



SPUR

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September 17, 2019

San Francisco Planning Commission
1650 Mission Street, Suite 400
San Francisco, CA 94103

**RE: September 19, 2019, Item F.10: Jobs Housing Linkage Fee
2019-011975PCA [Board File No. 190548]**

Dear Planning Commissioners:

Thank you for the opportunity to provide input on the propose increase to San Francisco's Jobs Housing Linkage Fee. We urge you to seriously weigh the information on financial feasibility that you have in hand as you consider this item.

San Francisco's Jobs Housing Linkage Fee is one of several important sources of funding for affordable housing in San Francisco. Given how the economy has evolved, it is not surprising that the recent nexus study update justifies a higher linkage fee than in the past. However, we would challenge the aggressive assumption that all workers in new commercial buildings will live in San Francisco. Most importantly, it is critical to consider financial feasibility when setting impact fee levels.

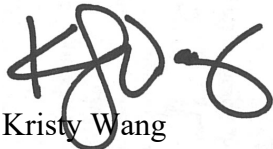
Given construction costs and other current dynamics, it is already difficult for new development to make sense. The city's feasibility study shows an increase of \$10 per square foot would be viable for *some* new development. Setting the fee at more than 240% (a \$40 per square foot increase for office and a \$27 per square foot increase for R&D) of its existing rate is extraordinarily aggressive and will certainly render some office and R&D projects infeasible.

While this may seem appealing to some, this does not actually serve the city's purposes. With office space in high demand today, if developers choose not to build more, this decision will merely make our existing office space more expensive, pushing rents higher for non-profit organizations, small businesses and other non-tech businesses and potentially displacing them to inconvenient or suburban locations. This also further reduces the diversity of San Francisco's economy. The city's nonprofits and smaller businesses are already grappling with this challenge in today's market, and stopping new commercial construction will only exacerbate the problem. Further, if generating affordable housing funding from the fee is truly the goal, then commercial development needs to be able to occur in order to trigger that payment.

SPUR agrees that it is important for San Francisco's commercial uses and employers to contribute to the city's coffers for affordable housing. Updating the fee by some amount may be appropriate today. But it should not be a tool to bring the construction of new office and R&D space to a halt. That will have impacts on San Francisco far beyond the bottom line of developers, who will simply look elsewhere for opportunities. We urge you to accept Planning staff's recommendation to approve an increase that is in line with the city's feasibility analysis.

Please feel free to reach out if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'KWang', with a stylized flourish at the end.

Kristy Wang
Community Planning Policy Director

CC: Supervisor Matt Haney
SPUR Board of Directors