

# EASTERN NEIGHBORHOODS

ADOPTION HEARING 2:  
PLACES TO LIVE & PUBLIC BENEFITS



SAN FRANCISCO  
**PLANNING**  
DEPARTMENT

JUNE 5, 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

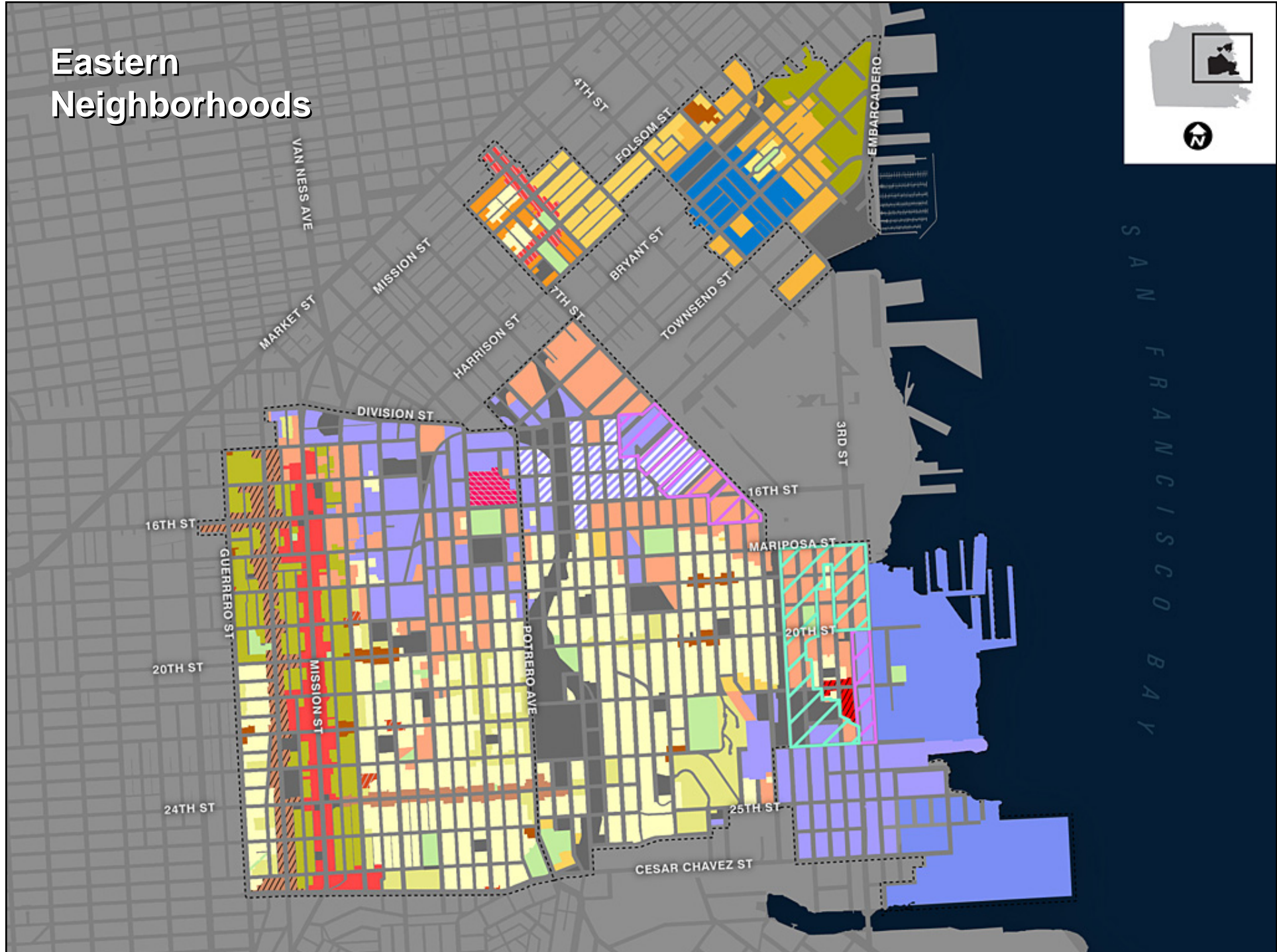
# Places for Housing, Public Benefits: **Today's Agenda**

- **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



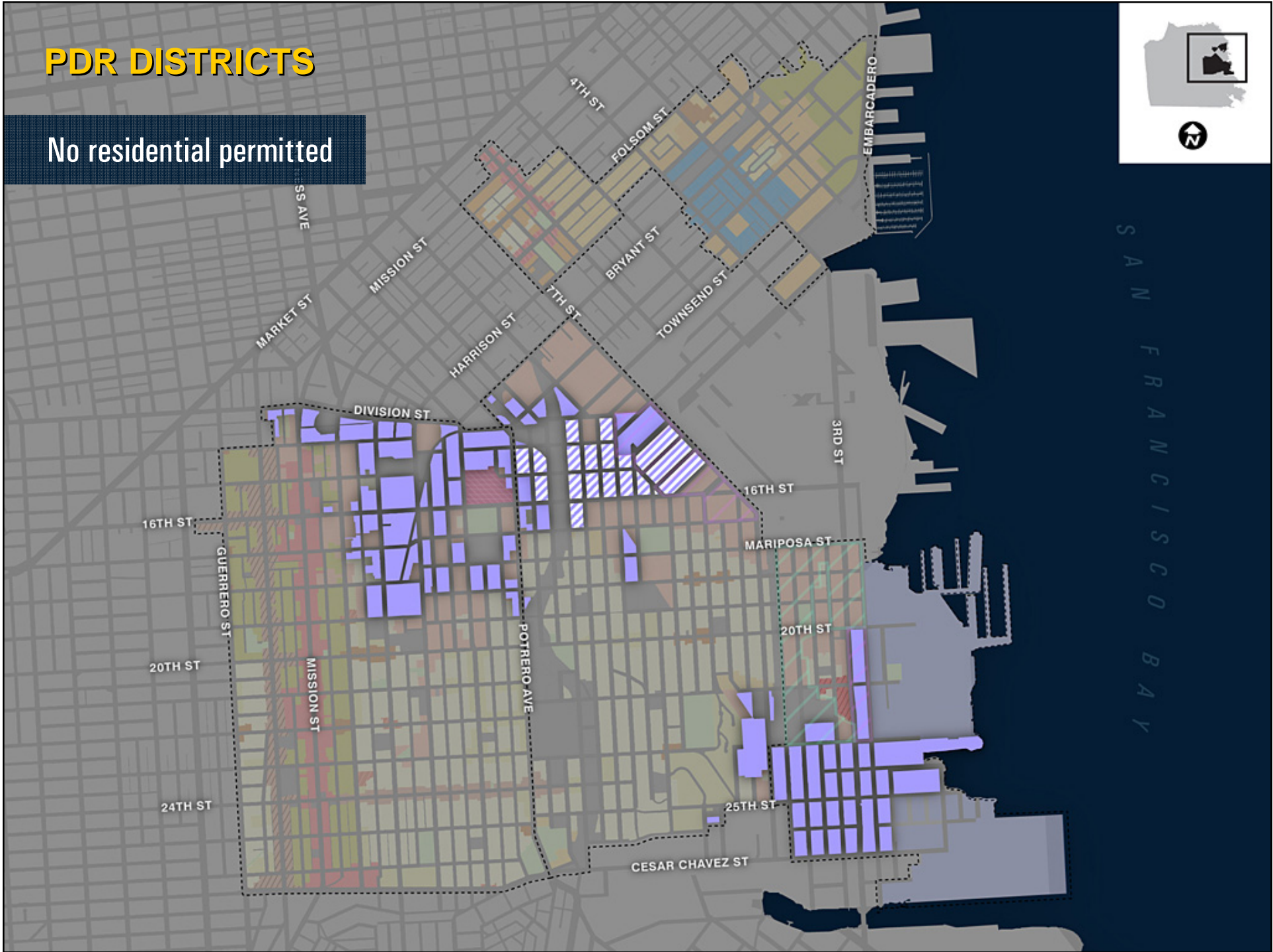


# Eastern Neighborhoods



# PDR DISTRICTS

No residential permitted

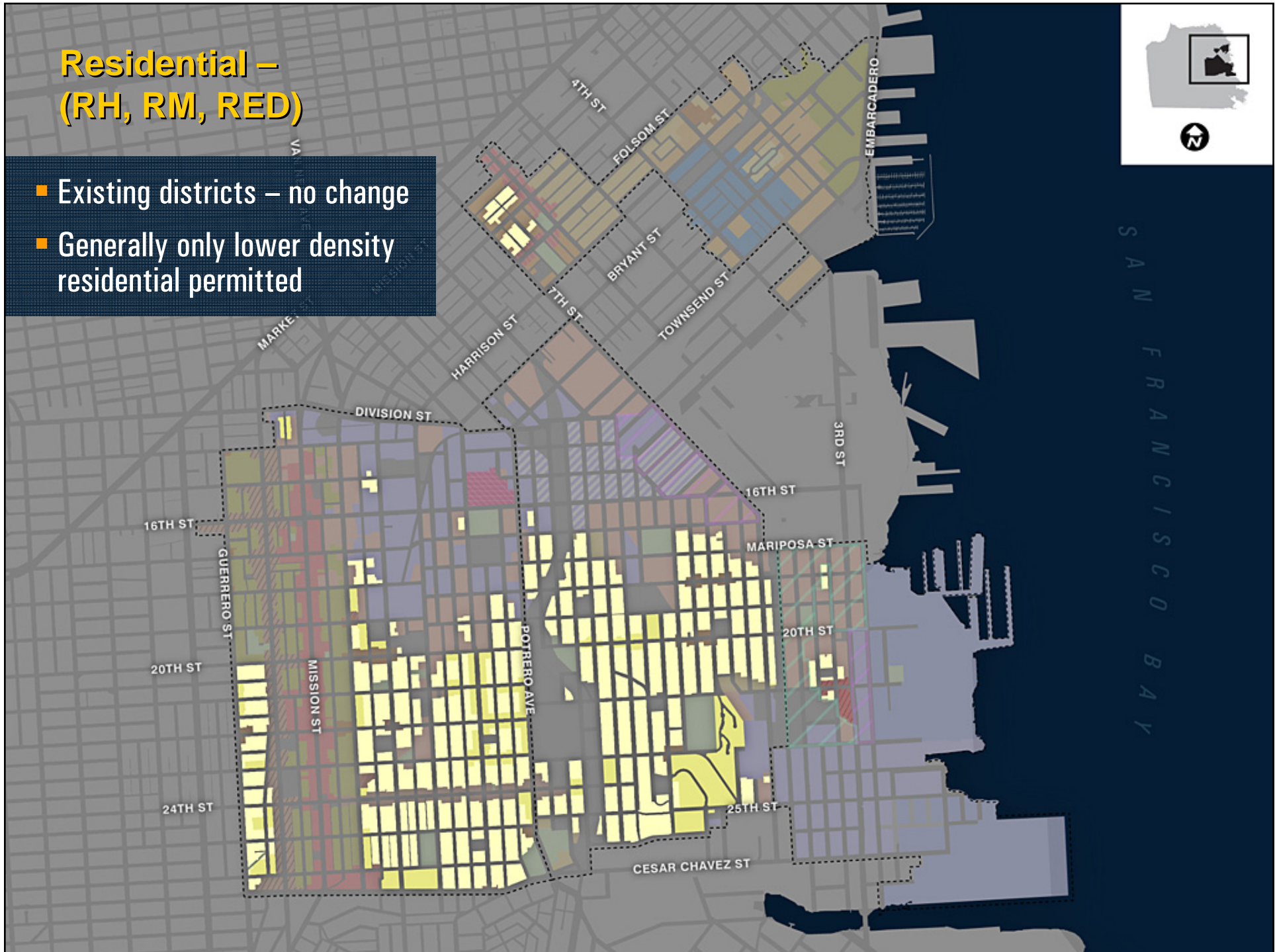






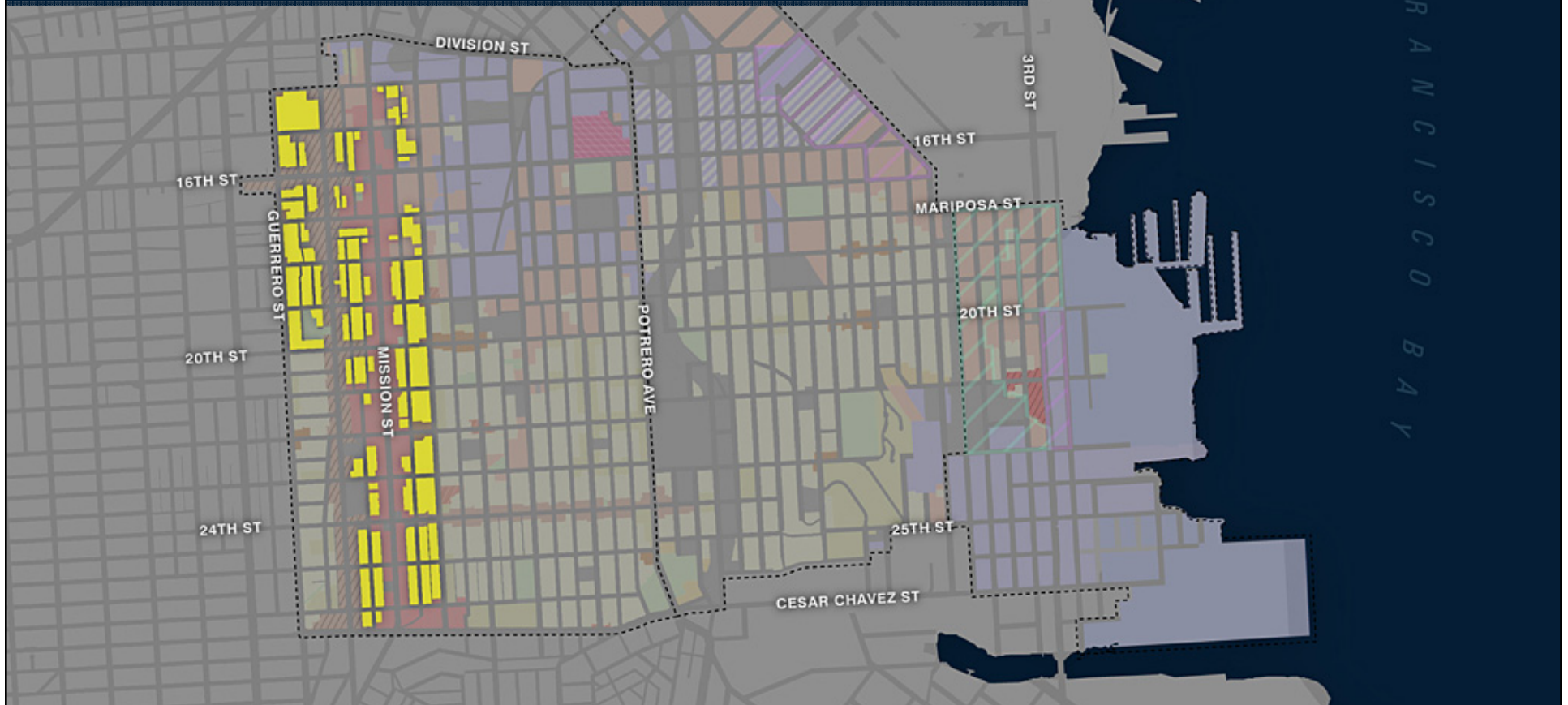
## Residential – (RH, RM, RED)

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



## Residential Transit Oriented (RTO)

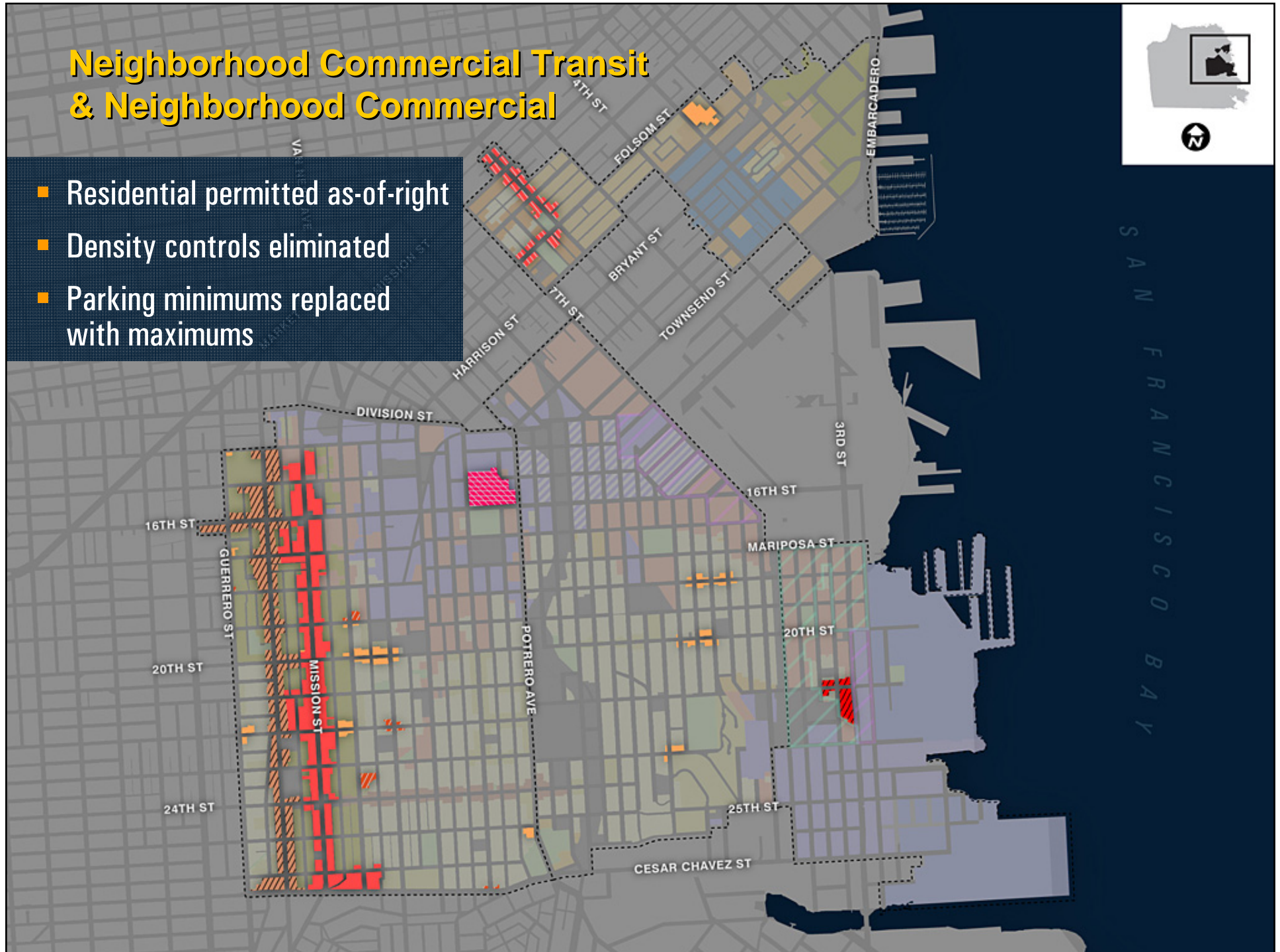
- Residential permitted as-of-right
- Density controls eliminated (but “soft cap” in place)
- Parking minimums replaced with maximums
- Small retail allowed on corner parcels
- Discussions ongoing about reconciling RTO and RED categories





# Neighborhood Commercial Transit & Neighborhood Commercial

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

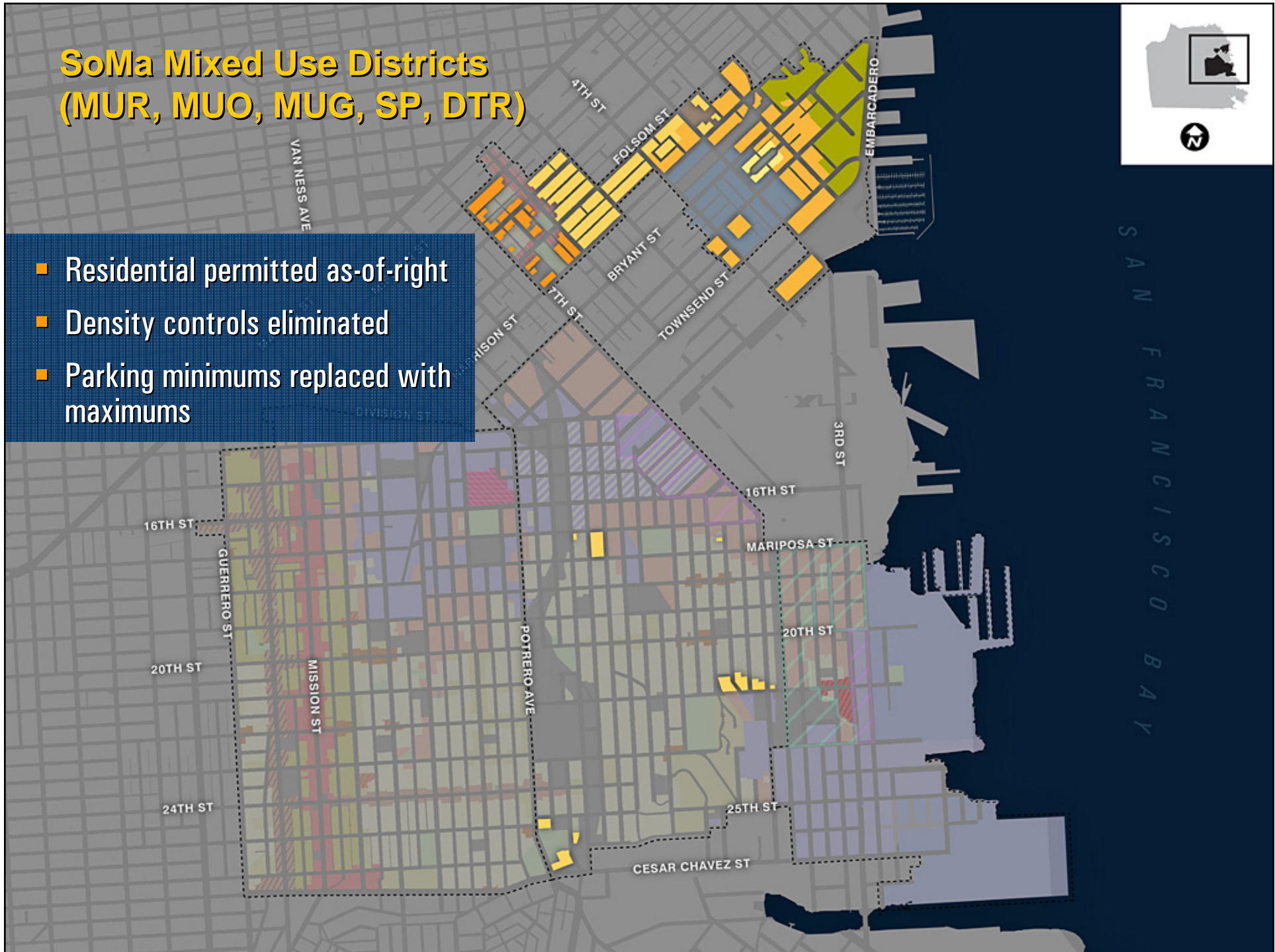


SAN FRANCISCO BAY



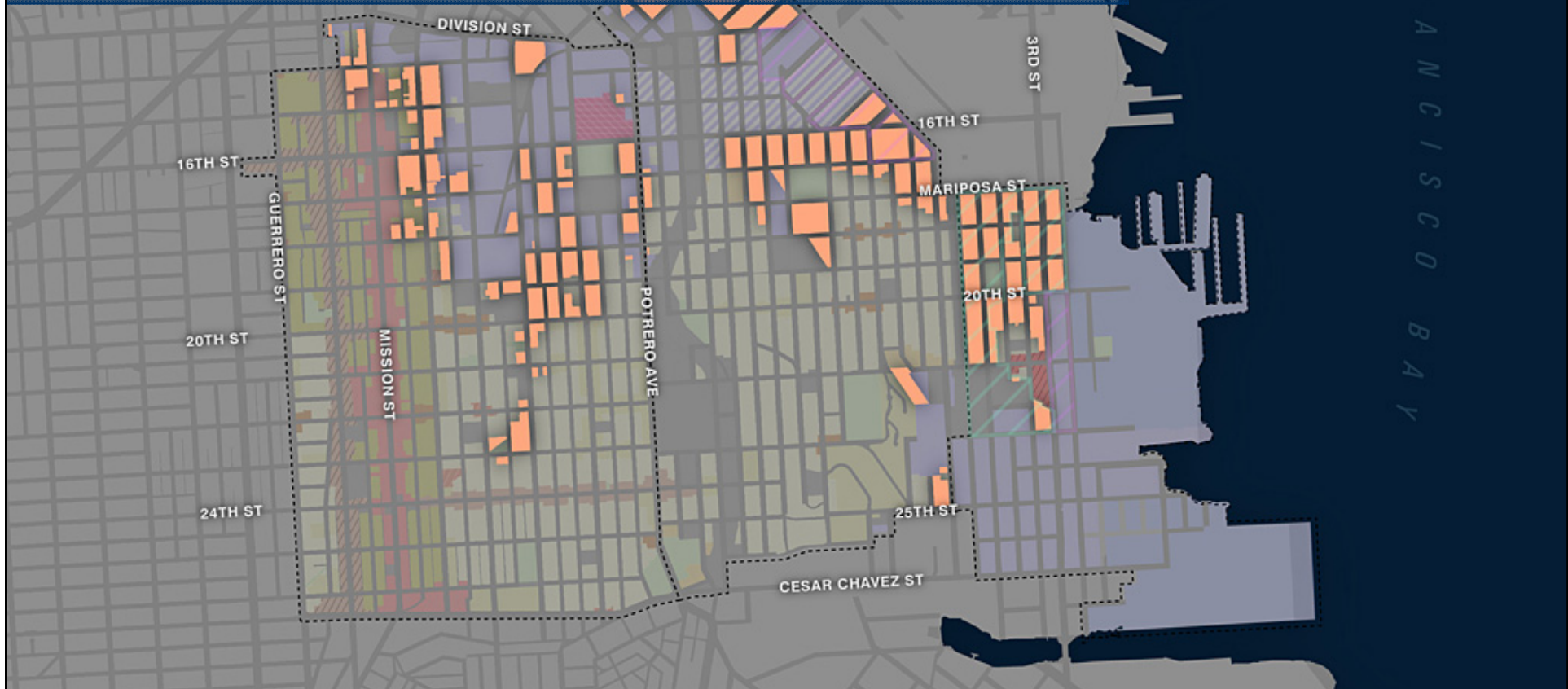
# SoMa Mixed Use Districts (MUR, MUO, MUG, SP, DTR)

- 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





# Commissioner 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





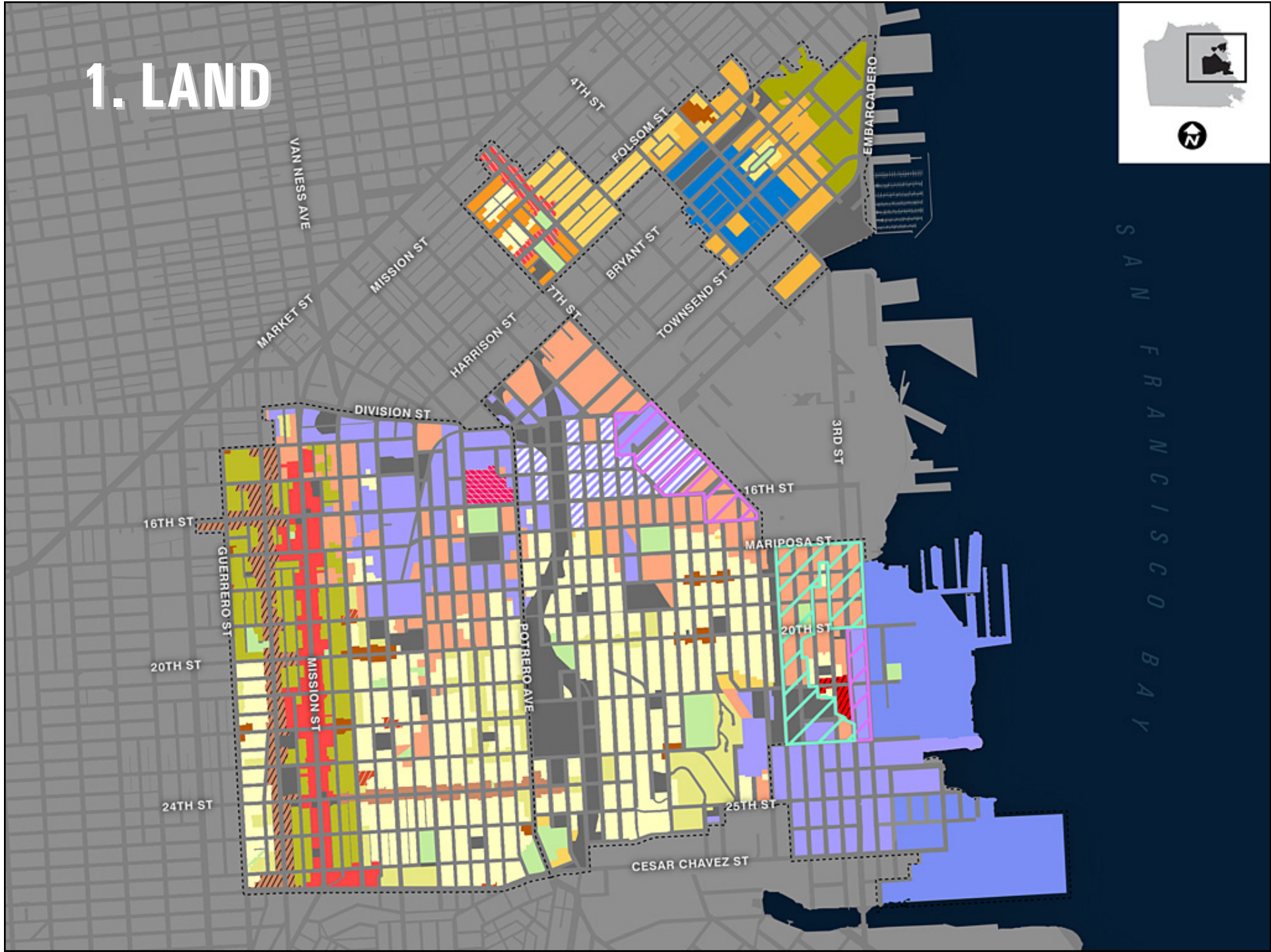
# HOUSING: Policy Goals

## 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:*

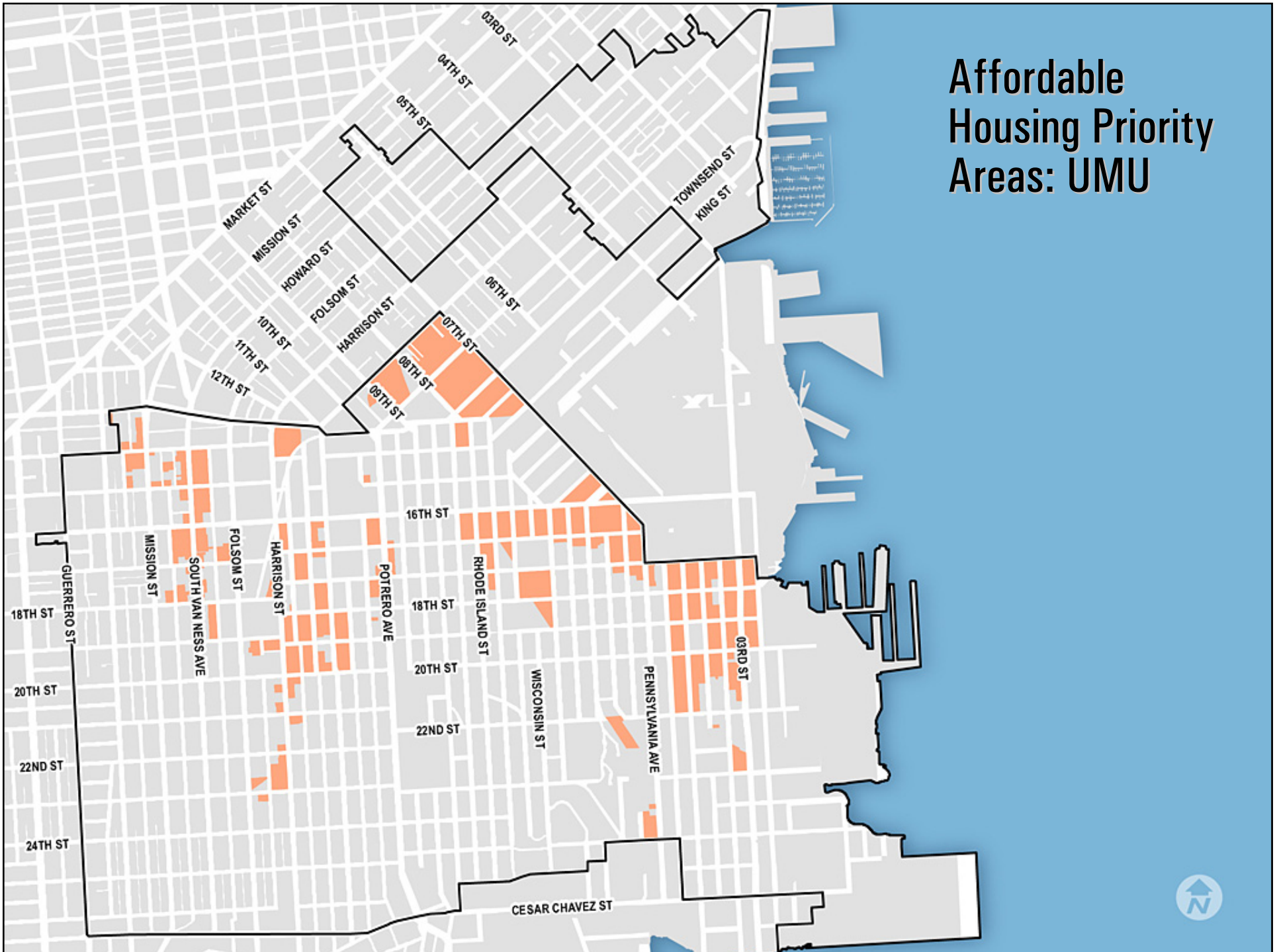
- Increased inclusionary requirements
- Land dedication alternative
- Middle income housing program
- Impact fee revenue: MUR and Mission NCT

#### *Citywide:*

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



# Affordable Housing Priority Areas: UMU

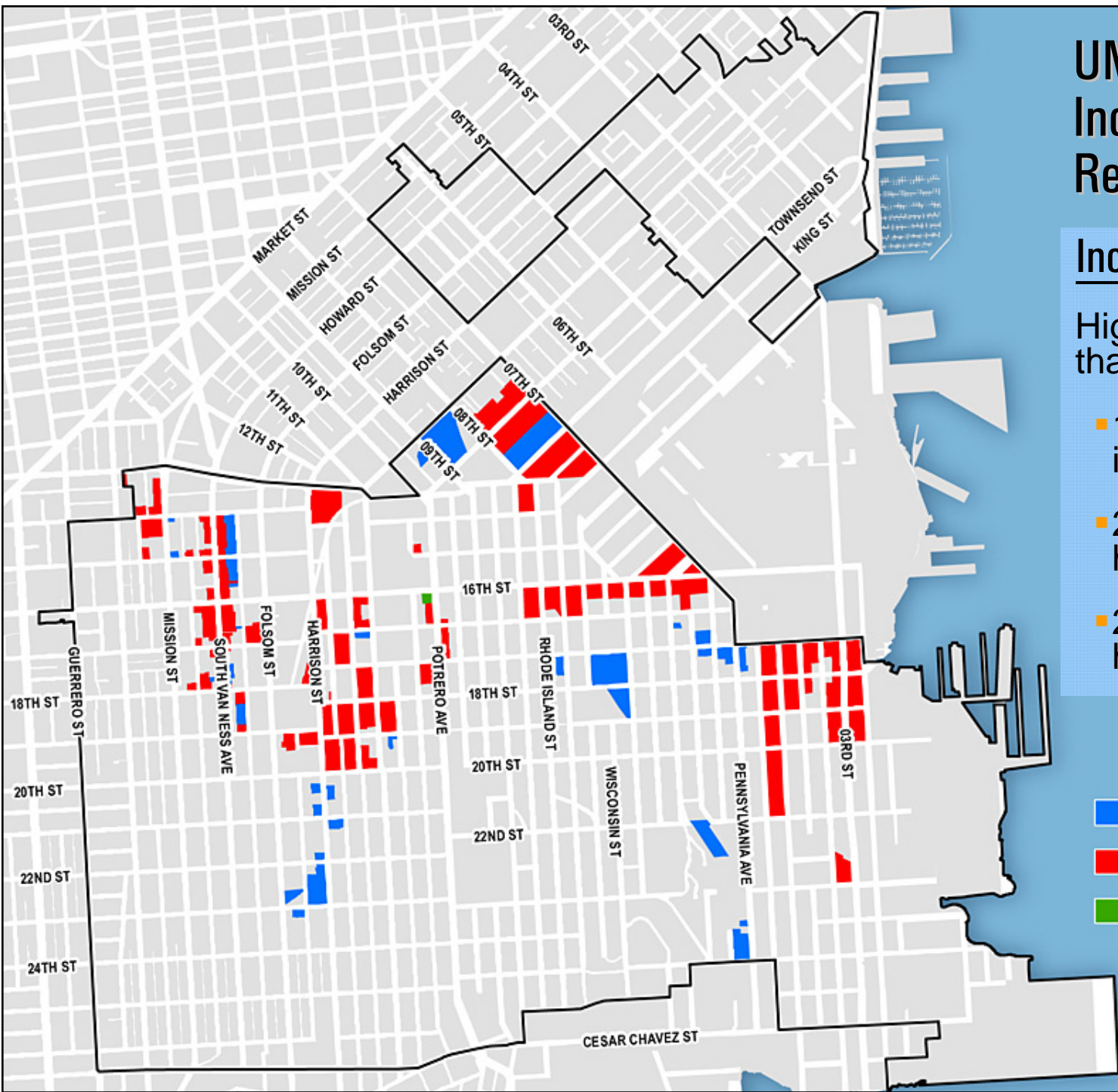


# UMU: Increased Inclusionary Requirements

## 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

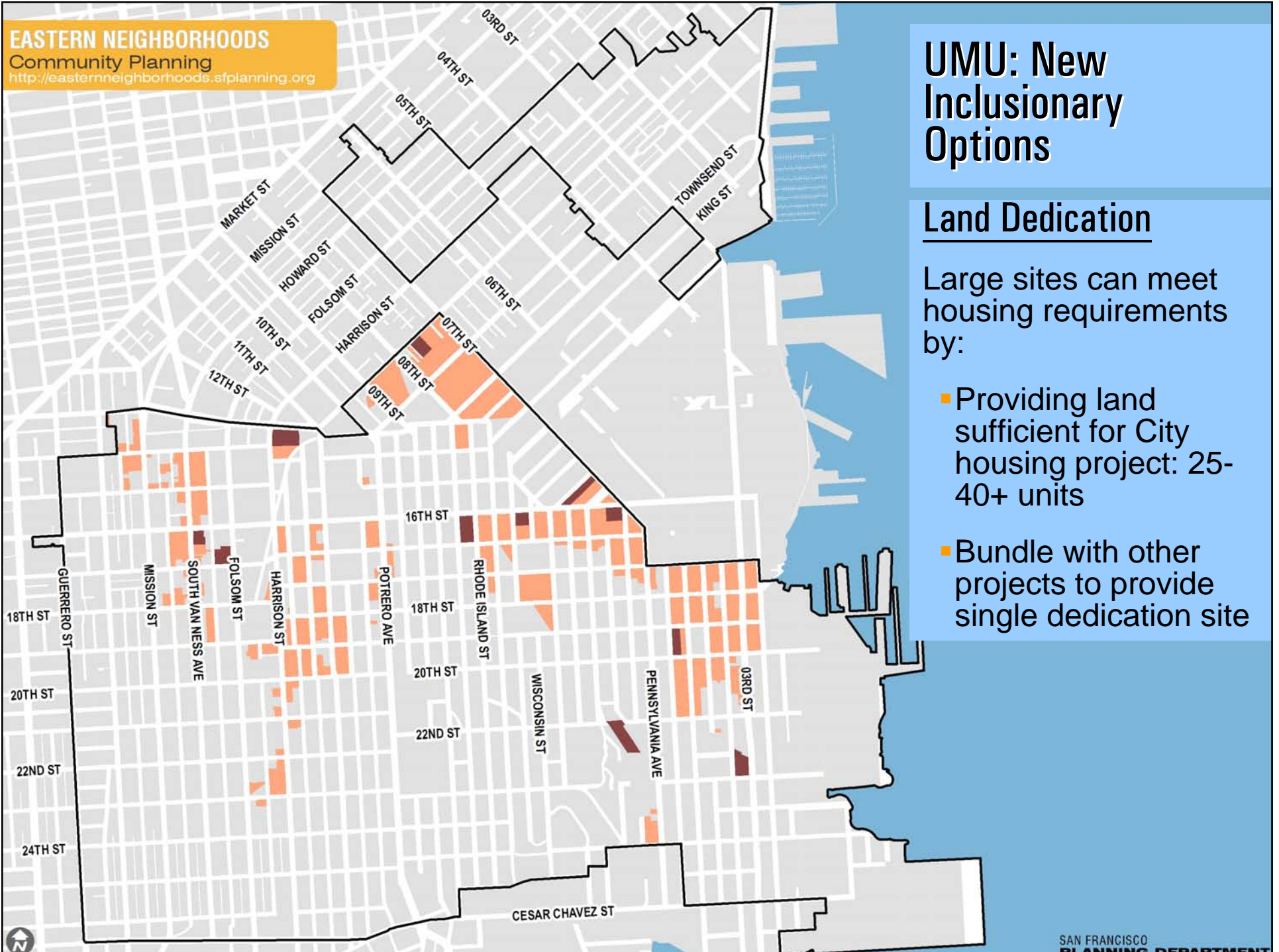




## EASTERN NEIGHBORHOODS

Community Planning

<http://easternneighborhoods.sfplanning.org>



## UMU: New Inclusionary Options

### Land Dedication

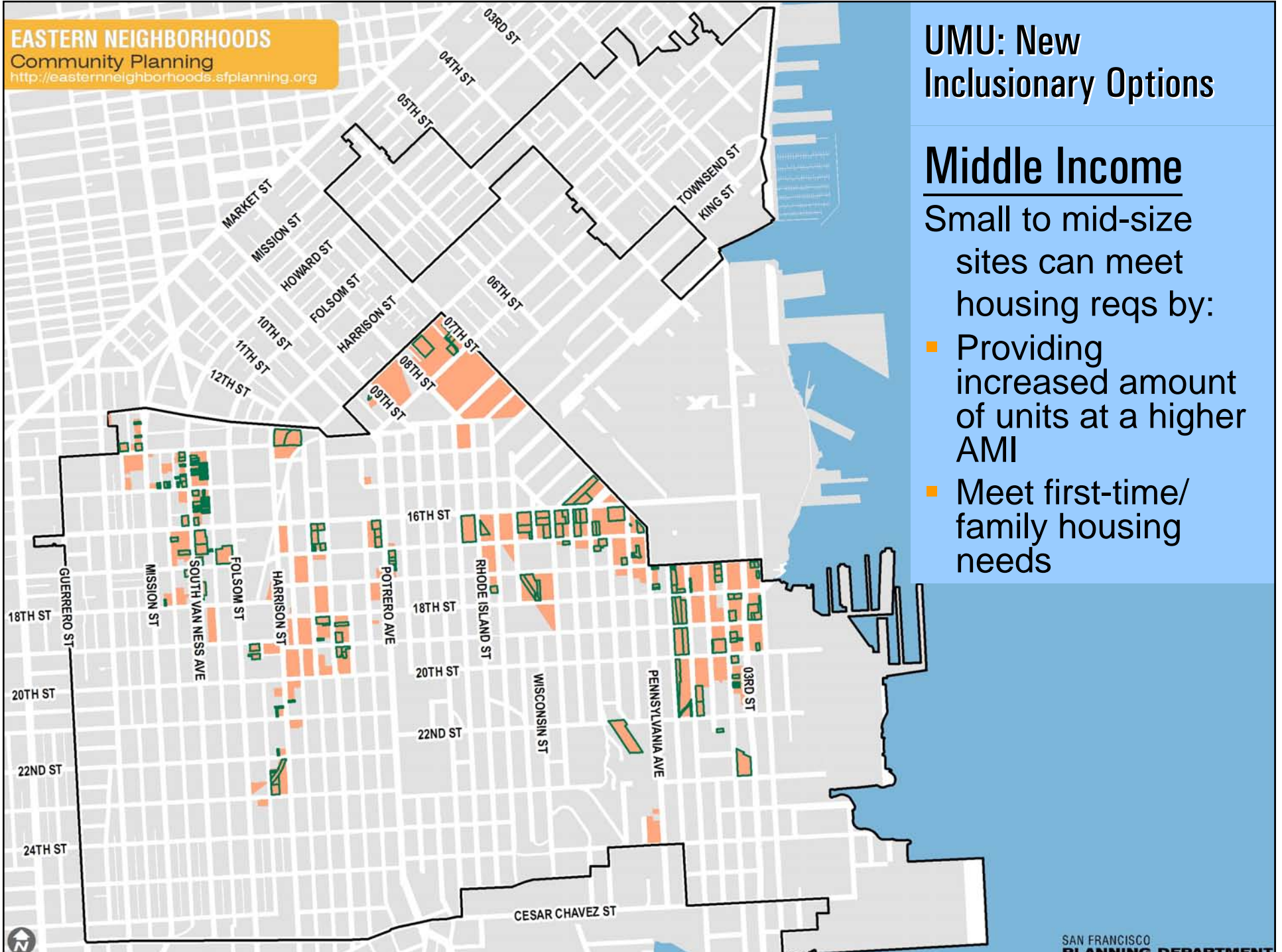
Large sites can meet housing requirements by:

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

## EASTERN NEIGHBORHOODS

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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

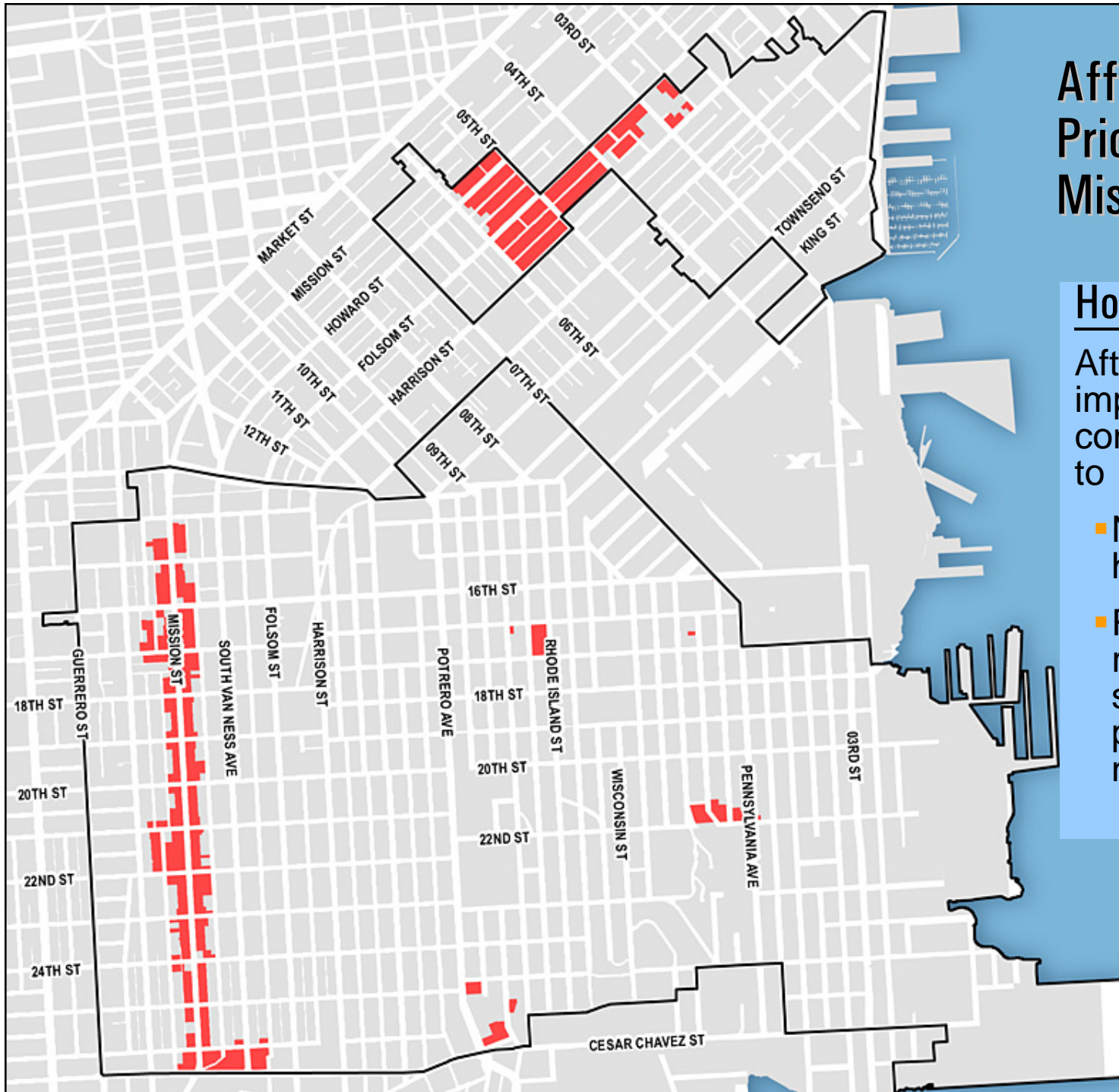


# Affordable Housing Priority Areas: Mission NCT, MUR

## 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

<b>Example Site 4-R</b>	
Size	20,000 SF
Inclusionary Housing	<b>30% Middle Income Units, Family Size Required</b>
<b>Changes</b>	
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	<b>\$10/NRSF</b>
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



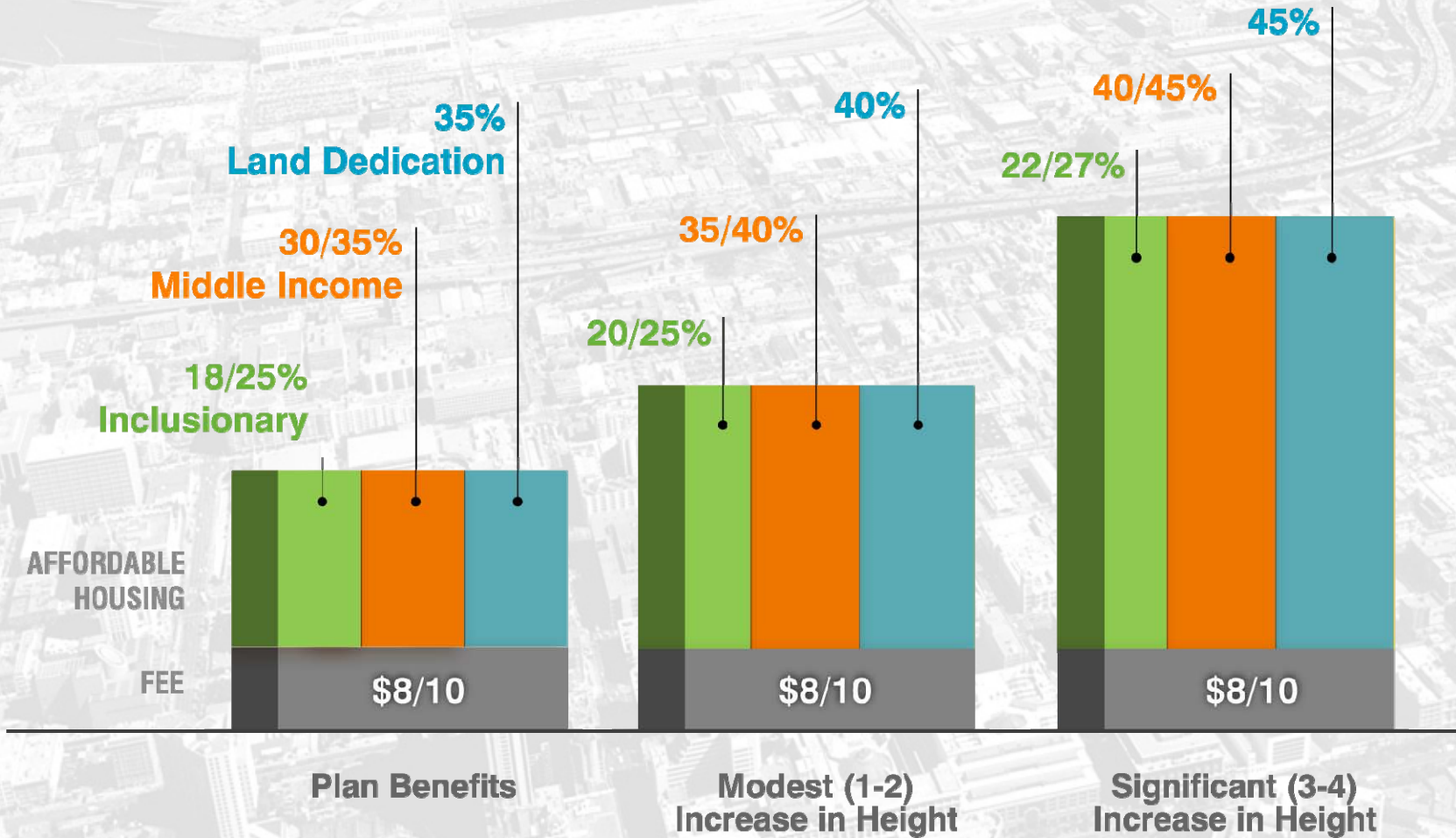
# HOUSING: Policy Outcome

## 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

Neighborhood	Potential Units	Affordable Units
Market Rate	2025	3025
Inclusionary	250	525
Land Dedication	215	n/a
Middle Income	285	n/a
MOH Funded	700	450
	<b>3500 new units, 42% affordable</b>	<b>4000 new units, 25% affordable</b>

***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.

# Commissioner 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

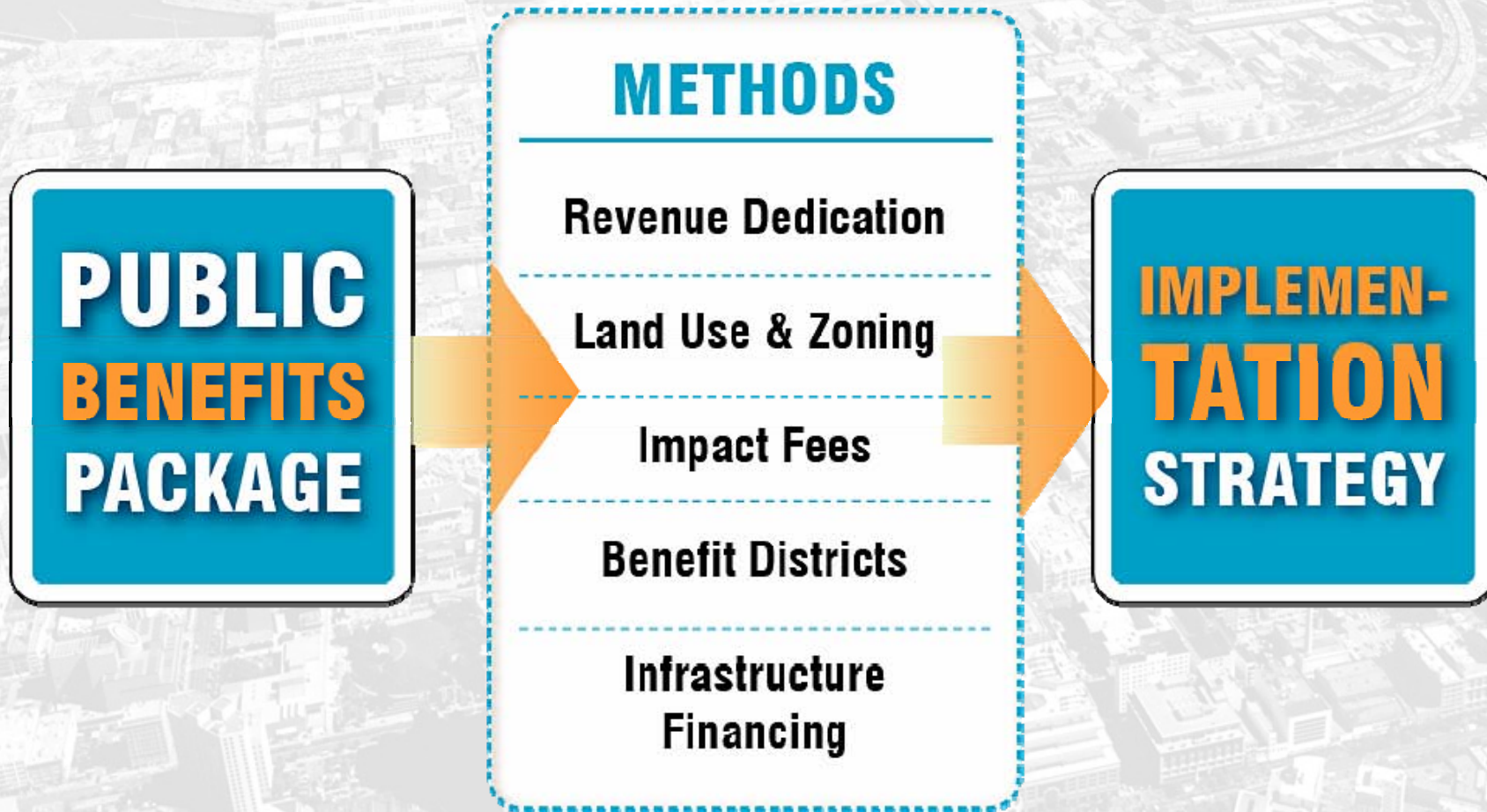
- Key Findings:

Analysis Categories	Need Factor	
<b>Open Space, Parks and Rec Facilities</b>		
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	
<b>Education (Schools)</b>		
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	
<b>Library Facilities and Materials</b>		
Public Libraries (New Facilities)	Branch library within 1 mile	
Public Libraries (Materials)	New materials and improvements	
<b>Child Care</b>		
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

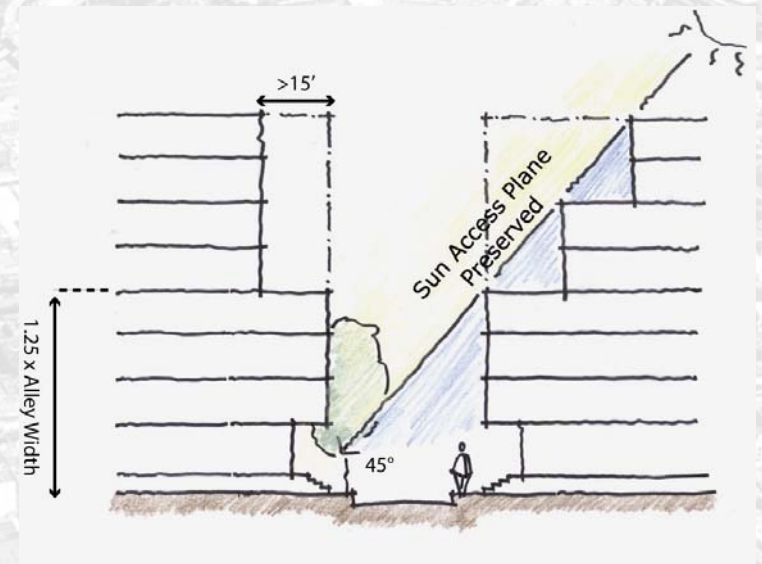




# PUBLIC BENEFITS: Funding Methods

## New Sources

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

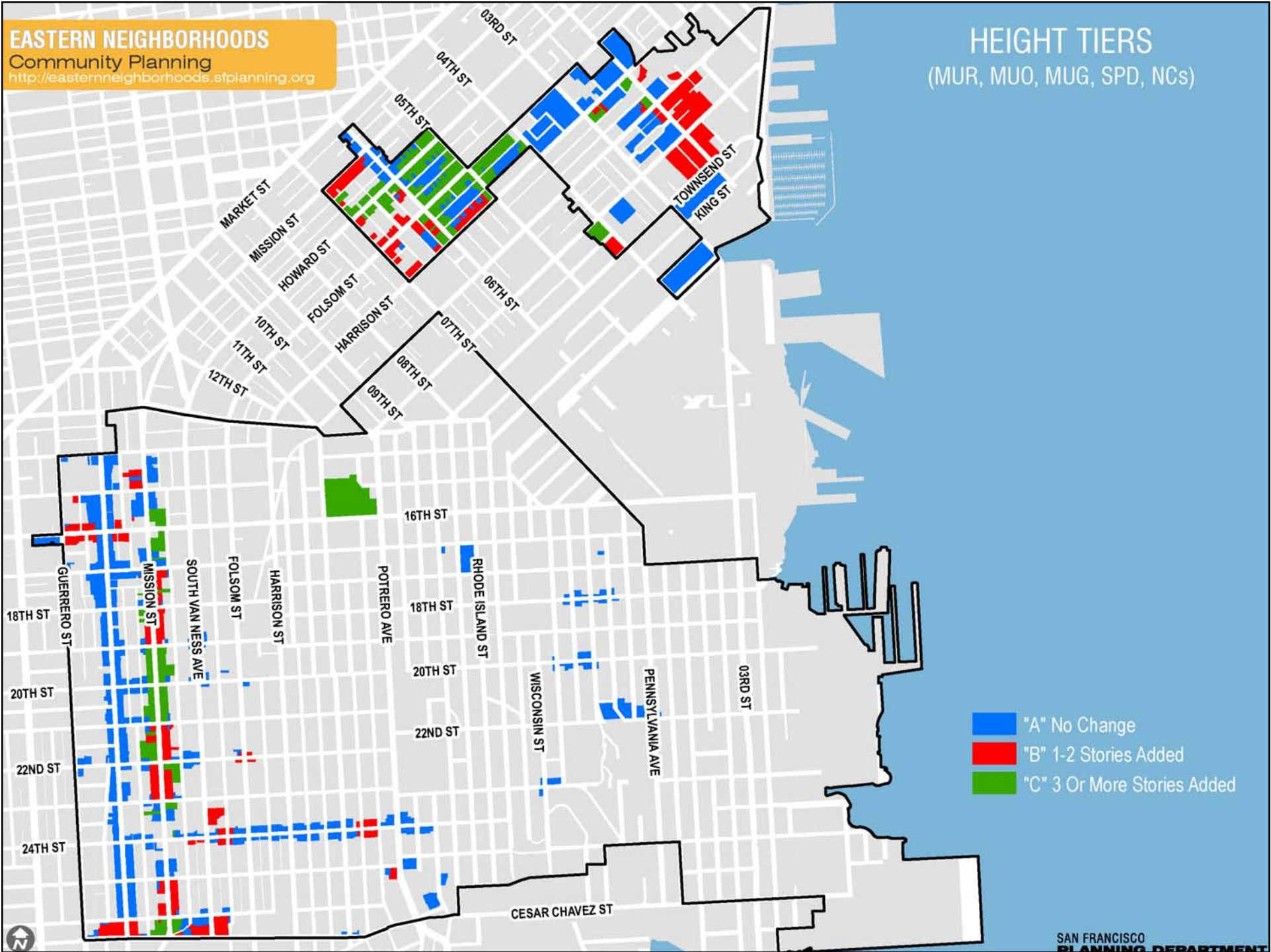


**IMPACT FEE**

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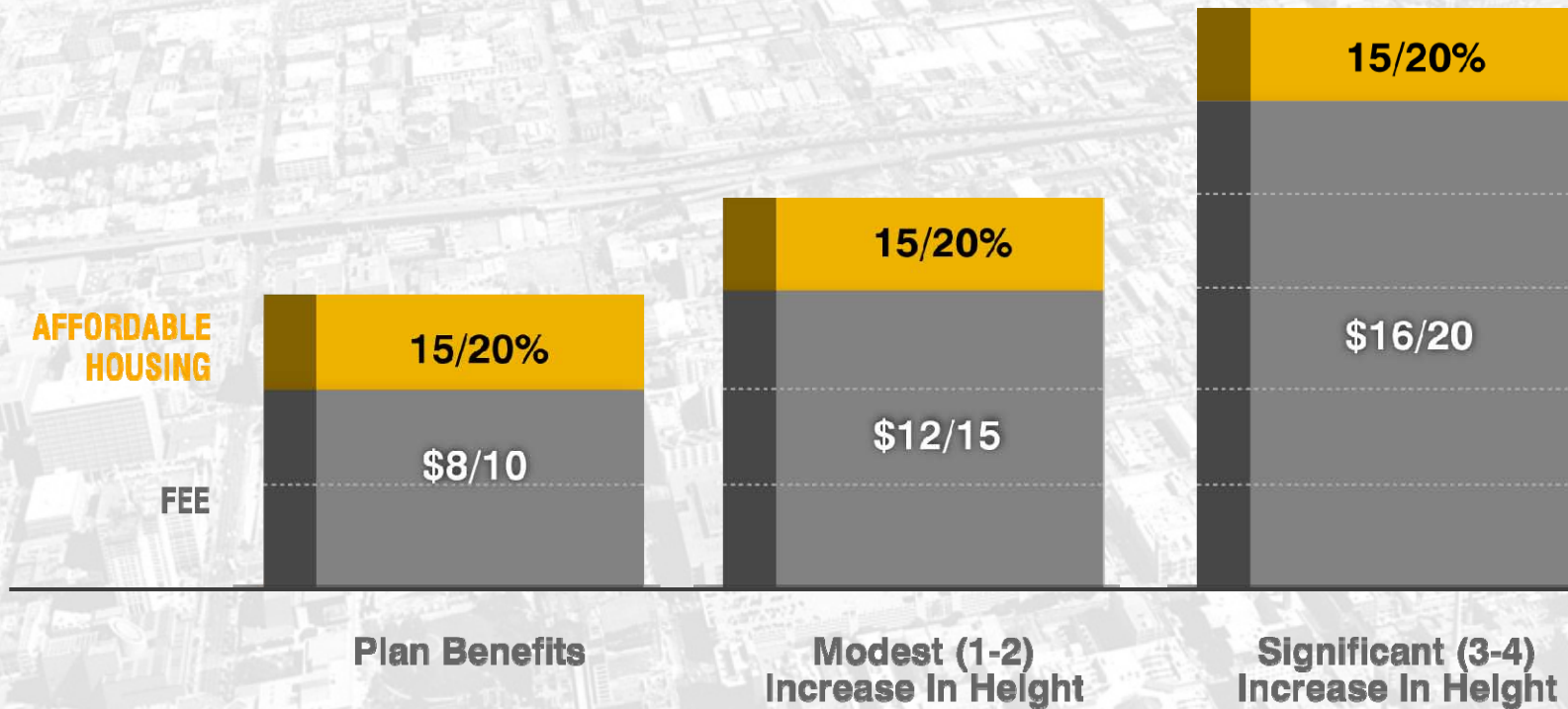
## HEIGHT TIERS (MUR, MUO, MUG, SPD, NCs)



- "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	<b>15% Inclusionary Required</b>
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	<b>\$10/NRSF</b>
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**

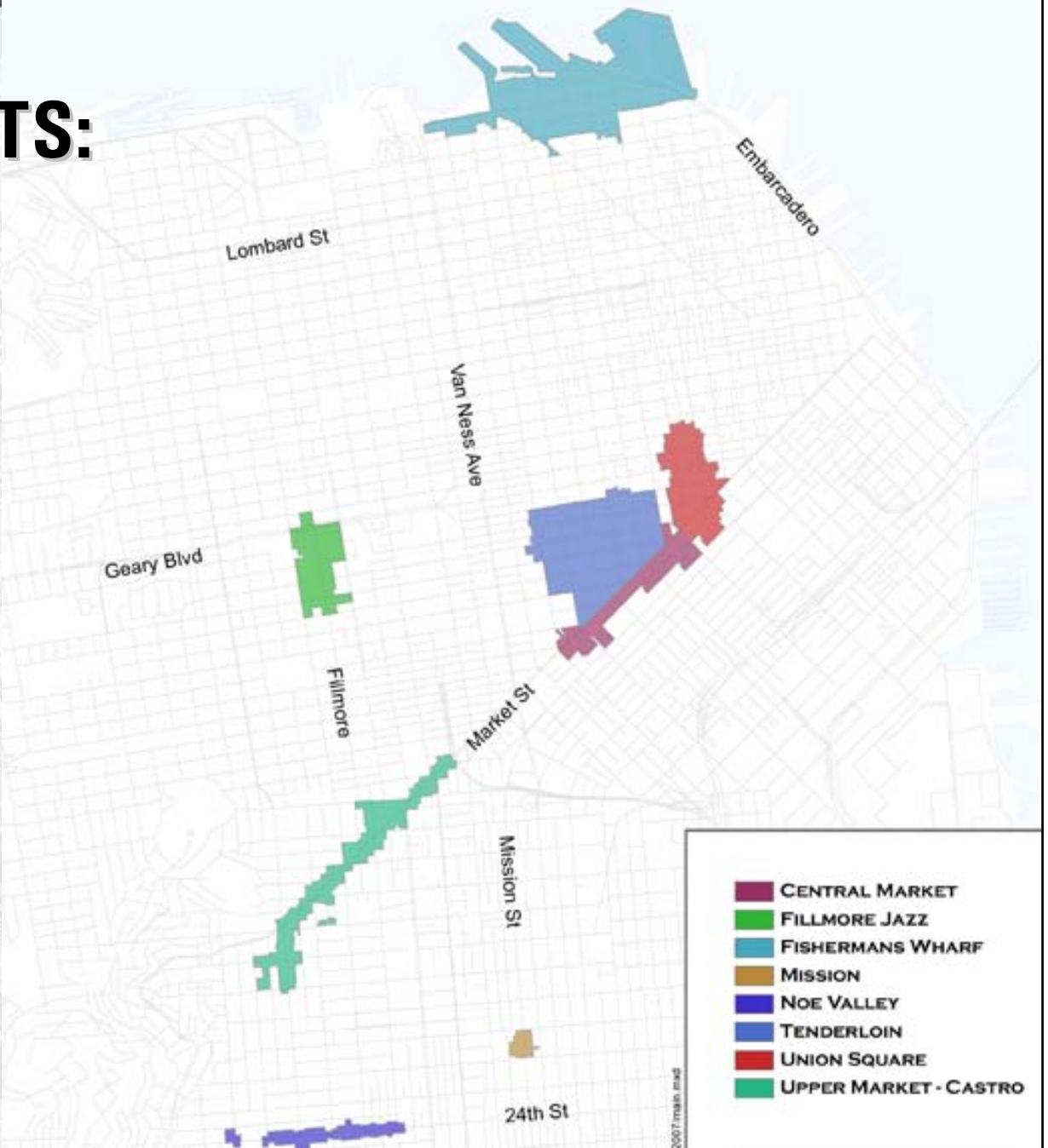
- Grants
- Mello Roos/ Community Facility Districts
- Benefit / Assessment Districts
- Tax Increment Financing



# PUBLIC BENEFITS: Funding Methods

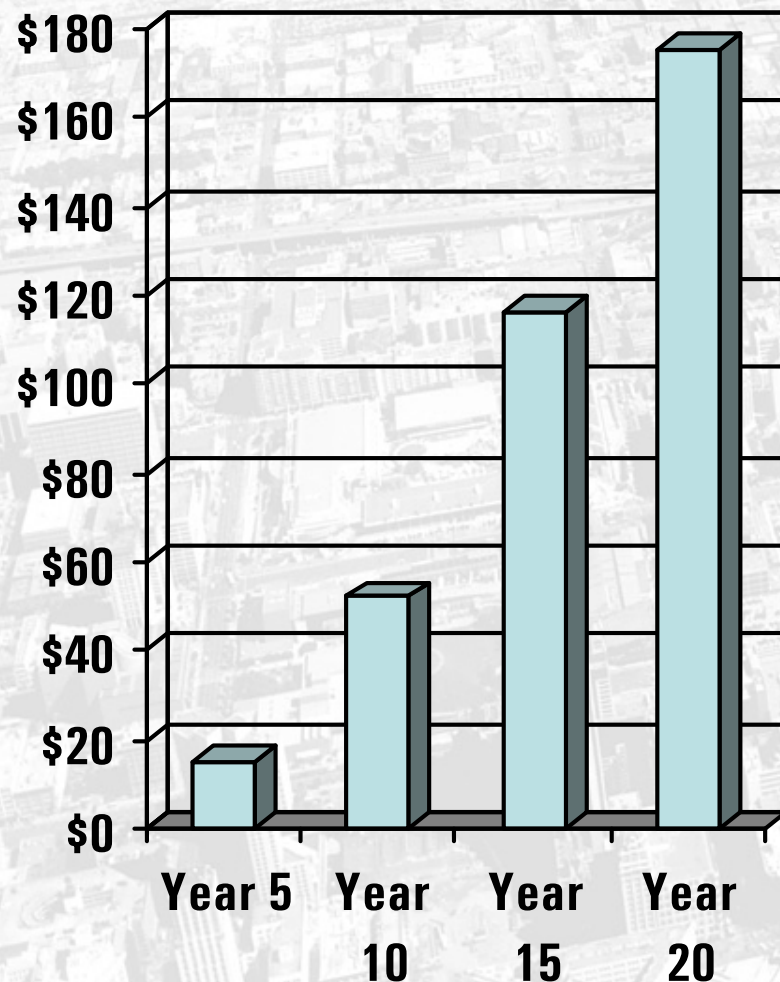
Community  
Benefit &  
Assessment  
Districts

## COMMUNITY BENEFIT DISTRICTS CITY AND COUNTY OF SAN FRANCISCO



# PUBLIC BENEFITS: Funding Methods

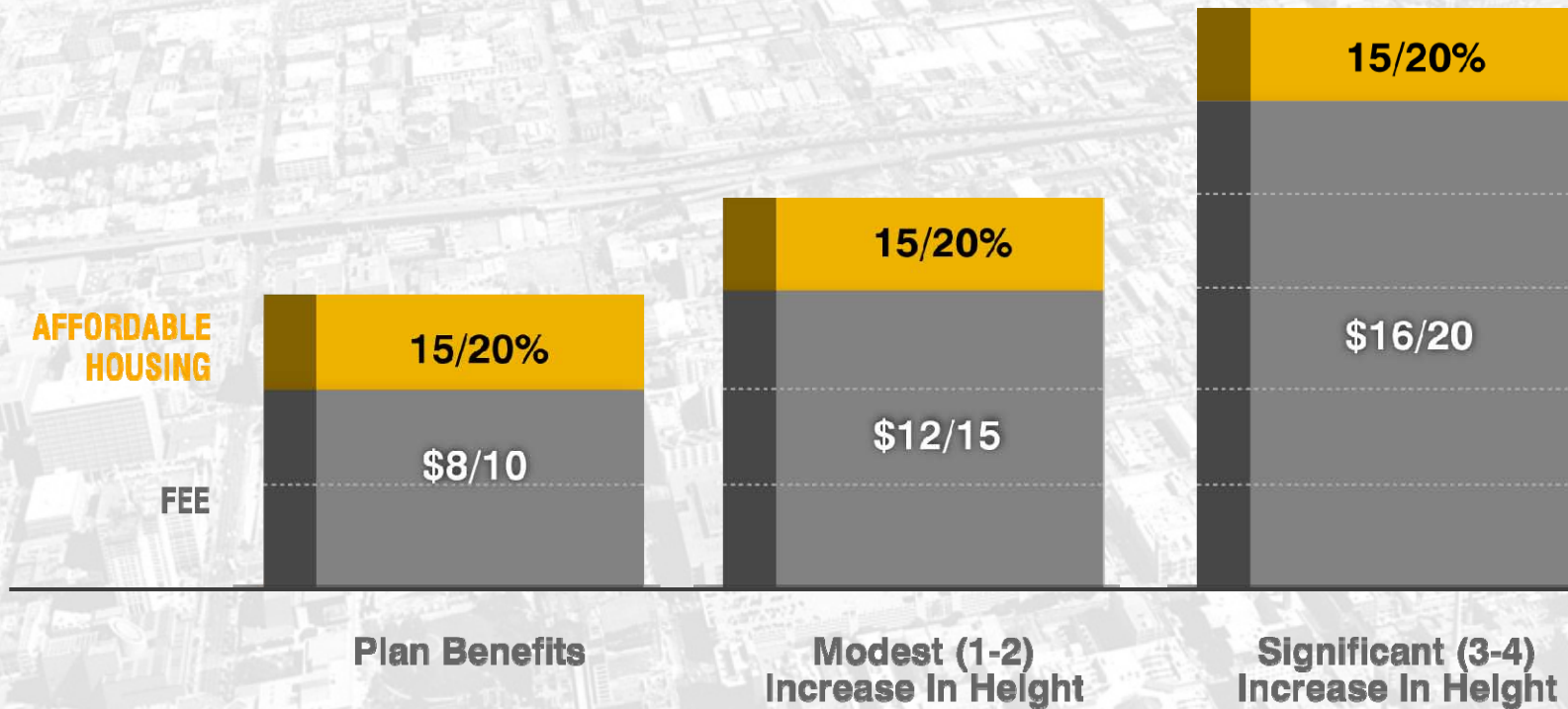
## Tax Increment Financing



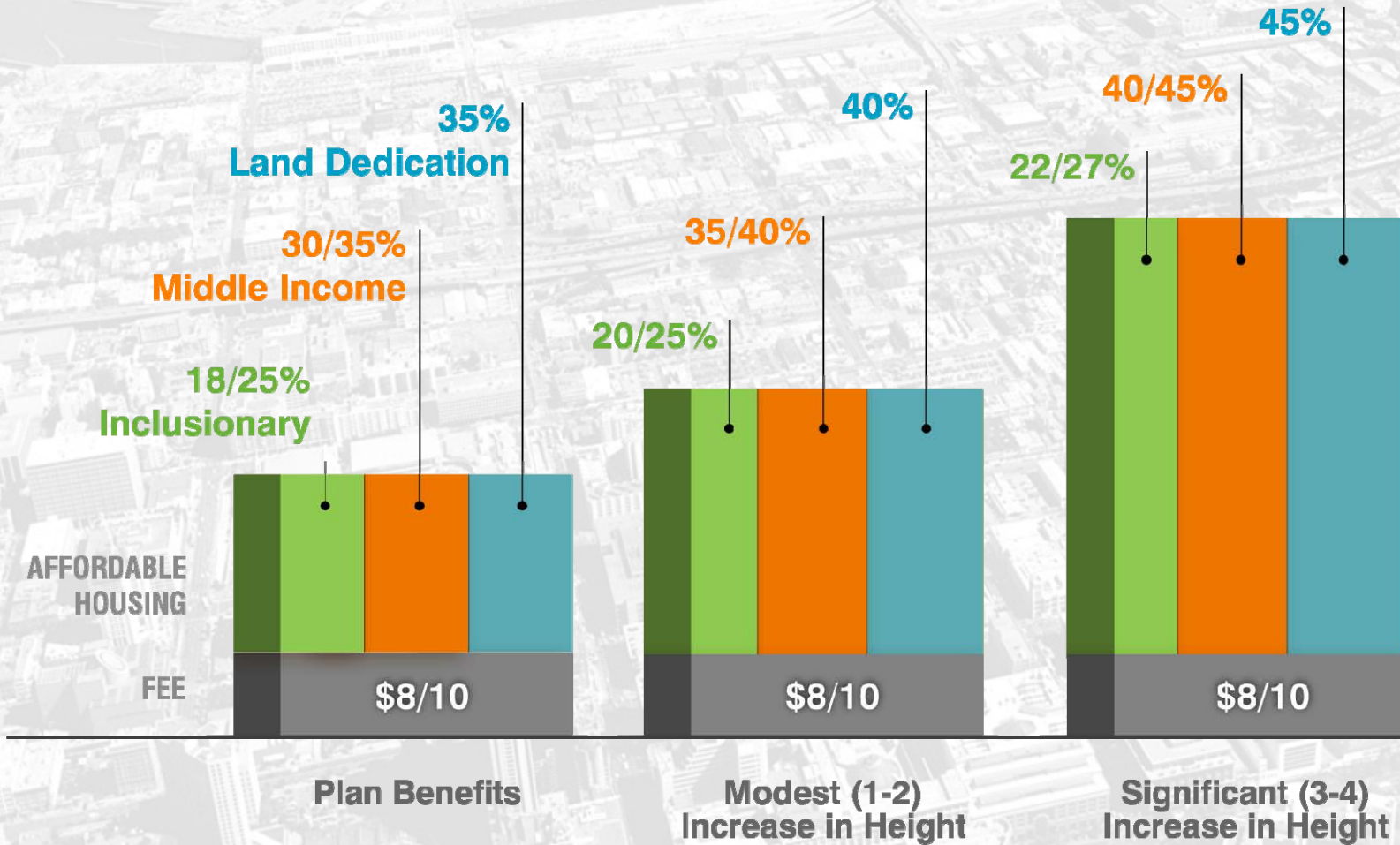
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- New development could bring over \$170 million to City's General Fund in next 20 years.
  - Provides bonding capacity for \$100-200 million for infrastructure projects



# 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
<b>Projected Revenue:</b>	<b>\$245m</b>
<i>Tax increment, Other</i>	<i>\$100-200m</i>
<b>Total Revenue/Need:</b>	<b>\$400m</b>

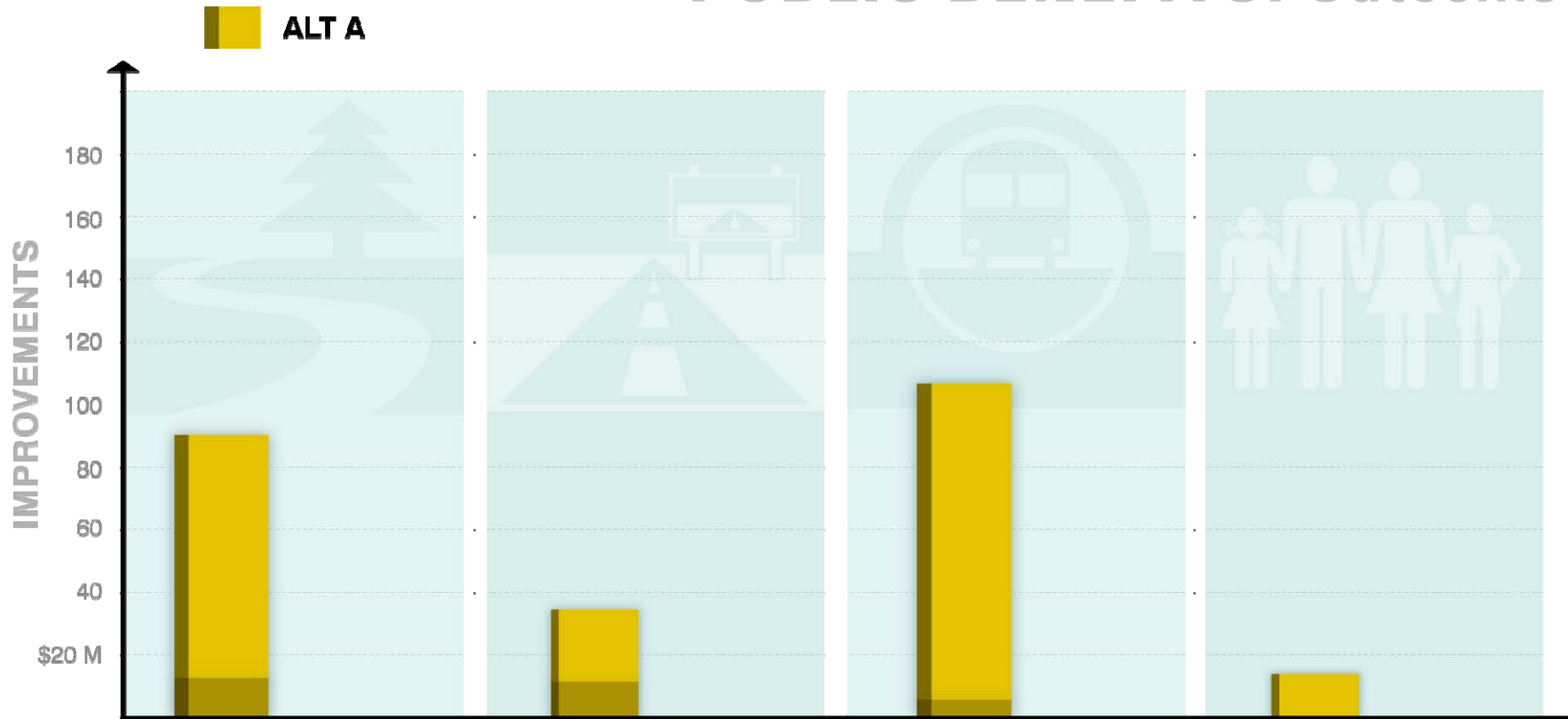
*\*Assessment Districts can raise \$200-200K annually*

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

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

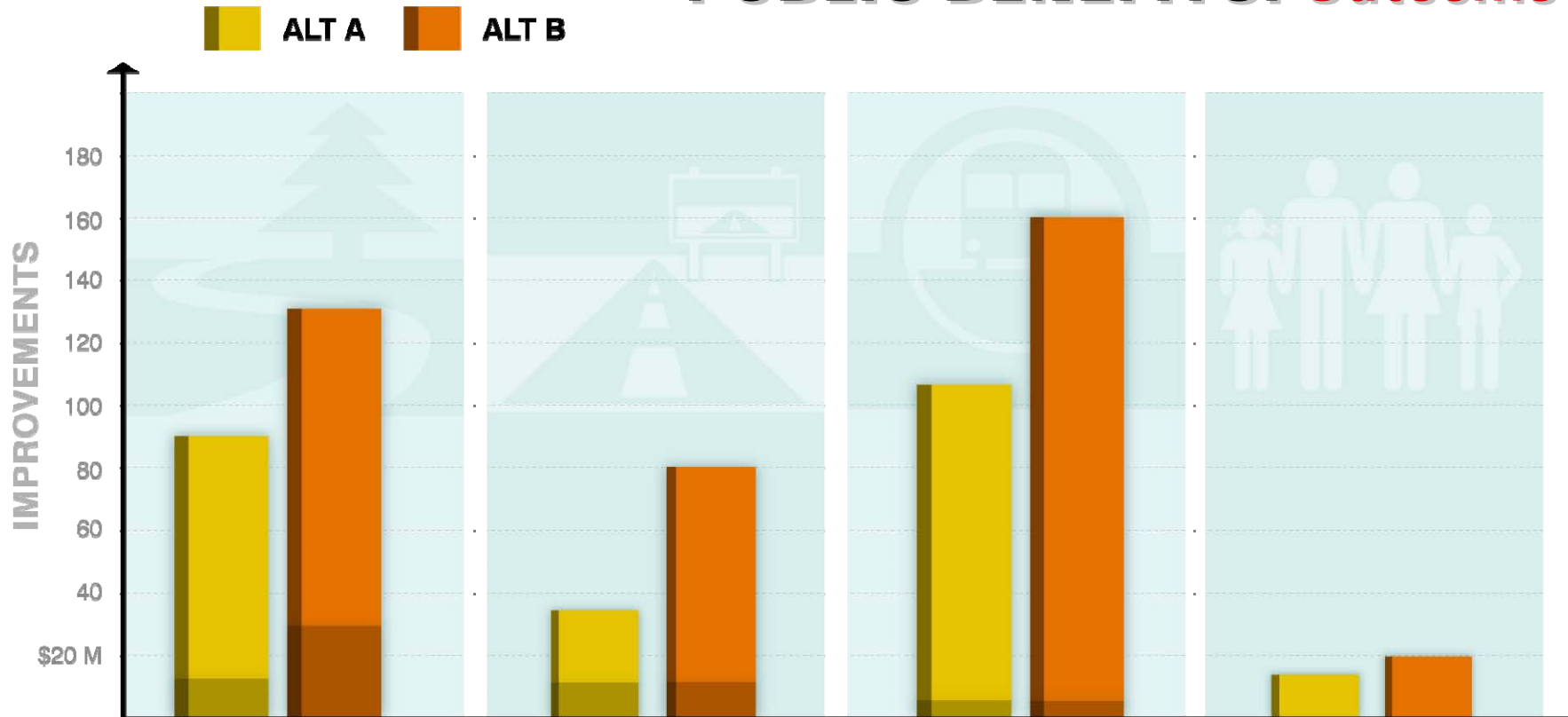
+ Does not include affordable housing revenue

# 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).

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.



# Commission Discussion