

Central SoMa Draft Policy Document

Large Site Land Use Controls

February 2014

Introduction

The Land Use chapter (Chapter 2) of the draft Plan states that the Plan should “require commercial development on large parcels” (Implementation Strategy 2.1). The discussion below seeks to convey which large sites this requirement would apply to.

Summary

On large sites (greater than 20,000 square feet) in the proposed South SoMa Special Use District (SUD), require that at least 2/3 of all square footage below 130 feet in height has to be non-residential.

Background

A primary objective of the Central SoMa Plan is to accommodate job growth in this transit-rich neighborhood – particularly in those areas south of Harrison Street proposed to be rezoned to the Mixed-Use Office (MUO) District. The MUO zoning allows both housing and office uses (along with many other kinds of uses). Because residential use is often more desirable to build than non-residential space, Implementation Strategy 2.1 of the draft Plan notes that additional measures will be proposed to promote commercial development on those large sites that are most important for accommodating job growth. Below is the Department’s initial proposal for how to fulfill this goal. Because the proposal is, in places, complicated from a technical and/or policy perspective, additional commentary is provided below to explain various nuances of the proposal.

From a scope context, here is some pertinent information on the number of sites to which this could apply:

- There are 388 parcels within the proposed South SoMa SUD
- There are 19 sites within this SUD that are at least 20,000 square feet and are likely to be developed if rezoned (e.g., they don’t already contain a substantial building and/or residential units)
- Twelve of these 19 sites are proposed to have heights restrictions of 130 feet or less, and seven of over 130 feet. The Central SoMa plan proposes substantial bulk restrictions on buildings over 130 feet in height.
- There are 47 additional potentially developable sites that are smaller than 20,000 square feet, but could potentially be merged with other adjacent developable sites to create a site larger than 20,000 square feet.

Initial Proposal

- Apply these controls on parcels within the proposed South SoMa SUD (the SUD geography is as follows: from 2nd to 4th, between Harrison to Townsend, except for South Park, and from 4th to 6th from Bryant to Townsend. For a map of this SUD see page 21 of the Draft Plan)
- Within this SUD, apply only on parcels that are 20,000 square feet or more.
- Within this SUD, for all square footage at or below a building height of 130 feet in newly constructed buildings,
 - A minimum of 2/3 of the square footage has to be non-residential (e.g. office, PDR, retail, hotel).
 - For mixed-use projects that might be phased, the non-residential portion of the project has to be delivered before or at the same time as the residential
- Within this SUD, for all parts of the development above 130 feet, these use controls would not apply.

The proposal above is based on the following logic:

- *Why have a requirement for commercial space at all?* In the next few decades, both local and regional projections expect San Francisco to grow by nearly 100,000 housing units, and 200,000 jobs. Most of the space for new housing units has been identified through major planning efforts completed over the past 10 years, including Hunters Point, Treasure Island, Rincon Hill, Market & Octavia Eastern Neighborhoods, and Parkmerced. By contrast, a large gap still remains in identifying locations for jobs growth, as only the Transit Center District Plan was focused on accommodating such space. Central SoMa represents an excellent opportunity to close that gap, as its transit-rich location in the city center provides easy access for workers from all over the Bay Area, and it has an existing commercial character and is adjacent to existing jobs centers. This is why one of the key tenets of the draft Plan is to favor commercial growth over other kinds of growth (see Principle 2 of the Land Use chapter). That being said, even in Central SoMa, the overall development market cycles will, more often than not over the years, favor housing. Because this land is vital for job space, and because planning for housing has occurred elsewhere, the Planning Department feels that there is a need to preference commercial uses in this location.
- *Why use a 20,000 square foot lot threshold?* We know that development desirability is a continuum. As much as large floorplates are currently en vogue, and make for flexible buildings that can suit a variety of uses, small offices will still get built. That being said, we have heard from architects, developers, brokers, and companies looking to expand their workforce in San Francisco that 20,000 square feet is near the minimum size that is both “highly desirable” and financially viable for new construction (see page 33 of the Draft Plan for more on the SoMa workplace typology). By including sites that are 20,000 square feet or larger in these controls, we are ensuring that those sites that are feasible for

commercial uses will be developed as such. That being said, with this ratio, even 20,000 square foot sites will have the ability to build some residential if they feel, economically, it doesn't undermine their commercial opportunity.

- *Why allow residential at all?* SoMa's character has always been a mix of uses side-by-side. By allowing residential uses on large lots, the Plan can support neighborhood activation on those blocks that have a preponderance of large development lots. This strategy can also support development feasibility. In addition to potential residential development on large lots in mixed-use projects, economic considerations means that many of the smaller development lots will be developed with predominantly residential uses.
- *Why control land use by percent of development?* There are three simple methods for how to control the land use mix, two of which have flaws for the context of this Plan's objectives. Controlling by percent of land area would not accommodate a vertical mix of uses. Controlling by square footage (e.g., requiring at least 20,000 square feet be developed with commercial) would be challenging because of the great variability in lot sizes. By contrast, controlling the mix by the overall percentage of uses in the development seems most flexible, implementable and consistent with the Plan's objectives.
- *Why not have controls on the tower portion?* If the 2/3 requirement were applied to the entirety of developments that could accommodate towers, it would rule out the possibility of having a predominantly residential high-rise next to or even on top of a mid-rise commercial base, which is the most likely mixed-use scenario for these sites. As such it would make it challenging to create truly mixed-use projects on the few sites that are proposed to accommodate taller buildings. Additionally, since the greatest demand for commercial space is toward larger floor plates, to the extent that some towers would be permitted, the desire to minimize the bulk of towers would lean toward a strategy of allowing or encouraging the tall portions to be residential, which can be accommodated in much more slender buildings. Moreover, the portion of building area above 130' in height represents a relatively small portion of the overall buildout potential of the Plan area given that the Plan proposes a mostly mid-rise district of up to 130'.
- *Why use 2/3 as the percentage?* There is no magic ratio of office-to-residential. However, the number needs to be high enough to codify the Plan's policy goal of ensuring capacity for job growth and favoring commercial space while being low enough to allow viable residential development where project sponsors are interested in mixed-use projects. While parcels at the lower end of the range (e.g. 20,000 – 30,000) could find it feasible to construct a mixed-use project, our analysis indicates that mixed-use is most likely starting at parcel size of 30,000 square-feet, where a 20,000 square foot commercial building could sit next to a 10,000 square foot residential building (i.e. 2/3 ratio).
- *Why is the control for all non-residential and not specifically office uses?* The plan is supportive of a range of job-generating uses, including office, institutions, PDR, and retail. This diversity of uses supports the eclectic nature of SoMa, and they all benefit from proximity to transit. This control would enable development flexibility as well.
- *Why should non-residential need to be provided before or at the same time as residential?* Data shows that over time the office market is not as consistent as

the residential market, due to more pronounced economic and job market cycles. But our priority is for these scarce large transit-adjacent sites to be available for job space. This clause creates incentive for job space in other market conditions, and reduces incentive to demolish a whole site and just to build residential until the office market is up again. We recognize the risk that some sites may remain undeveloped for some time, but the Plan has a 25-year planning horizon and the long-term loss of these scarce large lots near transit is a paramount consideration.

- *Why apply the requirements to smaller lots that are merged to form sites larger than 20,000 square feet?* As described throughout the Plan, there is inherent value in the development diversity and neighborhood character of the area provided by many small sites and multiple property owners. If lot mergers should occur to create large parcels or enlarge existing ones, these mergers should meet the larger goal of producing better non-residential developments.