

EASTERN NEIGHBORHOODS

ADOPTION HEARING 2:
PLACES TO LIVE & PUBLIC BENEFITS



SAN FRANCISCO
PLANNING
DEPARTMENT

JUNE 9, 2008

Introduction: Schedule of EN Workshops

TOPIC (S)	COMMISSION DATE	BOARD LU COMM. DATE
Places for Jobs	May 15	May 19
Places to Live, Public Benefits	June 5	June 9
Complete Neighborhoods; Implementing the Plans	June 12	June 23
Pipeline and Potential Changes	June 19	TBA
EIR Certification & Plan Approval	June 26	N/A

Places for Housing, Public Benefits: **Today's Agenda**

- **Residential Zoning Districts**
Further detailed explanation of zoning map
- **Housing Policy**
The plan's approach to affordable & market rate housing proposal
- **Public Benefits**
How to fund and achieve Complete Neighborhoods

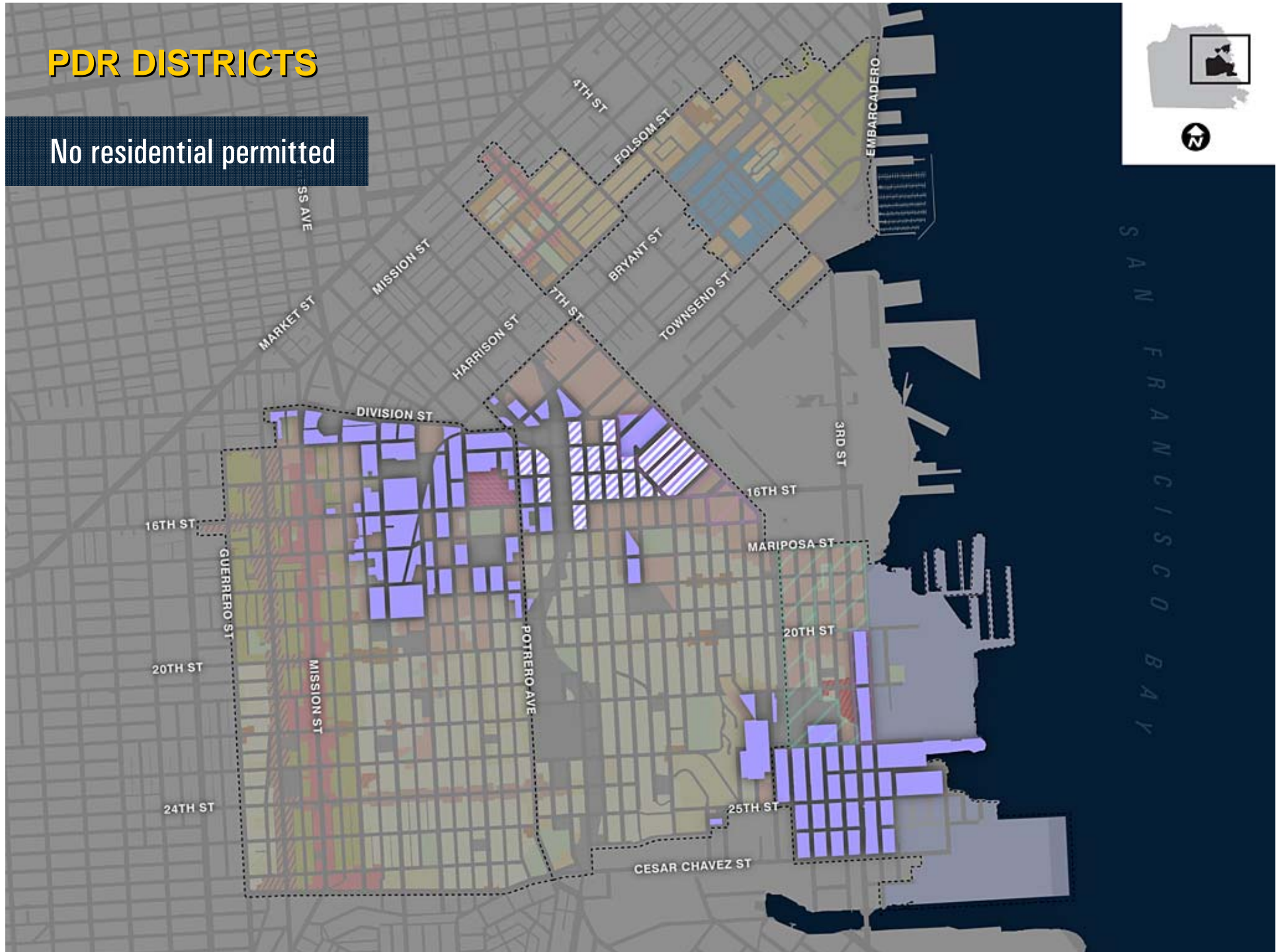


Eastern Neighborhoods



PDR DISTRICTS

No residential permitted

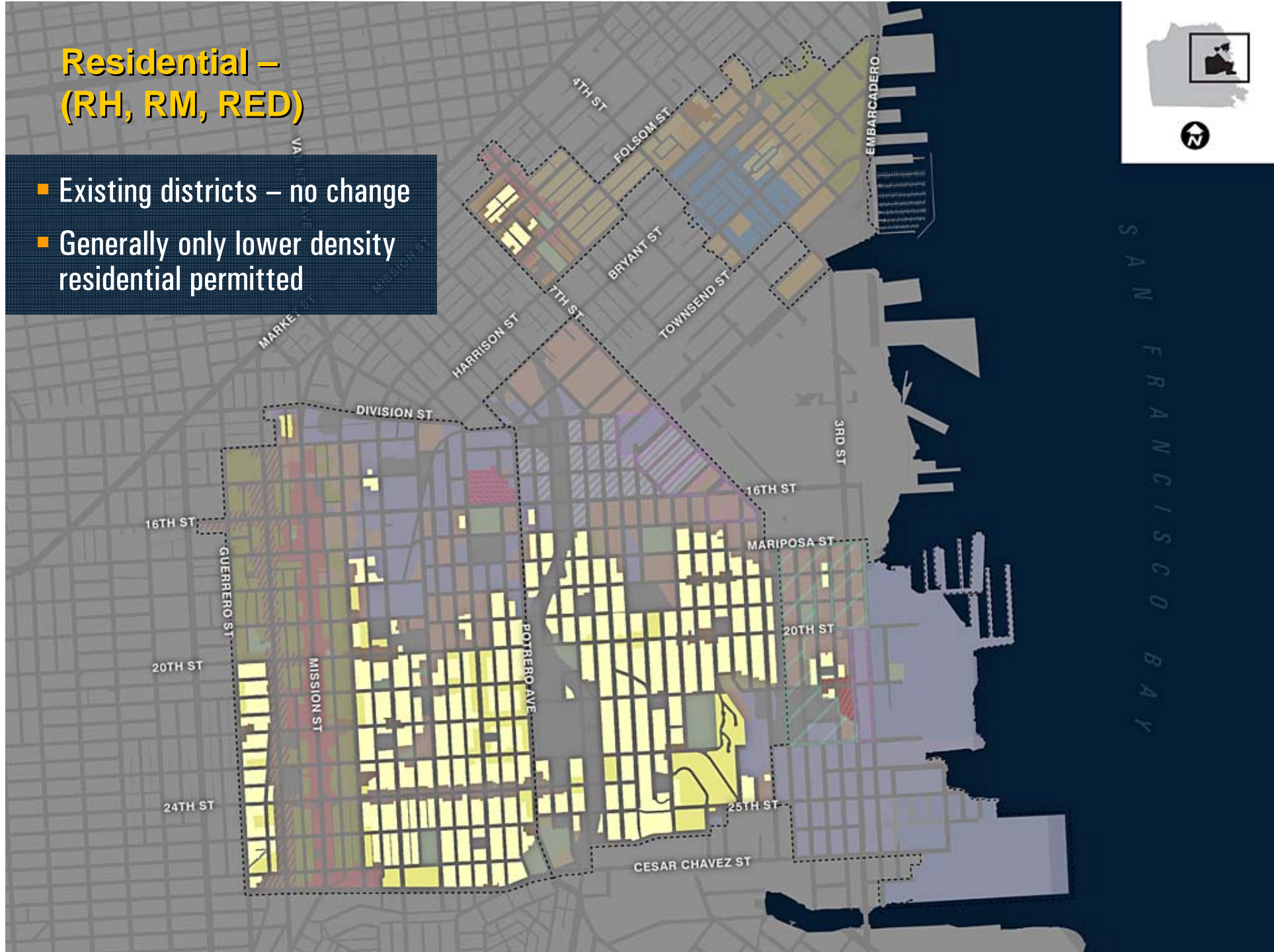




SAN FRANCISCO BAY

Residential – (RH, RM, RED)

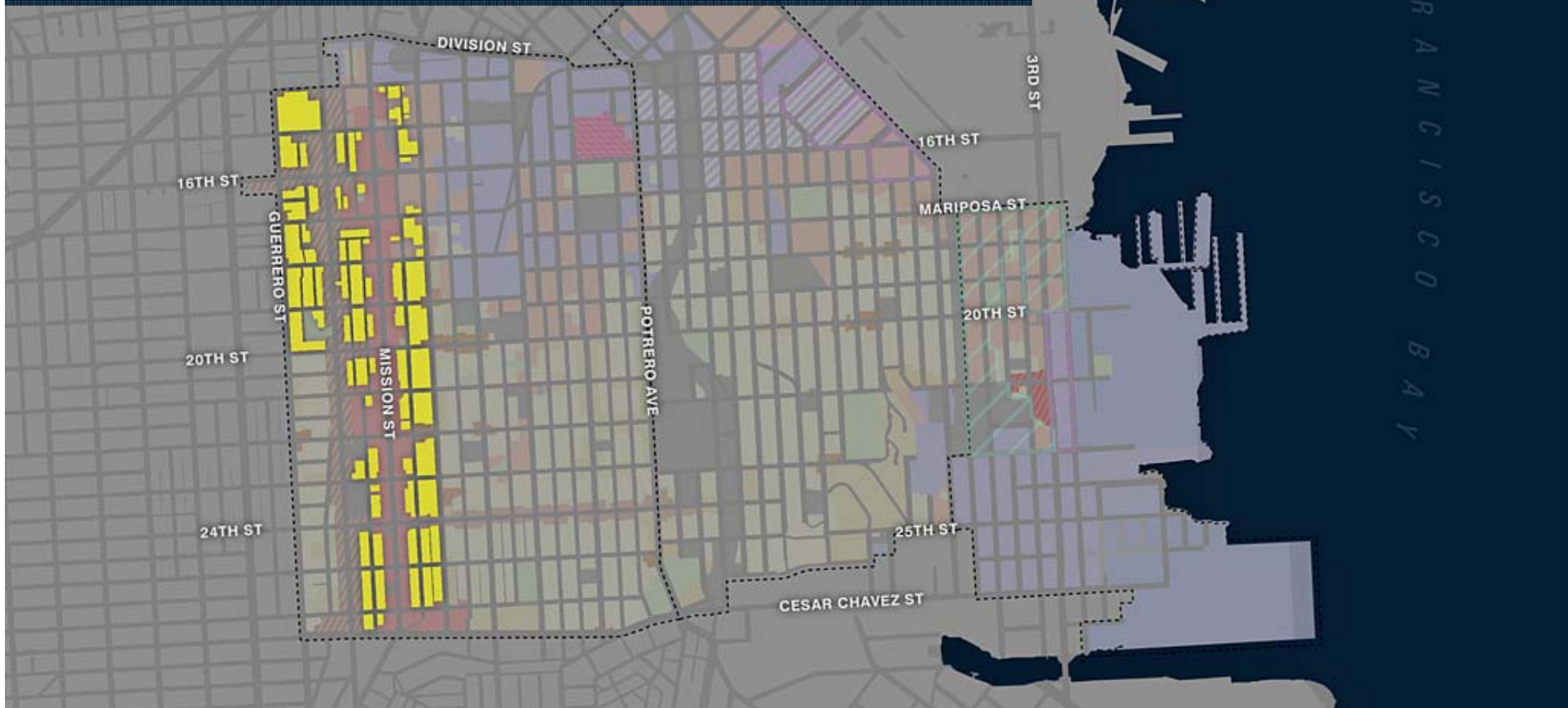
- Existing districts – no change
- Generally only lower density residential permitted





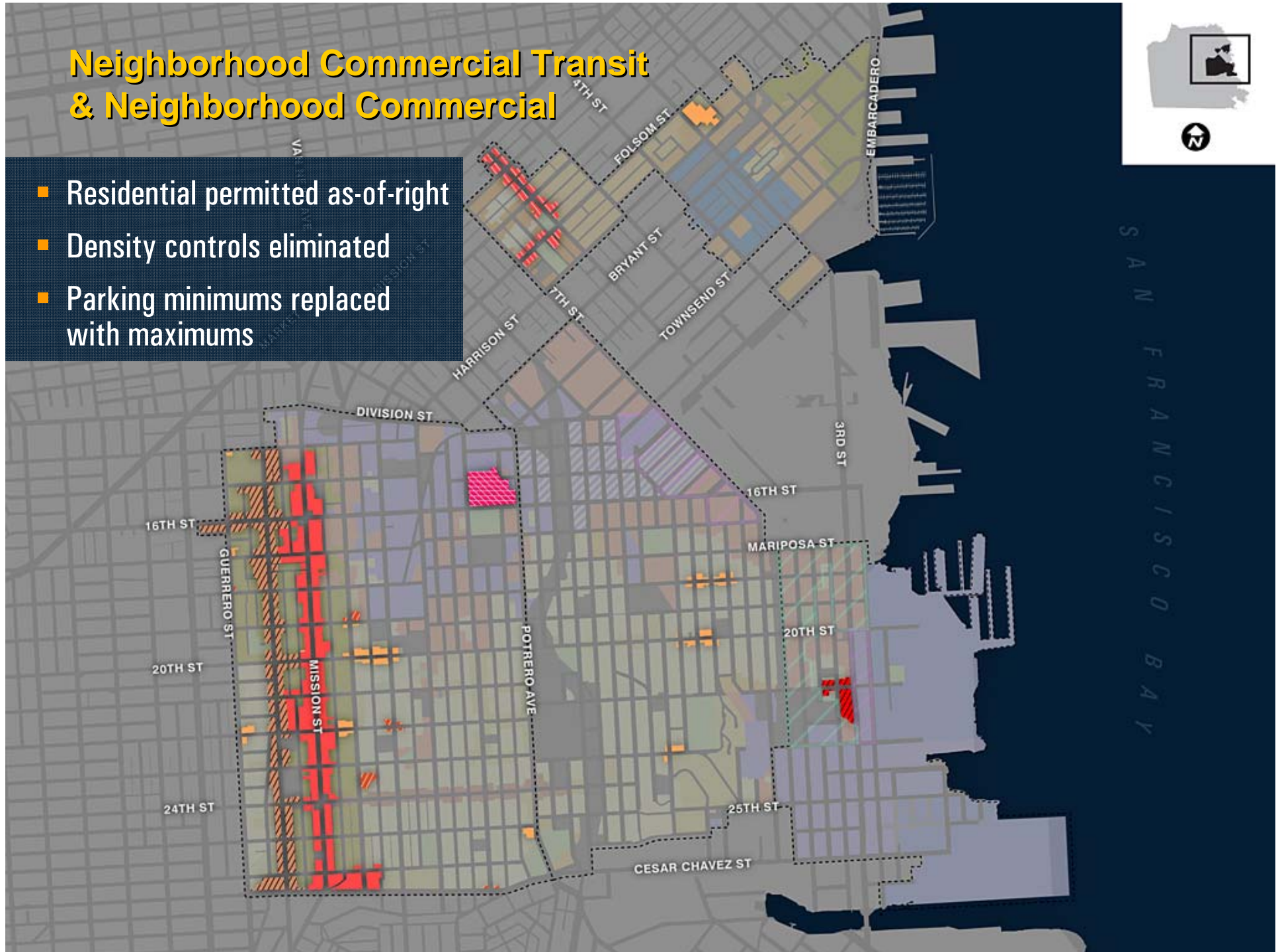
Residential Transit Oriented (RTO)

- Residential permitted as-of-right
- Density controls eliminated (but “soft cap” in place)
- Parking minimums replaced with maximums
- Small retail allowed on corner parcels
- Discussions ongoing about reconciling RTO and RED categories



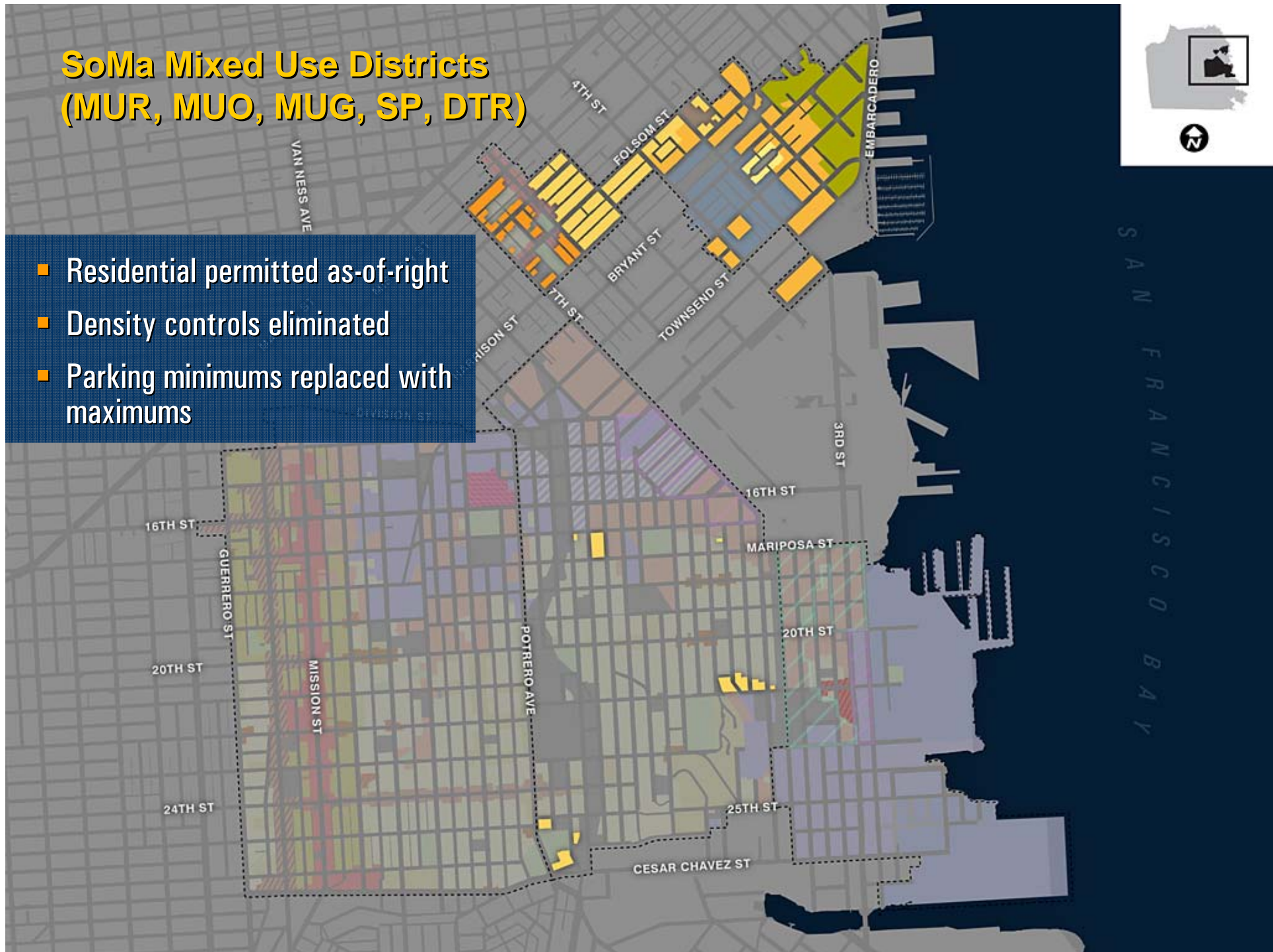
Neighborhood Commercial Transit & Neighborhood Commercial

- Residential permitted as-of-right
- Density controls eliminated
- Parking minimums replaced with maximums



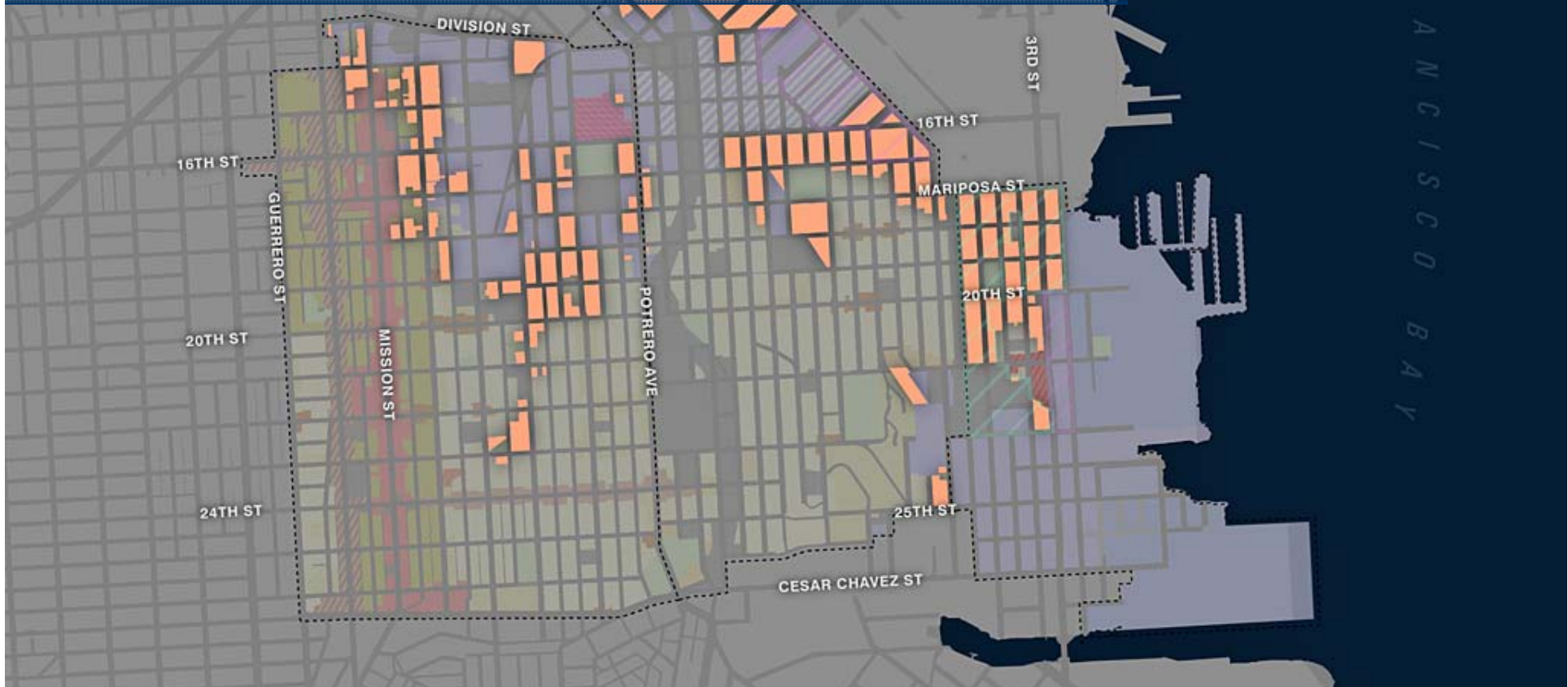
SoMa Mixed Use Districts (MUR, MUO, MUG, SP, DTR)

- Residential permitted as-of-right
- Density controls eliminated
- Parking minimums replaced with maximums



URBAN MIXED USE (UMU)

- Former industrially-zoned areas
- Residential permitted as-of-right
- Increased inclusionary requirement
- Density controls eliminated
- Parking minimums replaced with maximums



Discussion

HOUSING: Policy Goals

Create housing options to meet different housing needs

- Supportive housing for formerly homeless
- Affordable rental housing for seniors
- Affordable family housing for very-low and low income households
- First-time homebuyer opportunities for low, moderate and middle income households

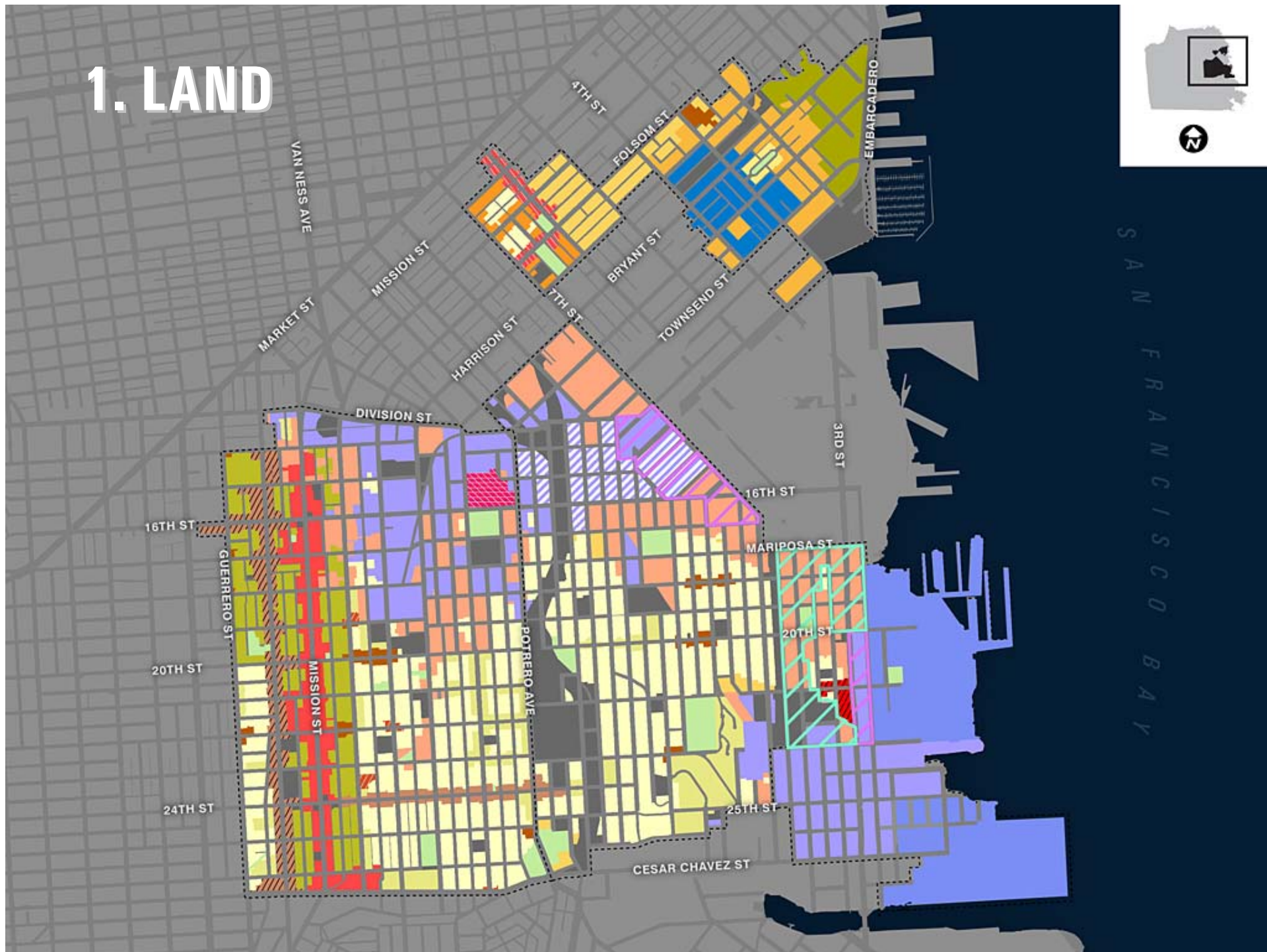


HOUSING: Policy Goals

Tools to Meet the Eastern Neighborhoods Housing Goals:

1. **LAND:** Increase the supply of land zoned for housing.
2. **POLICY:** Create opportunities by removing barriers and creating incentives for housing development.
3. **FUNDING:** Ensure financial feasibility of market-rate housing; and adequate public funding for publicly financed affordable housing.

1. LAND



2. POLICY: Incentives & Impediments

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

Additional
Affordable
Housing
Requirements

3. FUNDING: For Affordable Housing

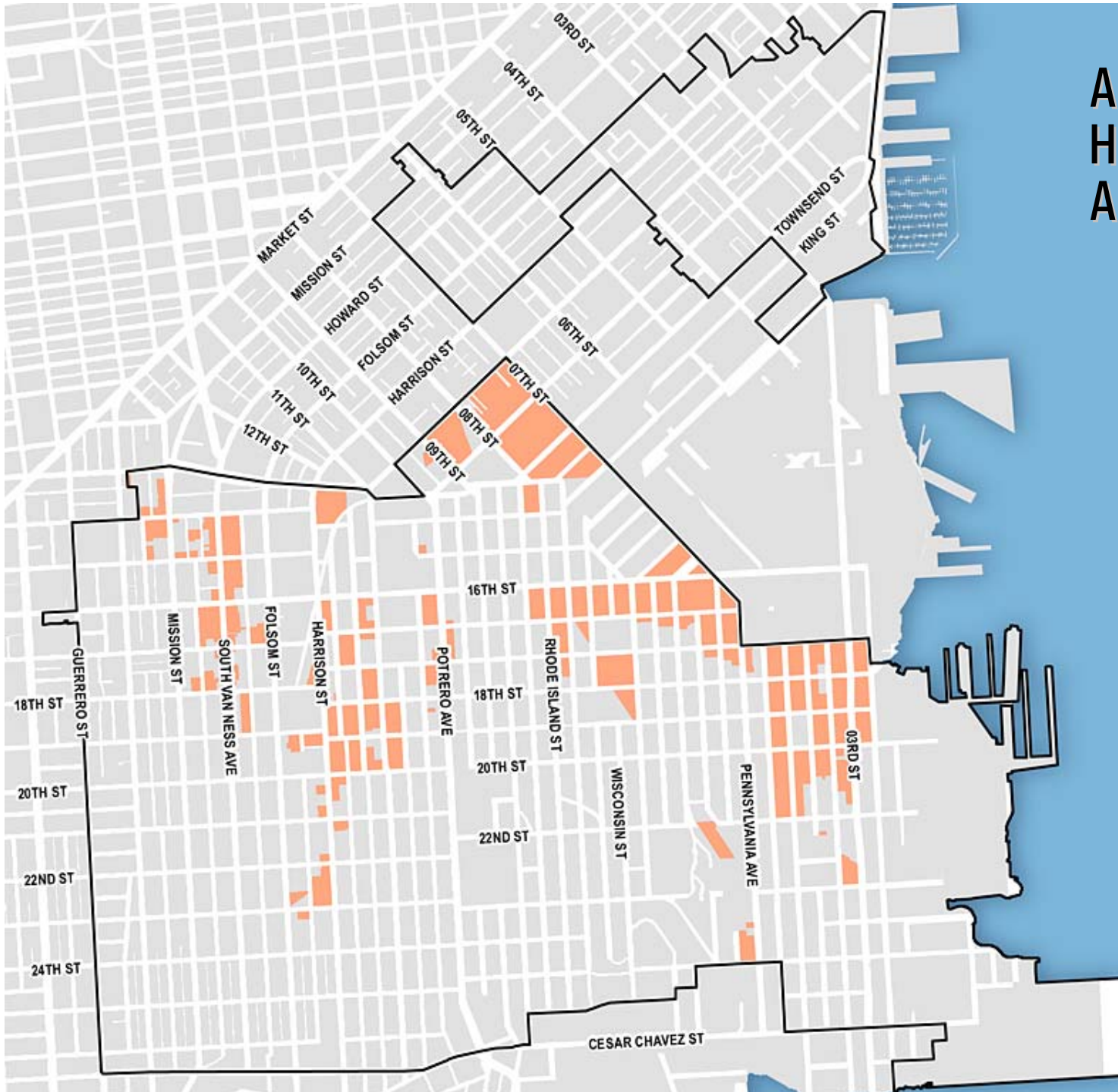
Plan-Provided:

- Increased inclusionary requirements
- Land dedication alternative
- Middle income housing program
- Impact fee revenue: MUR and Mission NCT

Citywide:

- Focused investment of funding by MOH
- Leveraging of traditional State and Federal funding programs.

Affordable Housing Priority Areas: UMU

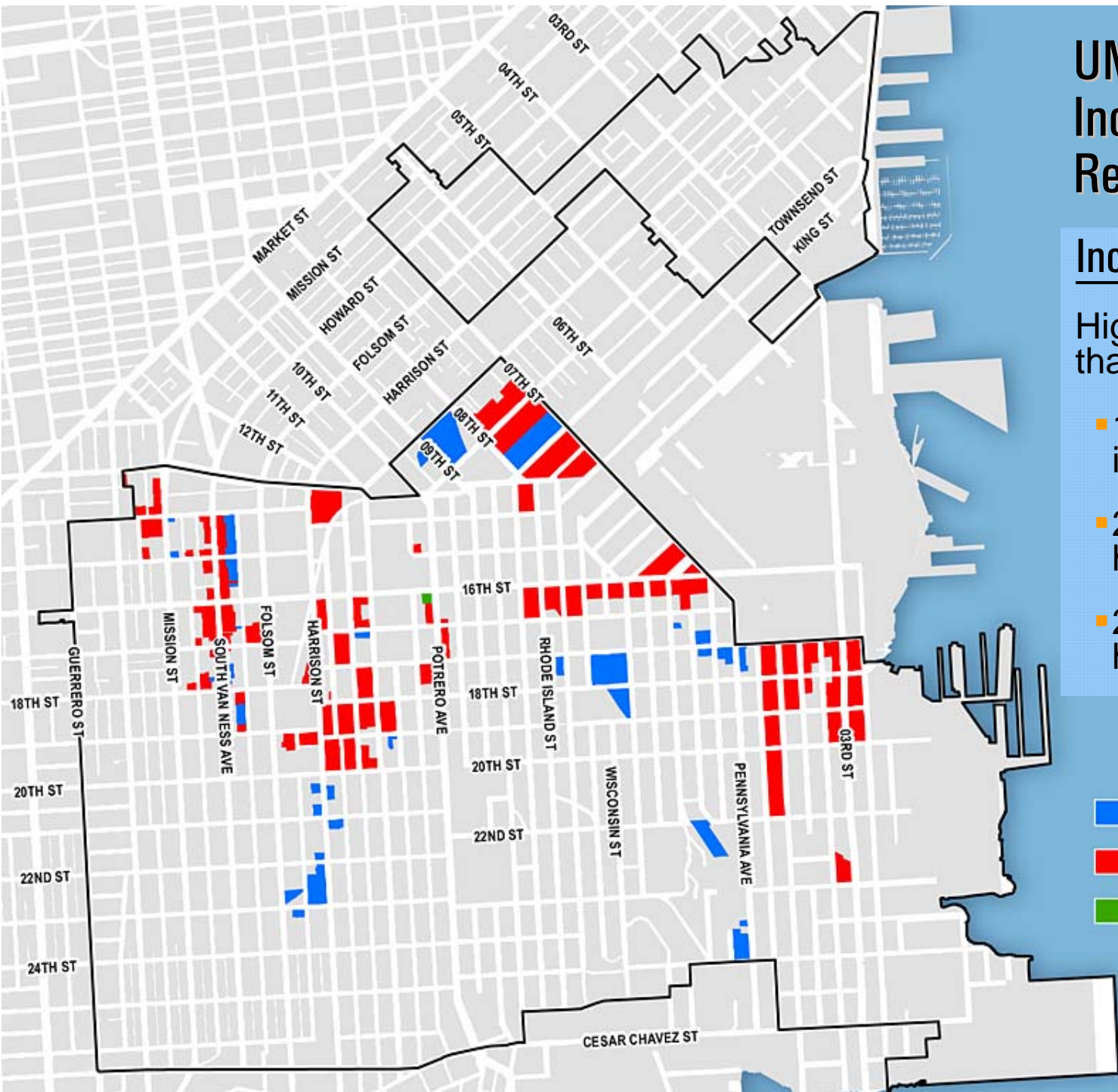


UMU: Increased Inclusionary Requirements

Inclusionary Option:

Higher inclusionary than existing/City

- 18% with no height increase
- 20% with 1-2 story height increase
- 22% with 3-4 story height increase



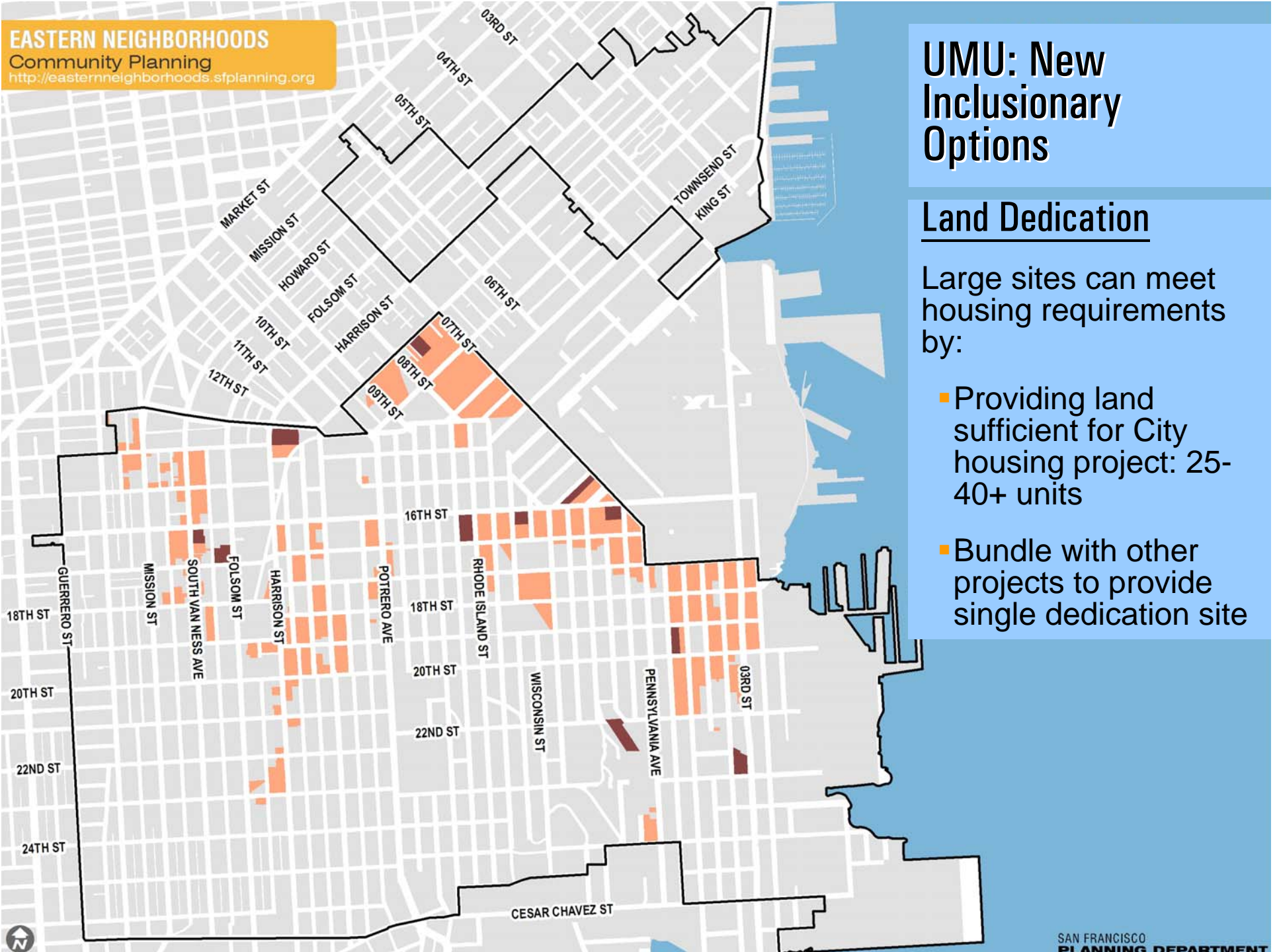
- "A" No Change
- "B" 1-2 Stories Added
- "C" 3 or More Stories Added



EASTERN NEIGHBORHOODS

Community Planning

<http://easternneighborhoods.sfplanning.org>



UMU: New Inclusionary Options

Land Dedication

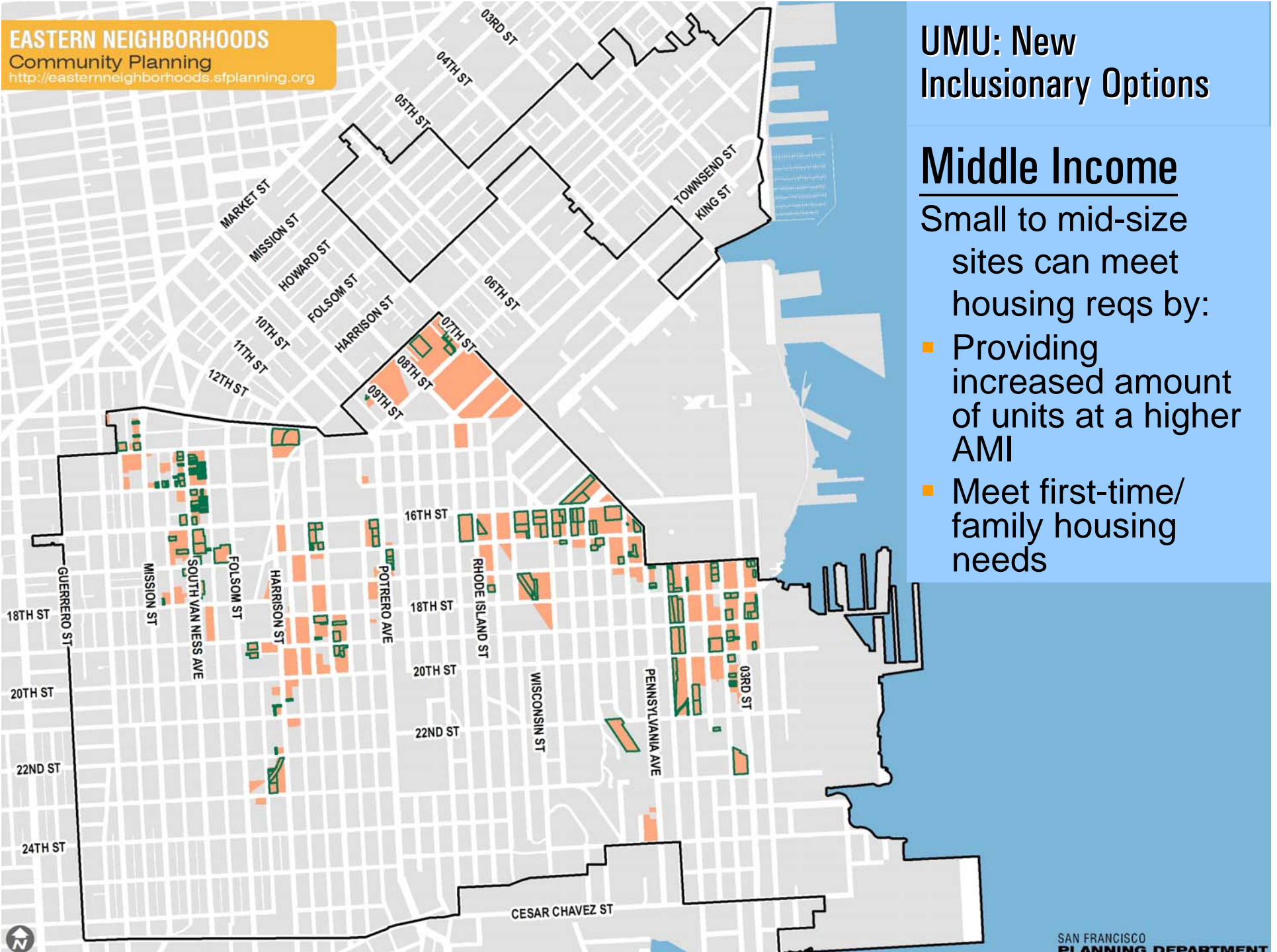
Large sites can meet housing requirements by:

- Providing land sufficient for City housing project: 25-40+ units
- Bundle with other projects to provide single dedication site

EASTERN NEIGHBORHOODS

Community Planning

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UMU: New Inclusionary Options

Middle Income

Small to mid-size sites can meet housing reqs by:

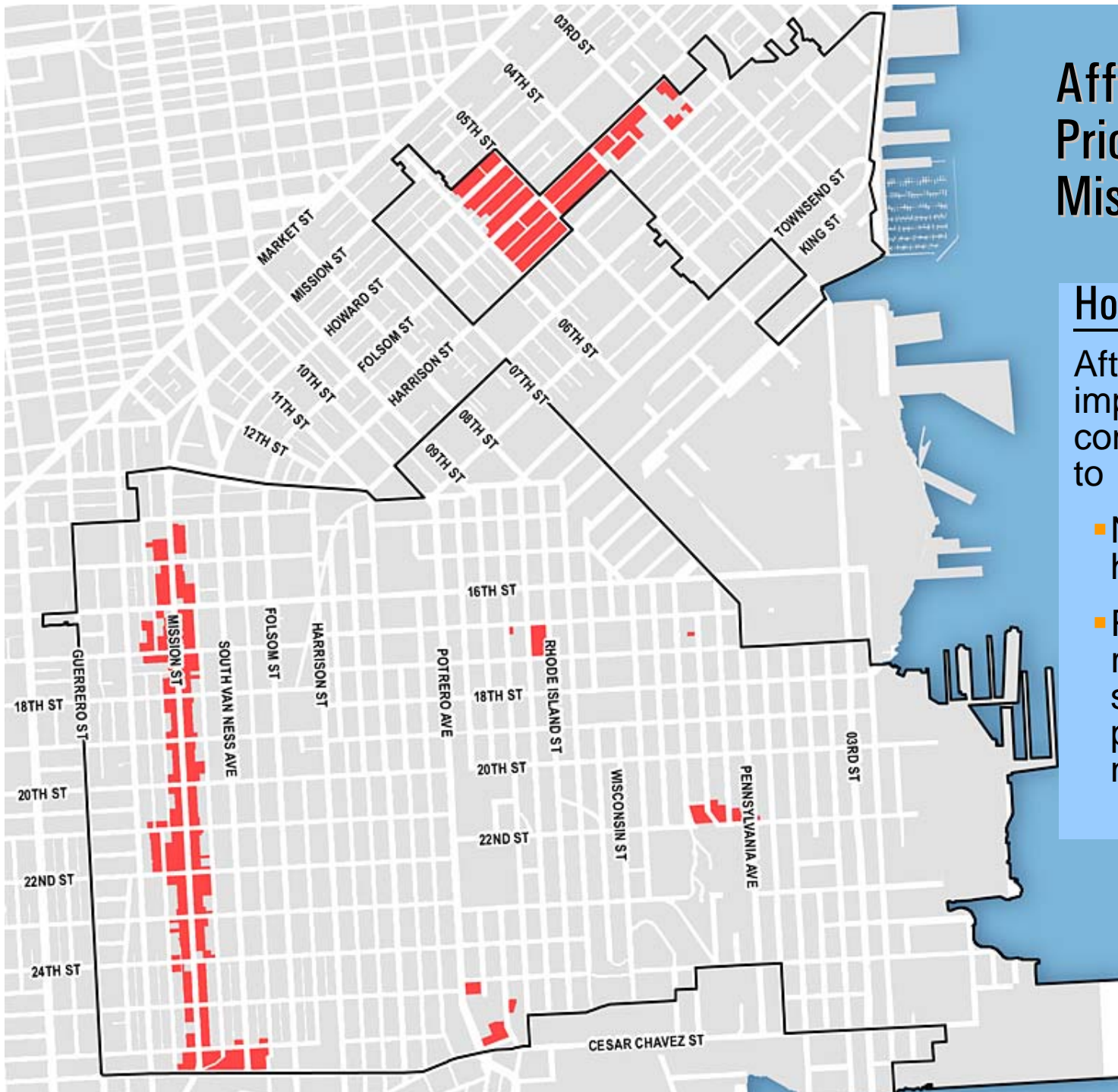
- Providing increased amount of units at a higher AMI
- Meet first-time/family housing needs

Affordable Housing Priority Areas: Mission NCT, MUR

Housing Fund

After community improvements contribution, fee goes to

- New affordable housing construction
- Rehabilitation, renovation and hsg stabilization programs within neighborhood.



HOUSING: Policy Implementation: Feasibility Testing

Example Site 4-R	
Size	20,000 SF
Inclusionary Housing	30% Middle Income Units, Family Size Required
Changes	
Zoning	M-1 to UMU Remove Density Limit (600 Lot SF per Unit)
Height	50 to 55 Feet 0 Floors Added
Units	25 to 52
Parking	1 to .75 Space/Unit
EN Public Benefit Fund	\$10/NRSF
Summary of Impacts	+ \$895,000 (28%) in site value + \$1.7 mil in developer profit

* performed for all sites by Seifel Consulting Inc.

HOUSING: Policy Implementation: Target Populations

Type	% of Median Income	Income	Affordable Rent or Sales Price
Extremely low-income rental	0 to 30%	\$0 to \$28,000	\$0 to \$700 per month
Very-low income rental	31% to 50%	up to \$47,150	up to \$1180 per month
Low-income rental	51% to 60%	up to \$56,600	up to \$1400 per month
Inclusionary for-sale	80% to 120%	\$66,000 to \$99,000	\$176,000 to \$299,000
Middle-income for-sale	120% to 150%	\$100,000 to \$124,000	\$300,000 to \$450,000

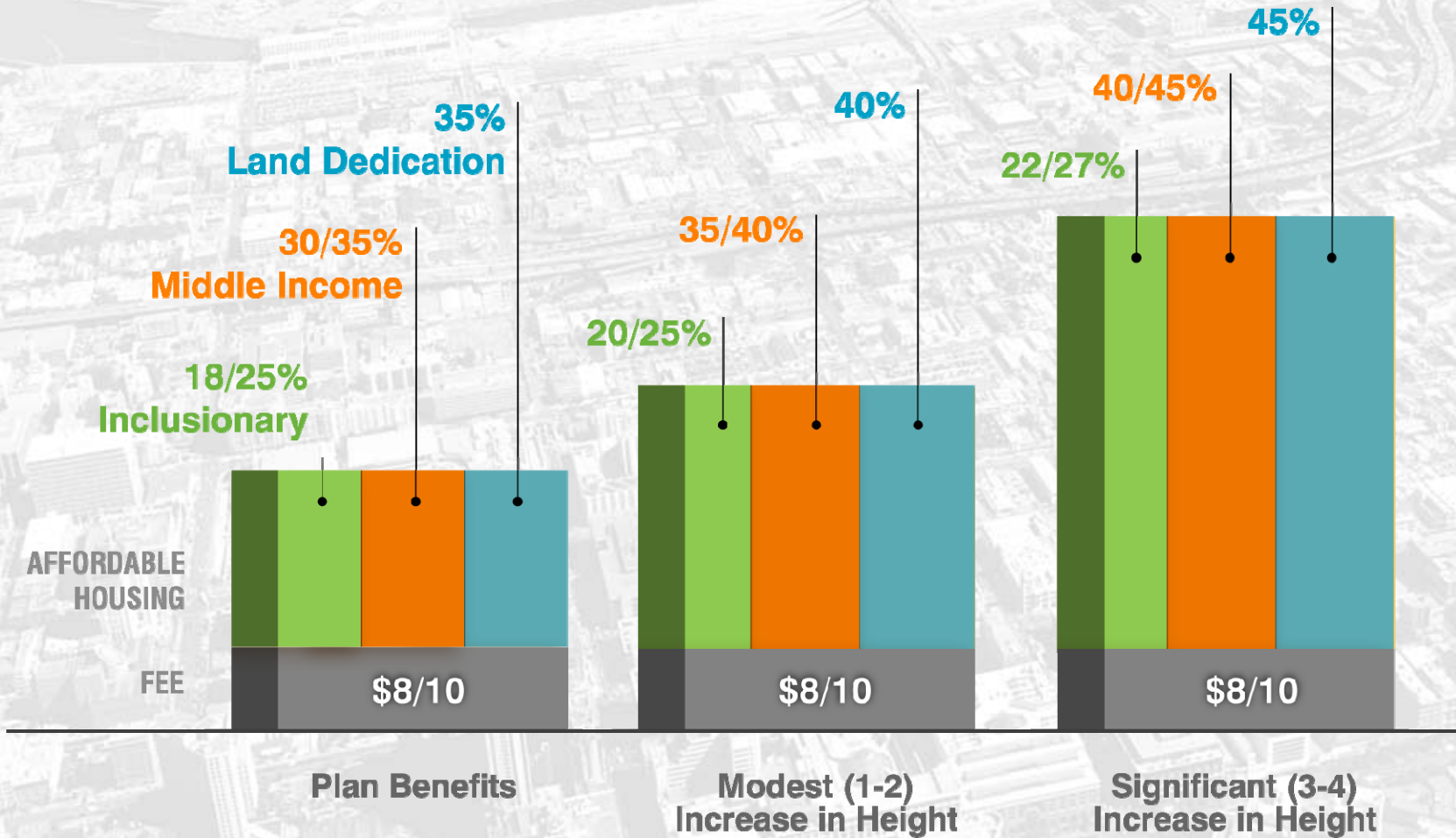


HOUSING: Policy Outcome

Summary of UMU Housing

Tier	Description	Inclusionary requirement	Alternatives	
			Middle Income	Land Dedication
A	Sites without height increase	18% onsite 23% offsite	30-35%	35%
B	Sites with 1-2 story height increase	20% onsite 25% offsite	35-40%	40%
C	Sites with 3-4 story height increase	22% onsite 27% offsite	40-45%	45%

PUBLIC BENEFITS: Formerly Industrial Zones



HOUSING: Policy Outcome

Summary of UMU Housing Production

Housing Type	UMU only	Rest of EN
Market Rate	2025	3025
Inclusionary	250	525
Land Dedication	215	n/a
Middle Income	285	n/a
MOH Funded	700	450
	3500 new units, 42% affordable	4000 new units, 25% affordable

YIELD: 7500 new units, with 29% of those affordable to low to moderate income households, and another 4% affordable to middle income households.

HOUSING: Policy Questions

1. How does this strategy provide housing for families?

- Unit type: Option to provide 40% of units as 2 bedrooms or more; or increase all inclusionary units to family size.
- Unit price: EN policies are focused on creating affordable family-sized units rather than market rate family units at \$750-800K.
- Other EN policies: “Family friendly” design guidelines, family amenities such as increased transit, parks, and safe streets.

HOUSING: Policy Questions

2. Why do we need middle income housing at all?

- Median priced home of \$750K is affordable to 200% of AMI
- Inclusionary & MOH programs only extend to 120% of AMI.

HOUSING: Policy Questions

3. How does this plan promote rental housing?

Rental housing will be able to use tax-exempt bonds (80/20) for all projects that make at least 20% of their projects affordable. This option is not available for for-sale projects.

HOUSING: Policy Questions

4. How is the Plan preventing demolition of existing units?

- Demolition policy recently adopted for the RTO and NCT districts (thru Market & Octavia).
- Citywide demolition policy recently adopted; requires public hearing for most demos and applies strict criteria including needs of City's housing stock and family housing.

HOUSING: Policy Questions

5. Where are SROs permitted in the Plan?

- Market rate SROs are permitted throughout the Plan Areas where market rate housing is permitted (i.e. all districts except PDR & SLI).
- Market rate SROs are held to all affordable housing requirements of the Plan (middle income option not allowed).
- Affordable SROs continue to be permitted under SLI zoning.

Discussion

PUBLIC BENEFITS

NEEDS ADDRESSED BY PUBLIC BENEFITS PROGRAM

- Open Space and Recreational Facilities
- Transit and Public Realm Improvements
- Community Facilities - schools, libraries, child care
- Local & Neighborhood Serving Businesses
- Affordable Housing



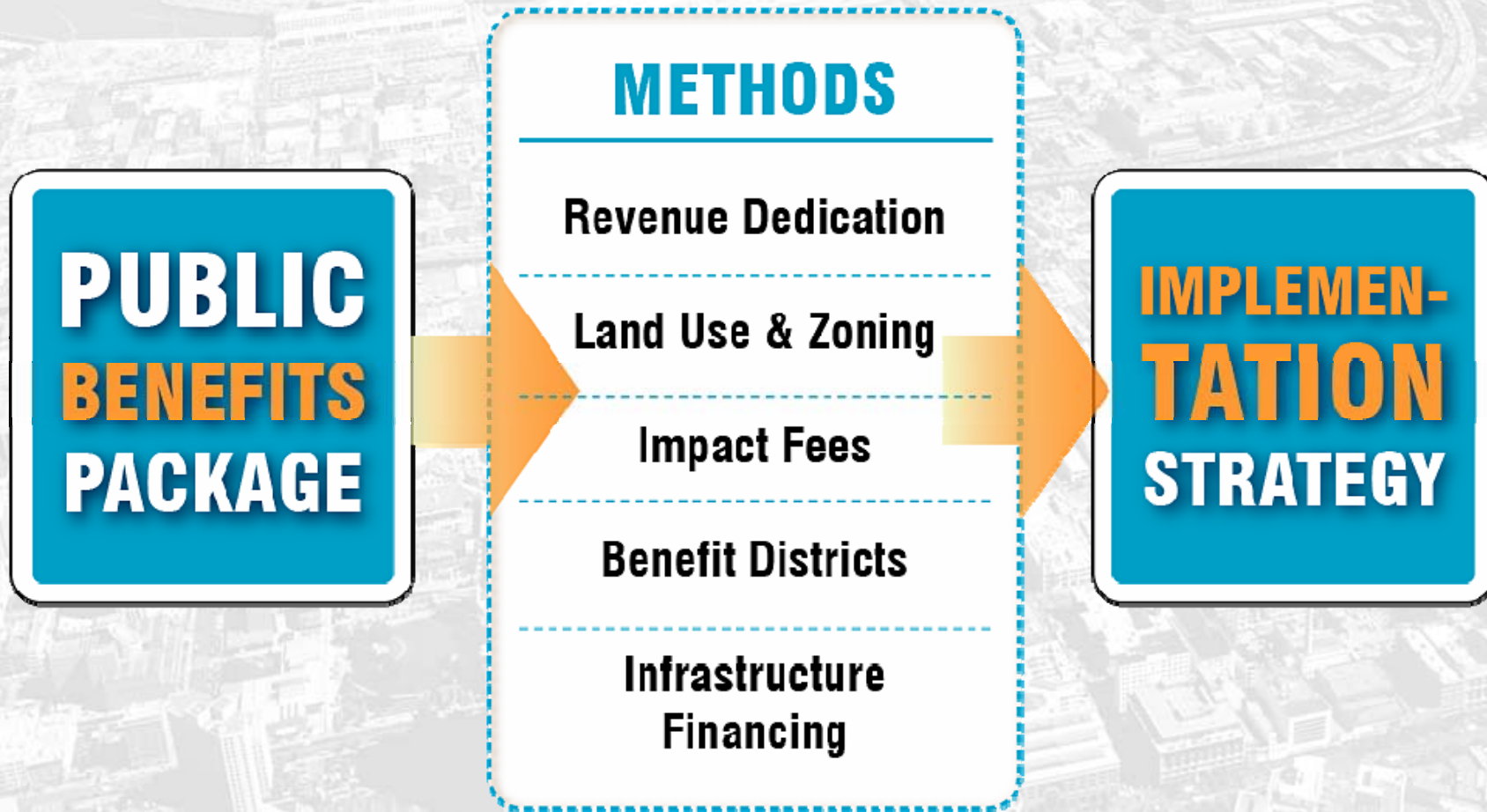
NEEDS ASSESSMENT

- Key Findings:

Analysis Categories	Need Factor	
Open Space, Parks and Rec Facilities		
Neighborhood Open Space	1 acres /1,000 residents w/in 1/4 mi	
Open Space & Parks Maintenance	1 Gardener /15 acres	
Open Space Recreational Facilities	21.58 SF /resident	
Recreational Facilities Maintenance	1 Custodian / 300-400K SF facilities	
Education (Schools)		
High School	0.102 stud	housing unit w/in 1/4 mile
Middle School (6-8)	0.069 stud	
Elementary School (K-5)	0.146 stud	
Library Facilities and Materials		
Public Libraries (New Facilities)	Branch library within 1 mile	
Public Libraries (Materials)	New materials and improvements	
Child Care		
Resident Demand	48.3spaces /1,000 residents	
Worker Demand	46.2spaces /1,000 workers	

Need Projection
14.5 acres of open space
1 Gardener (annual)
903,971 SF of rec facilities
1 Custodian (annual)
No high school needed
1 small middle
or K-8 school needed
Sufficient library facilities
\$999,000 in material costs
5892 child care spaces

PUBLIC BENEFITS: Funding & Implementation



PUBLIC BENEFITS: Funding Methods

Existing Sources

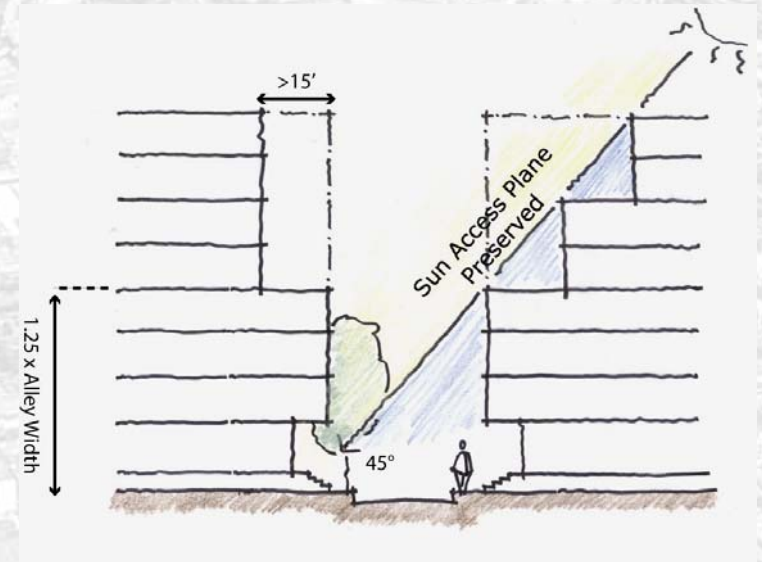
- Existing Fee Programs
- Funded/Agency Projects
- General Obligation bonds



PUBLIC BENEFITS: Funding Methods

New Sources

- Plan Policies & Zoning Requirements
- New Affordable Housing Requirements
- Eastern Neighborhoods Impact Fee

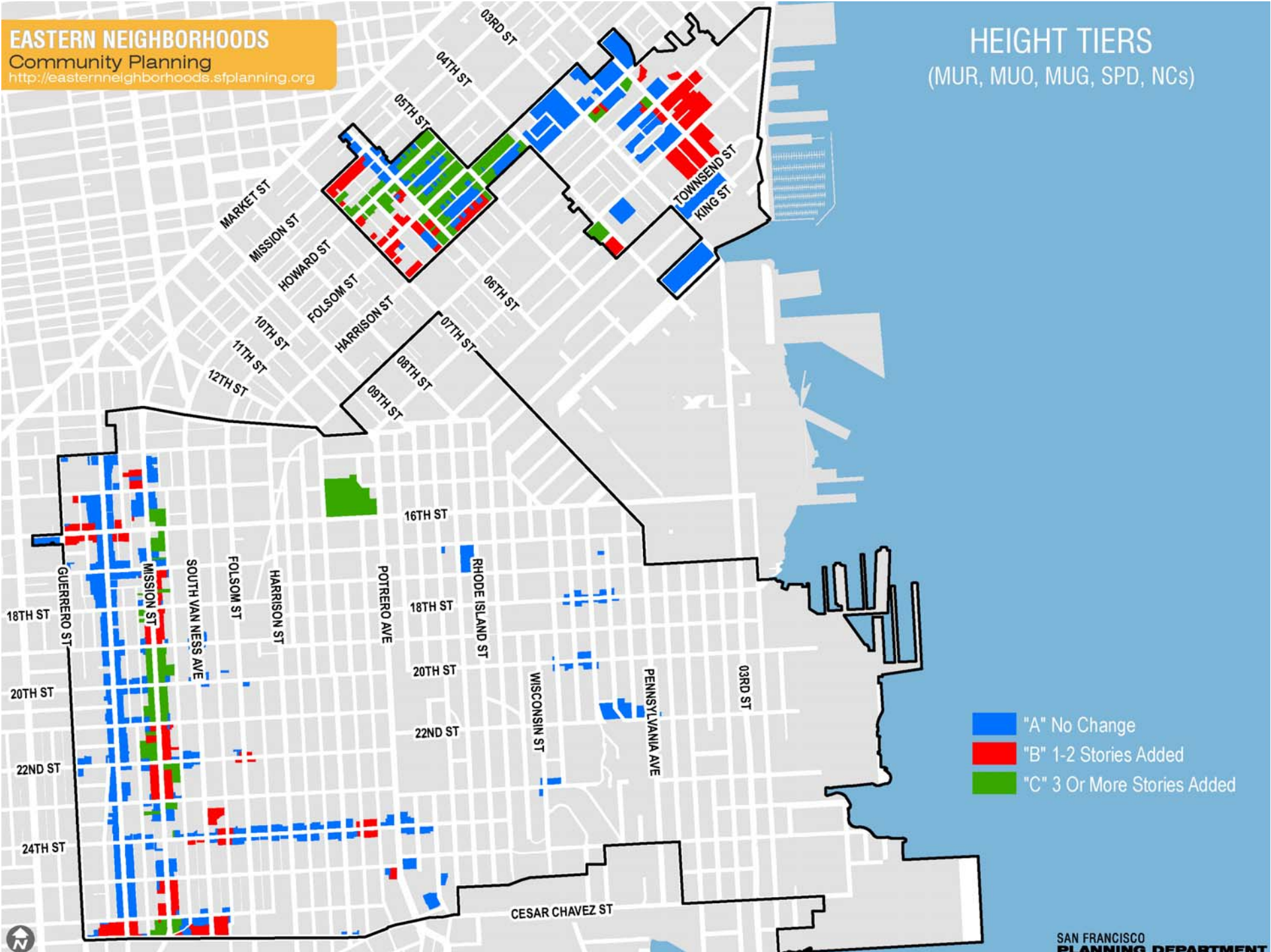


IMPACT FEE

EASTERN NEIGHBORHOODS

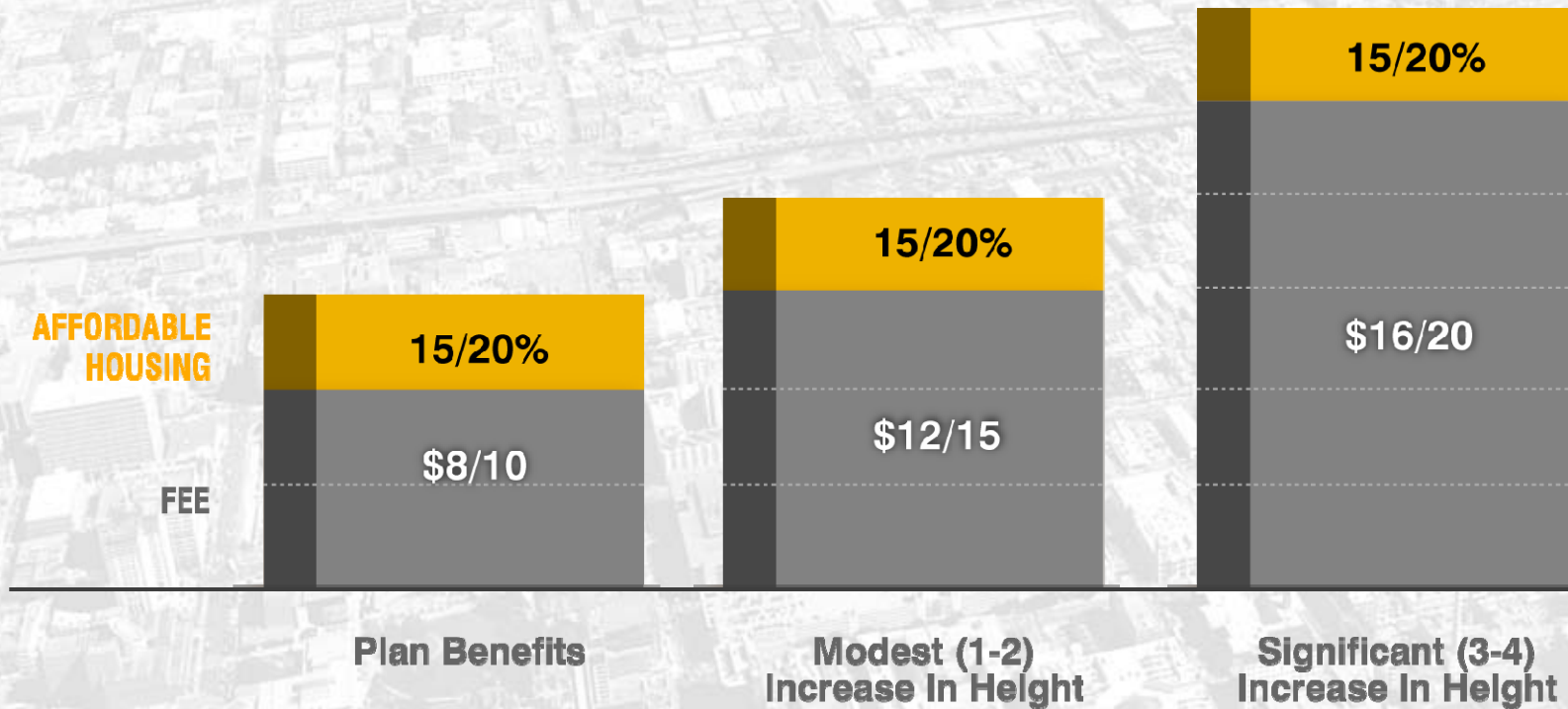
Community Planning
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HEIGHT TIERS (MUR, MUO, MUG, SPD, NCs)



- "A" No Change
- "B" 1-2 Stories Added
- "C" 3 Or More Stories Added

PUBLIC BENEFITS: Residential & Commercial Zones



HOUSING: Policy Implementation: Feasibility Testing

Example Site 1a	
Size	20,000 SF
Inclusionary Housing	15% Inclusionary Required
Changes	
Zoning	NC to 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 Fund	\$10/NRSF
Summary of Impacts	+ \$1 mil (22%) in site value + \$1 mil in developer profit

* performed for all sites by Seifel Consulting Inc.

PUBLIC BENEFITS: Funding Methods

Impact Fee



**BONUS/
EXACTIONS**

BASELINE FEE

- | RESIDENTIAL | NONRESIDENTIAL |
|---|----------------|
| ▪ \$16gsf /\$20nsf | \$16/gsf |
| ▪ \$12gsf /\$15nsf | \$20/gsf |
| ▪ \$8gsf /\$10nsf | \$24/gsf |
| ▪ Results in \$100 - 150 million for community improvements | |

PUBLIC BENEFITS: Funding Methods

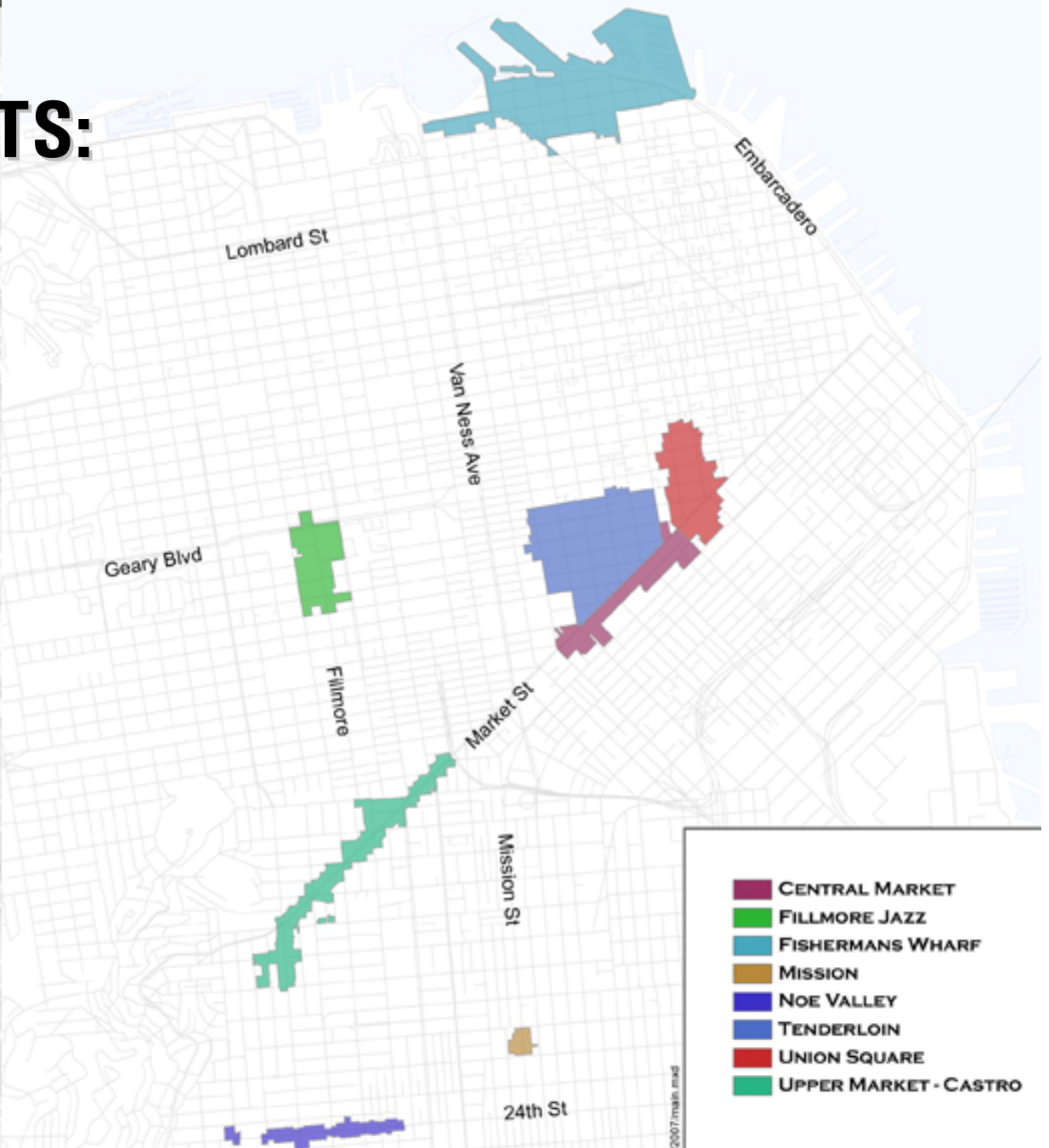
Future Sources

- Grants
- Mello Roos/ Community Facility Districts
- Benefit / Assessment Districts
- Tax Increment Financing

PUBLIC BENEFITS: Funding Methods

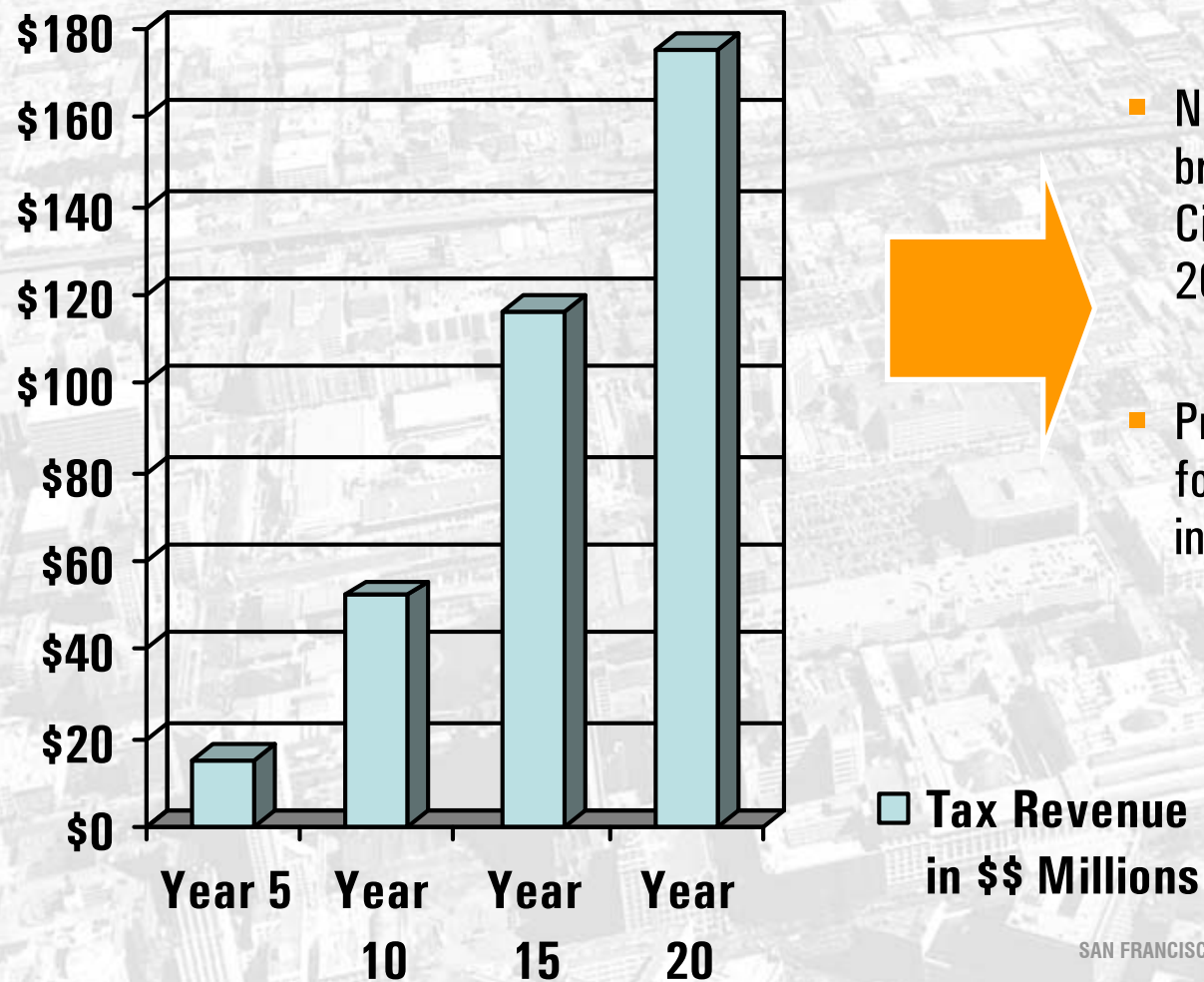
Community
Benefit &
Assessment
Districts

COMMUNITY BENEFIT DISTRICTS CITY AND COUNTY OF SAN FRANCISCO



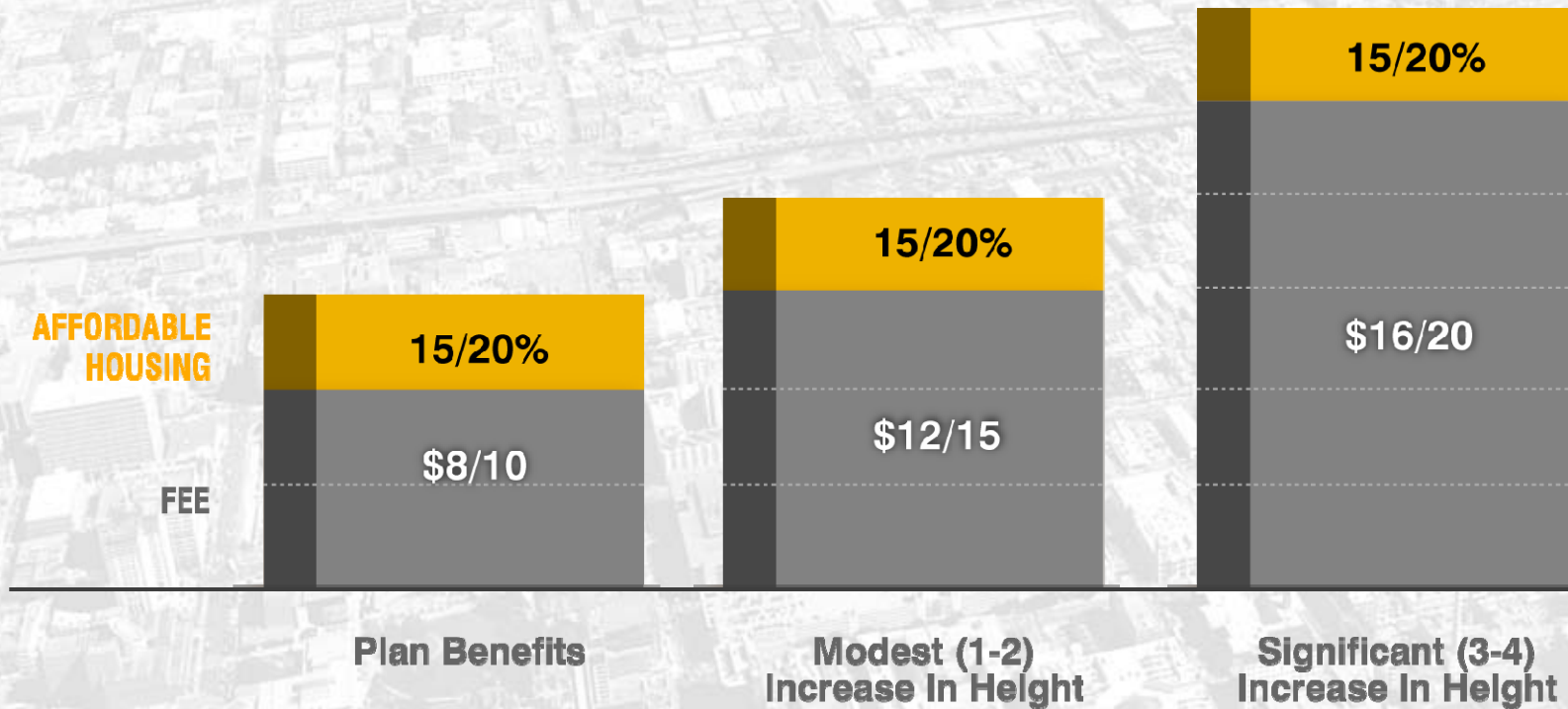
PUBLIC BENEFITS: Funding Methods

Tax Increment Financing

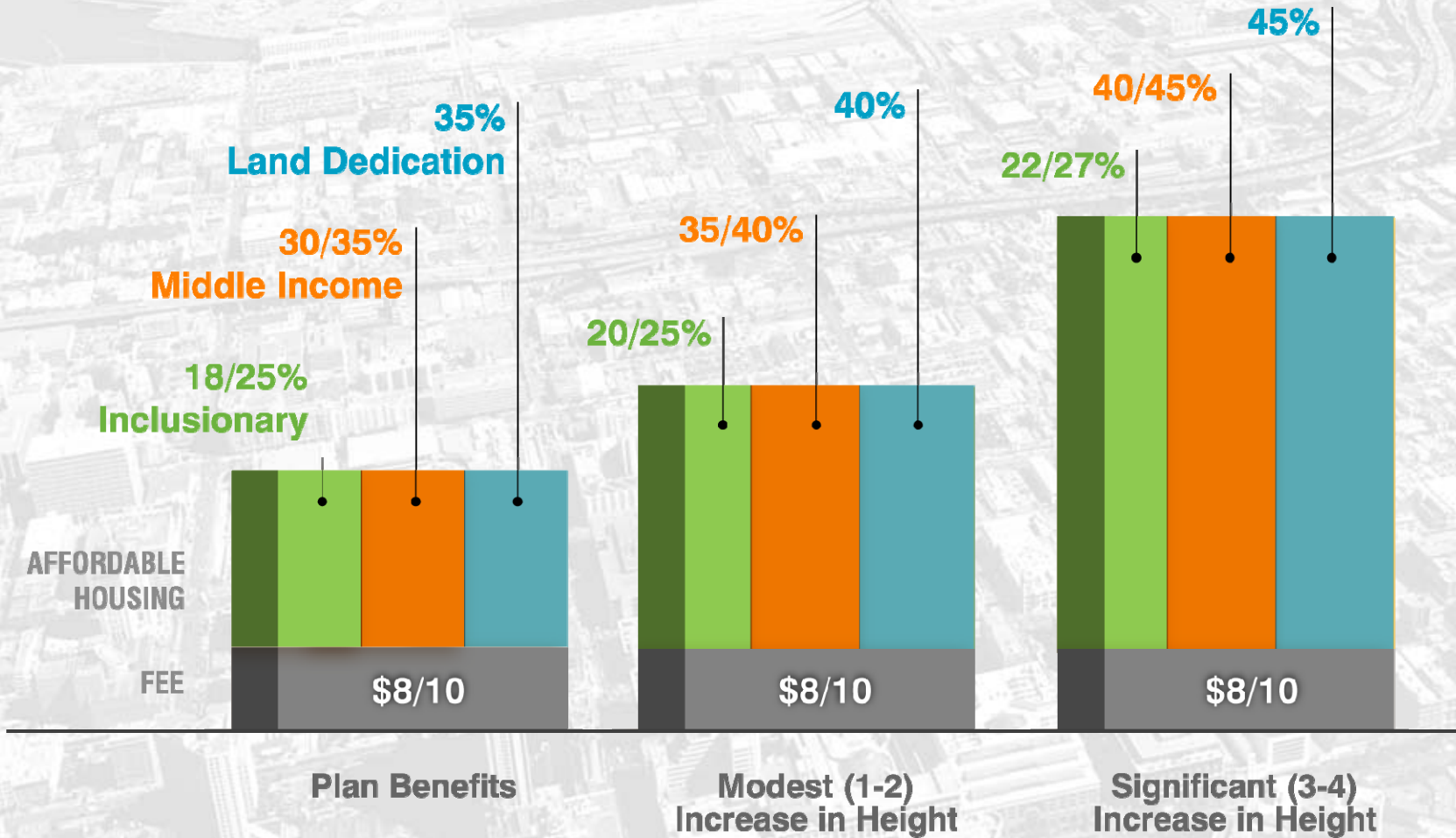


- New development could bring over \$170 million to City's General Fund in next 20 years.
- Provides bonding capacity for \$100-200 million for infrastructure projects

PUBLIC BENEFITS: Residential & Commercial Zones



PUBLIC BENEFITS: Formerly Industrial Zones



PUBLIC BENEFITS: Projected Infrastructure Need

Source	Funding
Secured Funding	\$30-50m
Fee Revenue	\$100-150m
Potential Grants	\$100-125m
Agency Funding	varies
Projected Revenue:	\$245m
<i>Tax increment, Other</i>	<i>\$100-200m</i>
Total Revenue/Need:	\$400m

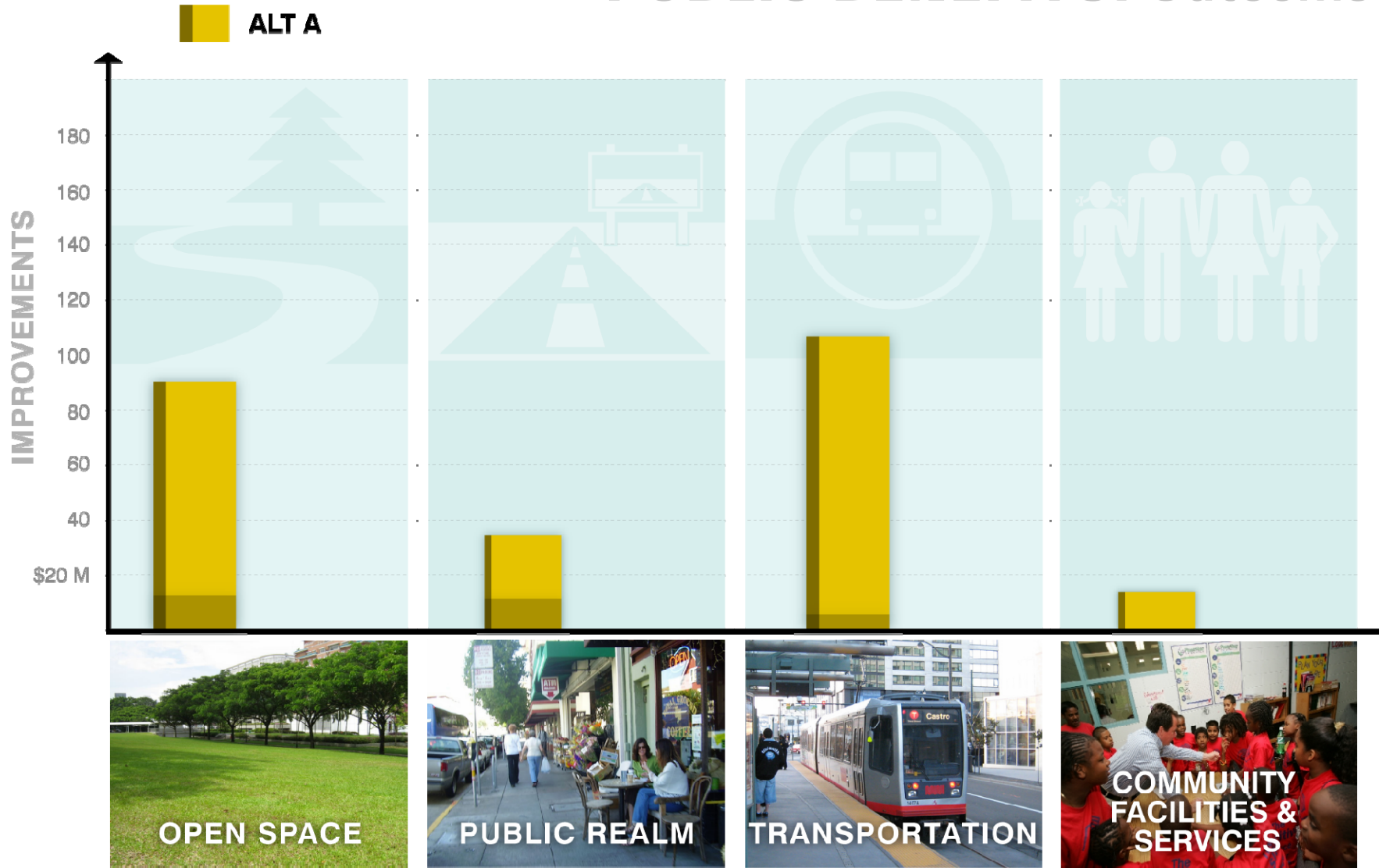
**Assessment Districts can raise \$200-200K annually*

**Grant contributions can increase with continued collaboration with groups like ABAG...*

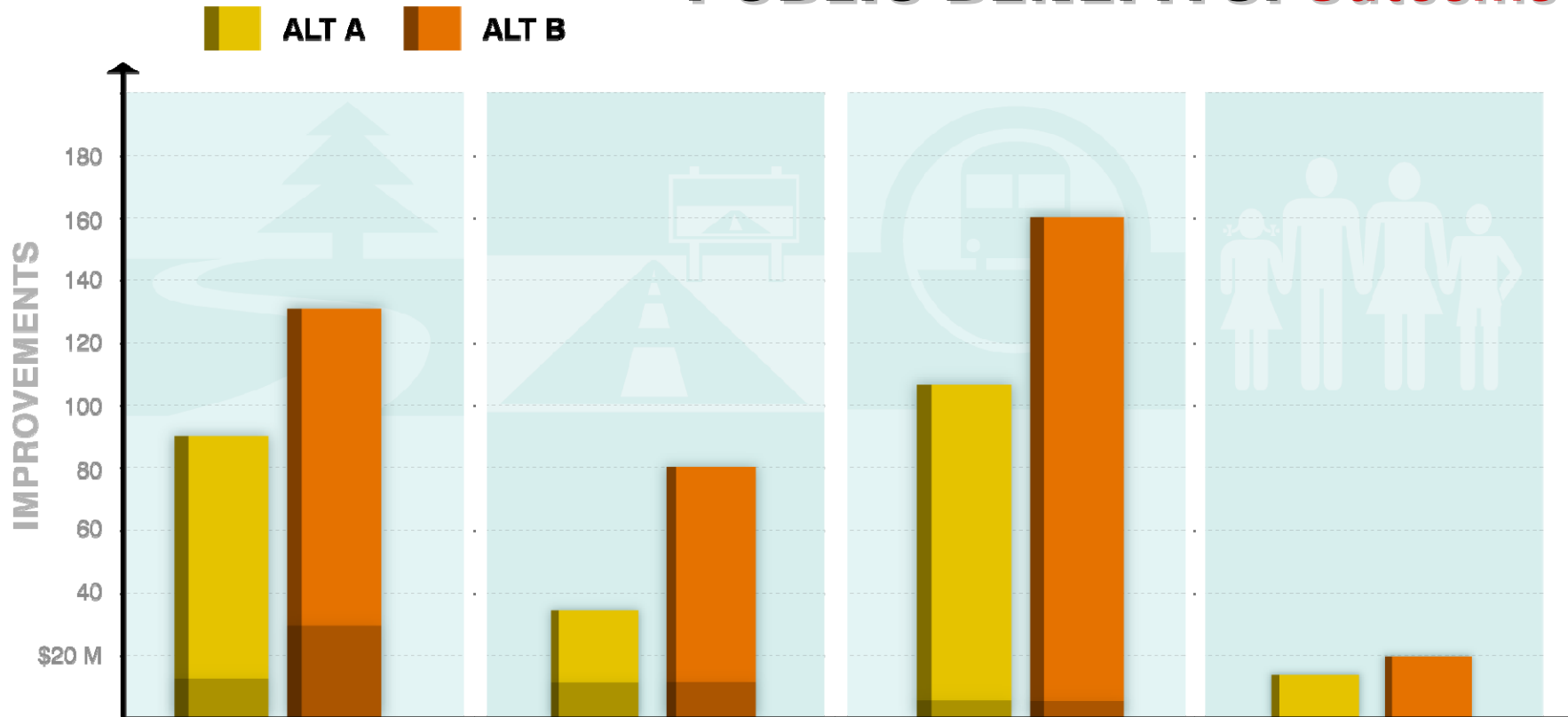
**Opportunities for agency collaboration through Capital Plan, budgeting process*

+ Does not include affordable housing revenue

PUBLIC BENEFITS: Outcome



PUBLIC BENEFITS: Outcome



HOUSING: Policy Questions

1. Why is the fee charged in gross square feet?

- Consistency with other fees.
- Ease of analysis for planners

HOUSING: Policy Questions

2. Why no financial analysis of nonresidential prototypes?

Models inherently volatile - too wide a range of types/values/office classes to estimate meaningfully

While office is increasing as a proposed use throughout the City, not a history of development to build upon (as with residential)

HOUSING: Policy Questions

3. How do we make sure revenues are spent according to Plan?

Plan Monitoring required:

- Monitor progress towards Plan objectives and policies, against matrix of implementation actions.
- Measure growth against needed improvements.
- Checks built in for agency compliance, status of new programs such as Middle Income option, etc.

HOUSING: Policy Questions

4. Why is there no fee for the removal of PDR?

Plan prevents displacement of PDR through other avenues:

1. Land use/PDR only zones
2. PDR incentives: waiver of impact fees.
3. High affordability requirements, impact fees in PDR/mixed use areas (UMU).
4. PDR demolition controls in PDR zones

Exactions structured to incentivize reuse of vacant land, preserve viable uses. In most cases, viable PDR will be maintained.

HOUSING: Policy Questions

5. What are we doing to implement the Plans now?

- Continue to work on grant applications - progress so far.
- Exploration of tax increment financing underway.
- Financing working group led my MOEWD.

Discussion