



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: July 22, 2009
TO: Interested Parties
FROM: Claudia Flores, Planner
Sarah Dennis, Senior Planner
San Francisco Planning Department
RE: Mission Street Study Update – DRAFT Alternatives for Public
Comment

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

At the request of the Board of Supervisors, the Planning Department is conducting a study to examine the balance between citywide/regional smart growth goals of increased density and heights around transit in the Mission; and the neighborhood goals of providing more affordable housing and protecting and incentivizing local businesses. The study's ultimate objective is to advance the following goals:

1. Increase affordable housing options, particularly low-income housing, on and off the Mission corridor
2. Preserve existing affordable housing and decrease displacement pressures on existing low-income residents
3. Provide new housing by fostering transit-oriented development to take advantage of Mission Street assets
4. Protect and promote local, neighborhood-serving businesses and micro-enterprises
5. Retain and enhance the character and diversity of the neighborhood commercial corridor

Background

When the Planning Commission approved the Eastern Neighborhoods Program on August 17, 2008, it recommended a height limit of 85 feet for Mission Street, between 16th Street and Cesar Chavez Street, in order to take advantage of Mission Street's high transit service, including BART and Muni lines, and to meet citywide/regional smart growth objectives by increasing housing near transit.

However, based on concern that the proposal was not meeting the needs of the neighborhood, the Board of Supervisors voted to reduce most parcels along Mission Street to their current height limits or to whatever staff proposed, whichever was lowest. In addition, the Board inserted a clause in the Eastern Neighborhoods legislation requiring staff to begin a separate process to better understand the policy concerns related to raising height limits on Mission Street, particularly concerns about local businesses and affordable housing. The language in the legislation also directs staff to convene public meetings with stakeholders to incorporate feedback as part of a recommendation, if any, to adjust heights along the Mission Street corridor.

Outreach Process to Date

The Department has convened and attended a series of meetings with a group of experts, the public, stakeholder groups and interested parties, including:

- 2 working meetings with a panel of experts in February and March to analyze issues and goals, to determine constraints and opportunities, and to solicit tools and ideas to consider
- 1 public meeting in April at the Women’s Building to present and discuss capacity findings, set of tools compiled to date, and examine areas with potential for additional heights
- 1 progress report at the Planning Commission in April
- 1 progress report at the Board of Supervisors in April
- 1 meeting with SPUR and the Housing Action Coalition (HAC)
- 1 meeting with the San Francisco Chamber of Commerce
- 2 working group sessions in May and July with a small and diverse set of stakeholders including representatives of the HAC, SPUR, land use attorney, developers, affordable housing developers, small business and property owners, MAC, MEDA, NEMRA, independent consultants and ABAG

Outreach efforts will continue throughout the summer, and through hearings at the Planning Commission and the Board of Supervisors in the Fall.

Existing Conditions Analysis

Pursuant to the legislation’s direction, the Department has done a closer analysis of conditions on Mission Street, looking at the following factors:

1. *Development capacity along the corridor:* Total capacity of softsites (sites that occupy 30% or less of their allowed height and bulk) on the corridor under zoning currently in place yields 1395 to 1670 units. Development capacity increases beyond that level with increased heights. However, it is unlikely that parcels smaller than 5,000 square feet will take advantage of heights taller than 55-65 feet.
2. *Parcel size, ownership type, and current use of buildings on the corridor:* A closer survey and analysis of parcel size, ownership type, and current use of building yielded the findings below. The Department is also working on the historic survey and has considered potential historic buildings in determining softsites.
 - Parcel size on Mission Street is small (small sites are less likely to redevelop, and significantly less likely to redevelop at higher heights)
 - Large sites are scarce; however a few exist that may be appropriate for affordable housing. See Attachment 2.
 - Some small soft sites adjacent to each other could potentially be assembled together. See Attachment 2.
 - A significant number of sites are owned by trusts – these are less likely to redevelop.

3. *Existing housing conditions and opportunities:* While not much housing exists on Mission Street, the units that do exist are good candidates for acquisition and rehabilitation. More acquisition and rehabilitation sites exist adjacent to the corridor, throughout the greater Mission neighborhood.
4. *Existing business conditions and opportunities:* A walking-survey and a small, targeted paper survey of businesses potentially vulnerable to displacement (done in a separate but parallel process) yielded the findings below regarding businesses. The findings of the paper survey do not necessarily apply to all businesses on the corridor but highlight the needs of vulnerable businesses and are a starting point for determining whether similar concerns apply to other businesses.
 - There are many parcels with no existing housing – these tend to have ground floor businesses (few offices) and may be the most vulnerable to displacement should the site redevelop
 - Of those surveyed approximately 11% have no leases, approximately 23% have a lease that is close to expiration or that is month to month.
 - Of those surveyed, many don't fully understand their lease clauses and do not know who to go for technical assistance with their lease
 - Most surveyed businesses would seek another location in the same neighborhood if their lease was not renewed or would close if their rent was increased substantially
 - The cultural affinity of the neighborhood is one of the primary reasons for locating in the area, high foot traffic, convenient location, business mix on the street and public transportation access were the other top 4 reasons.

Review of Policy Tools

Staff has compiled and studied a range of tools to meet the goals of affordable housing and business retention and promotion. Zoning alone won't meet the goals and therefore it is important to consider a range of tools and to work outside of Planning with the Office of Economic and Workforce Development (OEWD), the Mayor's Office of Housing and other relevant agencies and partners. The tools staff has paired up with the alternatives include impact fees, inclusionary housing, Tax Increment Financing, affordability covenants, zoning, master lease strategy, and commercial corridor programs.

There are other tools that are available to be used irrespective of the alternative that is ultimately selected. These include encouraging private-public-nonprofit partnerships, strategies such as land-banking and community land trusts, and ensuring affordable housing developers can easily access existing advantages such as priority processing and deferral of fees.

The tools that accompany the alternatives outlined here may not be exhaustive. There may be others that were raised during the recent hearings and the outreach meetings that are worthy of consideration. It is staff's intent to further research the applicability of those that were raised and study the ones proposed further to better determine their feasibility and success at achieving the stated goals of the project.

Draft Alternatives for Review

Based on the above analysis; an in-depth study of policy tools, and significant input from the expert panel and the outreach conducted to date, staff has drafted some initial alternatives for discussion and public input. Each alternative and tool addresses different goals for Mission Street to different levels; the summary below attempts to provide that information. The attached matrix provides more detail on each scenario, and the attached maps illustrate heights related to each scenario.

Note: As is the case in all other areas of the City, any requirements and incentives policies will have carefully calibrated to be financially feasible. As such, each scenario that follows was developed with an eye to feasibility; however whatever option is pursued should be more closely reviewed to ensure fees, exactions, program participation or other public benefits are generally in line with the development potential of each scenario.

- A. **Current Heights: 55-65'**: This scenario assumes heights remain at their current levels. To promote affordable housing and other community benefits, it includes tools already provided for within the Eastern Neighborhoods amendments, including citywide inclusionary requirements of 15% and the Tier 1 Eastern Neighborhoods Impact Fees. To promote and support small businesses, it includes OEWD's corridor program, as well as zoning changes. Because no additional development potential is granted in this scenario, the amount of fee revenue or other capital that can be dedicated from development sources towards affordable housing or businesses stabilization is limited. See Map in Attachment 3.

- B. **Increased Heights 85'**: This scenario would increase the heights on Mission Street to 85 feet as was previously proposed. The same tools to address affordable housing and small business retention and promotion as under scenario A above would apply, except the Eastern Neighborhoods Impact Fees would be set at Tier 3 or Tier 2, depending on the net increase over existing heights. Because only limited development potential is granted in this scenario, the amount of fee revenue or other capital that can be dedicated towards affordable housing or business stabilization is still limited. See Map in Attachment 4.

- C. **Density Bonus to 85'**: This scenario would increase heights up to 85 feet on Mission Street only for parcels that would request to go up to this height but only as a bonus for providing certain public benefits. To promote affordable housing and other community benefits, this option includes inclusionary requirements of 15% and the Tier 2-3 Eastern Neighborhoods Impact fees. In addition, the height bonus can be granted to projects that propose 100% affordable housing projects and to those achieve substantial affordability based on the Regional Housing Needs Determination, through a public-private or private-nonprofit partnership. For market-rate projects an option to purchase an affordability covenant for existing rent controlled housing is being explored. See Map in Attachment 4.

To promote and support small businesses, it includes OEWD's commercial corridor program, as well as some zoning changes. For projects that seek the bonus, it also includes a master lease option for the commercial ground floor space or meeting certain ground floor concessions such as:

a first right of refusal and a 3-5 year lease at the same or moderate rent for a displaced tenant, a neighborhood-serving tenant mix, a community-serving nonprofit or other appropriate measures.

Similar to alternative B, this scenario grants limited development potential but sets up a bonus mechanism for parcels that have the appropriate conditions to take advantage of them and encourages affordable housing and ground floor benefits as a condition for receiving the bonus.

D. Focused Growth: Under this scenario heights would be increased to a height of 85 to 150 feet in strategic areas that are within ½ to 1 mile from transit/BART, and they would be lowered 1-2 stories between the two BART stations along the Mission Neighborhood Commercial Transit (NCT) District, with the exception of certain corners and landmark buildings that may be appropriate for additional heights, in order to release the pressure from the central core of the commercial district. The key intersections for the height increases are Potrero Ave and 16th Street, Cesar Chavez and Valencia, 16th St and Mission St, 24th St and Mission Street and Mission Street from Duboce to 16th and along 16th to South Van Ness. Please refer to Map 5 for exact locations.

The tools to promote affordable housing and other community benefits include inclusionary requirements, Eastern Neighborhoods Impact Fees or purchase of an Affordability Covenant if appropriate, Tax Increment Financing from the sites that receive an upzoning through either Redevelopment (which, if pursued, should explicitly exclude the eminent domain option) or an Infrastructure Financing District (IFD) strategy.

The tools that may be appropriate to retain and promote small businesses include zoning, OEWD's corridor program, a master lease on parcels that receive an upzoning, and lowering or adjusting the heights to current conditions 1-2 stories on parcels that are unlikely to go up in height between the two BART stations on the corridor in order to ease displacement pressures. See Map in Attachment 5. The map doesn't yet show the parcels that would be lowered as that is a next step in the analysis of this option, and can be completed and made available in a period of 1-2 months from the date of this update.

Each of the above scenarios meet the intended goals to varying levels, therefore trade-offs are inherent in each that need to be carefully weighed.

Next Steps

The Department is not endorsing a proposal at this time; these are intended only to provide a preliminary set of alternatives for review. Staff intends to study each further and discuss with stakeholders and experts over the course of the summer to refine and present a proposal in the fall. Next steps include:

- Allow public review of the alternatives and tools in this packet through the summer
- Continue meetings with stakeholders through the summer to refine alternatives
- Present selected alternative(s) to the Planning Commission and the Board of Supervisors in the fall

While the Department is not endorsing a proposal at this time, the feedback from the various outreach meetings indicates that there is growing interest in refining the Focused Growth scenario and in thinking whether a combination of two alternatives may be feasible. We will further refine the

Focused Growth scenario, as well as the other scenarios, refine the maps and release a follow-up update in approximately 1-2 months from the date of this update (while continuing to do outreach). We will also include some additional next steps for continued public review and comment.

Please send any comments or questions to Claudia Flores by phone to: 415-558-6473, by fax to: 415-558-6409, by e-mail to: Claudia.Flores@sfgov.org, or by mail to: 1650 Mission St, 4th Floor, San Francisco, CA 94103.

Attachments

Attachment 1 Alternatives and Tools Matrix

Attachment 2 Mission Street Corridor Existing Conditions Map

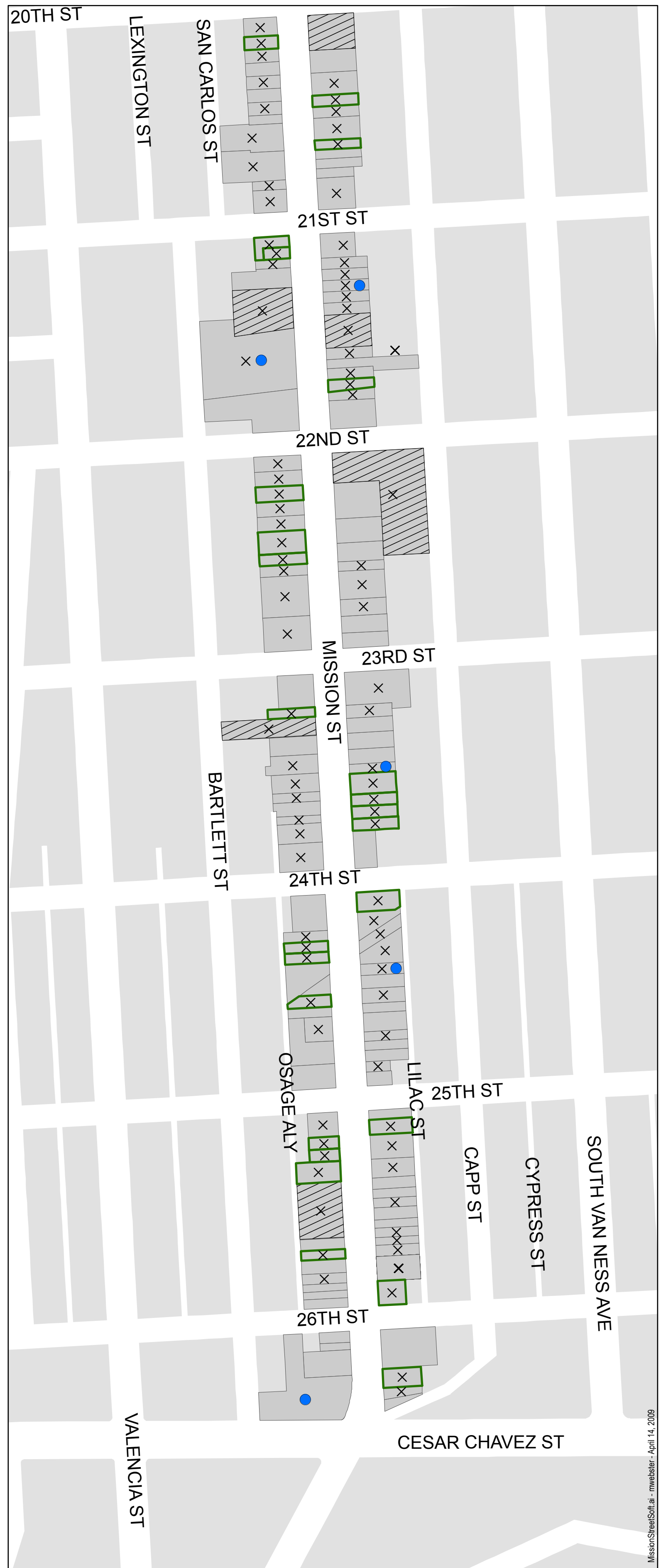
Attachment 3 Mission Street Heights as Approved by the Planning Commission

Attachment 4 Mission Street Heights as Adopted by the Board of Supervisors and the Mayor

Attachment 5 Mission Heights Focused Growth Alternative

Attachment 1 Alternatives and Tools Matrix

| HEIGHTS SCENARIO | PUBLIC BENEFITS | | | | | | RANKING |
|--|--|--|-------------|---|--|-------------|--|
| Development Potential | Affordable Housing | | | Neighborhood Businesses | | | How well does tool achieve objectives? (1-10) |
| <ul style="list-style-type: none"> Foster transit-oriented development to take advantage of Mission Street assets | <ul style="list-style-type: none"> Increase affordable housing options, particularly low-income, on and off corridor in the Mission Decrease displacement pressures on existing residents | | | <ul style="list-style-type: none"> Protect and promote existing local, neighborhood-serving businesses and micro-enterprises Decrease displacement pressures on existing businesses | | | |
| Current Heights: 55-65' | Tool | Yield | Feasible? | Tool | Yield | Feasible? | |
| Units = 1670 (baseline) Issues: does not offer increased development capacity. Urban Design: neutral | -Impact fee (Tier 1) -75% of fee from Mission NCT goes to affordable housing in the neighborhood | Funding for acquisition/rehabilitation of units, site acquisition & other affordable housing development | Y | Corridor program | Business support | N/A | Stabilize existing affordable housing: 2-3 New affordable housing: 4-5 New housing: 2-3 Stabilize businesses: 4-5 |
| | -Inclusionary at 15% | Moderate income units on corridor | Y | Zoning | Uses and sizes appropriate for the Neighborhood Commercial corridor, helps retain small businesses | Yes | |
| Increased Heights: 85' | Tool | Yield | Feasible? | Tool | Yield | Feasible? | |
| Units = 2173 (400-500 net) Issues: increases capacity but does not offer enough increased development capacity to balance exactions desired. Urban Design: positive (height proportionate to street width), negative (some concern for character given small scale nature of corridor) | -Impact fee (T2/T3) -75% of fee to affordable housing | Funding for acquisition / rehabilitation, site acquisition & other affordable housing development | Y | Corridor program | Business support, negotiations | N/A | Stabilize existing affordable housing: 1-2 New affordable housing: 5-6 New housing: 4-5 Stabilize businesses: 3-4 |
| | -Inclusionary at 15% | Moderate income units on corridor | Y | Zoning | Uses and sizes appropriate for the Neighborhood Commercial corridor, helps retain small businesses | Yes | |
| Density Bonus: to 85' | Tool | Yield | Feasible? | Tool | Yield | Feasible? | |
| Units = 1900 (200-250 net) Issues: increases capacity, but only in cooperation with benefits. Urban Design: positive (height proportionate to street width, keeps the current variegated heights on the corridor) | Base option / current: -Impact fee (T2/T3) -Inclusionary at 15% -75% of fee to affordable housing | Funding for acquisition / rehabilitation, site acquisition & other affordable housing development | Y | Master lease | Reduced rents | TBD | Stabilize existing affordable housing: 4-5 New affordable housing: 6-7 New housing: 4-5 Stabilize businesses: 6-7 |
| | Bonus Option / 85': Increased affordable housing via: -100% affordable -Significant affordable (thru public-private-nonprofit partnership) -Market-rate through purchase of affordability covenant or other measure | Low-income units on corridor; Stabilize existing low-income units off corridor | Likely, TBD | Corridor program | Business support | N/A | |
| | | | | Zoning | Appropriate uses/sizes | Yes | |
| | | | | Ground floor requirements such as: first right of refusal to displaced tenant at same or moderate rent, 3-5 year lease to small business, a neighborhood-serving tenant mix, a community service provider/nonprofit or process for selecting one. | Some stability for existing tenants, ensures a local business on ground floor, | Likely, TBD | |
| Focused Growth | Tool | Yield | Feasible? | Tool | Yield | Feasible? | |
| Units= 2500 (800-1000 net) Issues: increases capacity in transit-friendly locations, but should consider concerns with upzoned vs. lowered parcels. Urban Design: positive (reflects variegated heights already occurring along Mission) | -Impact fee -75% of fee to affordable housing | Funding for acquisition / rehabilitation, site acquisition & other affordable housing development | Y | Lower some heights where appropriate to current conditions /downzone | Reduced pressure on business | Likely, TBD | Stabilize existing affordable housing: 4-5 New affordable housing: 7 New housing: 7-8 Stabilize businesses: 6-7 |
| | -Land dedication or affordability covenant alternative | | | Master Lease, smaller scale | Reduced Rents | TBD | |
| | -Required inclusionary based on zoning | Moderate income units on corridor | Y | Corridor program | Business support | N/A | |
| | Tax Increment (thru Redevelopment or IFD) on BART sites | Funding for acquisition / rehab, site acquisition & other affordable housing development | TBD | Zoning | Uses and sizes appropriate for the corridor, helps retain small businesses | Yes | |



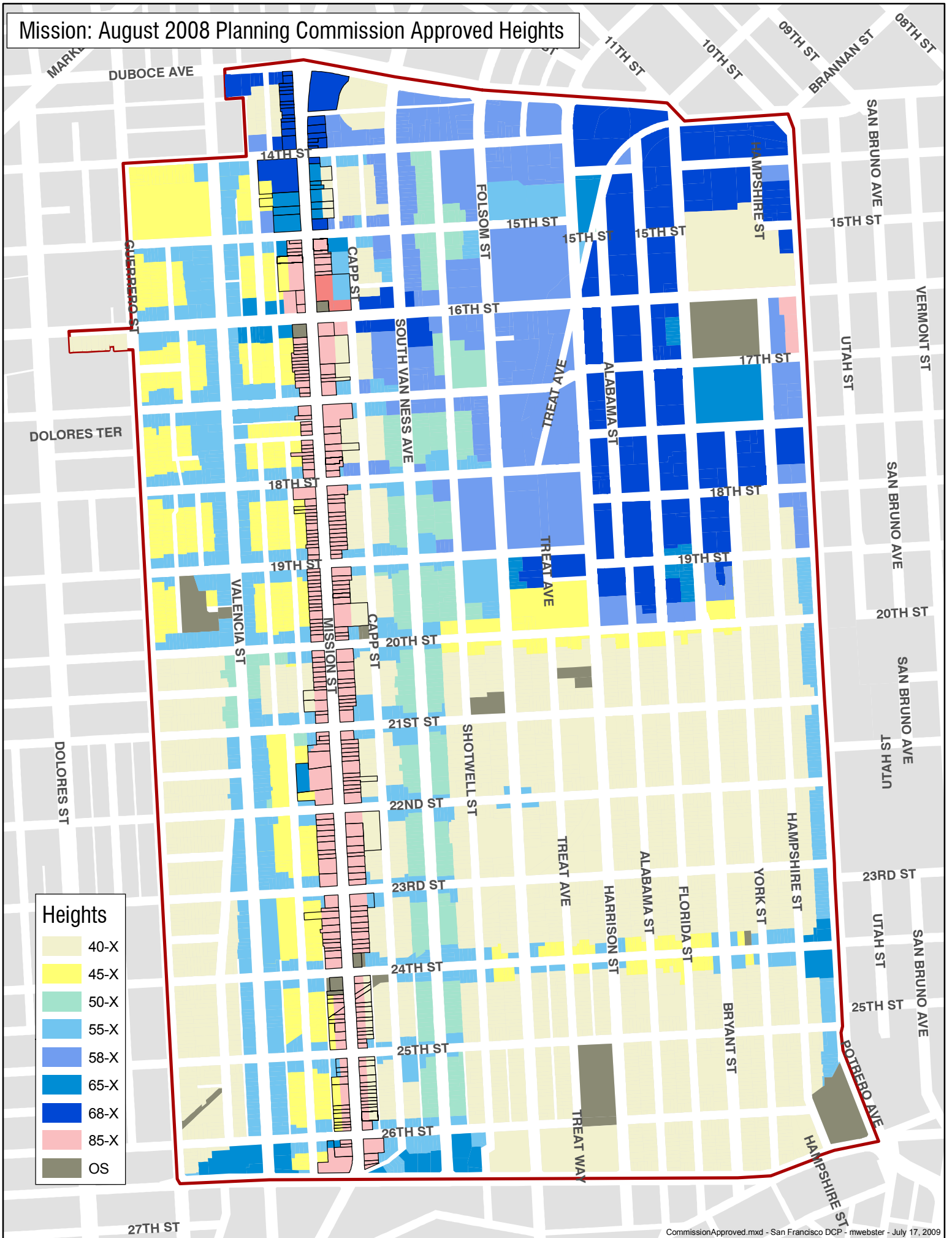
● Pipeline Project × No Housing □ Soft Site

▨ > 10,000 Sq Ft

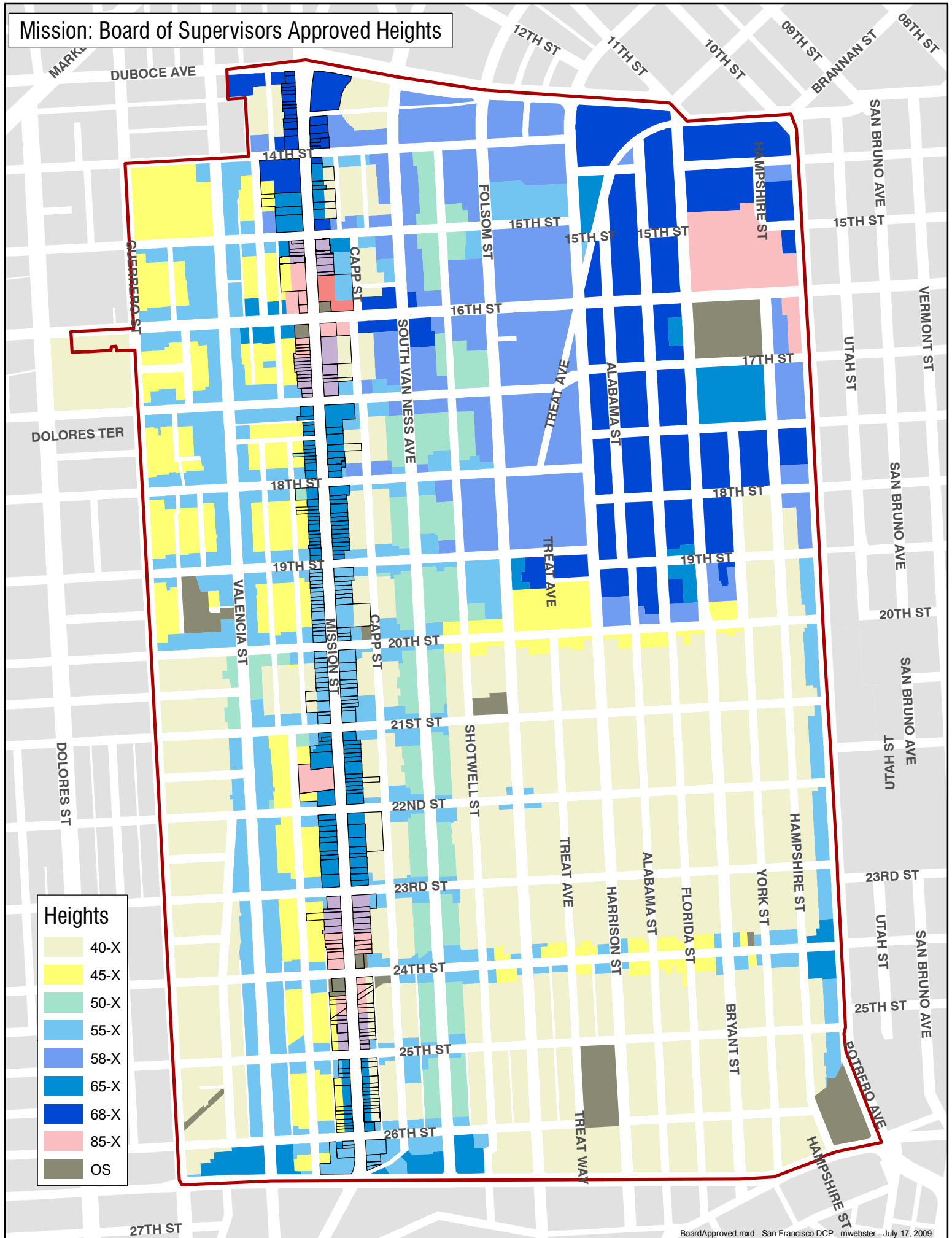
Mission Street Corridor Existing Conditions










SAN FRANCISCO
PLANNING DEPARTMENT

Mission: August 2008 Planning Commission Approved Heights



Mission: Board of Supervisors Approved Heights



| Heights | |
|---|------|
|  | 40-X |
|  | 45-X |
|  | 50-X |
|  | 55-X |
|  | 58-X |
|  | 65-X |
|  | 68-X |
|  | 85-X |
|  | OS |

Mission: Focus Growth Alternative

