



TRANSIT CENTER DISTRICT PLAN

**Public Workshop #4
Financial Program**



**SAN FRANCISCO
PLANNING
DEPARTMENT**

05.26.2009

San Francisco Planning Department

In partnership with:

San Francisco Redevelopment Agency

Transbay Joint Powers Authority

Tonight's Topics

1. Recap of Plan Highlights

2. Financial Program



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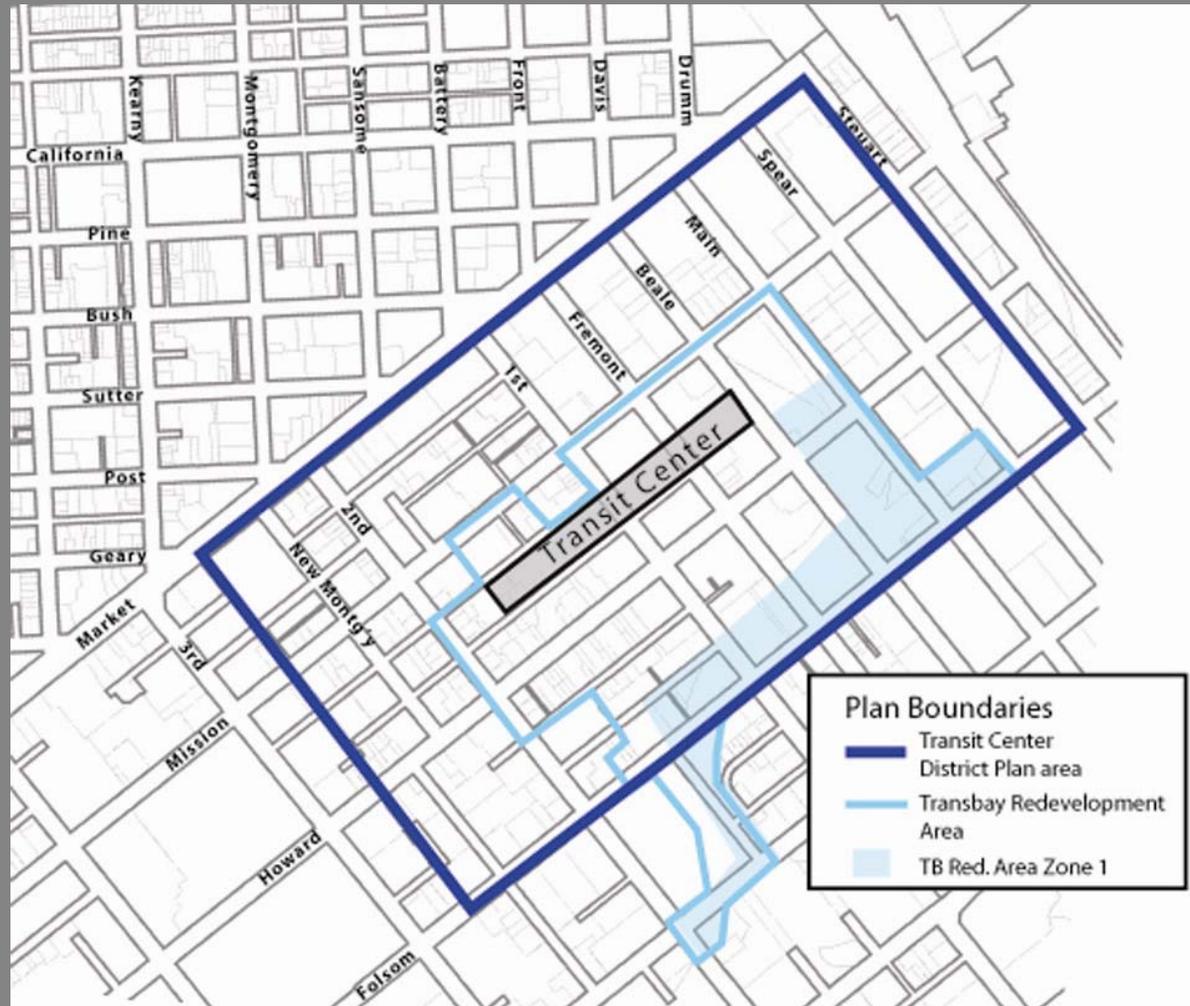
Recap of Plan Highlights



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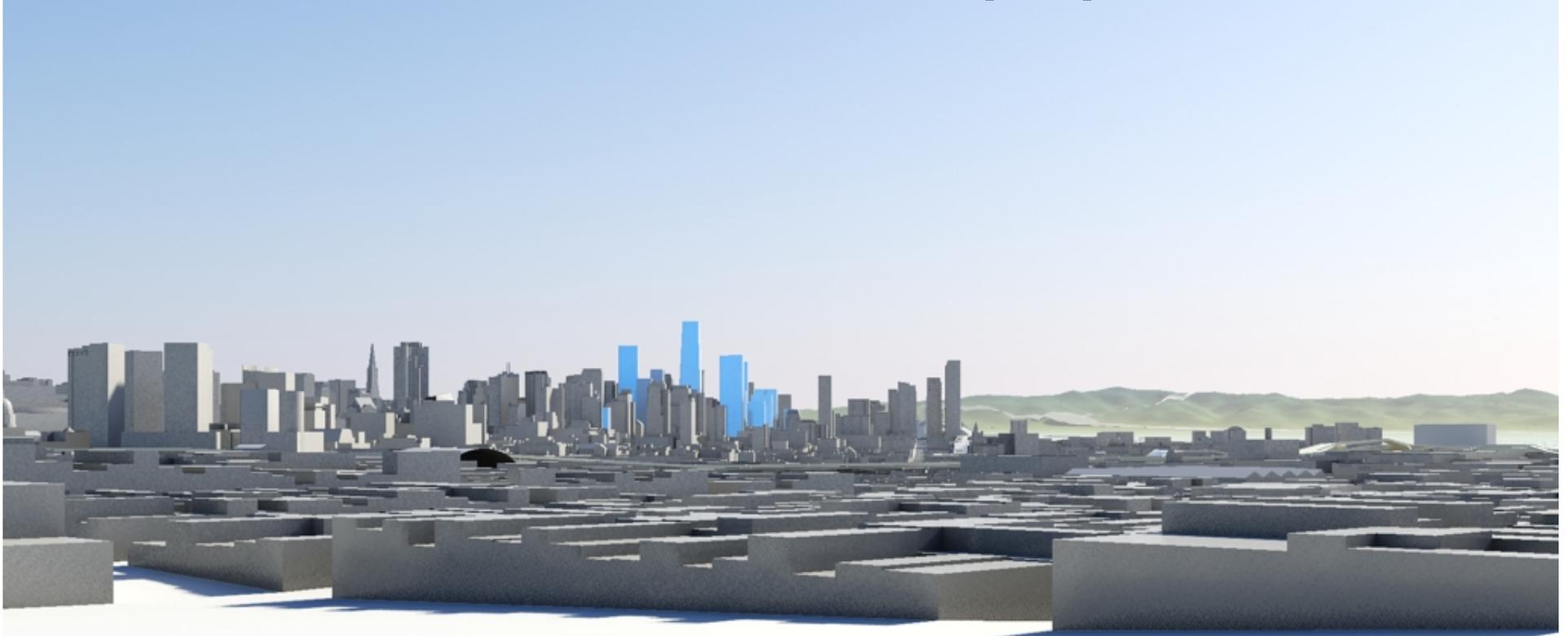
Transit Center District Plan Area

Private and
Public parcels
around
Transit Center,
including
Transbay
Redevelopment
Area
Zone 2



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Current Urban Form proposal



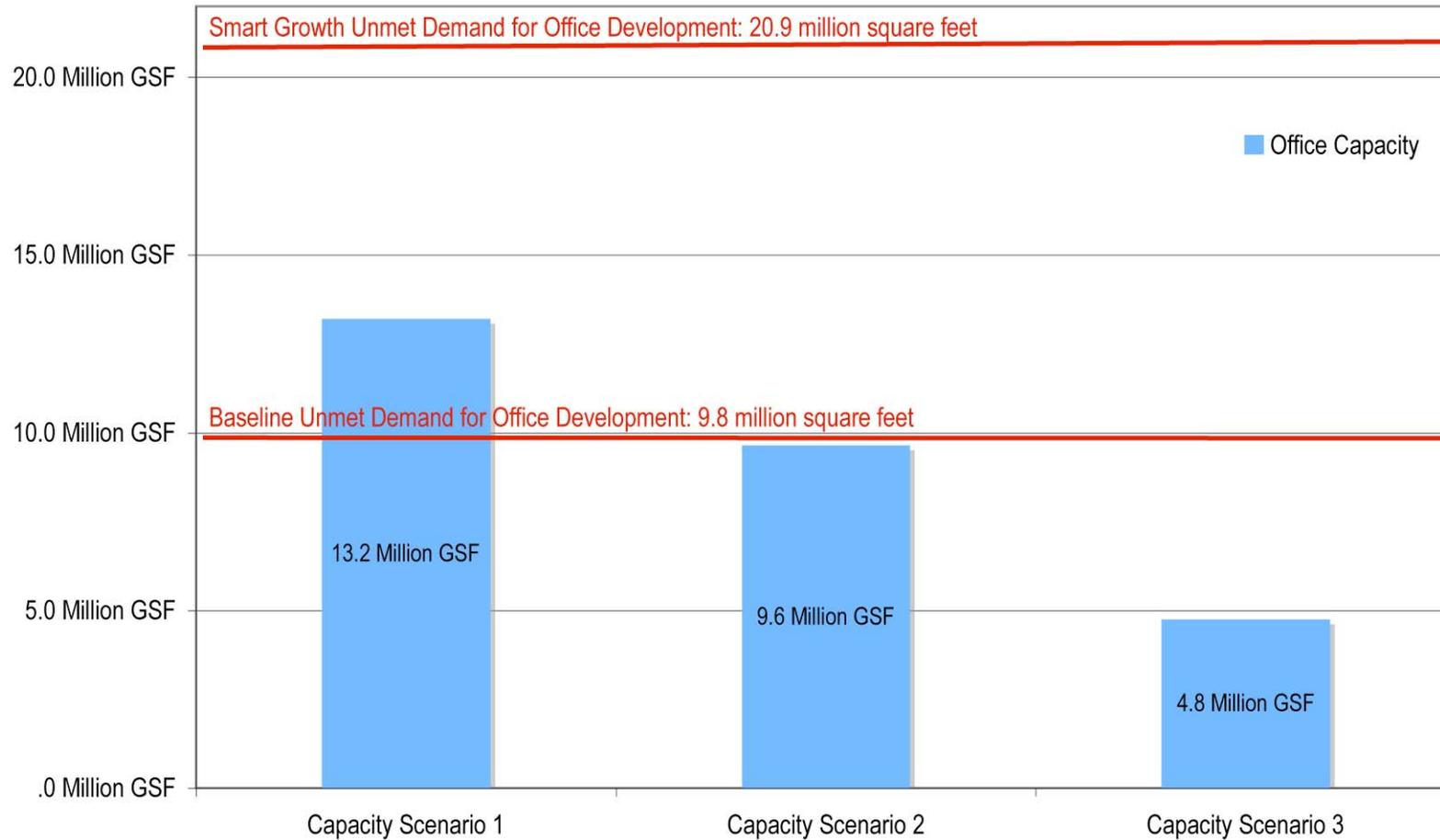
Current Urban Form proposal



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Capacity vs Growth Demand: Office

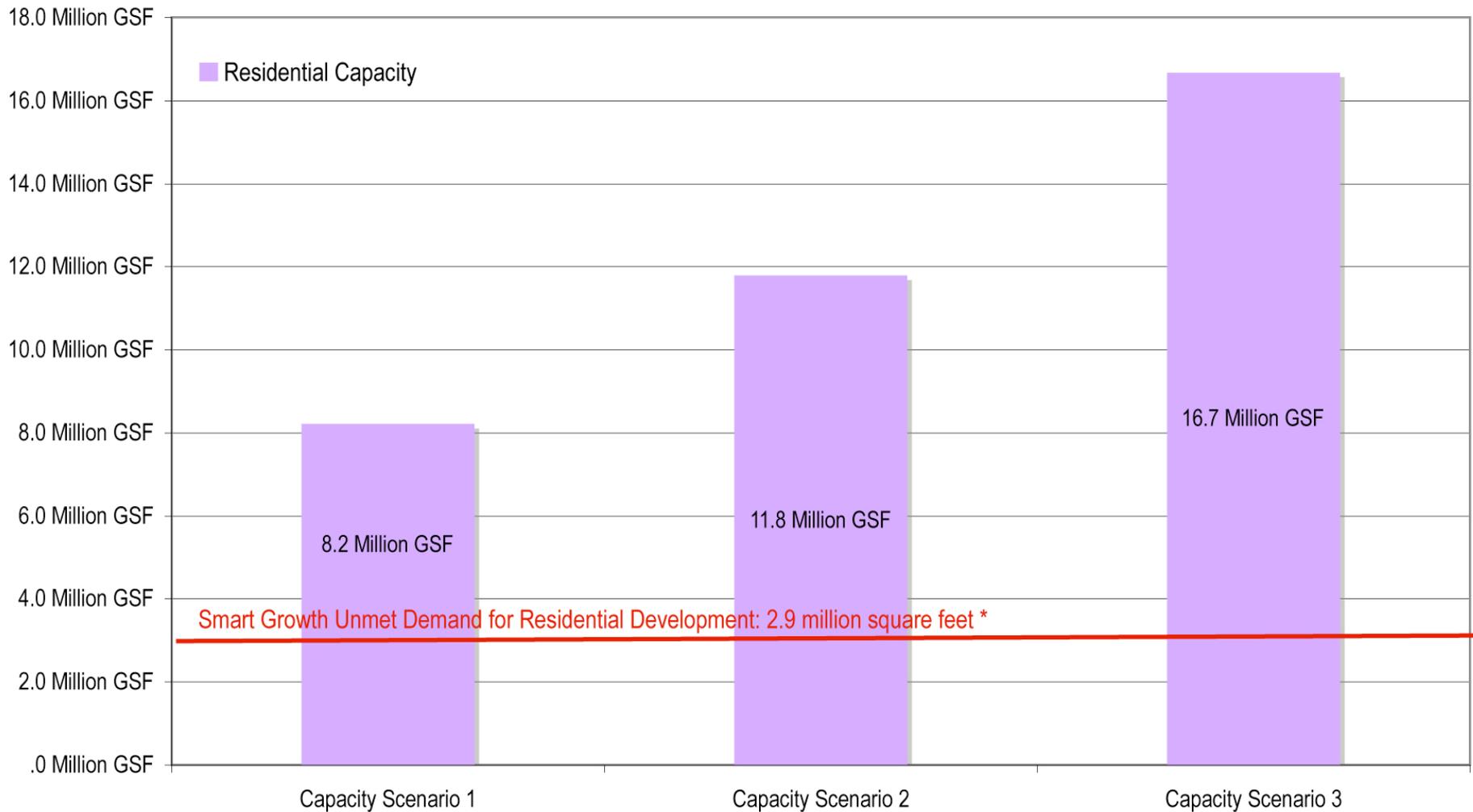
Office Development: Unmet Demand and Capacity, 2007–2035
Downtown San Francisco



Source: San Francisco Planning Department, Seifel Consulting Inc.

Capacity vs Growth Demand: Housing

Residential Development: Unmet Demand and Capacity, 2007–2035
Downtown San Francisco



*Under the Baseline growth scenario, there is no unmet demand for residential development within the Downtown.
Source: San Francisco Planning Department, Seifel Consulting Inc.

Proposed Land Use Policies



- Reserve bulk of remaining space in **core** Transit District to ensure that space is available for downtown job growth

- Recognize that very large or tall buildings (e.g. >700', > 500,000 gsf) may be too large for one use, and permit mixed-use (e.g. office with housing or hotel) in such buildings.

- Recognize that small sites (e.g. < 15,000 gsf) may not be efficient for new office uses, and permit new buildings without commercial uses (except ground floor retail where desirable) on smaller sites.



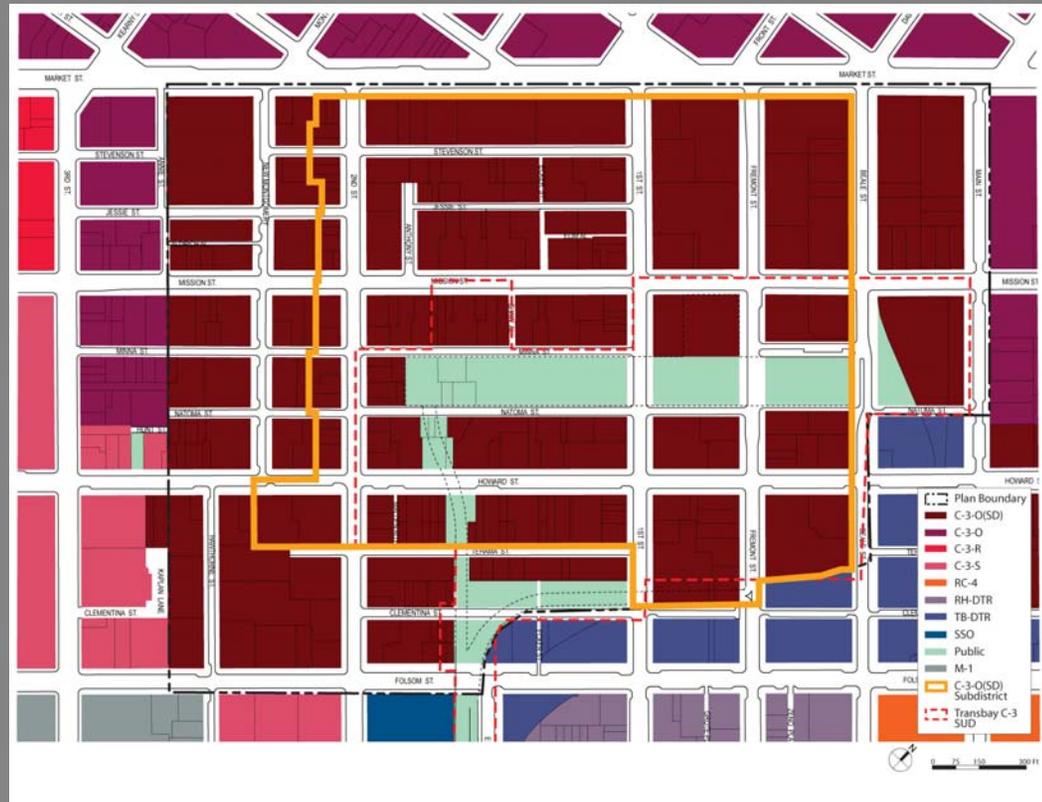
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Proposed Land Use Control

Draft Control:

Create Commercial Sub-district for part of the Plan area where...

... major new projects (new construction greater than 7:1 FAR on sites larger than 15,000 sf) require at least 3 s.f. of commercial space for every 1 s.f. of residential, hotel, or cultural space.



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***Proposed
Commercial
Sub-district***

Buildout Potential

	Net Additional Space	Increment over Existing Zoning
Office Space	5.82 million gsf	+2.54 million gsf
Housing Units	1,350	+235
Hotel Rooms	1,370	+425
Retail Space	85,000 gsf	--
	<hr/>	<hr/>
Total Space	9.2 million gsf	+3.52 million gsf



Additional Height/Density Policies

To ensure land use and urban form objectives are met:

- **Minimum Height for Transit Tower**

Regardless of the height of the occupied portion of the building, the building shall feature major architectural element(s) that reach a minimum substantial height.

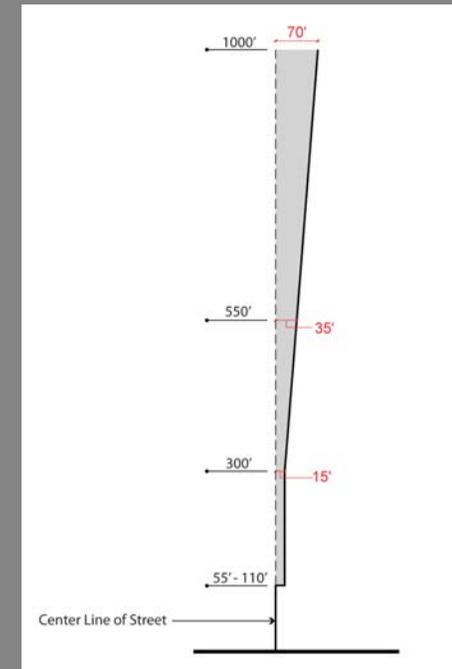
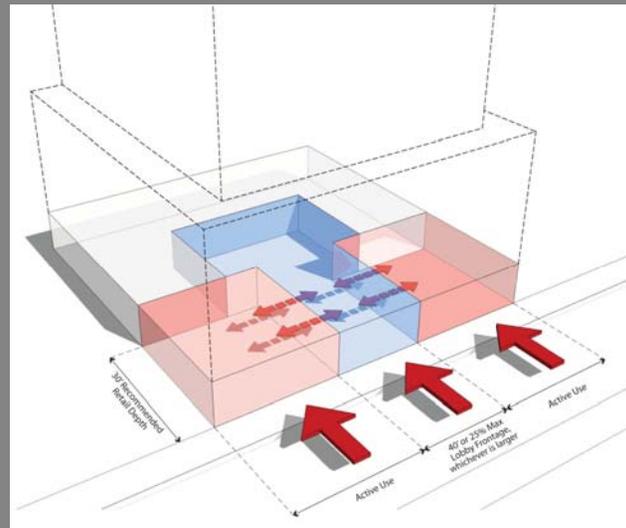
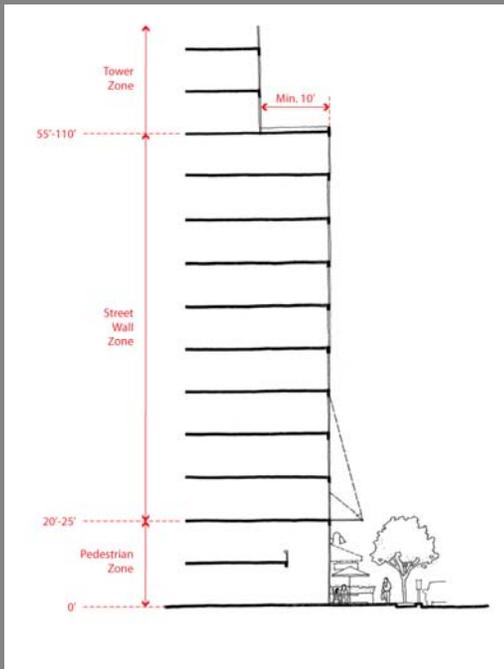
- **Minimum FAR on Major Sites**

New development on sites larger than 15,000 sf in the core subdistrict shall achieve a minimum FAR to be determined.



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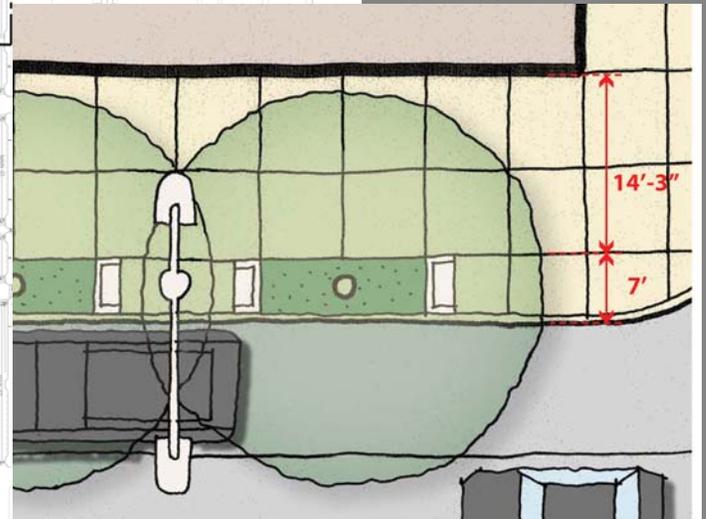
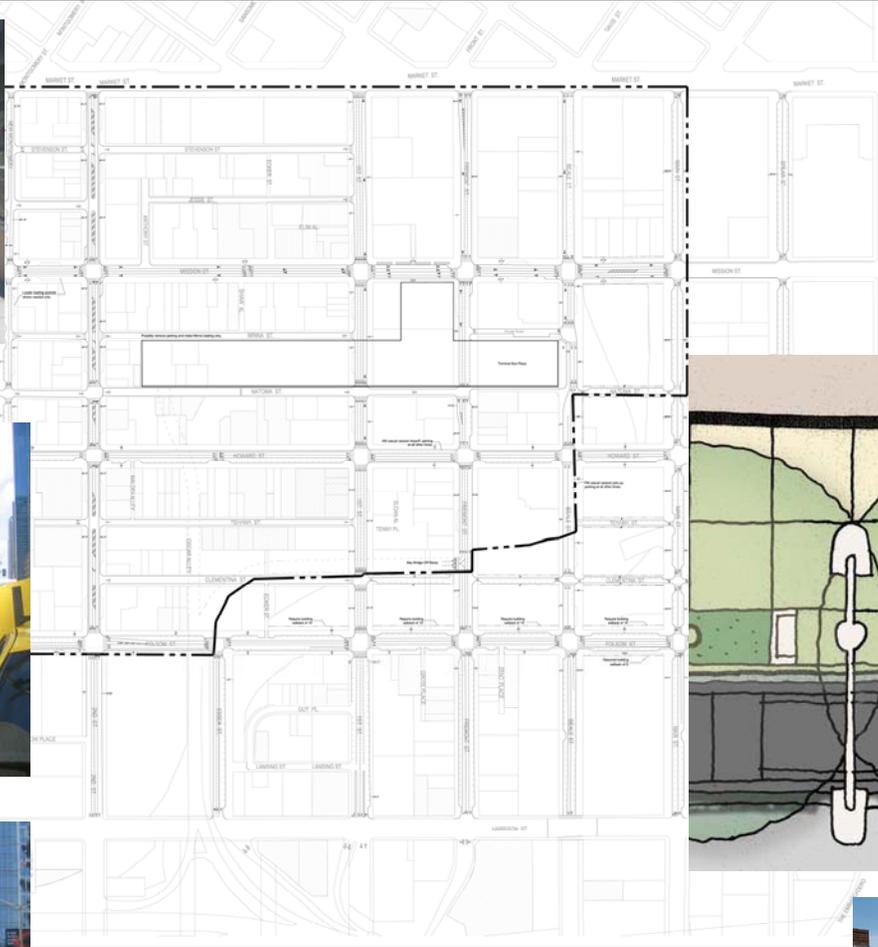
Urban Design Controls and Guidelines



- Active ground floor uses
- Defining the streetwall
- Setbacks for tall towers



Public Realm: Streets

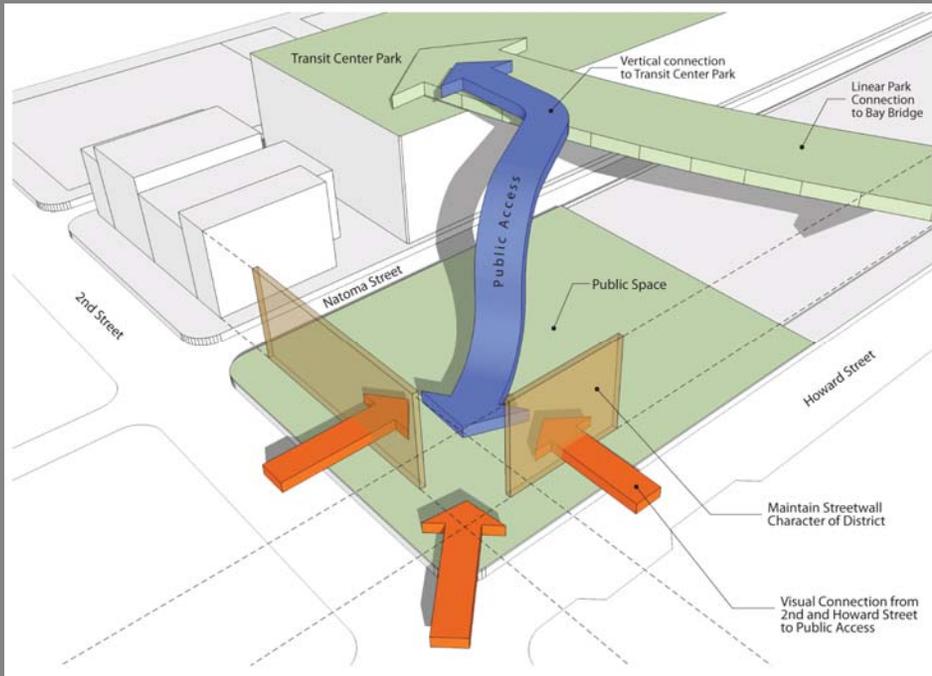


Notes: • Curb heights are consistent, and may be removed where necessary
• Location and size of loading pockets to be determined, dependent on
• load cases, (primary location, etc.)
• 10' transit only zone

- Refinement discussions with MTA ongoing



Public Realm: Open Space



- 2nd/Howard public space
- Connections to Transit Center rooftop park
- Mid-block pedestrian ways



Historic Resources



Historic District Boundaries

-  New Montgomery-Second Conservation District
-  Second and Howard National Register District

Schedule Milestones

Draft Plan Document Publication	early Summer 2009
Draft EIR Publication	end 2009
Final EIR	mid-2010
Plan Adoption Hearings	begin mid-2010



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Financial Progam



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Process

- Lead Consultant: Economic & Planning Systems (EPS)
- Based on development values analysis by Concord Group (TJPA consultants)
- Feasibility Analysis
- Discussions with development community, OEWD, Controller's Office



Existing C-3 Fees

Fee	Amount	Purpose	Application
Transit Impact (TIDF)	Varies \$9-\$11/sf	Muni (Transit)	Non-Residential uses
Jobs-Housing Linkage	Varies \$15-\$20/sf	Affordable Housing (MOH)	Non-Residential uses
Inclusionary Housing	15% on site/20% off-site	Affordable Housing (MOH)	Residential uses
Downtown Open Space	\$2/sf	Rec Park/Open Space	Office uses
Child Care	\$1/sf	Child Care	Office and Hotel uses
Art Requirement	1% of project cost (approx. \$3-4/sf)	On-site public art	All projects
School Facilities	\$0.09-0.27/sf non-residential \$2.24/sf residential	SFUSD	All projects
Wastewater Connection	\$2,907/dwelling unit <\$0.50/sf office and retail	PUC	All uses



Proposed New Revenue Sources

- Impact Fee
- Mello-Roos
- Benefit Covenant



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Impact Fee

- \$5/gsf for entire project
- Additional \$25/gsf for all square footage over 9:1 FAR
- Additional \$5/gsf for all square footage over 20:1 FAR

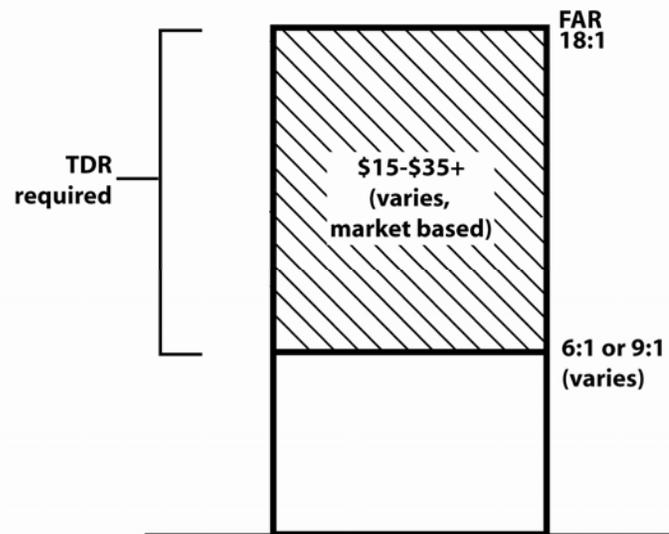
Proposal includes...

- Reduction of TDR requirement from all square footage above 6:1 FAR, to only square footage between 6:1 to 9:1.
- Elimination of 18:1 FAR limit
- Nexus analysis underway



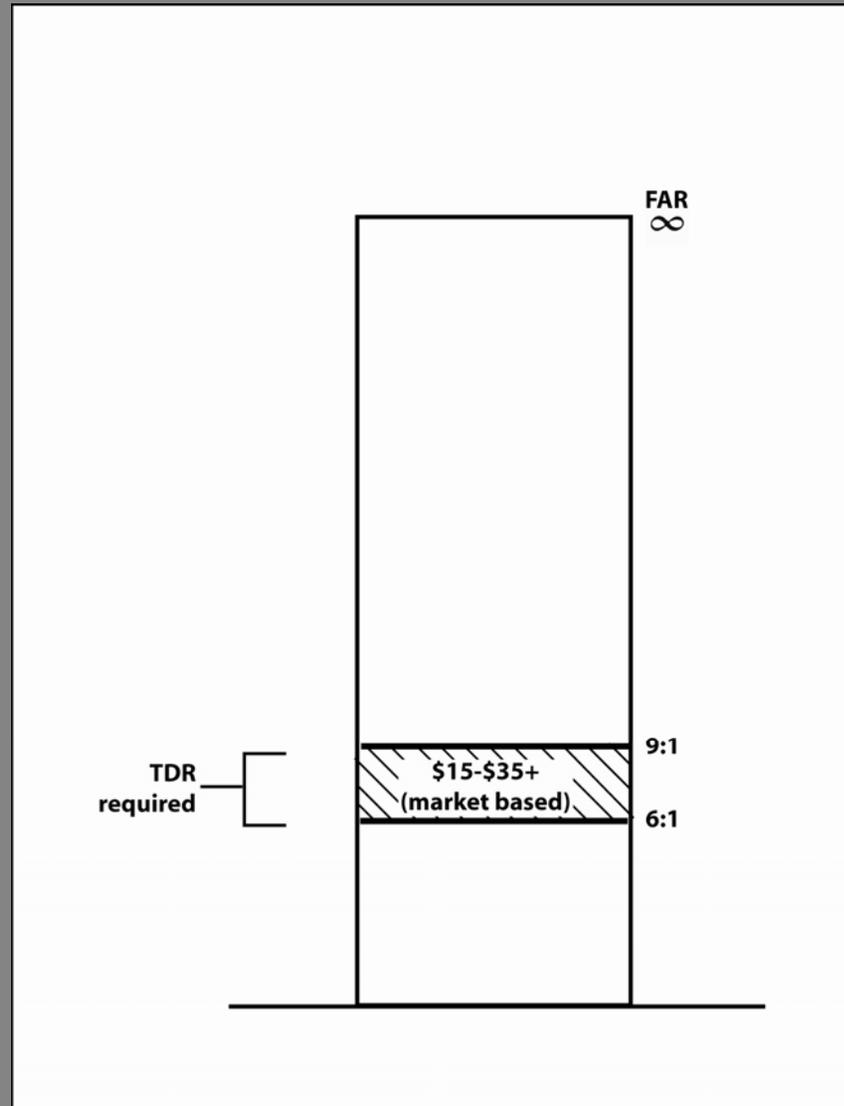
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Impact Fee



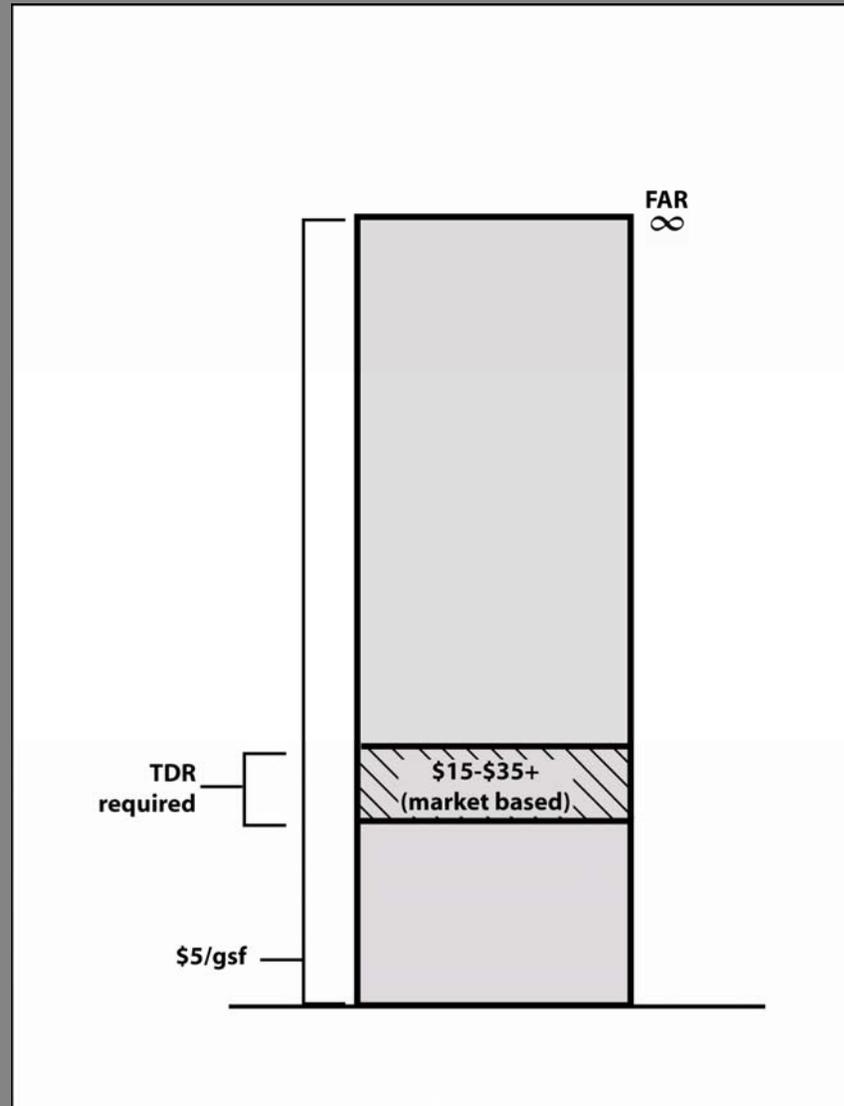
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Impact Fee



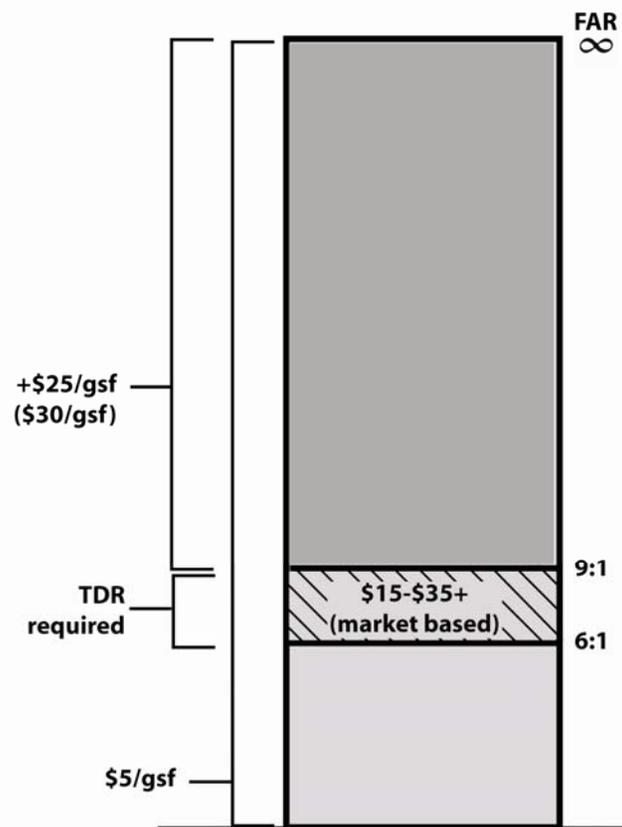
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Impact Fee



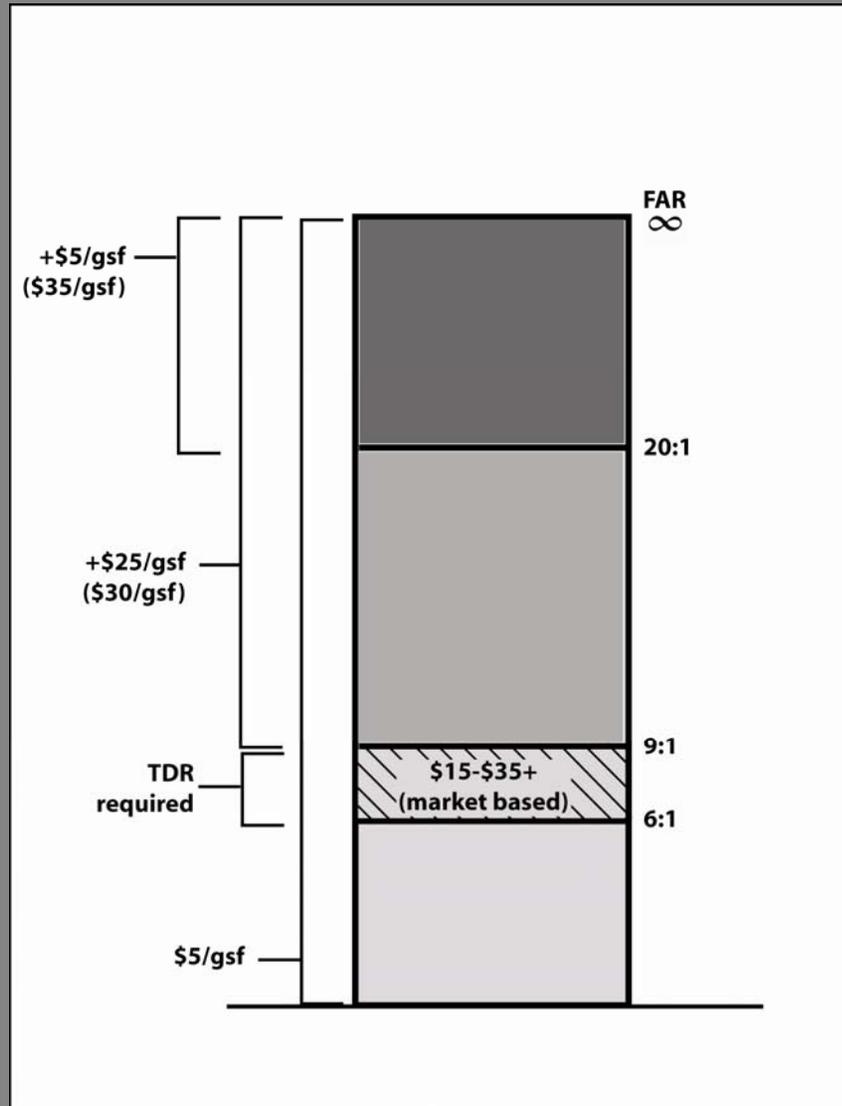
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Impact Fee



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Impact Fee



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Impact Fee

Recalibrating TDR enables ...

- TDR requirement that better reflects current inventory and enables a healthier market
- Re-balancing project financial burdens toward funding area infrastructure



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Mello-Roos

What is a Mello-Roos District?

AKA: Community Facilities District

A supplemental special tax added to annual property taxes intended to pay for **public infrastructure**.

A vote of property owners is required to establish the district. The district can be comprised of as few as one property.

Typical mechanism for large developments to finance infrastructure (e.g. Mission Bay).



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Mello-Roos Proposal

Required for all new major developments in district as a condition of approval

Assessed at equivalent of 0.35% of property value (i.e. total property tax burden of approx. 1.45%)

Comparison (total property tax burden):
Treasure Island (proposed): 1.6%



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Benefit Covenant

What is a Benefit Covenant?

An additional levy on property transfer transactions, set at a percentage of sale price.

Often used by public entities that are selling or leasing land for private development as way to enhance or create a long-term revenue stream. (e.g. BART transit village development)



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Benefit Covenant Proposal

Required for all new major developments in district as a condition of approval

Assessed at equivalent of 1.0% of property value



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Potential Revenues

Revenue Mechanism		15-Year Buildout	20-year Buildout
TCDP Impact Fee	<i>NPV</i>	\$ 125,000,000	\$ 102,000,000
	<i>Actual</i>	\$ 235,000,000	\$ 235,000,000
Mello-Roos Special Tax	<i>NPV</i>	\$ 168,000,000	\$ 118,000,000
	<i>Actual</i>	\$ 476,000,000	\$ 366,000,000
Benefit Covenant	<i>NPV</i>	\$ 48,000,000	\$ 33,000,000
	<i>Actual</i>	\$ 142,000,000	\$ 106,000,000

Total net new public revenue:

NPV: \$250 - \$340 million
Actual \$700 - \$850 million



Uses of Revenues

- **Transit Center (est. need \$2B)**

- Train box
- DTX
- Ped connector tunnel

- **Streets (est. need \$110m)**

- Sidewalk widening
- Streetscape improvements
- Transit and other transportation enhancements

- **Open Space (est. need \$50m+)**

- 2nd/Howard
- Connections to Transit Center park
- Improvements to affected downtown parks

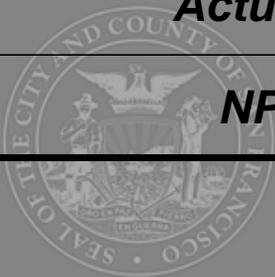
- **Sustainable Resource District Utilities (est. need \$50m/TBD)**

- Combined Heat & Power/Combined Heating & Cooling
- Recycled/Non-Potable Water



Proposed Allocations

	Transit Center	District Streets	Open Space	Sustainable Resource District Systems
Impact Fee		50%	50%	
Mello-Roos Special Tax	80%			20%
Benefit Covenant	100%			
<i>Actual</i>	\$400m - \$520m	\$118m	\$118m	\$73m - \$95m
<i>NPV</i>	\$125m - \$180m	\$51m - \$62m	\$51m - \$62m	\$24m - \$34m



Other Potential Sources

Potential Source	Use
Transbay Redevelopment Tax Increment Funds	Streets, Open Space
New In-Lieu Fees	Open Space
Agreements with other public agencies (e.g. PUC) to absorb project costs	Combined Heating & Cooling, Recycled Water Systems



Other Projected Revenues (Existing Fees)

	Actual	NPV
Transit Impact (Muni)	\$79m	\$34m - \$42m
Jobs-Housing Linkage	\$115m	\$51m - \$62m
Child Care	\$7m	\$3.5m
Downtown Parks	\$14m	\$6m - \$8m



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Proposed In-Lieu Fees

- TDR/Historic Preservation
- On-Site Required Open Space (Section 138)

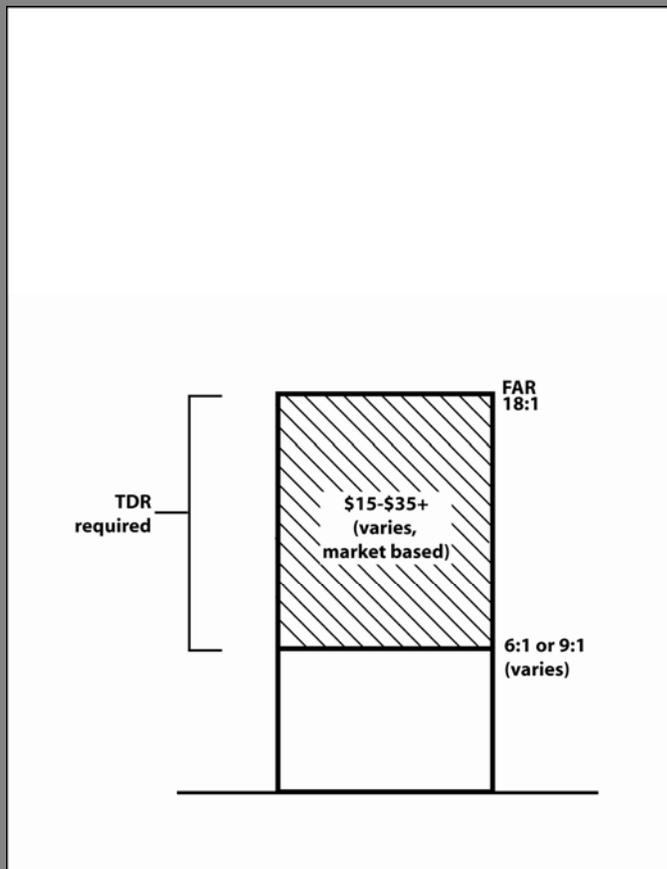


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Transferable Development Rights (TDR) and FAR

Current zoning:

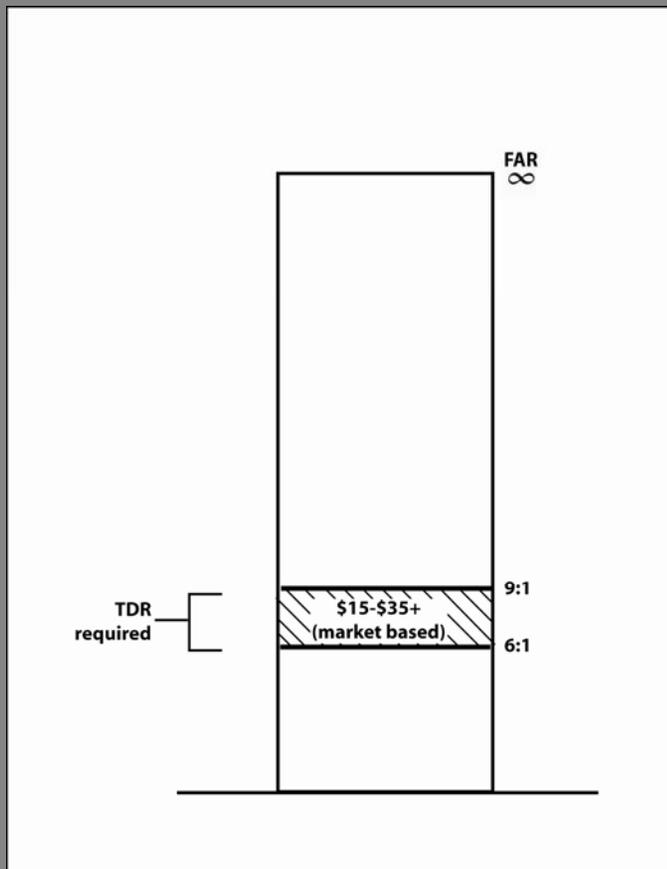
- Plan area split between C-3-O (base FAR 9:1) and C-3-O(SD) (base FAR 6:1).
- Development required to purchase TDR for all square footage greater than base, up to allowed maximum (18:1)
- TDR inventory findings:
While there is theoretically approx. 4 million sf of TDR potential, almost all is on small sites (< 10,000 sf per site), making acquisitions of large amounts very difficult and increasingly unlikely.



Transferable Development Rights (TDR) and FAR

Proposed zoning:

- Rezone all plan area as C-3-O(SD) with base FAR 6:1.
- Require TDR purchase for square footage between 6:1 and 9:1 FAR
- Estimated Plan area TDR demand:
1.06 million gsf
- Permit payment of historic preservation fee in-lieu of TDR into historic preservation fund if TDR are unavailable



Transferable Development Rights (TDR) and FAR

Proposed Preservation In-Lieu Fee:

- in case of unavailability of TDR
- priced to avoid being more attractive than purchasing TDR
- Current conceptual fee amount: \$35/square foot

Proposed Preservation Fund:

- Managed by Historic Preservation Commission
- Potential uses:
 - Grants for rehabilitation projects (e.g. façade rehab) for historic buildings that have already sold TDR
 - Informational/educational programs (e.g. signage)



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Required Public Open Space

Existing Code requires on-site publicly-accessible open space for all non-residential uses.

Minimum Amount of Open Space Required	
Use District	Ratio of Square Feet of Open Space to Gross Square Feet of Uses with Open Space Requirement
C-3-O	1:50
C-3-R	1:100
C-3-G	1:50
C-3-S	1:50
C-3-O (SD)	1:50

Issues:

- Lack of coordination to create larger public spaces where most desirable; favors dispersed, smaller, privately-managed space on *every* site.
- Difficult for large buildings on constrained sites to provide open space.
- Downtown Park Fee does not provide sufficient funds for major new open space.
- Indoor public spaces challenging to feel and function as public.



Proposed Open Space In-Lieu Fee

Purpose of Proposed In-Lieu Fee:

Provide flexibility and alternative to non-residential open space requirements in order to achieve District open space vision and to enhance planned public space.

Proposed In-Lieu Fee:

- In-lieu of providing all or part of the Section 138 required on-site open space, with Commission approval, project can pay fee.
- Fee would be used within District to acquire, build, and maintain public open space consistent with the Plan's vision, including:
 - 2nd/Howard plaza
 - Connections to Transit Center park



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Proposed Open Space In-Lieu Fee

Proposed In-Lieu Fee:

- Fee amount (still under consideration) to be based on cost/value of space that otherwise would have been provided by developer, including:
 - Land/Space
 - Capital Improvements
 - Long-term maintenance

Likely to be \$500-750/sf:

- | | |
|---------------------------------|----------|
| • Cost of buildable square foot | \$99/sf |
| • Cost of construction | \$350/sf |
| • Value of finished office | \$600/sf |

Note: recently adopted Eastern Neighborhoods open space variance fee = \$75-\$325/sf



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Proposed In-Lieu Fees: Caveats

	Actual	NPV
TDR/Preservation	\$0 - \$35m	\$0 - \$20m
Open Space	\$0 - \$30m	\$0 - \$17m

- Not specifically net new revenues – replacing existing requirements, but providing more flexibility and more public leverage of private requirements
- Cannot count on in-lieu fees (they are optional)



Proposal Recap

- District Impact Fee: \$5/\$30/\$35 per sf based on FAR (replaces TDR requirement above 9:1 FAR)
- Mello-Roos requirement: +0.35% annual property levy
- Benefit Covenant: +1.0% transfer fee

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Thank You

<http://transitcenter.sfplanning.org>



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