentially could reduce the housing benefits if the associated ballot measure results in a reduction of heights from what had previously been approved by the Port Commission and the Board of Supervisors.

#### Job Creation

Similarly, the three projects noted above promise to create both construction jobs and permanent employment opportunities that would be delayed and potentially reduced by the imposition of a voter approval requirement under Proposition B. The fiscal feasibility reports adopted by the Board of Supervisors as a prerequisite to initiating environmental review of these projects reflected the magnitude of these potential benefits. As so approved and endorsed the two projects together would create 24,400 annual construction job full-time equivalents and 29,100 permanent jobs at full buildout. Proposition B would delay these beneficial impacts at a minimum. Further, as noted above, the need to craft a successful ballot measure could also result in a reduction in heights from those approved by the Port Commission and the Board of Supervisors; the associated loss of land value would in turn erode these employment benefits to the larger economy.