

Industrial Land in the Eastern Neighborhoods

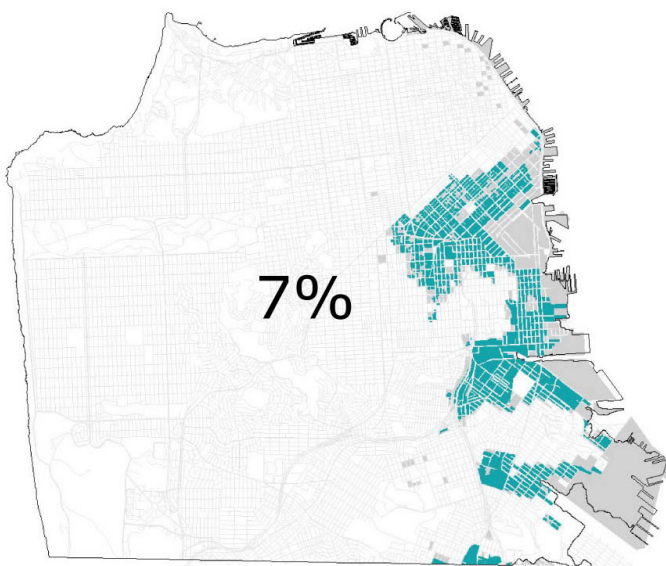
The San Francisco Citywide Action Plan

San Francisco's limited land area can lead to competition for space. Recent extraordinary economic growth, followed by dramatic economic decline, thrust much of the City's Eastern Neighborhoods into tremendous change and intense land use conflicts. In order to guide the use of land to meet the long-term needs of the City's residents and workers, the City Planning Department has developed the Citywide Action Plan. Capitalizing upon and enhancing the best qualities of the City, this Plan will direct housing to places with good public transit and urban amenities, new office uses in and around downtown, and appropriate industrial uses to core industrial lands. These initiatives are based upon the land use policies of the General Plan, and will be bolstered by a new Land Use Element, an updated Housing Element, and a revised Urban Design Element.

One important effort of the Citywide Action Plan is the community planning process in the City's Eastern Neighborhoods—the Mission, South of Market, Showplace Square/Potrero Hill, South Bayshore, and Visitacion Valley. These communities are currently engaged in a series of workshops to help craft permanent zoning controls that will resolve residential, industrial, and commercial land use conflicts and address these neighborhoods' long-term needs.

Industrial Land: Shrinking and Changing

Industrially zoned land—recently subject to the most striking change and development in the City—is the common thread uniting all five Eastern Neighborhoods. Trying to address this change was the impetus for the 2002 community planning process. Industrially zoned land permits a wide spectrum of uses beyond that of purely industrial and because it tends to be cheaper than most land in San Francisco, it has become attractive to office and residential developers.



The Eastern Neighborhoods, the Central Waterfront and the Port of San Francisco properties contain all of San Francisco's industrially zoned land: 3254 acres or about 14% of San Francisco's total land area. Half of this land is already programmed for major redevelopment (Transbay, Mission Bay and Hunters Point) or is owned by the Port of San Francisco. The Port has designated approximately 20 acres of its property as surplus land for future industrial uses under certain restrictions. Contingent upon clean-ups of this Port land as well as of land in the former Hunters Point Naval Shipyard, additional land for industrial use may become available within the next 25 years.

Some of the remaining 1654 acres are slated as suitable for mixed-use development in the *Central Waterfront Better Neighborhood* and *Market/Octavia Better Neighborhood* Specific Plans, and the *Schlage Lock-Visitation Valley* draft concept plan. Current policies and procedures established under 1999 interim zoning controls guiding development on industrially zoned land also set aside about 650 acres as a mixed-use housing development encouragement zone.

What are Production, Distribution, and Repair Activities?

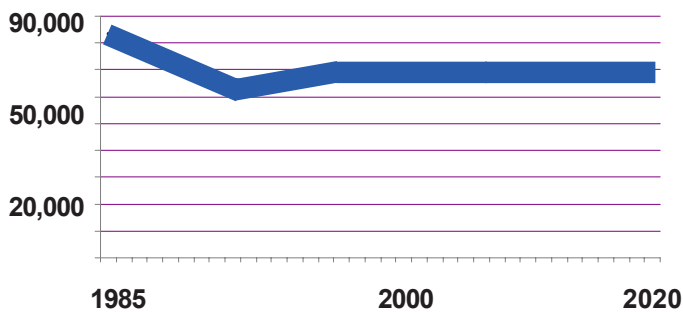
Production, distribution, and repair (PDR) businesses generate the most jobs on industrially zoned land. PDR activities currently provide about 68,000 jobs citywide, or 12% of San Francisco's total employment. About 47,000 of these PDR jobs are in the Eastern Neighborhoods and include the following activities:

- Food and beverage wholesale and distribution
- Fashion/garment design and manufacture
- Delivery services (messengers, airport shuttle vans, taxis, limousines)
- Event production and catering
- Construction contractors and building material suppliers
- Wholesale and retail of furniture, equipment, appliances, and furniture manufacture.
- Printers, designers, photographers; film producers, graphic designers, and sound-recording firms
- Repair shops for cars, trucks, equipment, appliances and furniture
- Manufacture of specialty fixtures, displays, furniture, custom wood and metal works

Some of these PDR activities locate in clusters. These businesses find that proximity to similar businesses facilitates the exchange of information, eases access to workers with specialized skills, and generally encourages stronger ties among businesses. Clustering also makes it easier to share resources, technology, and services. Clusters can result in lower operational costs and more efficient production. Displacement of one or more firms in a cluster can disrupt and break up long-standing and successful PDR districts.



Production, Distribution, Repair Jobs



PDR's Role and Challenges:

PDR businesses are significant for the above average wages they offer and for the support they provide to the City's tourist industry and downtown financial core. PDR activities also contribute to the economic diversity and stability of San Francisco, and make use of the flexible industrial space on industrially zoned land.

Given the integral role of PDR firms in San Francisco's economy, these businesses can be expected to continue to constitute an important part of the City's job base. The question is not *whether* PDR activities are important for the City, but rather *what kind* and *how much* is important; where and how these businesses are accommodated; and to what extent they require protection through City policy.

San Francisco's zoning districts specifically support, promote, and protect office, retail, and residential uses. There are no equivalent measures for industrial activities, prompting office and residential developers to vie for the right to develop the remaining 1000 acres of land reserved for industrial uses in the Eastern Neighborhoods. In the last five years, San Francisco's industrially zoned land saw over 5,000 residential units (primarily live/work) and at least 50 office projects built or under construction. Many PDR businesses that currently occupy this land have been under strong pressure to relocate. Rental rates and land prices, as well as recently arrived residential neighbors who complain about sounds, sights, and smells associated with PDR activities, have made it difficult for many businesses to remain. Unlike their counterparts who have moved out of the City, these businesses stay because they have compelling reasons to be in San Francisco: they have extensive customer bases, suppliers, labor, networks, and the space required to run their operation successfully.

Policy Issues:

Existing policies and procedures guiding development on industrially zoned land have allocated zones for industrial uses and mixed-use housing. A special use district in the northern quadrant of South Bayshore specifically prohibits new housing construction. The community planning processes under way in the Mission, South of Market, Showplace Square/Potrero Hill, South Bayshore, and Visitacion Valley will lead to rezoning these areas. This community planning process will address the following questions:

- o Where to protect and encourage PDR sectors that are not competitive and not compatible in a mixed-use environment but have strong linkages to other sectors of this city and are vital to the city's economy
- o How to incorporate PDR sectors that are competitive and compatible with other sectors and land uses, and have strong linkages in San Francisco
- o How to phase out of San Francisco sectors that are incompatible, cannot compete with other sectors and land uses, and do not have to locate in San Francisco in order to thrive and support the local economy



Next Steps:

Each of the five Eastern Neighborhoods have engaged in at least three workshops that explored existing conditions, community goals, vision, and land use alternatives. The July 30, 2002 Summit will focus on industrially zoned land and the future of PDR businesses in San Francisco. Future community workshops will concentrate on developing consensus that will guide the drafting of permanent zoning controls. These controls, along with policies and procedures, will direct future development in each of the five Eastern Neighborhoods.

EMPLOYMENT 2001

Industrial Districts	PDR	Office	Retail	Instit	Visitor	Total
Mission	6,745	3,906	4,609	3,343	46	18,649
share	36%	21%	25%	18%	0.2%	100%
Showplace Sq. - Central Waterfront	14,138	8,711	3,266	4,830	137	31,082
share	45%	28%	11%	16%	0.4%	100%
SOMA	10,319	20,859	3,098	1,710	385	36,371
share	28%	57%	9%	5%	1%	100%
South Bayshore	14,934	3,816	3,353	1,675	25	23,803
share	63%	16%	14%	7%	0.1%	100%
Visitacion Valley	974	56	175	243	18	1,466
share	66%	4%	12%	17%	1%	100%
Total	47,110	37,348	14,501	11,801	611	111,371
Sectoral Share	42%	34%	13%	11%	1%	100%

Sources:

- Profiles of Community Planning Areas: San Francisco's Eastern Neighborhoods (2002)
- Strategic Economics Central Waterfront Study (2002)
- San Francisco Planning Department Land Use Database (2001)
- San Francisco Assessor Database (2002)
- Dunn & Bradstreet (2002)
- San Francisco Planning Department Production/Distribution/Repair Survey (2002)
- San Francisco Planning Department Production/Distribution/Repair Focus Groups (2002)
- San Francisco Planning Department Zoning Options for Industrial Land (1999)
- Hausrath Land Use Study (1999)

