

EASTERN NEIGHBORHOODS

ADOPTION HEARINGS



SAN FRANCISCO
PLANNING
DEPARTMENT

NOVEMBER, 2008

Implementation of Public Benefits

- **Eastern Neighborhoods Short-Term Capital Plan**
- **Eastern Neighborhoods Infrastructure Prioritization Memorandum of Understanding**
 - the Planning Department
 - the Municipal Transportation Agency
 - the San Francisco Public Utilities Commission
 - the Department of Public Works
 - the Recreation and Park Department
 - the Office of Economic and Workforce Development
- **Metering Proposal**

Intent: What are the Goals of the Proposed Supervisorial Amendments?

- Acknowledge the SoMa Youth and Family Zone (SYFZ) as a place to enhance the health of youth and families.
- Prevent displacement in the Mission and SYFZ
- Expand the provision of affordable housing in the Mission and SYFZ.
 - Incentivize affordable rental housing
 - Incentivize affordable family housing
 - Incentivize land dedication option

Intent: Proposal for Public Benefits >
Value Capture

Current
Zoning

Plan Offers Benefits to Developers:

1. CEQA tiering
2. Plan investment/ improvements
3. Removal of conditional use
4. Removal of density limits
5. Height increases

Rezoning
Proposal

**VALUE
CAPTURE**

The Concept of Value Capture

- Proposed fees and affordable housing requirements enable projects to absorb exactions while still receiving an increase in site value.
- Policies aimed at providing a net positive return for land owners and a financially feasible project, as compared to conditions prior to the rezoning.

VALUE

- > part goes to land owner/developer as incentive
- > part goes back to community via public benefit

Feasibility Analysis

Table 1a (from EN Analysis)

Size	20,000 SF
Inclusionary Hsng	15% Onsite
Changes	
Zoning	NC - NCT
	Remove Density Limit (600 Lot SF per Unit)
Height	50 to 55 Feet
	0 Floors Added
Units	33 to 52
Parking	1 to .75 Space/Unit
EN Fee	\$8/gross square foot (\$485,000 total)
Site Value	\$4.35M to \$5.35M
	23% Increase

VALUE →

Public Benefit
Incentive

Where Value Capture Doesn't Work...

- Without an accompanying increase in development potential, a higher inclusionary requirement or fees will in most cases result in a decrease in site value.
- This reduces economic incentive to redevelop.
- This means many housing projects, which are encouraged by the Plan adopted by the Commission, won't happen.

Feasibility Analysis

Table 1 (per Supervisorial Amendments)

Size	20,000 SF
Inclusionary Hsng	22% Onsite
Changes	
Zoning	NC - NCT
	Remove Density Limit (600 Lot SF per Unit)
Height	50 to 55 Feet
	0 Floors Added
Units	33 to 52
Parking	1 to .75 Space/Unit
EN Public Benefit	\$8/gross square foot (\$485,000 total)
Site Value	No increase

VALUE →

Public Benefit
Incentive

Supervisory Amendments: What They Specify

- South of Market Youth and Family Zone Special Use District (SUD)
 - bounded by Natoma, Harrison, 4th and 7th Streets.

- Mission District Housing and PDR Replacement Program
 - UMU, RTO-Mission, Valencia Street, 24th and Mission and Mission Street NCTs

Supervisory Amendments: Increased Inclusionary

- Tier C required - 22% onsite or 27% offsite
- Allowable annual rent is reduced from 60% to 50% AMI
(currently, standard inclusionary requirements apply)
- ***Result:***
 - Increased requirements would make housing development infeasible
 - The decrease in income would especially make rental development infeasible

Staff recommends disapproval of these proposals and suggests using rental incentives as an alternative.

Supervisory Amendments: Conditional Use Required

- CU required for all development proposals without on-site inclusionary
(currently, no CU required)

- ***Result:***
 - favors on-site inclusionary option
 - discourages innovative use of land dedication requirement.

Staff recommends disapproval of this component

Supervisory Amendments: Unit Mix Required

- 20% 2BR, 20% 3BR and 20% 4BR required
(currently, 30% 3BRs, 40% 2BRs or all family-sized inclusionary units)
- ***Result:***
 - Would produce homes even more unaffordable to residents than current situation
 - Market-rate 3 BR is \$800K-\$1.2 M

Staff recommends disapproval of this proposal, and approval of staff alternative > inclusionary units larger than the market rate units

Supervisory Amendments: Inclusionary Alternatives

- Land dedication allowed throughout Mission and SYFZ
- Vertical dedication enabled
(currently, land dedication only permitted in UMU)

- ***Result:***
 - Additional alternative for satisfying the inclusionary requirements
 - Allows for innovative joint ventures between market rate and affordable developers, subject to MOH approval.

Staff recommends approval of this component and creating more incentives for land dedication by lowering by 5%

Supervisory Amendments: PDR Demolition Fee

- PDR replacement requirements and fee in UMU district
(currently, higher inclusionary in UMU)

- ***Result:***
 - Inappropriately assesses same requirements on PDR protection areas and UMU, where housing and commercial uses are encouraged.
 - No program has been established or proposed for spending the proposed fee.
 - More tailored approach to PDR retention was favored, CPC previously disapproved similar Ordinance.

Staff recommends disapproval of this component

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Alternatives: Ways to Accomplish those Same Goals

- Acknowledge the SoMa Youth and Family Zone (SYFZ) as a place to enhance the health of youth and families.
 - Support the SYFZ by adopting General Plan policy and portions of SUD
 - Make certain uses require a Conditional Use, as proposed by legislation
- Prevent displacement
 - Development without Displacement program
 - Pair with consideration of reduced heights along Mission

Alternatives: Ways to Accomplish those Same Goals

- Expand the provision of affordable housing in the Mission and SoMa YFZ.
 - 75% of housing fees in Mission and SoMa YFZ to be spent *within the neighborhood*
 - MOH will construct 150 affordable units at a minimum: 50 in SoMa YFZ and 50 in Mission.
 - MOH will spend \$10 million in acquisition and rehabilitation of existing housing in Mission and SoMa YFZ; fees can't be used for any other purpose.

Alternatives: Ways to Accomplish those Same Goals

- Incentivize affordable rental housing
 - Incentivize rental by reducing inclusionary requirement by 3%.

- Incentivize affordable family housing
 - Allow choice of 40% 2BR, 30% 3BR or all inclusionary as 2BR.

- Incentivize land dedication option.
 - Incentivize large sites (>30,000 sf) by reducing land dedication by 5%.