

An aerial photograph of the Central Soma neighborhood in San Francisco. The image shows a dense urban area with a mix of building heights, from low-rise residential structures to taller commercial buildings. A major highway, likely the San Francisco-Oakland Bay Bridge, runs diagonally across the upper right portion of the image. The overall scene is a high-angle, wide-area shot of the city's urban fabric.

CENTRAL SOMA PLAN

PUBLIC BENEFITS AND ECONOMIC FEASIBILITY

JUNE 25, 2015

OVERVIEW OF TODAY'S PRESENTATION

- **Central SoMa Refresher**
- **Financial Feasibility Analysis**
- **Public Benefits Analysis**



CENTRAL SOMA REFRESHER

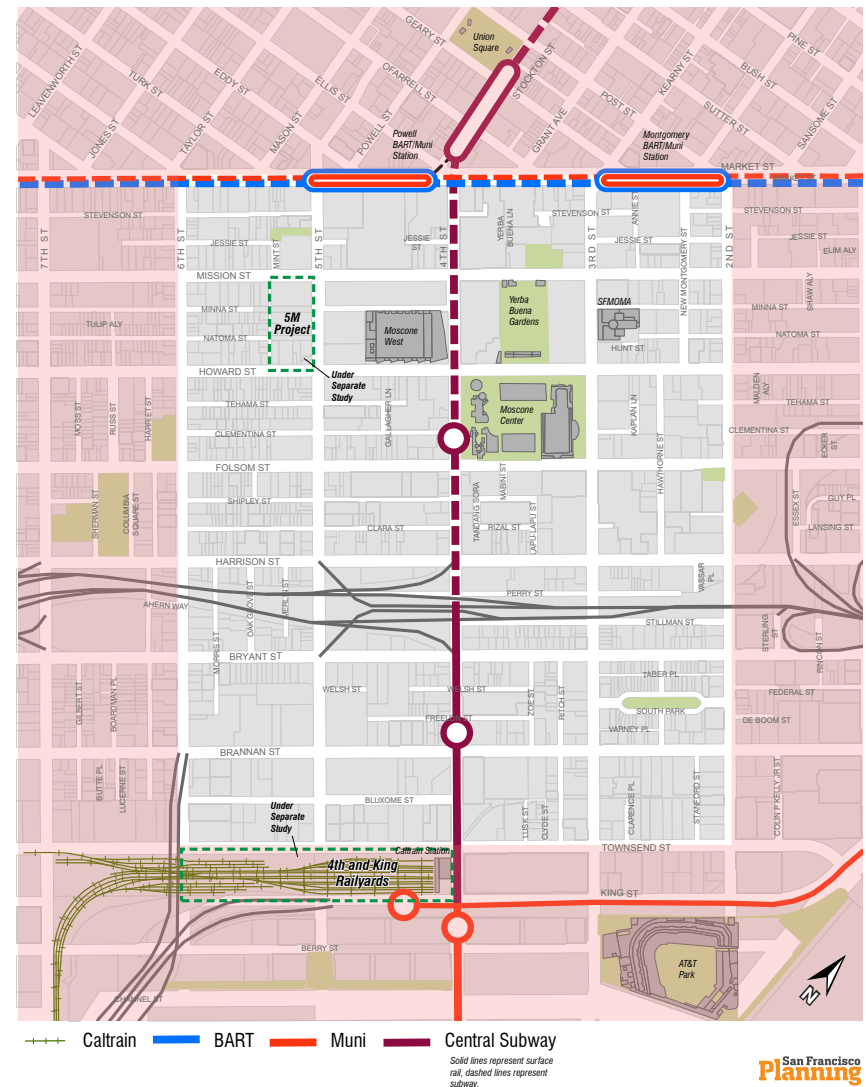


CENTRAL SOMA REFRESHER

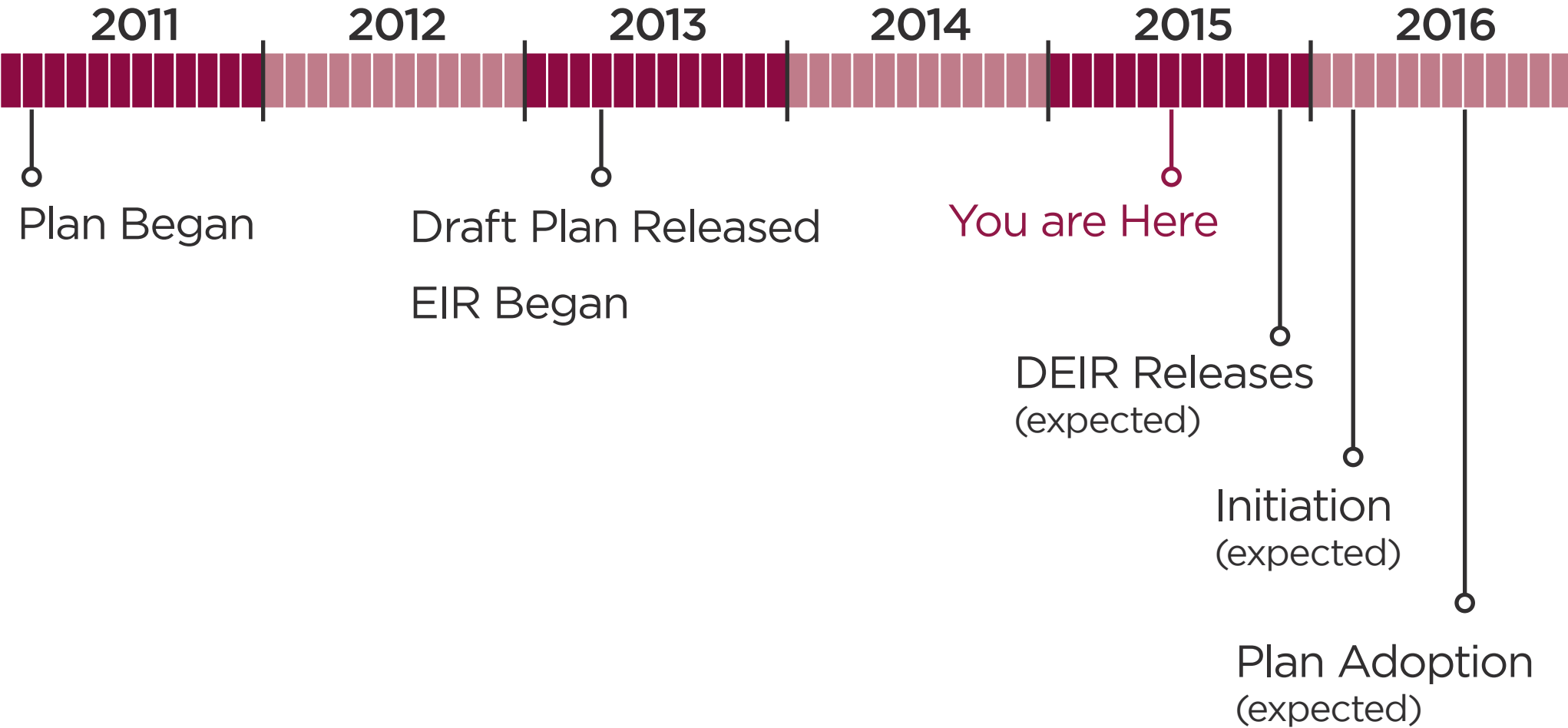
– Plan Impetus

- » Demand for new space for housing and jobs
- » Central SoMa has transportation and developable land

– Geography



CENTRAL SOMA REFRESHER



PLAN REFRESHER

– Plan Objectives

- » Ensure that Central SoMa is a great neighborhood
- » Accommodate demand for new development (particularly for employment)

An aerial photograph of the Central SOMA district in San Francisco. The image shows a dense urban environment with a mix of low-rise and mid-rise buildings. A major multi-lane highway, likely the San Francisco-Oakland Bay Bridge, runs diagonally across the middle of the frame. The foreground features a large, modern building with a distinctive curved facade and a tall, slender skyscraper under construction. The background is filled with a grid of streets and various commercial and residential structures.

FINANCIAL FEASIBILITY ANALYSIS

GOAL

- Set requirements to maximize public benefits and enable development



COMMUNITY'S DESIRED PUBLIC BENEFITS



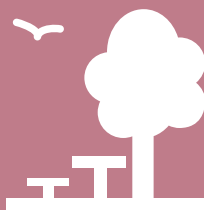
AFFORDABLE HOUSING

Maximize production
and protection



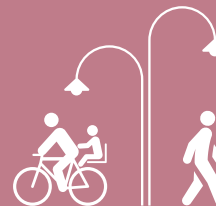
TRANSPORTATION

Fund improvements to
local and regional transit



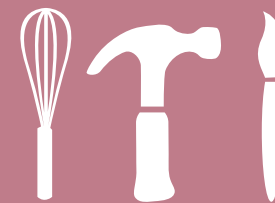
OPEN SPACE

Ensure access to
high quality for all
residents and workers



COMPLETE STREETS

Make every street
pleasant and safe for
biking and walking



PRODUCTION/ DISTRIBUTION/ REPAIR (PDR)

Allow no net
loss of PDR jobs



NON-PROFIT OFFICE

Create protected space



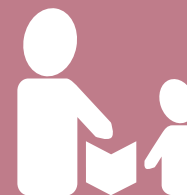
COMMUNITY FACILITIES

Ensure provision
of health clinics, service
providers, and art spaces
for a growing community



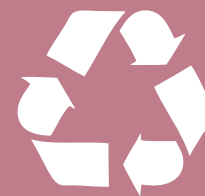
HISTORIC PRESERVATION

Fund rehabilitation of
important neighborhood
and citywide resources



CHILDCARE

Ensure provision for
growing community



ENVIRONMENTAL SUSTAINABILITY

Be an
international
model

FINANCIAL FEASIBILITY ANALYSIS: METHODOLOGY

- Model prototypical development in Central SoMa, including**
 - » Residential and office uses
 - » For land receiving a range of additional development capacity, such as new zoning and additional height
- Determine the economic feasibility of proposed community benefits to these projects**

PROTOTYPES ANALYZED

	A	B	C-1	C-2
Development Type	Office	Residential (condo)	Residential (condo)	Residential (condo)
Lot Size	35,000 sf	10,000 sf	15,000 sf	15,000 sf
Development Size	270,000 gsf	60 units	128 units	217 units
Zoning change?	Yes - SLI to MUO	Yes - SALI to MUO	No - stays MUO	No - stays MUO
Height change?	Yes - 85' to 160'	No - stays 85'	Yes - 85' to 160'	Yes - 85' to 400'
Affordable Housing	Jobs-Housing Linkage Fee	On-site BMR	Affordable Housing Fee	Affordable Housing Fee

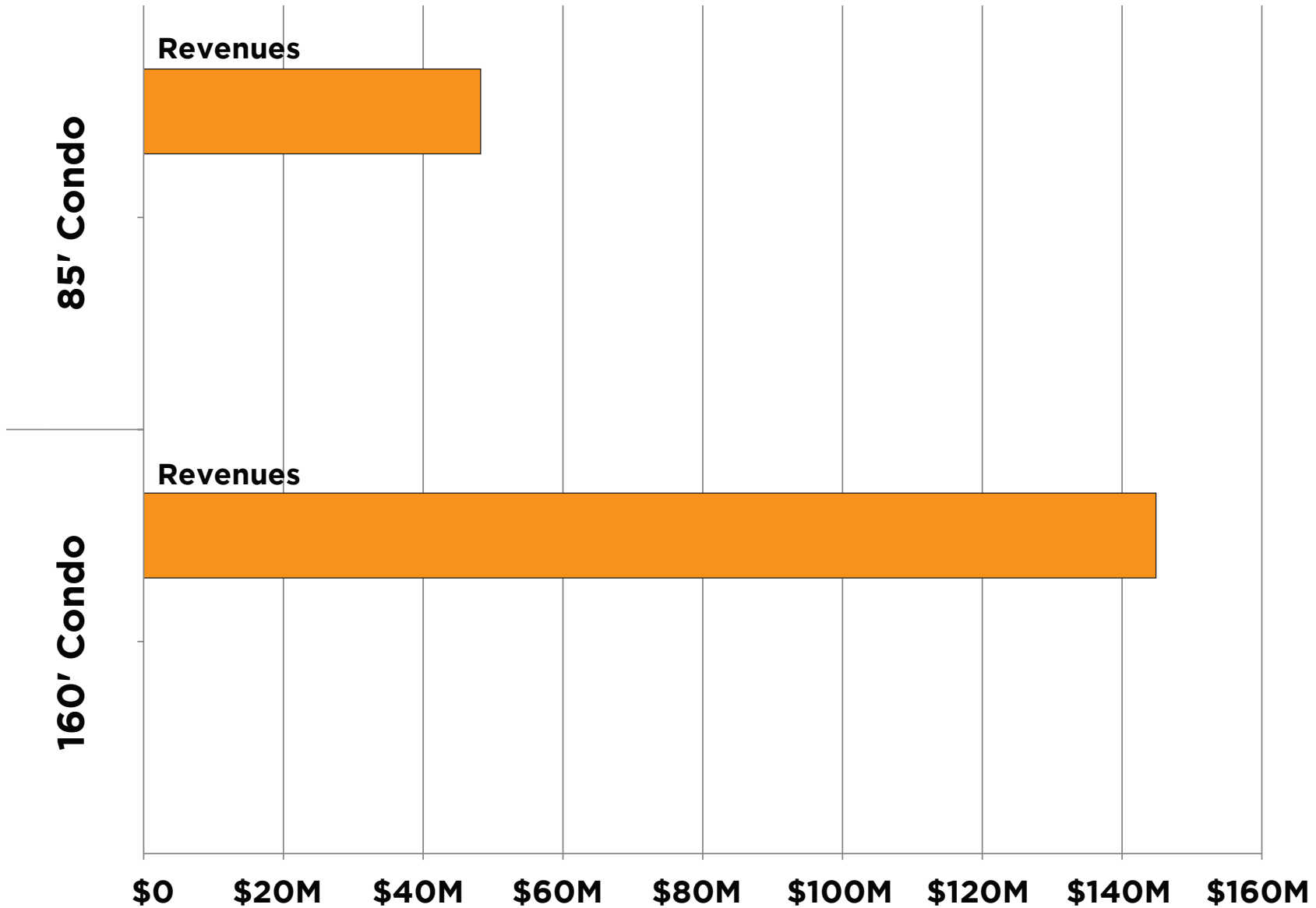
PUBLIC BENEFITS ANALYZED – OFFICE

	Current requirement ("Baseline")	Initial Proposal Under Plan ("Full Community Benefits")
Affordable Housing	Jobs-Housing Linkage Fee	Jobs-Housing Linkage Fee +\$12/sf
Transportation	Transportation Sustainability Fee (proposed)	Transportation Sustainability Fee (proposed)
Open Space	EN Impact Fee (Tier 3)	EN Impact Fee + Central SoMa Impact Fee (\$10/gsf)
Complete Streets	EN Impact Fee (Tier 3)	EN Impact Fee + Central SoMa Impact Fee (\$10/gsf)
Child Care	EN Impact Fee (Tier 3) + Childcare Fee	EN Impact Fee + Childcare Fee + Central SoMa Impact Fee (\$10/gsf)
Schools	School Impact Fee	School Impact Fee
Wastewater	Water/Wastewater Impact Fee	Water/Wastewater Impact Fee
Public Art	Public Art Requirement	Public Art Requirement
Historic Resources		Transfer of Development Rights (TDR) (3 FAR @ \$30/gsf)
Community Facilities		n/a (applies to residential)
PDR		PDR space (0.5 FAR)
Non-Profit Office		Non-Profit space (1 Floor)
Infrastructure Financing (including sustainability)		Mello-Roos Tax (\$4/sf)

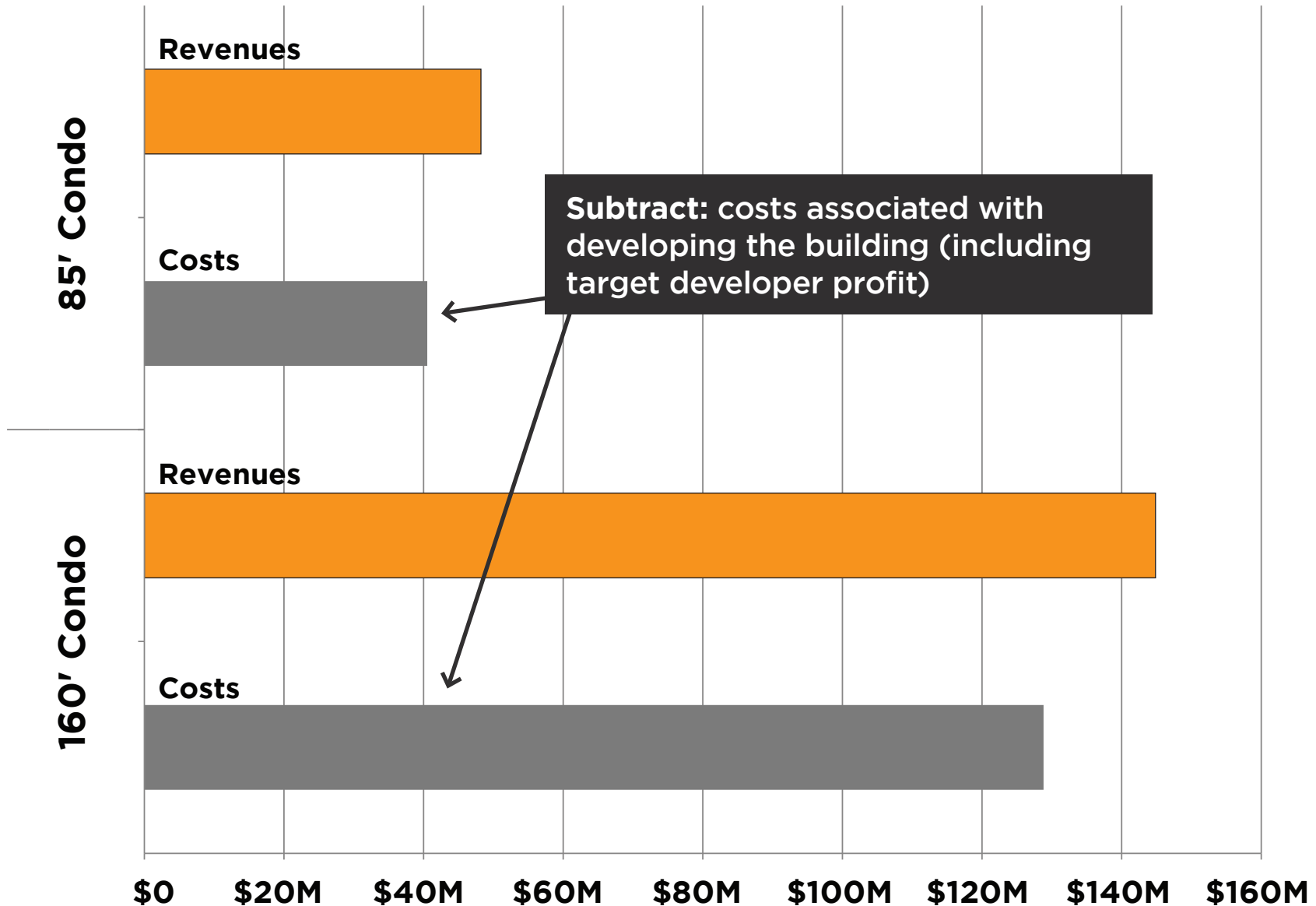
PUBLIC BENEFITS ANALYZED – RESIDENTIAL

	Current requirement ("Baseline")	Initial Proposal Under Plan ("Full Community Benefits")
Affordable Housing	BMR Program (12% on-site; 20% fee)	BMR Program (20% on-site; 33% fee)
Transportation	Transportation Sustainability Fee (proposed)	Transportation Sustainability Fee (proposed)
Open Space	EN Impact Fee (Tier 3)	EN Impact Fee + Central SoMa Impact Fee (\$10/gsf)
Complete Streets	EN Impact Fee (Tier 3)	EN Impact Fee + Central SoMa Impact Fee (\$10/gsf)
Child Care	EN Impact Fee (Tier 3) + Childcare Fee	EN Impact Fee + Childcare Fee + Central SoMa Impact Fee (\$10/gsf)
Schools	School Impact Fee	School Impact Fee
Wastewater	Water/Wastewater Impact Fee	Water/Wastewater Impact Fee
Public Art		n/a (applies to office)
Historic Resources		TDR (3 FAR @ \$30/gsf)
Community Facilities		Community Facilities Fee (\$2/gsf)
PDR		n/a (applies to office)
Non-Profit Office		n/a (applies to office)
Infrastructure Financing (including sustainability)		Mello-Roos Tax (\$5/sf condo; \$4.50/sf rental)

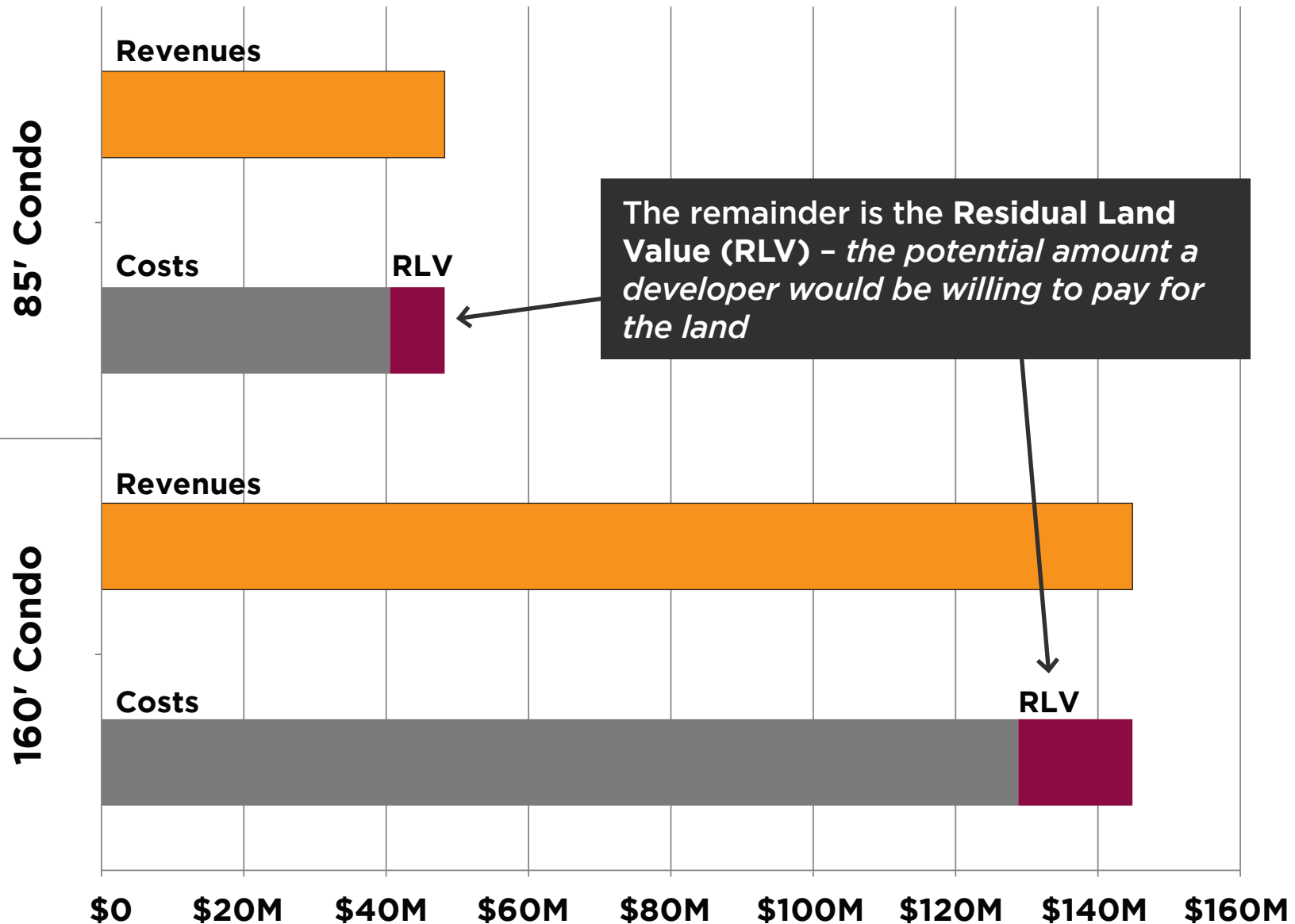
VALUE CAPTURE EXAMPLE: 85' CONDO VS. 160' CONDO



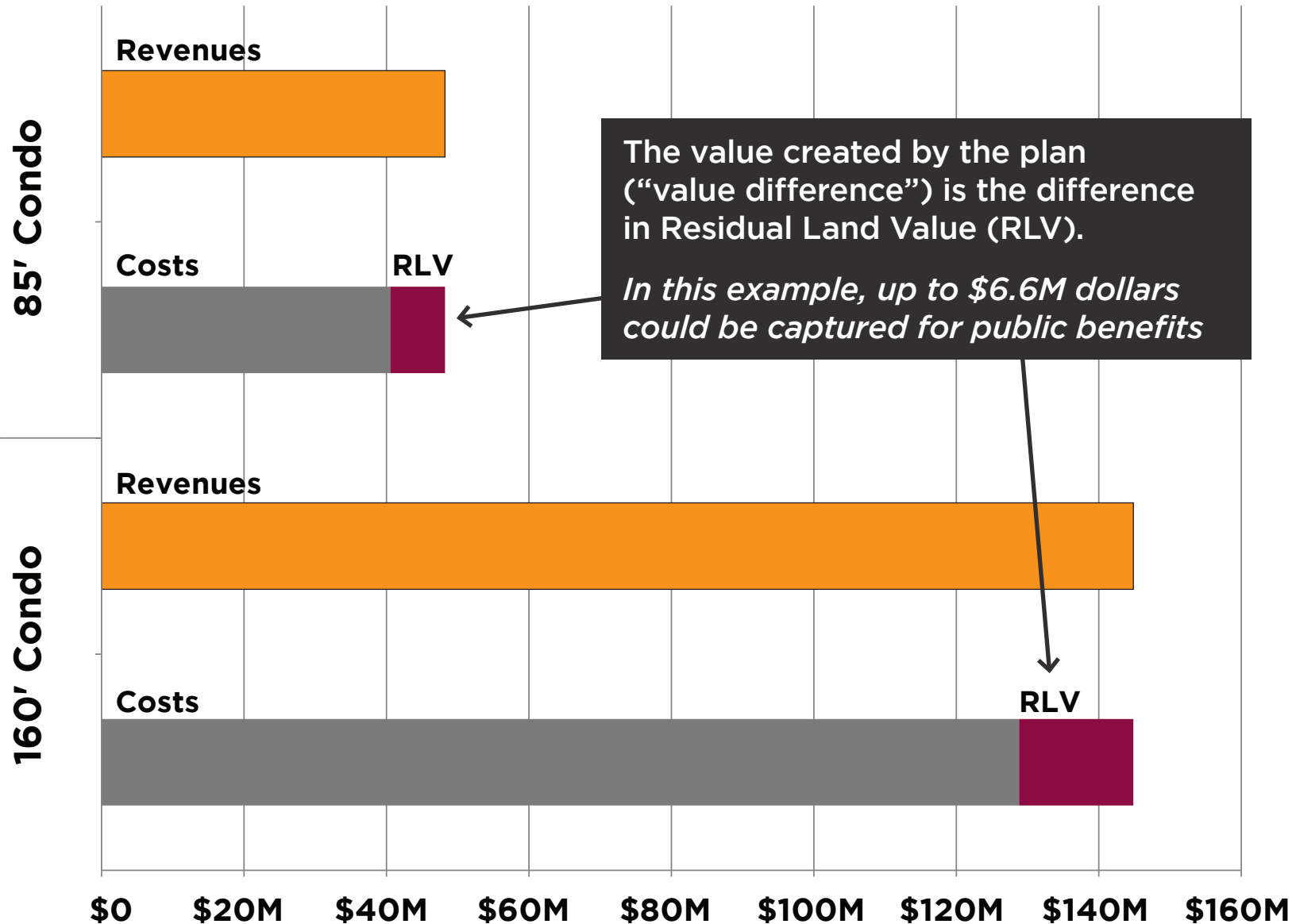
VALUE CAPTURE EXAMPLE: 85' CONDO VS. 160' CONDO



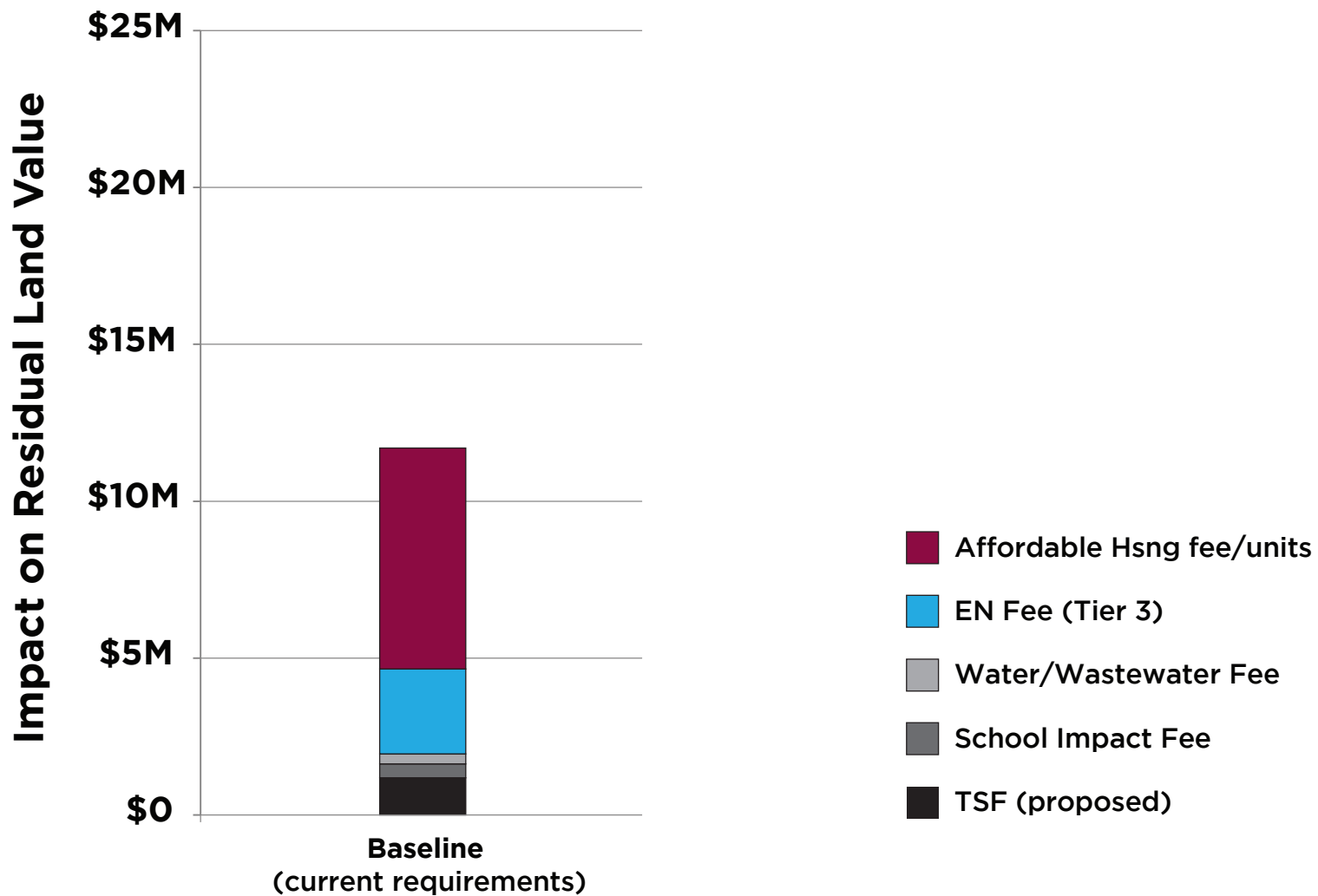
VALUE CAPTURE EXAMPLE: 85' CONDO VS. 160' CONDO



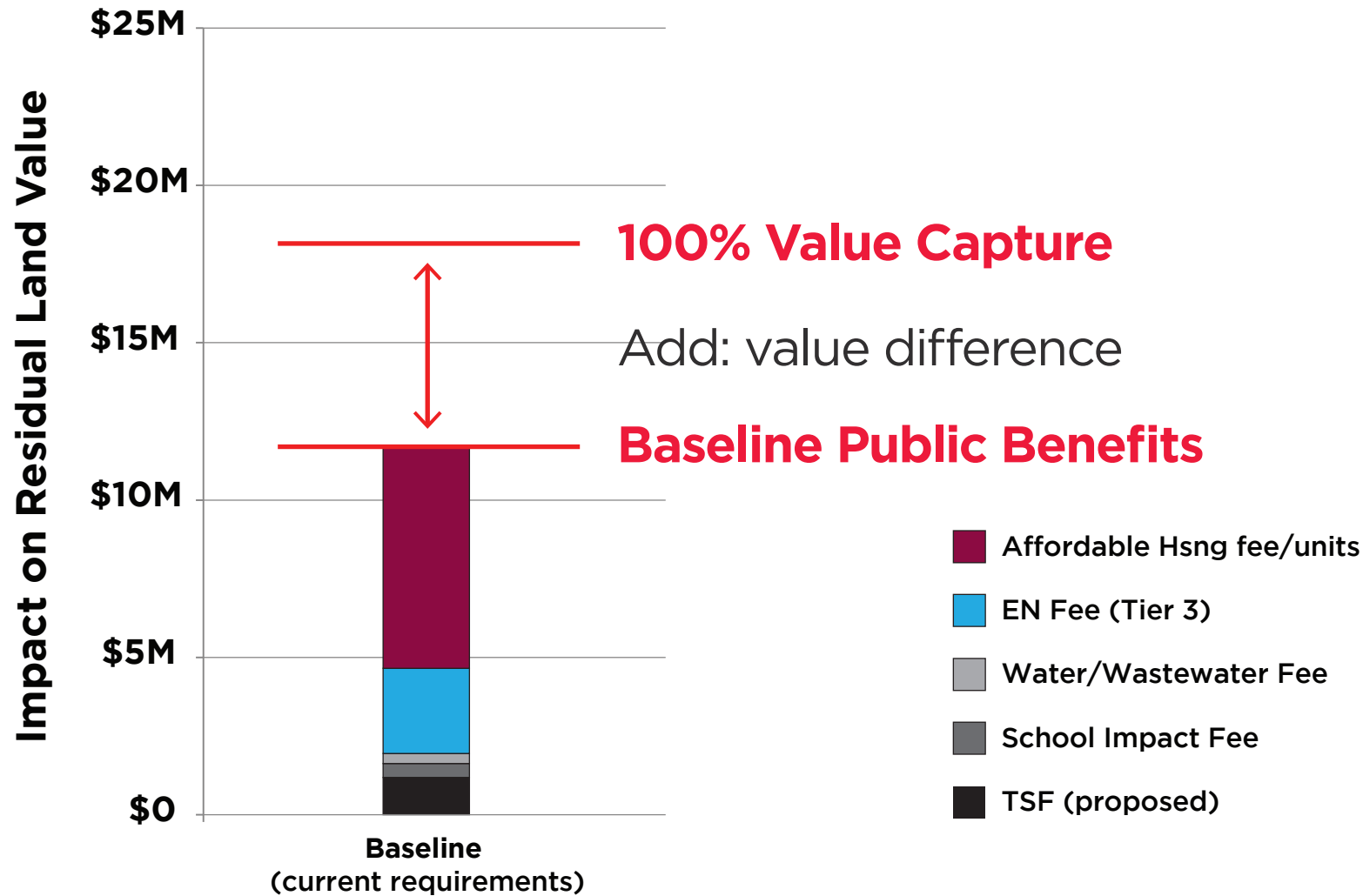
VALUE CAPTURE EXAMPLE: 85' CONDO VS. 160' CONDO



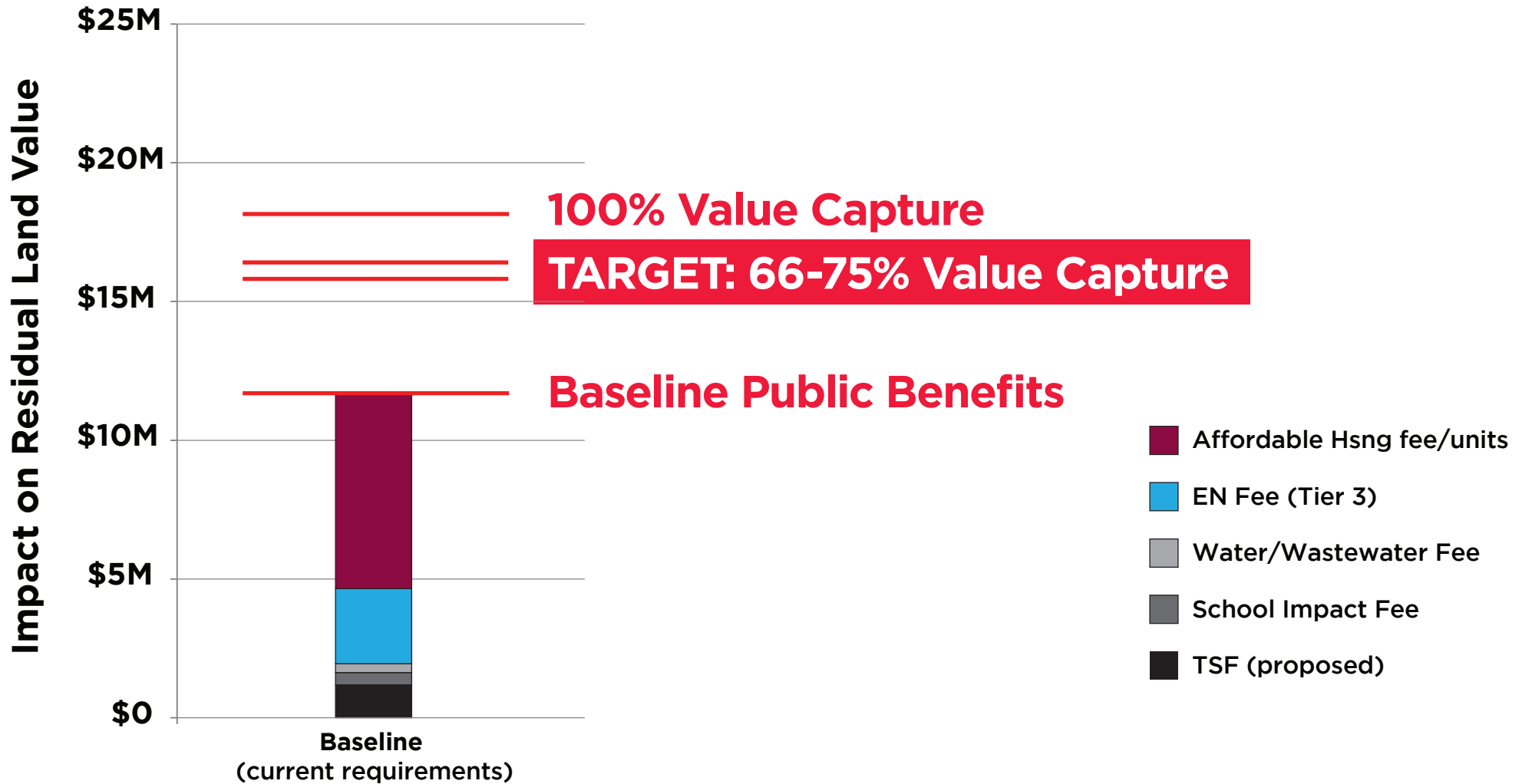
VALUE CAPTURE EXAMPLE: 160' CONDO



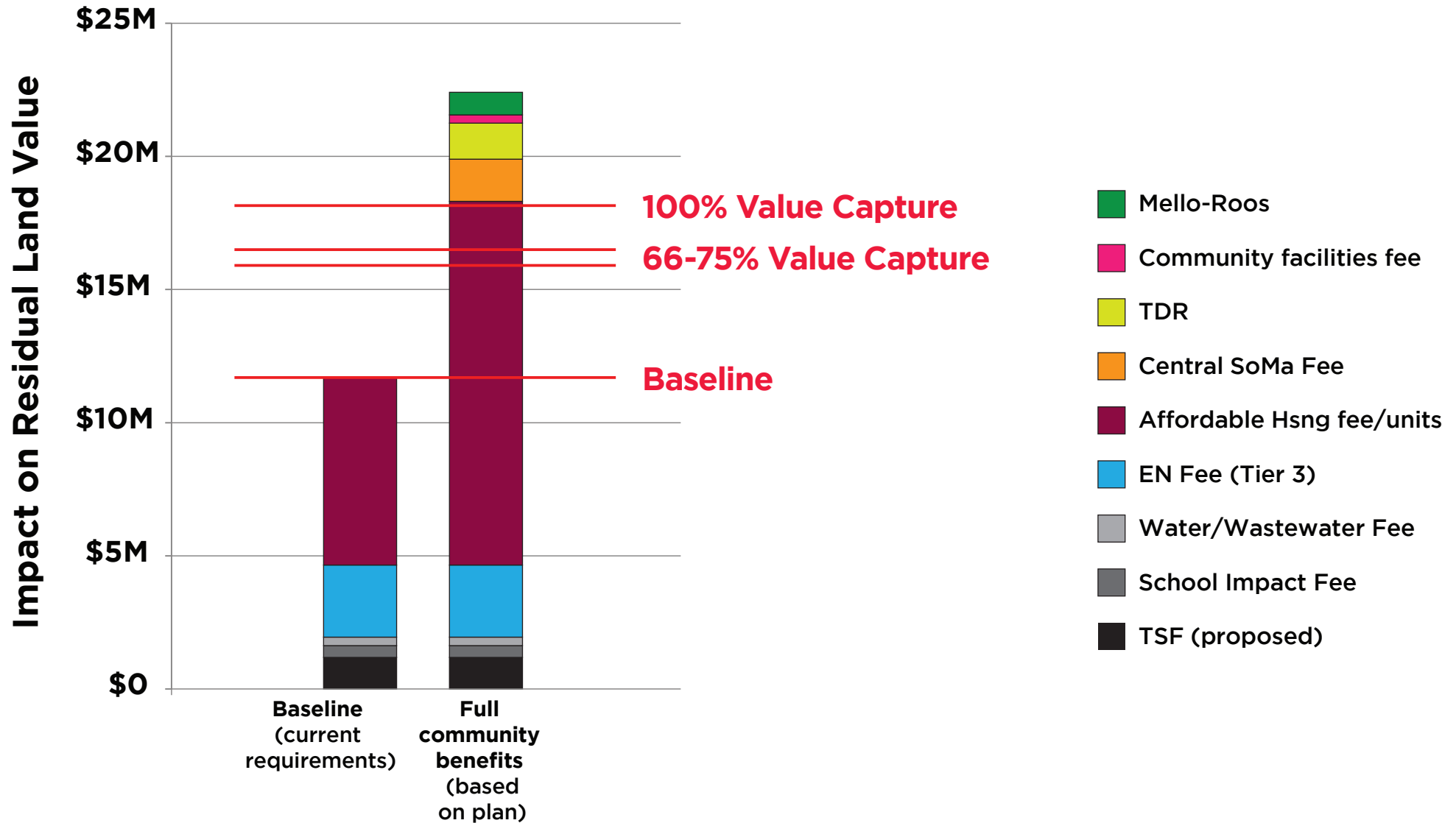
VALUE CAPTURE EXAMPLE: 160' CONDO



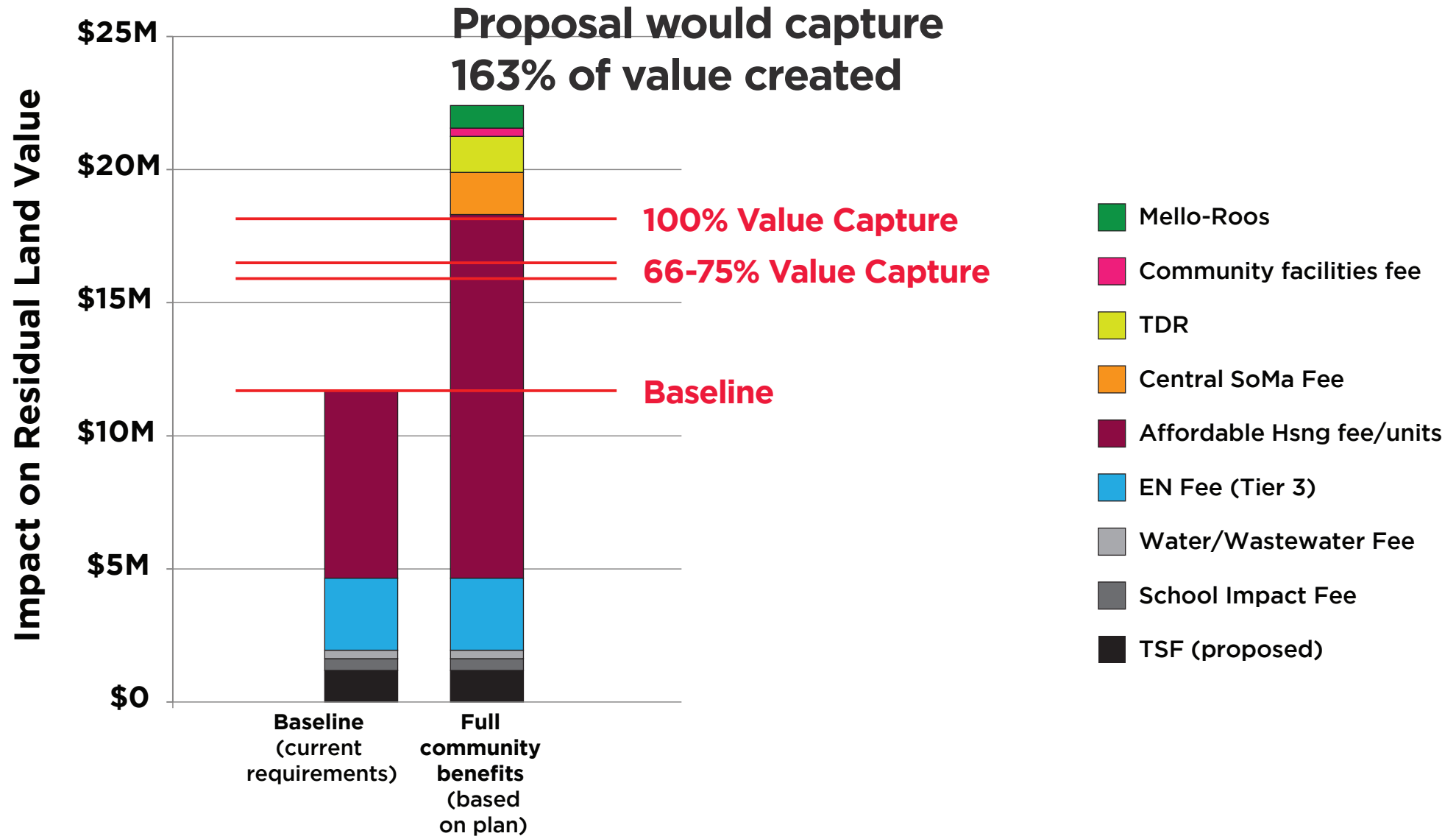
VALUE CAPTURE EXAMPLE: 160' CONDO



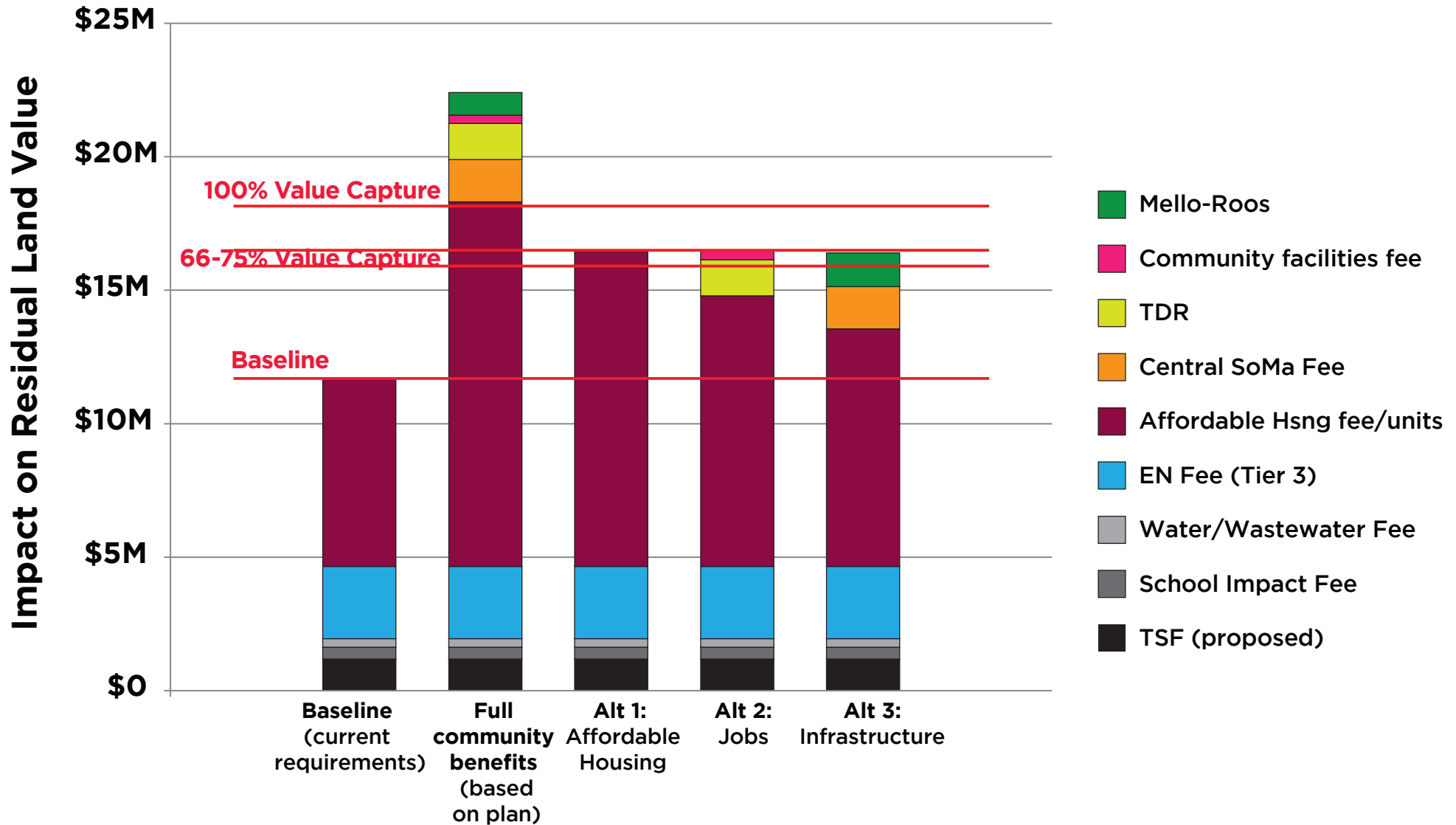
VALUE CAPTURE EXAMPLE: 160' CONDO



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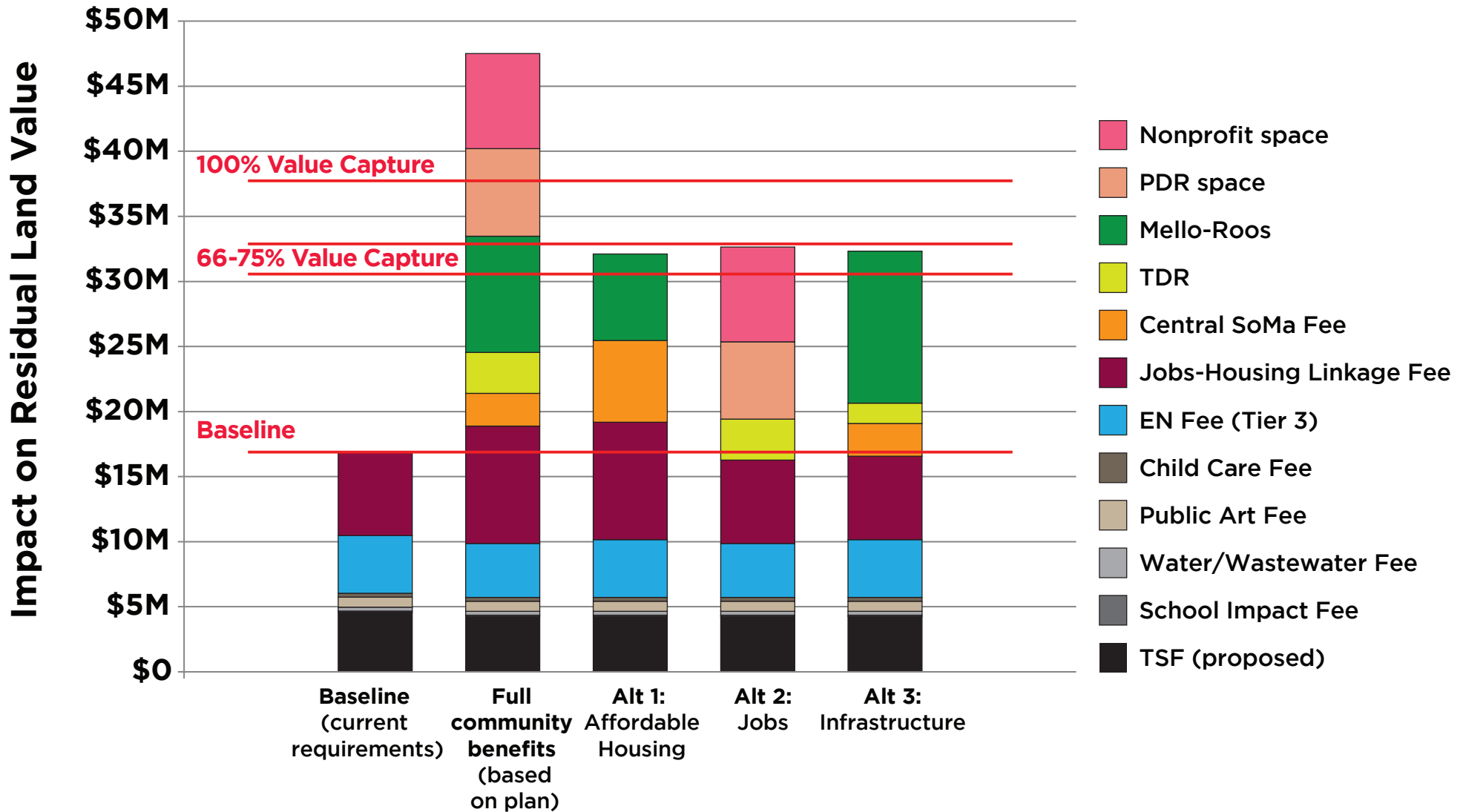
VALUE CAPTURE EXAMPLE: 160' CONDO



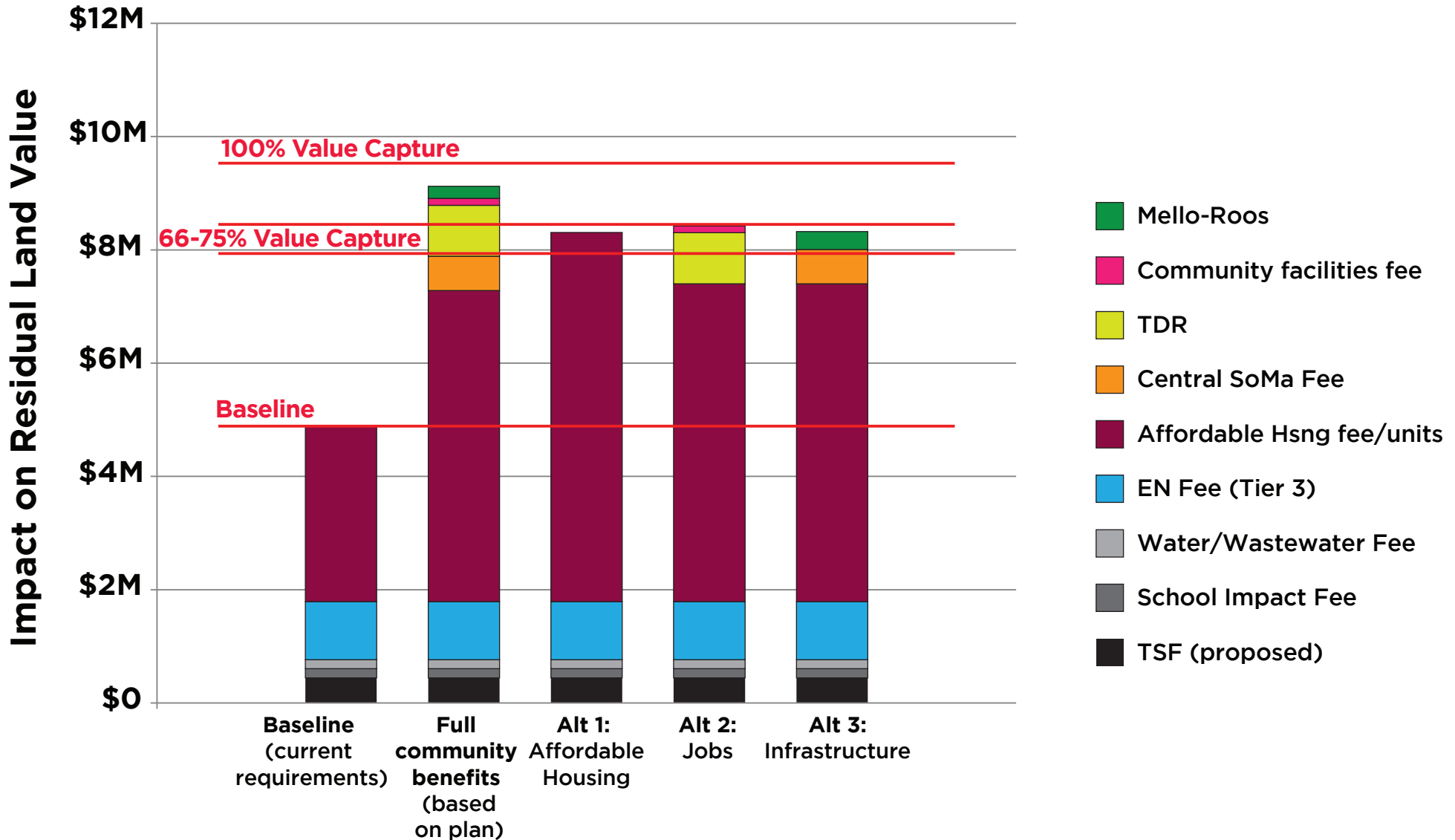
FINANCIALLY CONSTRAINED ALTERNATIVES

	Alternative 1: Affordable Housing & Amenities	Alternative 2: Job Diversity	Alternative 3: Infrastructure
Office	\$12 increase in Jobs-Housing Linkage Fee Central SoMa Fee Mello-Roos (for open space & child care)	0.5 FAR of PDR space 1 floor of non-profit space TDR \$12 increase in Jobs-Housing Linkage Fee	Mello-Roos Central SoMa Fee TDR
Residential	Increased BMR units (on-site or fee)	Community Facilities Fee TDR Increased BMR units	Mello-Roos Central SoMa Fee Increased BMR units

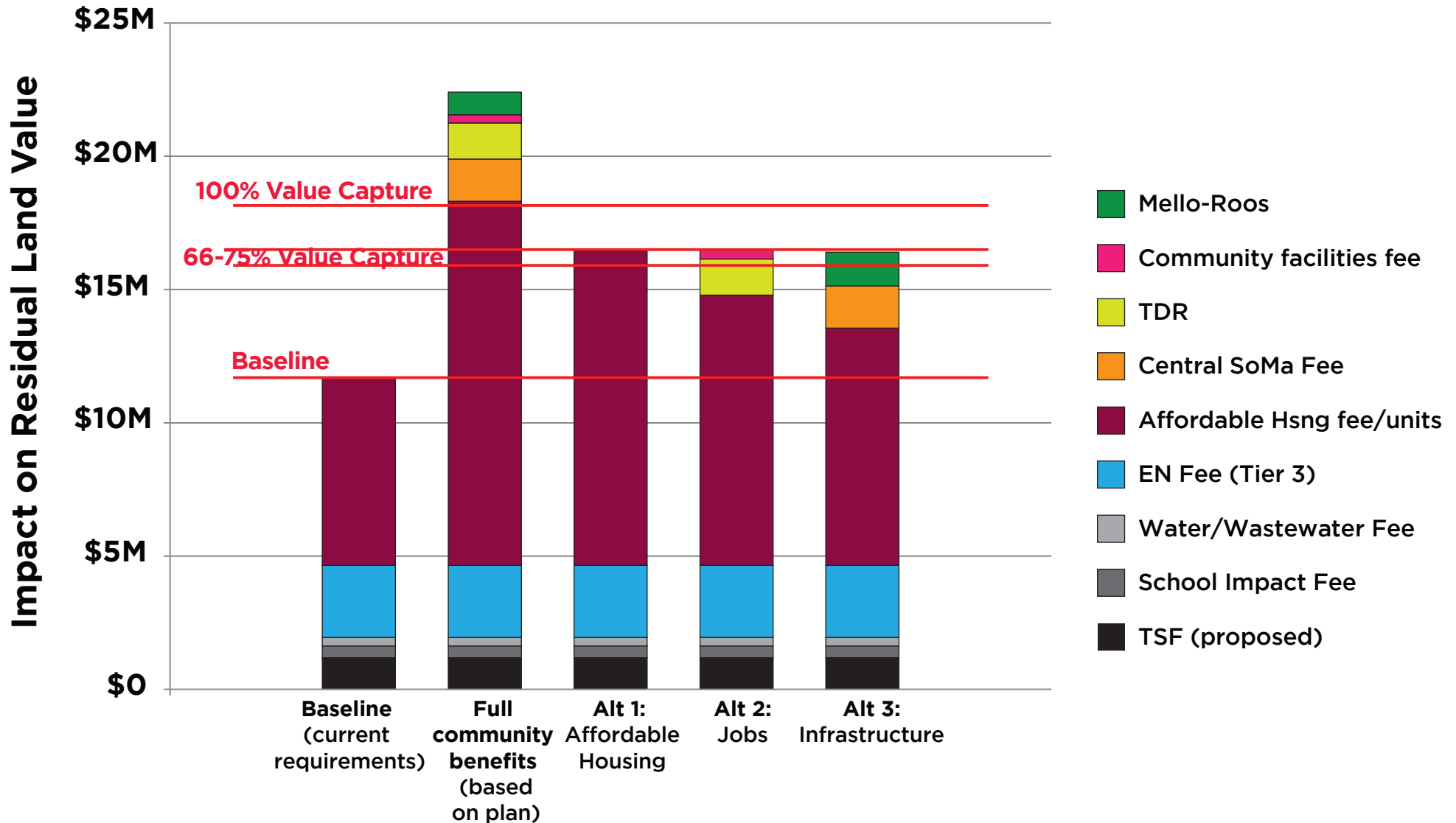
PROTOTYPE A (160' OFFICE): EXISTING & PROPOSED PUBLIC BENEFITS



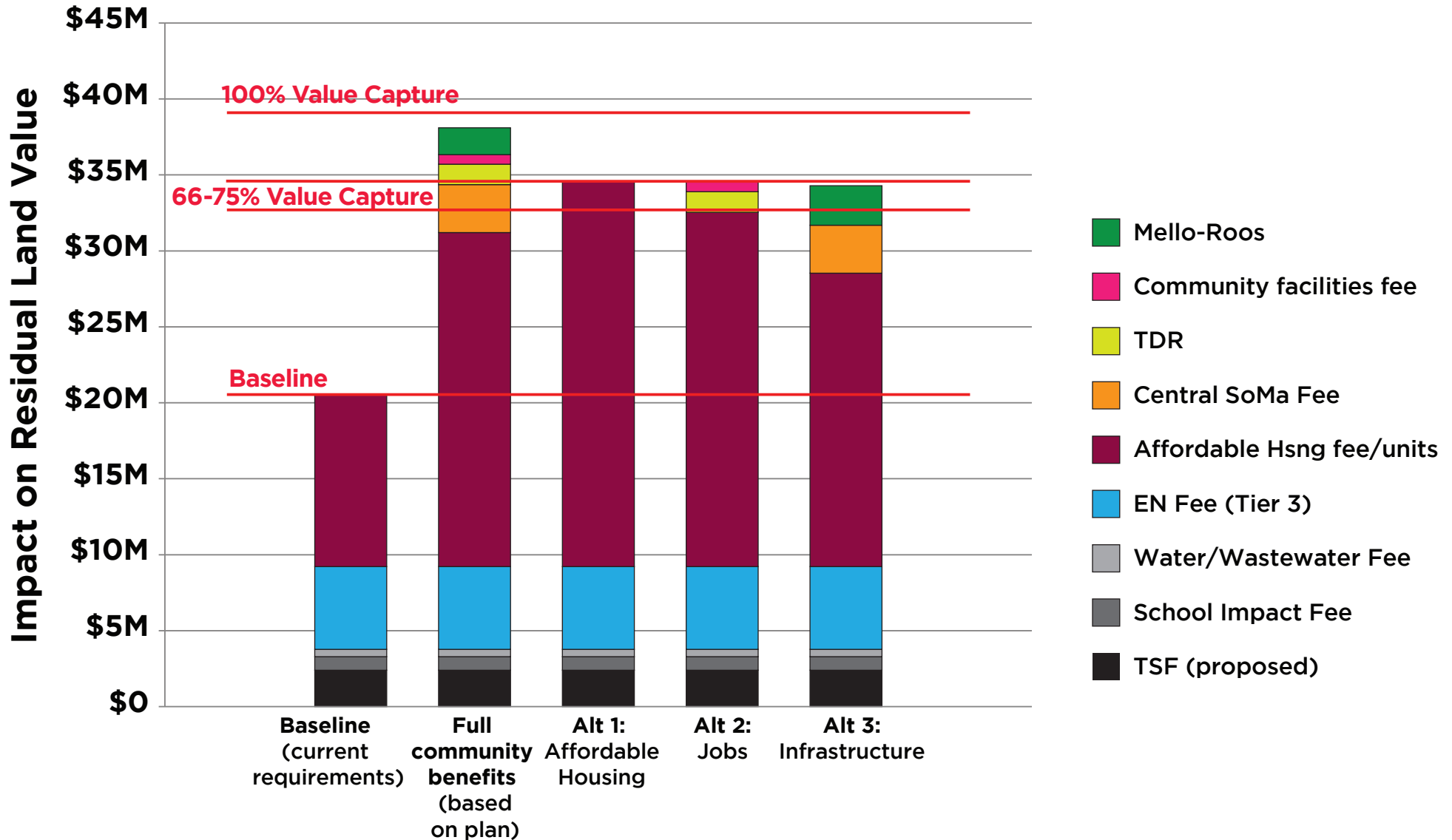
PROTOTYPE B (85' CONDO): EXISTING & PROPOSED PUBLIC BENEFITS



PROTOTYPE C-1 (160' CONDO): EXISTING & PROPOSED PUBLIC BENEFITS



PROTOTYPE C-2 (400' CONDO): EXISTING & PROPOSED PUBLIC BENEFITS



FINANCIAL FEASIBILITY ANALYSIS: SUMMARY

- **“Full community benefits” package would capture 86% to 163% of value created by the plan**
 - » Trade-offs are necessary in order to maintain development feasibility

An aerial photograph of the Central SOMA (South of Market) area in San Francisco. The image shows a dense urban landscape with a mix of building heights, from low-rise residential structures to taller commercial buildings. A major multi-lane highway, likely the I-805, runs diagonally through the lower half of the frame. The sky is clear, and the overall scene depicts a vibrant, developed city center.

PUBLIC BENEFITS ANALYSIS

PUBLIC BENEFITS METHODOLOGY

- **Identify potential development sites**
- **Determine existing and new development potential**
- **Apply and calculate existing public benefits requirements**
- **Determine new central soma “public benefits tiers”**
- **Apply and calculate potential public benefits requirements (based on “feasible alternatives”)**
- Caveat: These alternatives are not actually being proposed by the Planning Department. They are meant as extreme examples of potential trade-offs.
- Caveat: Potential new requirements still need to be vetted with the City Attorney’s office.

PUBLIC BENEFITS METHODOLOGY

- Tiers based on increase in development potential (height and/or zoning change).**
 - » Tier 1: 15-45 feet**
 - » Tier 2: 50-95 feet**
 - » Tier 3: 100-165 feet**
 - » Tier 4: Over 170 feet**

PUBLIC BENEFITS METHODOLOGY

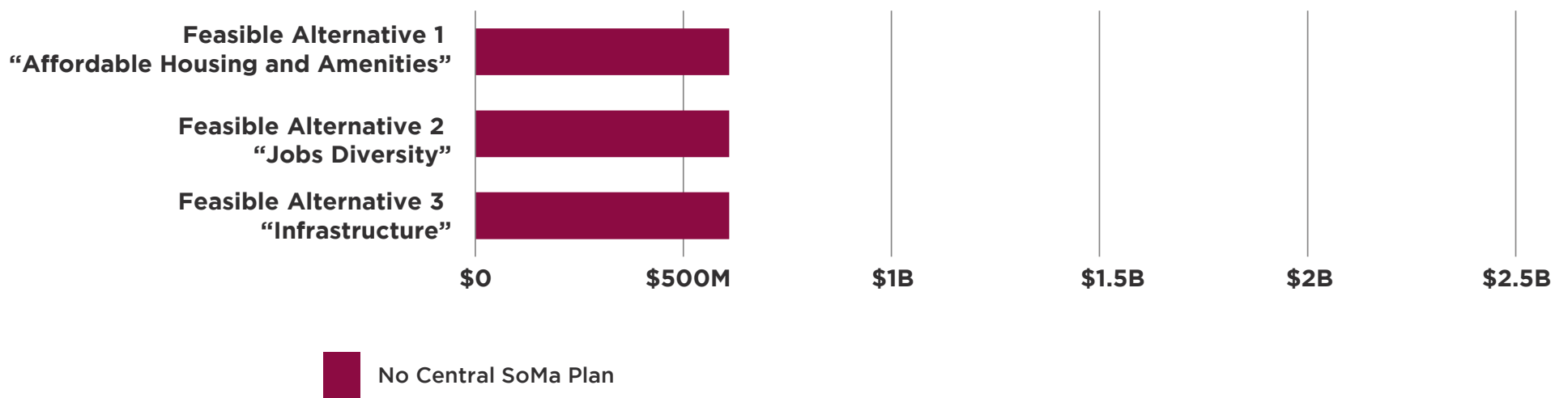
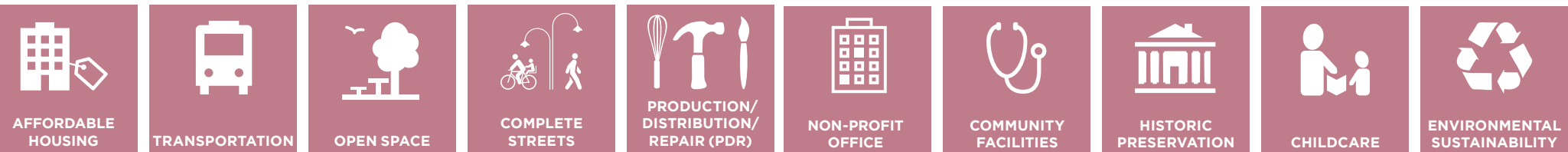
– Summary of Public Benefits Alternatives

	Alternative 1	Alternative 2	Alternative 3
Below Market Rate On-Site	15-19%	12-18.5%	12-15.5%
Below Market Rate In-Lieu/Off-Site	30-38%	24-37%	20-31%
Jobs-Housing Linkage	Up to \$36/gsf	No change	No change
Central SoMa Fee	Up to \$20/gsf for non-residential	None	Up to \$25/gsf for non-residential and \$10/gsf residential
Mello-Roos Community Facilities District	Up to \$4/gsf for non-residential	None	Up to \$4.91/gsf for non-residential and \$6.20/gsf for residential
Required PDR, Non-Profit Office, and Community Facilities	No	Yes	No
TDR Requirement	No	Up to 3.0 FAR	Up to 3.0 FAR

- Caveat: These alternatives are not actually being proposed by the Planning Department. They are meant as extreme examples of potential trade-offs.
- Caveat: Potential new requirements still need to be vetted with the City Attorney's office.

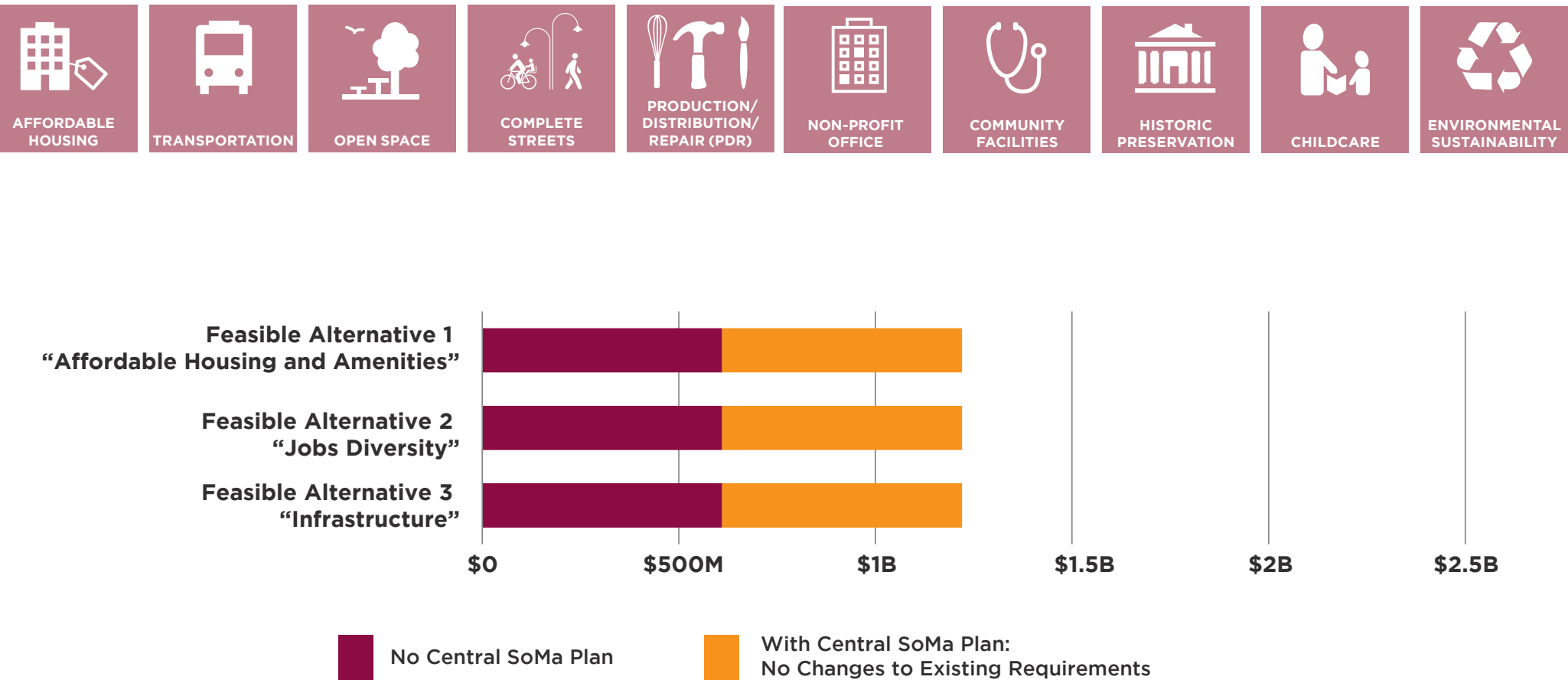
RESULTS

– Total Public Benefits



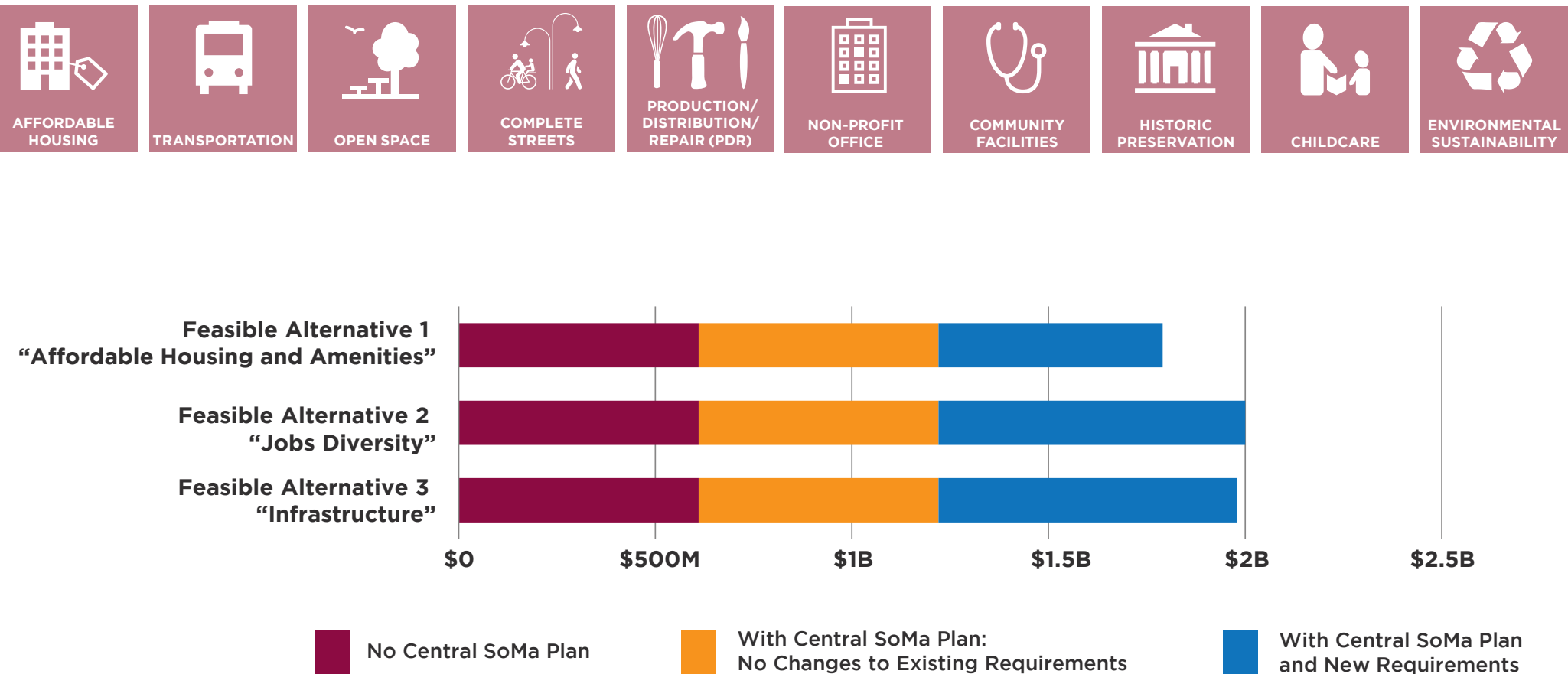
RESULTS

– Total Public Benefits



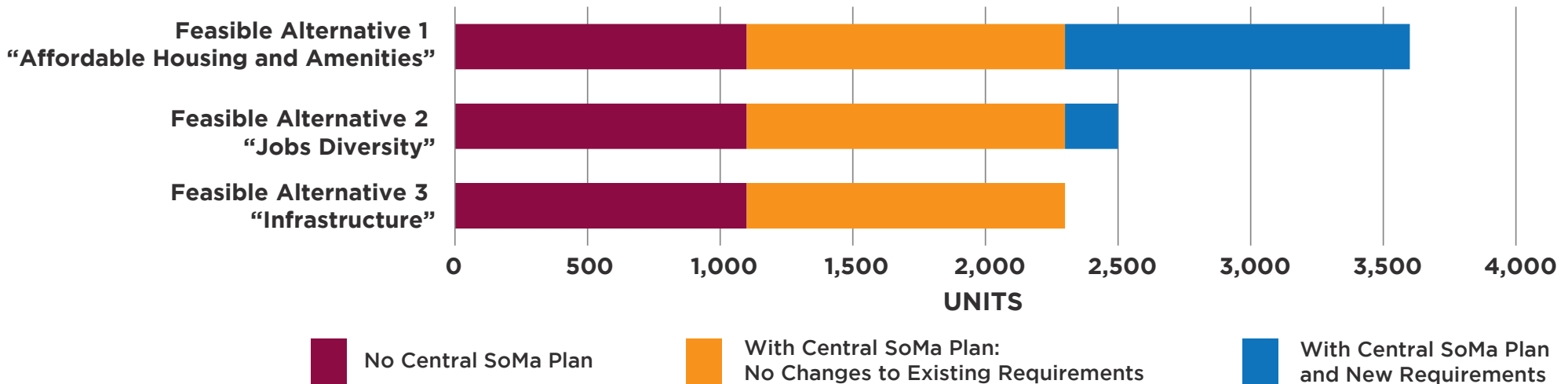
RESULTS

– Total Public Benefits



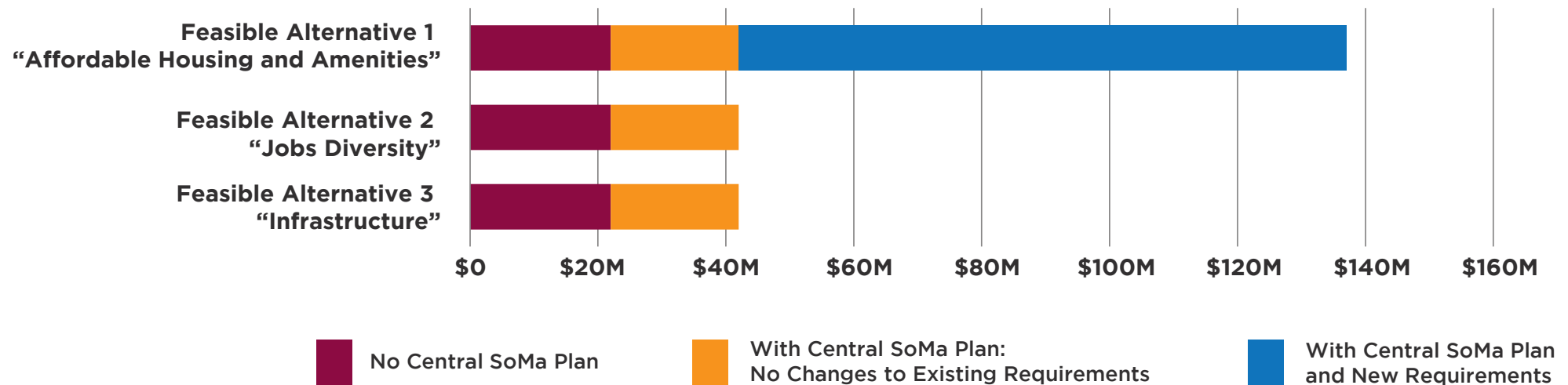
RESULTS

- Affordable Housing



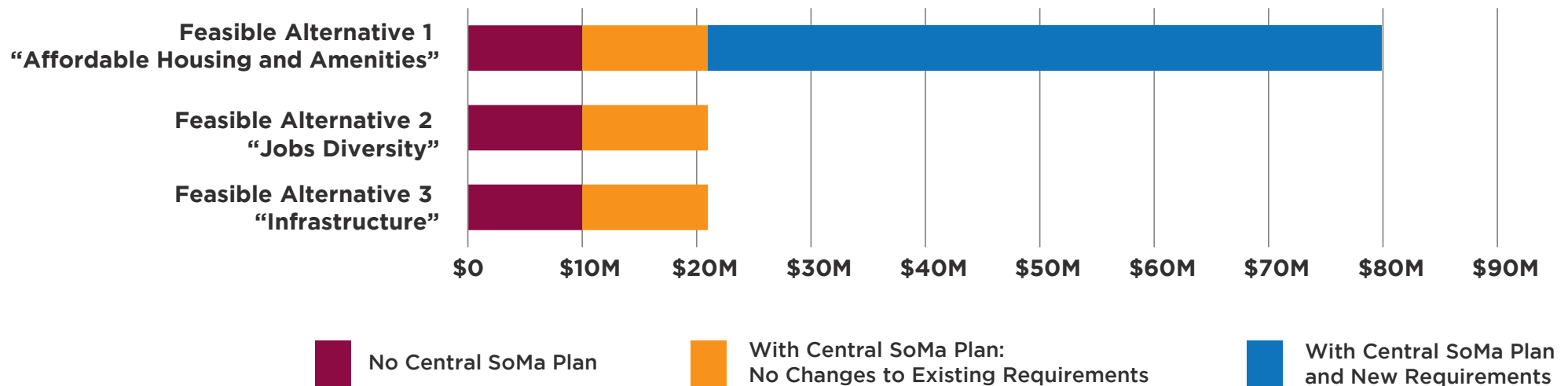
RESULTS

– Open Space



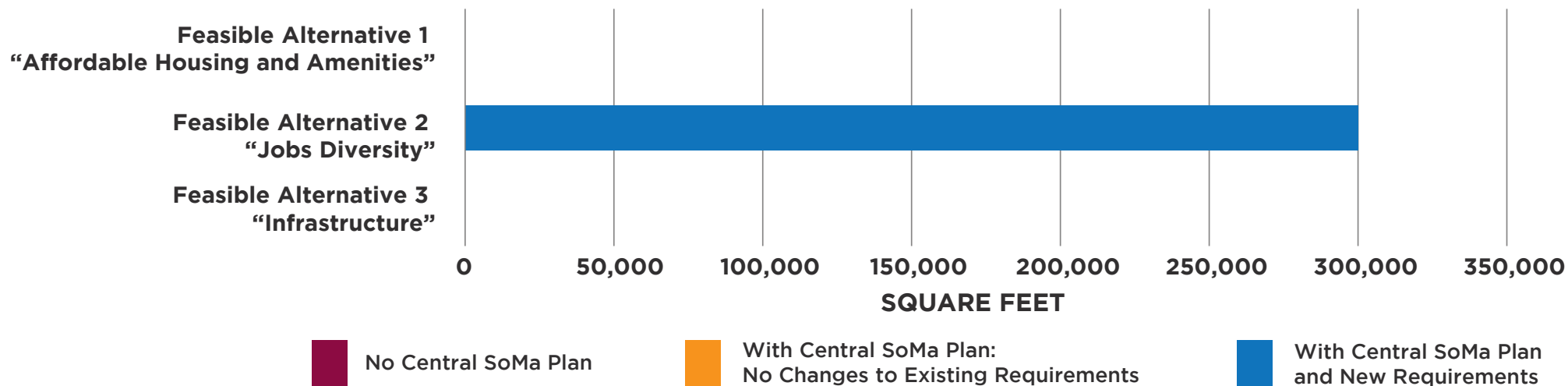
RESULTS

- Childcare



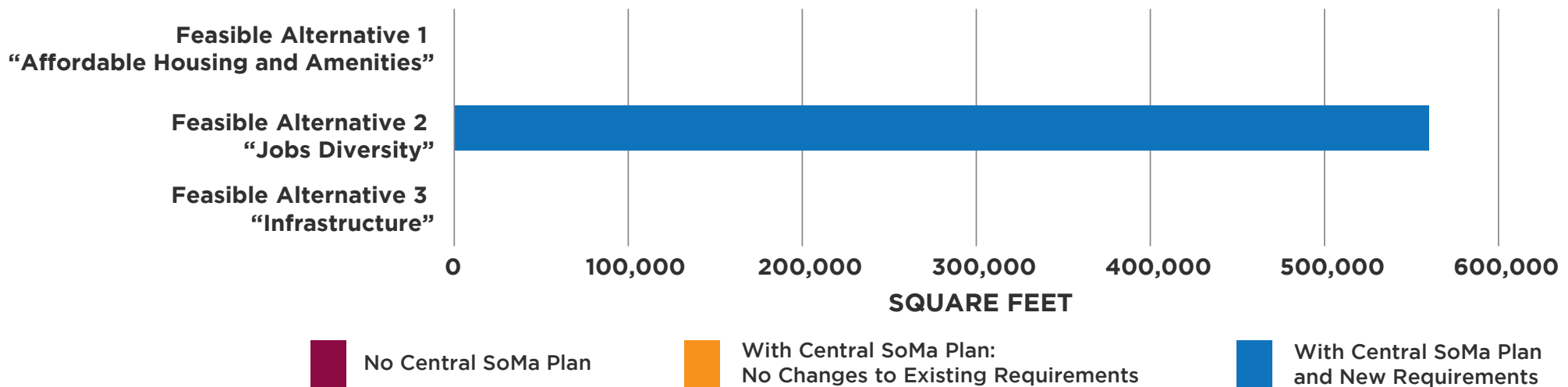
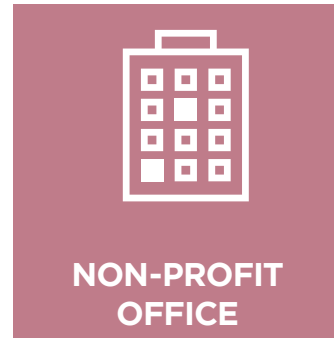
RESULTS

– Production/Distribution/Repair (PDR) Space



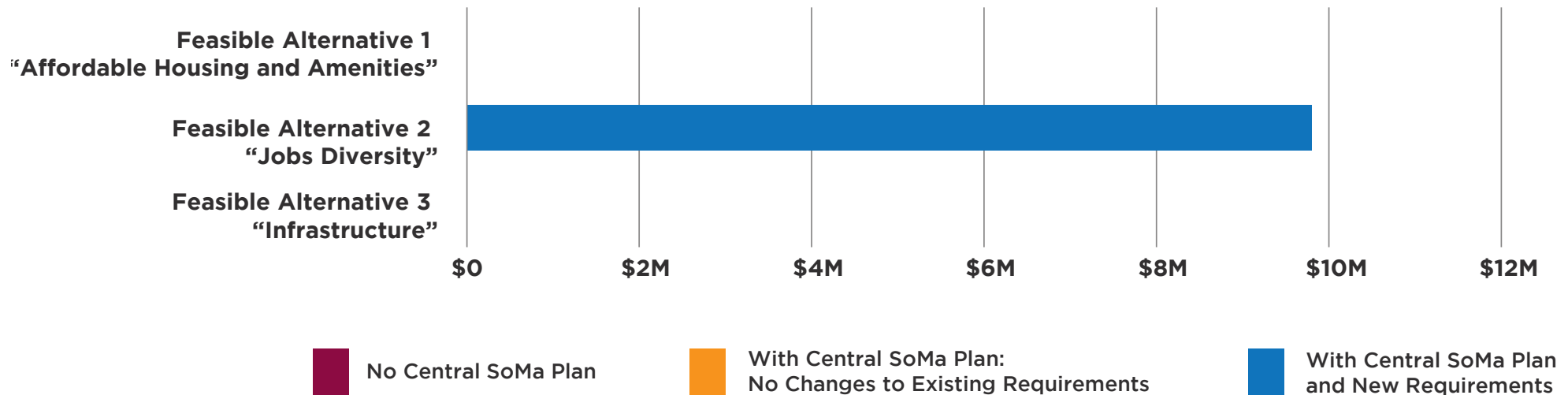
RESULTS

– Non-Profit Office



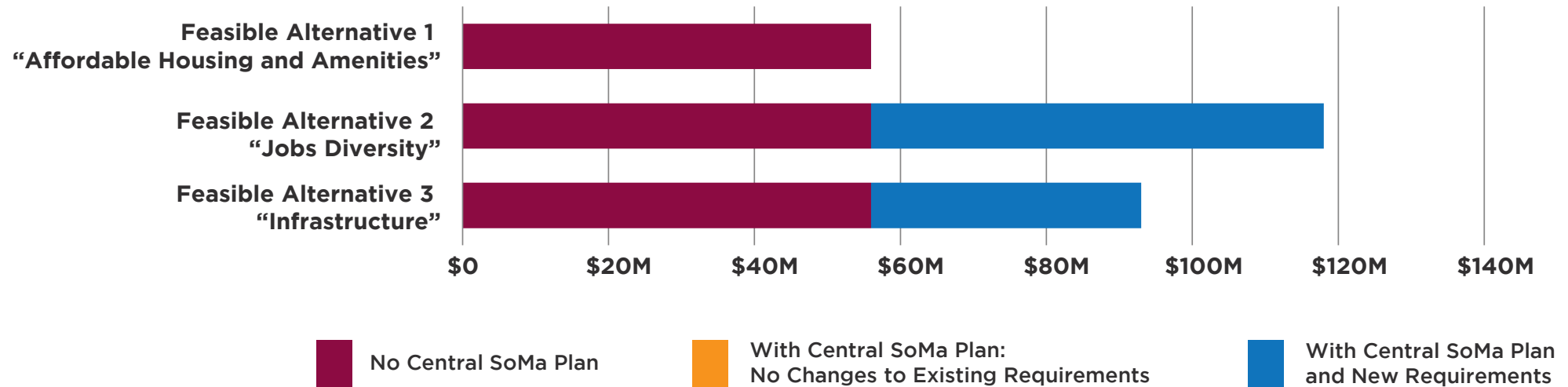
RESULTS

– Community Facilities



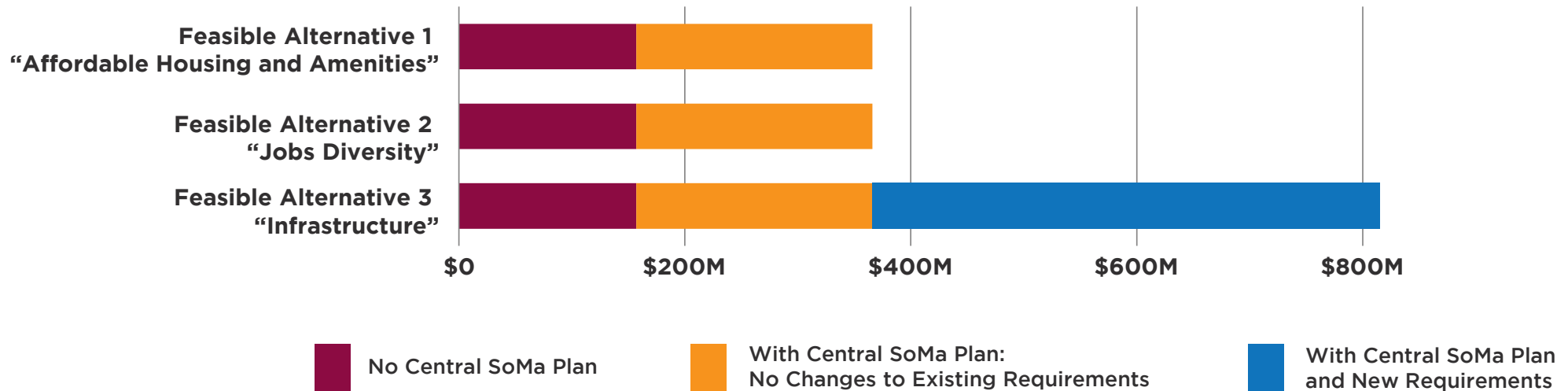
RESULTS

– Historic Preservation



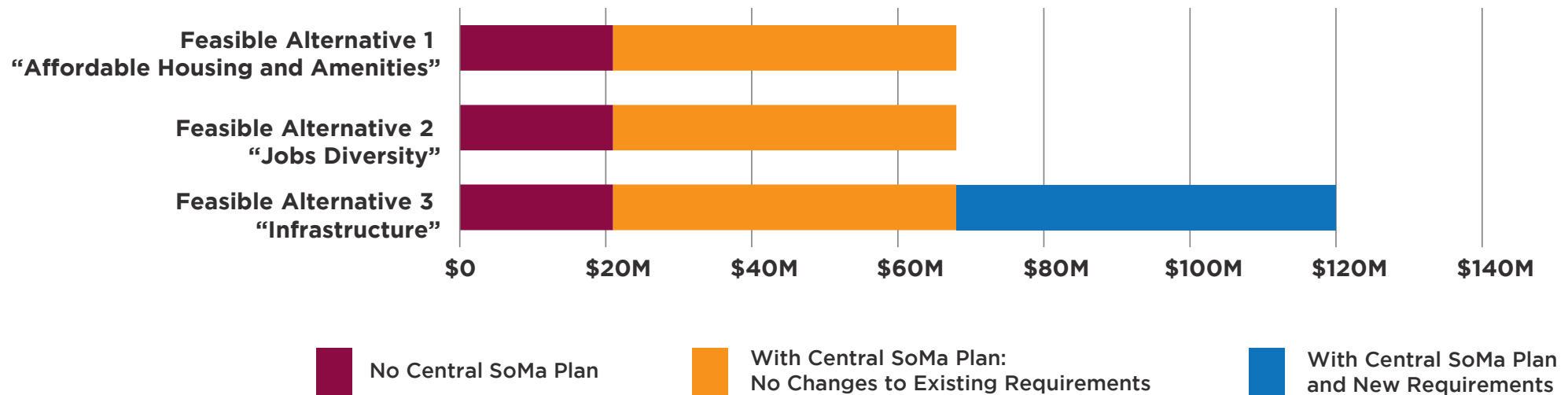
RESULTS

– Transportation



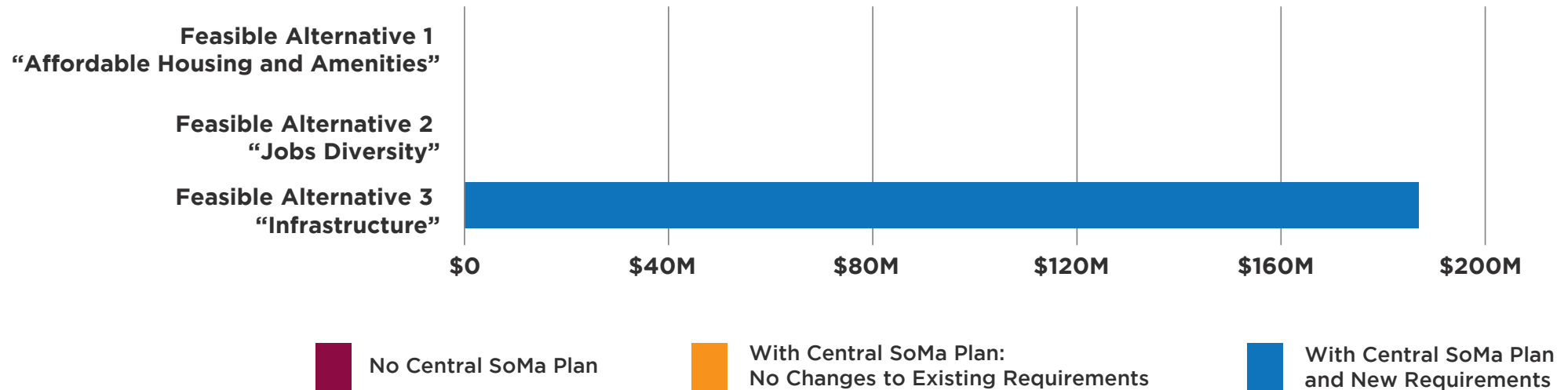
RESULTS

– Complete Streets



RESULTS

– Environmental Sustainability

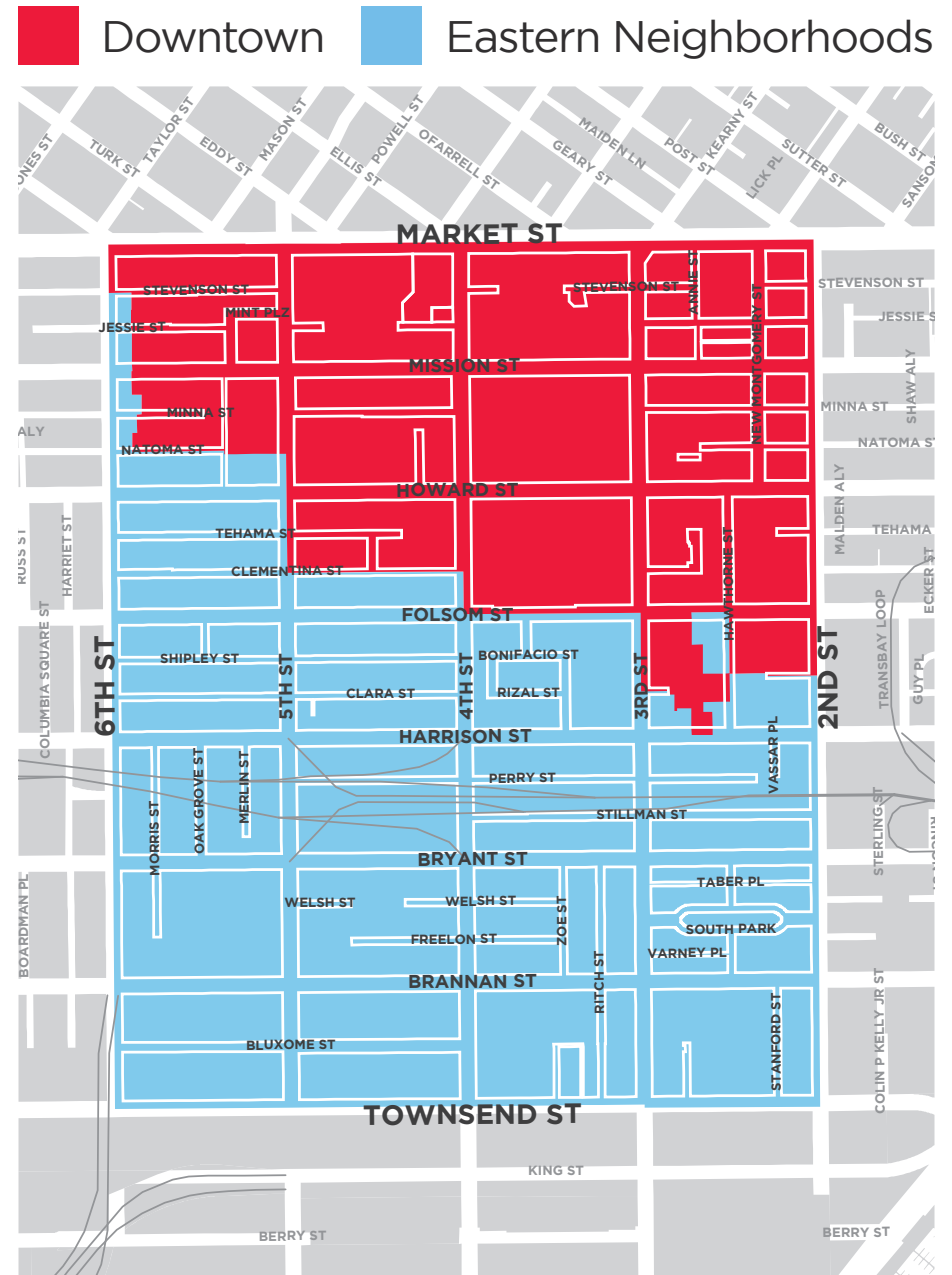


RESULTS

– Affordable Housing



AFFORDABLE
HOUSING



RESULTS

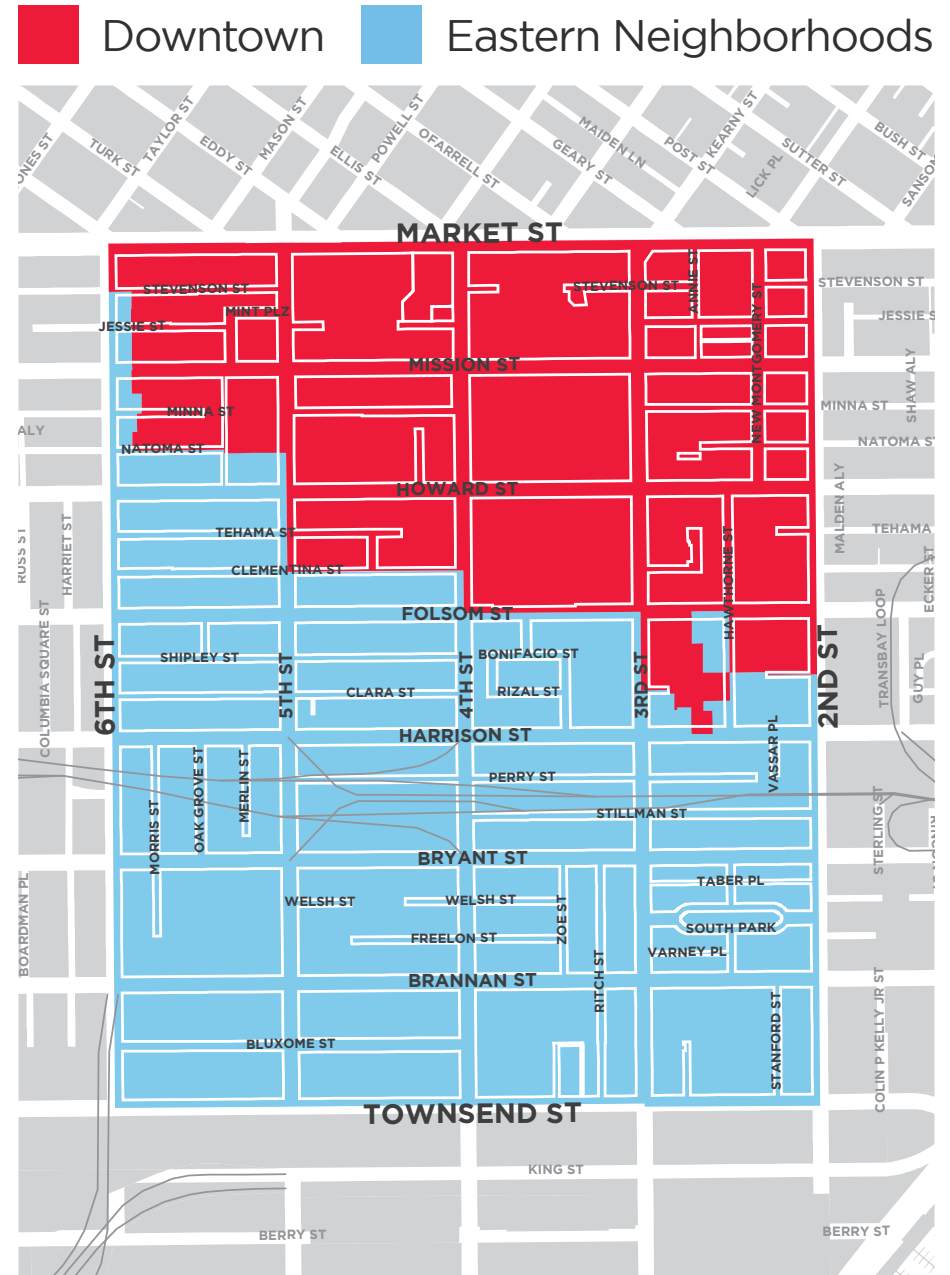
- Affordable Housing



AFFORDABLE
HOUSING

WITHOUT THE
CENTRAL SOMA PLAN

18%



RESULTS

- Affordable Housing



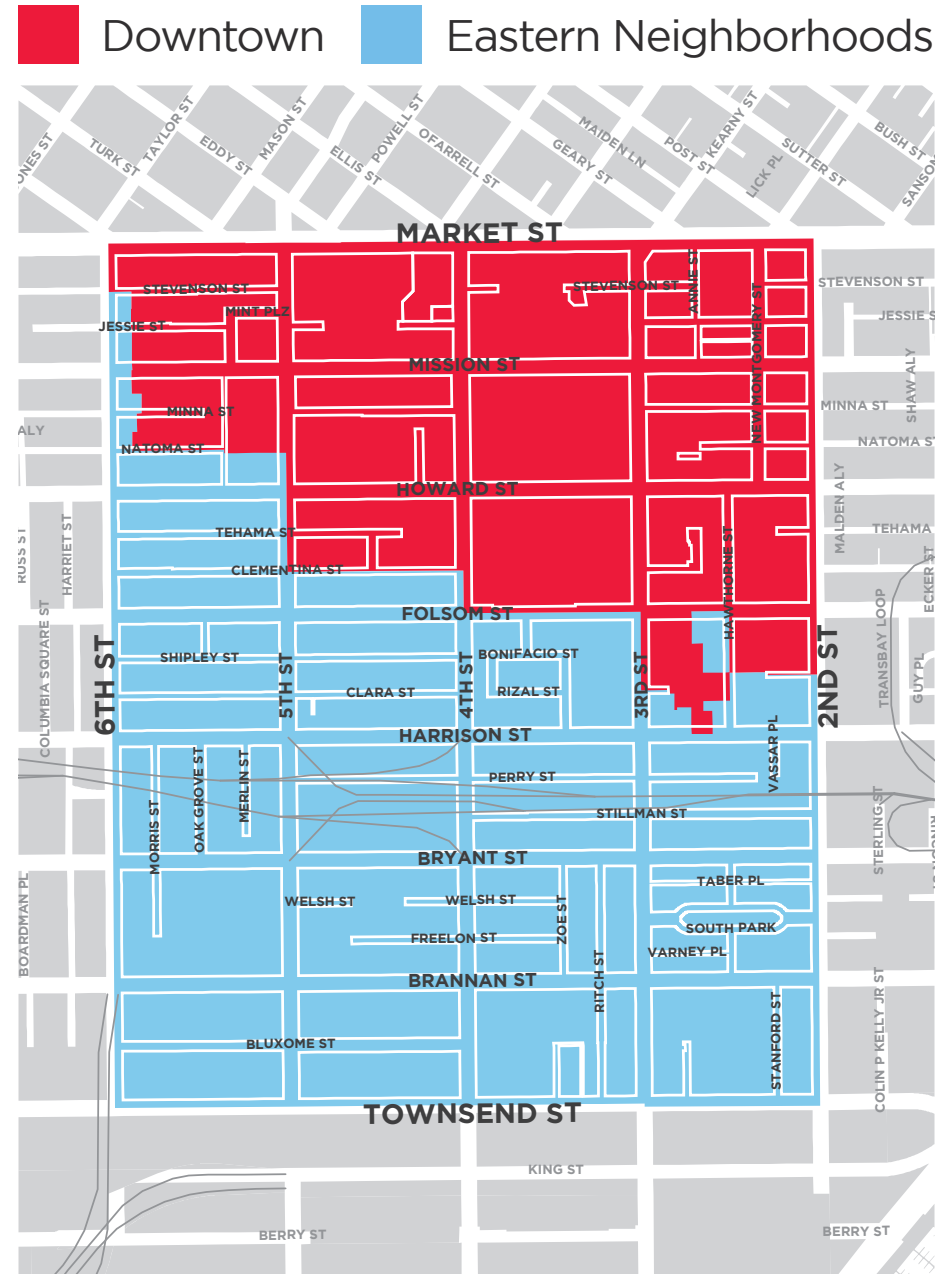
AFFORDABLE
HOUSING

WITHOUT THE
CENTRAL SOMA PLAN

18%

WITH THE CENTRAL SOMA
PLAN - NO CHANGE IN
EXISTING REQUIREMENTS

22%



RESULTS

- Affordable Housing



AFFORDABLE
HOUSING

WITHOUT THE
CENTRAL SOMA PLAN

18%

WITH THE CENTRAL SOMA
PLAN - NO CHANGE IN
EXISTING REQUIREMENTS

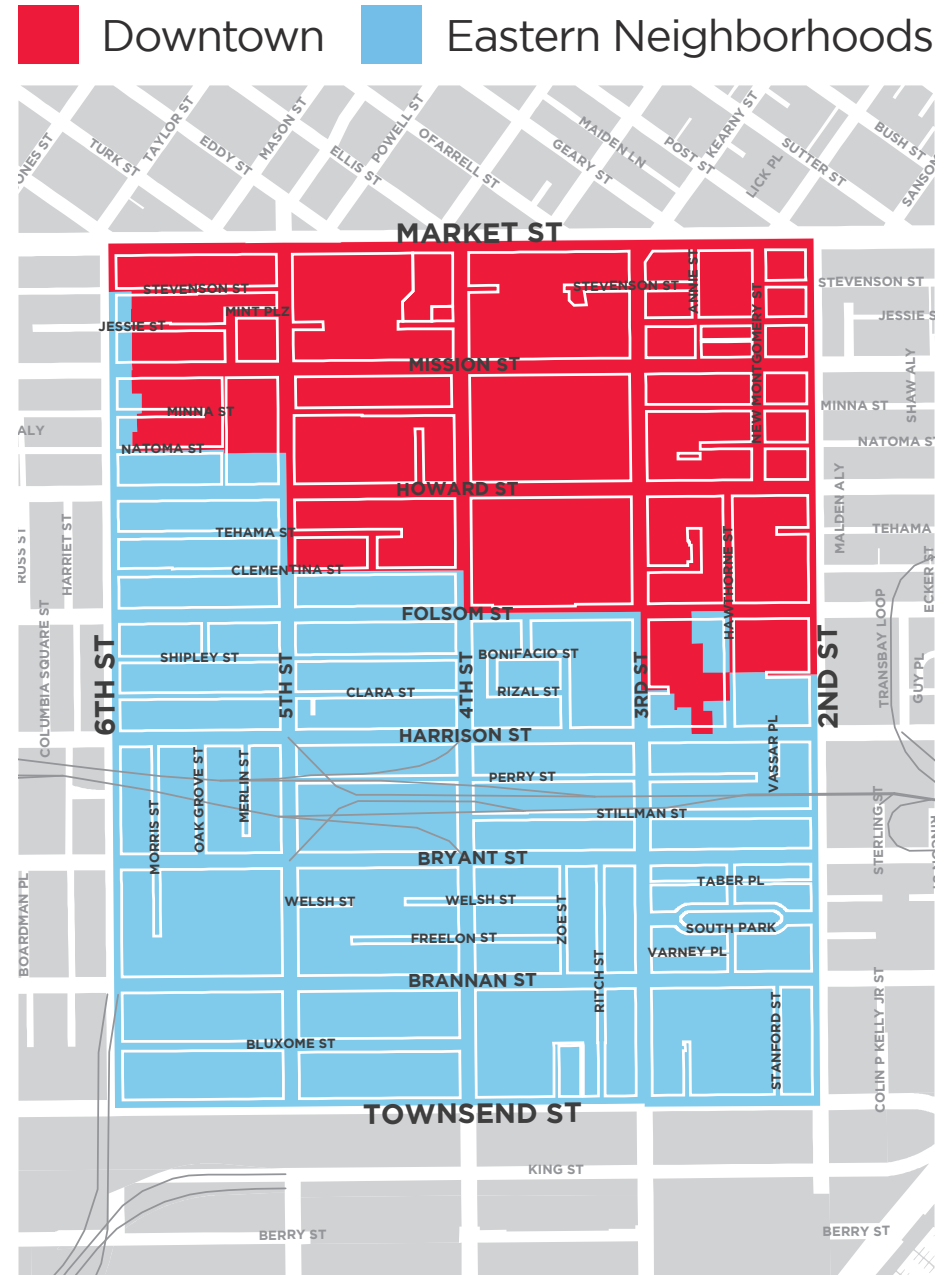
22%

WITH THE CENTRAL
SOMA PLAN - NEW
REQUIREMENTS

ALT 1 **31%**

ALT 2 **23%**

ALT 3 **22%**



RESULTS

– Affordable Housing



AFFORDABLE
HOUSING

WITHOUT THE
CENTRAL SOMA PLAN

17%

WITH THE CENTRAL SOMA
PLAN - NO CHANGE IN
EXISTING REQUIREMENTS

22%

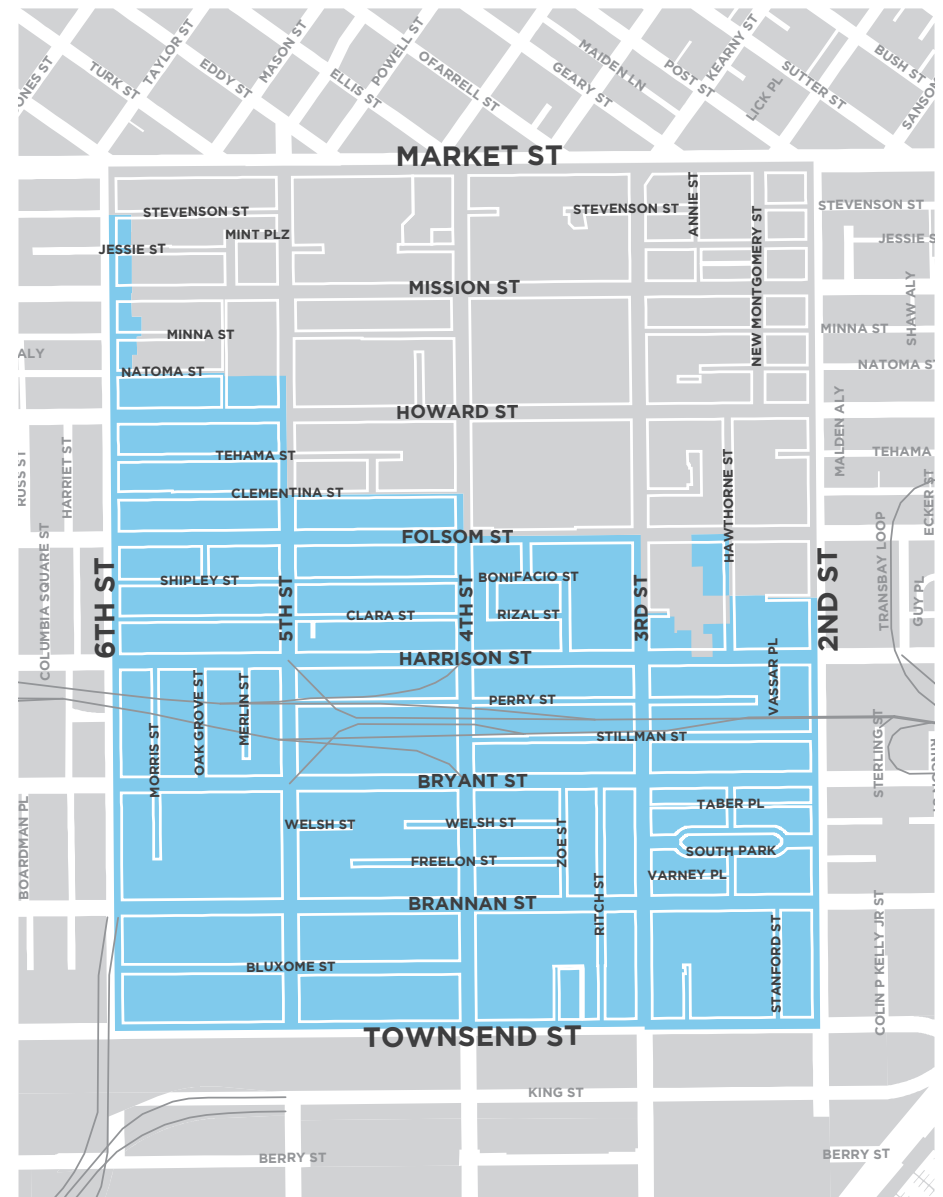
WITH THE CENTRAL
SOMA PLAN - NEW
REQUIREMENTS

ALT 1 **35%**

ALT 2 **25%**

ALT 3 **23%**

 Eastern Neighborhoods



RESULTS

- Affordable Housing



AFFORDABLE
HOUSING

WITHOUT THE
CENTRAL SOMA PLAN

20%

WITH THE CENTRAL SOMA
PLAN - NO CHANGE IN
EXISTING REQUIREMENTS

24%

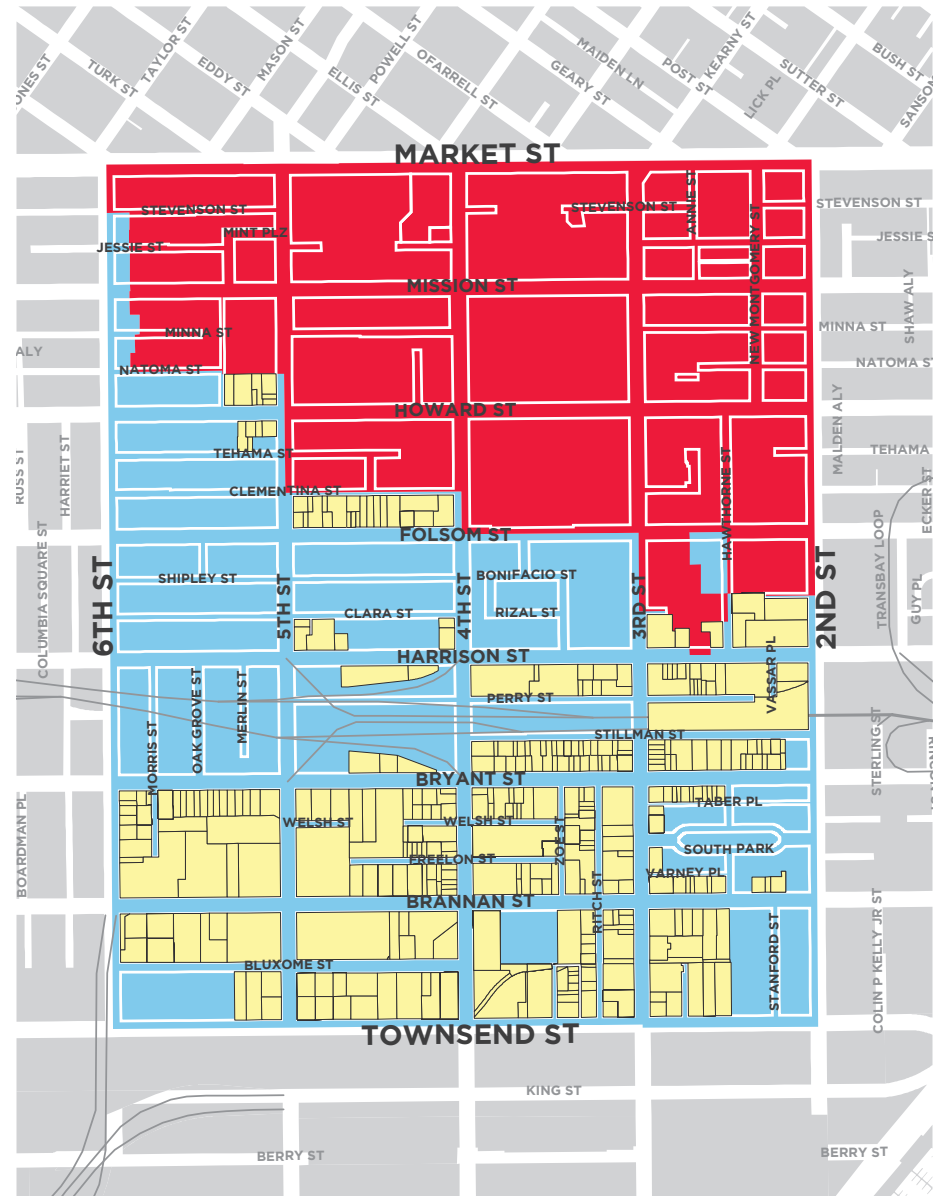
WITH THE CENTRAL
SOMA PLAN - NEW
REQUIREMENTS

ALT 1 **41%**

ALT 2 **28%**

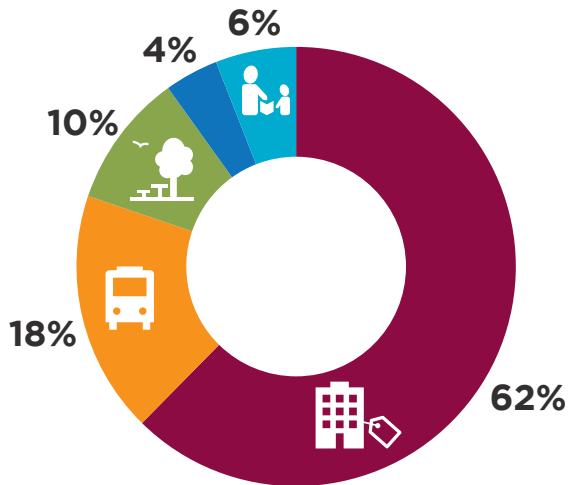
ALT 3 **26%**

Upzoned Parcels
Downtown Eastern Neighborhoods

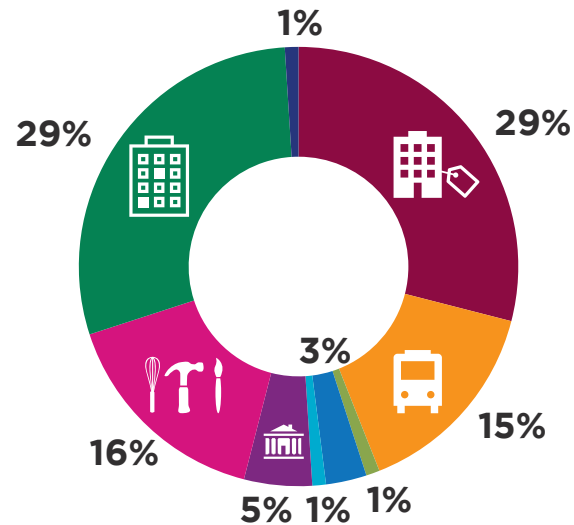


COMPARISON OF ALTERNATIVES

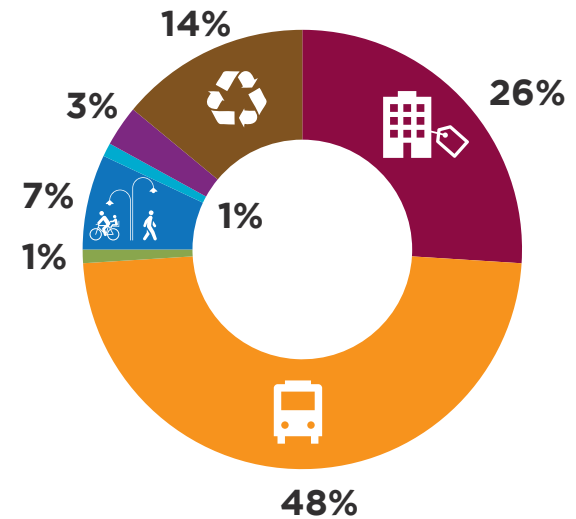
Alt 1



Alt 2



Alt 3



■ Affordable Housing
■ Transportation
■ Open Space

■ Complete Streets
■ Child Care
■ Historic Preservation

■ PDR
■ Non-Profit Office
■ Community Facilities

■ Environmental Sustainability

ADDITIONAL SOURCES OF PUBLIC BENEFITS



AFFORDABLE
HOUSING

Federal Tax Credits,
Federal and State Funding,
Local Programs (e.g.,
Infrastructure Finance
Districts (IFDs), Housing
Trust Fund, Rental
Assistance Demonstration
Program, Housing Bond)



PRODUCTION/
DISTRIBUTION/
REPAIR (PDR)

Replacement requirements
in re-zoned districts
(SLI and SALI)



HISTORIC
PRESERVATION

Local designation as a
historic resource; Federal
and State tax breaks



TRANSPORTATION

Federal, State, and Regional
Funding; Local Sales Tax;
IFDs



CHILDCARE

Citywide Childcare Fee



OPEN SPACE

“POPOS” requirement; State
Parks Grants; Local Parks
Bonds; Developer In-Kind
Agreements; IFDs



COMPLETE
STREETS

Federal, State, and Regional
Funding; Local Sales
Tax; Better Streets Plan
Requirements; IFDs



NEXT STEPS

NEXT STEPS

- Quantify demand for each of the public benefits**
- Identify other sources of funding**
- Facilitate community conversation around trade-offs and priorities**



THANK YOU!

QUESTIONS AND COMMENTS?

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