

Summit On Industrial Land

July 30, 2002

Purpose

On July 30, 2002, San Francisco Planning Department held a summit on Industrial Land In the Eastern Neighborhoods at Herbst Theatre in San Francisco. The planning department invited a panel of five experts in real estate development, economic development, and community planning issues to get their opinion. These panelists were [Dena Belzer](#), [Dennis M. Davis](#), [Kate Earle Funk](#), [Brad Paul](#), and [Michael Teitz](#). The summit was attended by community members - businesses, property owners, residents, and developers. Other summit attendees were representatives from Port, Redevelopment Agency, Mayor's Office of Economic Development, and Supervisors. Nearly 300 people attended the summit.



The moderator, [Angie Coiro](#) of National Public Radio, opened the summit and informed the community members to fill out the speaker cards if they wished to speak at the summit. The planning director, Gerald Green introduced the summit with an update on the community planning process for the five Eastern Neighborhoods - Mission, SoMa, Bayview, Showplace Square- Potrero Hill, and Visitacion Valley. The Chief of Comprehensive planning, Amit Ghosh gave an informational presentation on the industrial lands in the Eastern Neighborhoods. The panelists responded to the information and issues discussed in the presentation and provided their own point of views.



Several members of the community also spoke in response to the planning presentation and panelists' discussion. These speakers were sorted by four categories - Residents, property owner and/or developers, industrial businesses, and retail/office businesses. One speaker from the each of these categories was randomly selected by Angie Coiro to speak at a time and the process was repeated until the summit came to its scheduled end time. After this, the Planning Director, Gerald Green, continued the summit for about another half an hour and allowed community members to express their concerns. When no more speakers were left, the summit ended with a closing statement by the Planning Director.

Summit Purpose

- Inform the summit participants about the industrial land in San Francisco
- Describe what are Production, Distribution, Repair (PDR) industrial uses
- Explain the role of PDR businesses in the city's economy
- Discuss how the city should use its remaining industrial land
- Learn from similar experiences (Boston)
- Seek input from the summit participants to frame land use policies and zoning controls for the remaining 1,654 acres industrial land in the city's Eastern Neighborhoods



The Planning Department's Presentation

1. Situation/Issue

- Price competition for land is displacing industrial businesses from the city's industrially zoned land because a wide range of land uses are allowed in the city's industrial zoning districts.
- The city is at a risk of losing firms and jobs that are important to the city's economy and character.
- The city's industrial land supply is shrinking. The last remaining 1,654 acres of industrially zoned land will be assessed to determine its future use.

2. Planning Approach

- Land use conflicts, development pressures, and continued expectations of growth led the planning department to formulate a Citywide Action Plan (CAP) to address the city's competing needs for housing, office, retail, R&D, and industrial land uses.
- As one component of the CAP, a community planning process has been initiated by the planning department to develop a rezoning proposal for the city's remaining industrial land through analysis, community dialogue, and decision by the Planning Commission and the Board of Supervisors.

3. Industrial Uses (categorized as PDR - Production, Distribution, and Repair)

- PDR includes a variety of industries such as transportation, construction, manufacturing, wholesale, shipping and handling, storage, and home and business repair services.

- Existing PDR building stock in San Francisco is a valuable resource for PDR businesses. PDR building stock can be used and reused in different configurations and by different types of PDR businesses over time.
- PDR businesses provide 12% of the city's employment. The recent PDR growth is projected to continue in the future (13% growth since 1997).
- 69% of PDR businesses in the city have majority of San Francisco employees.
- PDR businesses provide employment and good wages even with only a high school diploma.
- PDR businesses add to the economic diversity and are generally more economically stable than non-PDR uses. PDR businesses have only 1.4% vacancy rates as compared to 19.8% office vacancy rates.
- PDR businesses provide support to other key economic sectors - restaurants, hotels, finance, and real estate.
- Many PDR businesses are organized by clusters. These businesses depend on location and proximity to produce an integrated product and provide immediate services.
- PDR has linkages to specialized labor force that lives in San Francisco.
- PDR has linkages to San Francisco's image and culture as a hub for certain activities such as 'culinary center' and design center.

4. Industrial Land Supply in the City

- Industrial land in the city has shrunk since 1948.
- 7% of the remaining land in Mission Bay, Port, and Hunters Point is already programmed for other specialized land uses.
- The city is left with only 4.5 % land, a small share when compared to other cities such as Seattle (10%).
- ABAG (Association of Bay Area Governments) anticipates 6.5 million square feet of space and 13,000 employees growth within the broad spectrum of PDR activities.

5. Zoning Criteria to Retain PDR Businesses in the City

- Linkages to suppliers and customers.
- Competitive wages and rent.
- Compatibility with the adjacent land uses especially residential uses.

6. Policy Challenges/Options

- Do Nothing - Let price competition between incompatible land uses determine uses, locations, and timing and ultimately lose all or most PDR businesses.
- Revise zoning to encourage housing and provide other infrastructure and urban amenities. Exclude industrial uses and lose PDR businesses that are important to the city's economy.
- Change zoning to encourage PDR businesses to remain in San Francisco and identify land for housing and other needs through CAP for a citywide solution.

7. Questions for Summit Participants

- How should San Francisco use its remaining 1,654 acres of industrially zoned land of which more than 600 acres has already been designated for mixed use housing developments?
- Do you think PDR businesses located in San Francisco are valuable for the future?

Input From Summit Participants

Discussion was wide ranging, in some cases touching on issues that were not directly related to zoning. However, there was no opposition to retain PDR businesses in San Francisco. Key comments from summit participants are listed below.

- Unaffordable rents and operational conflicts with non-PDR uses are forcing some PDR uses out from San Francisco.
- There is a need to allocate areas, which are exclusive for PDR land uses for operational reasons and to create a stable environment for investing in the growth and longevity of PDR businesses.
- Investment in PDR businesses requires confidence that they will operate successfully at a certain location in the future.
- All buildings types may not be suitable for all PDR uses. PDR uses should be disaggregated to identify which PDR uses are likely to go in which building.
- Grouping of similar PDR uses and utilize existing patterns may work. Larger industrial uses may be incompatible with other land uses.
- Encourage owner users for PDR businesses and find ways to give them certainty to stay in the city.
- Some residents and businesses felt that other issues must also be considered:
 - Include planning ideas and interests of the community.
 - Job/affordable housing balance.
 - Other reasons PDR firms leave the city such as taxes, cost of employee wages, benefits, regional linkages, and economic forces.
 - Expand PDR definition to include uses beyond typical uses to encourage people with creative potential and entrepreneurial skills.
 - Create new types of jobs to take advantage of the new technology.
 - Open space needs of the community.
 - Address traffic problems in SOMA community planning area.
- One real estate professional stated that there is much (about 4 million square feet) of industrial space available in the city (Planning Department data indicates the vacancy rate for industrial space is 1.4%).

Next Steps

- The Planning Department will use the information presented at this summit to prepare a citywide framework for industrial land and zoning controls, which will then be taken to community planning workshops in each of the five neighborhoods for further discussion.
- A final citywide session will be held at the end of the community planning process.

Panelists

Dena Belzer

Dena Belzer is a Principal at Strategic Economics, an urban economics firm specializing in complex infill development related issues. Ms. Belzer has been the lead economist for the three San Francisco Better Neighborhoods plans and is a nationally recognized expert on Transit Oriented Development.

Kate Earle Funk

Kate Funk is a founding member of Keyser Marston Associates, a nearly 30 year old real estate and urban economics consulting firm based in San Francisco. Ms. Funk has been a principal at KMA for over 20 years, serving a base of primarily public sector clients. She has worked extensively for planning departments throughout the state on jobs housing linkage studies, affordable housing programs, and economic development projects.

Dennis M. Davis

Dennis Davis currently is Deputy Director for Industrial Development and Commercial Leasing for the Boston Redevelopment Authority ("BRA"). Mr. Davis has been directly involved in the purchase, sale, leasing, and development of industrial properties on behalf of public agencies for over 10 years. He oversees and administers the Boston Back Streets industrial retention program, as well as all leasing activities at the Boston Marine Industrial Park.

Michael Teitz

Michael Teitz is the Program Director of Economics at the Public Policy Institute of California, a private, nonprofit research organization focused on Californian economic, social, and political issues. Mr. Teitz was a professor in the Department of City and Regional Planning at the University of California, Berkeley, from 1963 to 1998 and is an internationally recognized scholar in the fields of housing, city planning, and regional economic development.

Brad Paul

Brad Paul is Senior Officer of the Strengthening Neighborhoods Program with the Evelyn and Walter Haas, Jr. Fund, a family foundation making grants in San Francisco and Alameda counties to foster healthy communities. Prior to the Hass Jr. Fund, Mr. Paul was a consultant in the housing and community development arenas for several years. He also served as San Francisco's Deputy Mayor for Housing and Neighborhoods in the Art Agnos administration.

Moderator**Angie Coiro**

Ms. Coiro is a news anchor and the host of "Friday Forum" on KQED Radio in San Francisco.