DOWNTOWN PLAN

ANNUAL MONITORING REPORT 2010

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This *Downtown Plan* annual report summarizes business and development trends affecting downtown San Francisco and covers the 2010 calendar year, as required by Chapter 10E of the San Francisco Administrative Code. The first section of this report, "Commercial Space, Employment and Revenue Trends," highlights the growth that the *Downtown Plan* enabled, and discusses the production of new commercial space, employment activity, and recent sales tax revenues on both a citywide and Downtown basis. The second section, "Downtown Support Infrastructure," reviews housing and available transportation trends – two key elements supporting the functioning of the Downtown core.

SAN FRANCISCO PLANNING DEPARTMENT | JULY 2011

Map 1. Downtown C-3 Zone

Adopted in 1984, the *Downtown Plan* contains objectives and policies to guide decisions impacting Downtown San Francisco, defined as the C-3 zoned district (Map 1). The *Downtown Plan* details development guidelines and public policy actions, and creates requirements for programs to improve services and infrastructure. It also requires monitoring reports that review key indicators affecting Downtown on both an annual and five year basis. The annual report highlights recent trends and developments, whereas the five-year report provides a more thorough analysis of the *Downtown Plan's* performance.

This report includes information found in the Housing Inventory, the Commerce and Industry Inventory, and Pipeline quarterly reports, all published by the Planning Department. It also includes information from the state Employment and Development Department (EDD), the Municipal Transportation Agency (MTA), Co-Star Realty information, Dunn and Bradstreet business data, Cassidy Turley/BT Commercial and CBRE real estate reports, and information gathered from the Department of Building Inspection, and the Office of the Controller.

COMMERCIAL SPACE, EMPLOYMENT, AND REVENUE TRENDS

The *Downtown Plan* sought to manage commercial development and assumed that most new growth in San Francisco would occur in and around the Downtown C-3 zoned area. This section discusses recent development activity in this area.

Commercial Space

Pipeline Development

As of the fourth quarter of 2010 there were 803 projects in the citywide development pipeline.[1] Two out of every three pipeline projects are exclusively residential and one in five are mixed-use with both residential and commercial components. Only about one in nine projects are commercial developments without a residential component.

If completed these projects would add a net total of 15.3 million square feet of commercial space in San Francisco, including 10.8 million square feet of office and 3.1 million square feet of retail. This would add to the City's 112 million square feet of existing office space and 49 million square feet of existing retail space.

The Downtown C-3 accounts for 4 million square feet, or 26%, of pipeline commercial space (Table 1). Including SoMa, the majority of proposed commercial space would be added in the downtown area (41%) and Candlestick Point on the southeastern waterfront (40%).[2] Downtown, the Transbay Project would add over 4.6 million square feet of commercial space. Candlestick Point would add over six million square feet of commercial space including office, R&D, and retail.

Table 1. Commercial Space Pipeline Summary, 4thQ 2010

Neighborhood*	Square Feet	Percent
Candlestick	6,120,000	40%
Downtown C-3 zone	4,004,463	26%
SoMa**	2,322,719	15%
Mission Bay	891,877	6%
Rest of City	1,974,471	13%
TOTAL	**15,313,530**	**100%**

* As defined in the Pipeline Report at *http://www.sfplanning.org*
** Includes East and West SoMa plus Transbay not in the C-3 zone.

About 15% of pipeline projects are under construction, while another 24% have received building permit approvals and may have begun construction. About half of all projects are still at the early stages of development, with permit applications filed with the Planning Department or the Department of Building Inspection.

Projects under construction should become available for occupancy in the next two years. Projects not yet under construction but approved by the Planning Department are usually available for occupancy in two to four years. Industry forecasts however, predict no major new office projects to break ground in the near term. Although in November 2010 Salesforce.com purchased 14 acres in Mission Bay to build its 2 million square foot headquarters, the economic recession continues to stall projects beyond the initial planning stages.

1 For more information, refer to the Pipeline Report at *http://www.sfplanning.org*

2 The Downtown C-3 district includes a part of the Transbay Project.

Office Space

Close to two-thirds of the City's office space is located in the Downtown C-3 district (Table 2). At 343 acres (or slightly more than half a square mile), it represents one of the densest concentrations of office space in the country.

Table 2. Existing Office Space

Area	Square Feet
San Francisco	110,100,000
C-3 District	70,000,000
% office in C-3 District	*64%*

Source: Costar Group

Since peaking at its historic high of over 20% in 2002, San Francisco's office vacancy rate declined until 2008. By year end 2009, office vacancies had increased to 15.6%. Over the final three months of 2010 however, the vacancy rate dropped to 14.5% (Table 3).

At 13.9%, the Downtown Financial District continued to have an office vacancy rate lower than the citywide average and among the lowest in the Bay Area, highlighting the City's continuing desirability.

Much of this activity is due to an increase in leasing activity from the tech sector in SoMa (outside the Financial District and C-3 zones). For example, in September social gaming company Zynga inked the largest new office deal in five years—leasing 270,000 square feet of space at 650 Townsend Street.

Office space absorption

By the end of 2010, total net absorption was a positive 654,600 square feet, up from 1.9 million square feet of negative absorption in 2009. Although the Financial District absorbed 183,000 square feet, the strongest source of leasing activity was in SoMa with 510,000 square feet, or 78% of total absorption in 2010. Industry forecasts now predict occupancy growth in 2011 of at least 1.5 million square feet.

Office rents

By year end 2010, citywide office rents increased to $32.24 per square foot (on an annual full service basis), up slightly from $31.07 per square foot at year end 2009. The Financial District experienced a similar increase to $33.50 per square foot, up from $32.73 at year end 2009. Rental rate growth is expected to continue in 2011.

Retail Space

The Downtown C-3 area contains about nine million square feet, or 11%, of retail space in San Francisco, and is the Bay Area's preeminent retail hub serving local, regional, and visitor shopping needs. The majority of retail space in San Francisco is outside the downtown, along the City's many neighborhood commercial streets and shopping centers.

As shown in Table 4 below, the retail vacancy rate for the downtown area at the end of 2010 was 3.6%, higher than

Table 3. Office Vacancy Summary, 4th Quarter 2010

Area	Q4 - 2008	Q4 - 2009	Q4 - 2010	*Change*
San Francisco	13.1%	15.6%	**14.5%**	*-1.1%*
Downtown Financial District	12.5%	14.5%	**13.9%**	*-0.6%*
Other Downtown*	14.0%	17.2%	**15.5%**	*-1.7%*
Bay Area	15.3%	17.6%	**16.6%**	*2.3%*

Source: CTBT Commercial, Class A & B office space.
* Includes Jackson Square, South Beach, Union Square, and Yerba Buena

Table 4. Retail Vacancy Summary, 4th Quarter 2010

Area	Q4 - 2008*	Q4 - 2009	Q4 - 2010	*Change*
San Francisco	2.8%	3.2%	**2.8%**	*-0.4%*
Downtown*	2.7%	3.5%	**3.6%**	*0.1%*

Source: CosStar Group
* Includes the Union Square area, the retail core of the C-3 zone.

the Citywide average of 2.8%. For Downtown, this represents a slight increase from the 3.5% vacancy rate in 2009, while the Citywide vacancy rate decreased from 3.2% to 2.8% during the same period. An additional 619,000 square feet of retail space is in the development pipeline for the Downtown C-3 District, 20% of the citywide total.

Hotel Space

There are approximately 33,000 hotel rooms in San Francisco. Just over 20,000 or 62% of these rooms are located in the Downtown C-3 District and within walking distance of the Moscone Convention Center. About 1,100 hotel rooms have been added since 2005 and an additional 400 have been proposed.

In 2010 hotels invested $30 million to upgrade or refurbish their facilities. This investment includes:

- Sheraton Fishermans Wharf, 2500 Mason, $5.5 million
- Holiday Inn Civic Center, 50 8th St., $4.8 million
- W Hotel, 181 3rd Street, $3 million
- Marriott Fishermans Wharf, 1250 Columbus Ave., $2.9 million
- Marriott Marquis, 55 4th St., $1.8 million

Both hotel occupancy and average daily rates increased during 2010 (Table 5). Average hotel occupancy increased to 79.5% (from 75.5%), but average daily rates remained 15% below 2008 levels at $161.99.

Table 5.
Hotel Occupancy and Average Daily Rate

	2008	2009	2010
Occupancy	78.9%	75.5%	79.5%
Average Daily Rate	$190.28	$160.27	$161.99

Source: San Francisco Convention & Visitors Bureau

Employment

San Francisco employment generally stabilized in 2010. As of the second quarter of 2010, San Francisco had approximately 544,710 jobs (Table 6). This represents a loss of about 4,300 jobs from 2009, or 1%. Employment in all land use categories declined with the exception of Cultural, Institutional, Educational (CIE) which grew 2%. Job losses were concentrated in Production, Distribution and Repair (PDR) and Office activities which declined 5% and 1% respectively.

Downtown employment decreased by an estimated 2.6%. The majority of office and hotel jobs continue to be located in the larger downtown area. As of the second quarter of 2010, approximately 38% of all San Francisco employment was located in the Downtown C-3 zone.

Office Employment

Downtown, the Financial District remains the center of office employment in San Francisco. As of the second quarter of 2010, there were 210,200 office jobs in San Francisco (Table 6). Of these jobs, about 124,810 were located in the Downtown C-3 district, or 59% of total office employment citywide (Table 7).

Although this represents a slight decrease from second quarter 2009, Downtown San Francisco maintains the greatest concentration of office jobs in the region including financial, legal, and other specialized business services. Many of these jobs continue to be in the financial, insurance, and real estate sectors.

Table 6. San Francisco Employment

Land Use	2008	2009	2010*	% Change
Office	221,250	211,890	210,210	-1%
Retail	103,440	98,280	97,250	-1%
PDR	84,710	76,730	72,510	-5%
Hotel	19,530	17,830	17,620	-1%
Cultural, Institutional, Educational (CIE)	141,850	124,830	127,590	2%
Private Households**	NA	19,440	19,530	0%
TOTAL	**570,780**	**549,000**	**544,710**	**-1%**

Source: EDD (variations from other published employment numbers are due to rounding and EDD confidentiality requirements).

* As of second quarter 2010.

** Prior to 2009, Private Household employment was counted as CIE.

Table 7. Estimated Employment - Downtown C-3 Zone

Land Use	2008*	2009	2010*	% Change 2009 - 2010	C-3 Share of SF Employment 2009
Office	133,480	127,090	124,810	-1.8%	59%
Retail	29,210	26,500	25,720	-2.9%	26%
PDR	20,370	21,740	17,320	-20.3%	24%
Hotel	12,650	11,160	11,620	4.1%	66%
CIE	24,760	23,730	23,410	-1.3%	18%
Private Households***	NA	1,820	1,840	1.1%	9%
TOTAL	**220,470**	**210,220**	**204,720**	**-2.6%**	**38%**

Source: EDD (variations from other published employment numbers are due to rounding and EDD confidentiality requirements).

* Dun and Bradstreet estimate.

** As of second quarter 2010.

*** Prior to 2009, Private Household employment was counted as CIE.

Retail Employment

Within San Francisco, retail continues to be concentrated downtown which remains the primary retail destination in the region, offering not just goods and services, but a unique urban experience. Visitor traffic in particular represents a large share of Downtown San Francisco sales receipts.

As of the second quarter of 2010, there were 97,250 retail jobs in San Francisco (Table 6). About 25,720 of these jobs could be found in the C-3 district or about 26% of total retail jobs citywide.[3] This is roughly the same share of retail jobs reported in the 2009 *Downtown Plan Annual Report.*

3 For more information on regional trends, business formation and relocation see the *Commerce and Industry Inventory* at *http://www.sfplanning.org*

Hotel Employment

The majority of hotel jobs and rooms continue to be located downtown. As of the second quarter of 2010, there were 17,620 hotel jobs in the City. Approximately 11,620 of these jobs were in the C-3 district or about 66% of all hotel jobs citywide. This represents a slight increase from 2009 when 65% of hotel jobs were reported downtown.

Fiscal Revenues

This section reports estimated tax revenues from business taxes (including registration and payroll), property taxes (including transfer tax and annual tax), sales tax, and hotel taxes for the 2010-2011 fiscal year.[4] The revenue information reported reflects deposits to the City's general fund, rather than the total amount of all revenues received, and is reported in nominal dollars.[5]

Business Taxes

The slight decline in payrolls during the 2010 tax year is expected to be offset by increased wages. As shown in Table 8, estimated total business tax revenue in 2010 is $361.9 million, a 2.4% increase from $353.5 million collected in 2009. Total business tax revenue is comprised of business payroll tax and registration tax.

Business payroll taxes assess the payroll expense of persons and associations engaging in business in San Francisco and represent the vast majority of business taxes collected. This tax imposes a fee on all businesses that employ or contract with one or more employees to perform work or render services within the city. In 2010, an estimated $353.8 million in payroll taxes were collected, up from $345.6 million in 2009.

Business registration tax is an annual fee assessed for general revenue purposes on all business in the City. Approximately $8.1 million in business registration fees were collected in 2010, up from $7.9 million in 2009.

Real Property Taxes and Property Transfer Taxes

It is estimated that real property taxes, the largest single tax revenue source for the City, will remain stable in fiscal year 2010 and that property transfer taxes will increase. Together, an estimated $1.11 billion in property related taxes will be collected in 2010 (Table 9).

Real property taxes allocated to the general fund in 2010 are estimated to be $1.02 billion dollars, down from $1.06 billion in 2009 (Table 9). This is due in part to lower property tax assessments and lower real estate prices.

Property transfer taxes are estimated to have increased during the reporting period. This increase is largely due to transactions being timed to conclude before the December 17, 2010 effective date of the Proposition N transfer tax rate increase from .75% to 1.5% for transactions valued at $5 million or more. Projected collections for fiscal year 2010 are about $94.6 million, up from $83.7 million in 2009. (Table 9). Unlike real property taxes, which are collected annually and based on property valuation assessments, property transfer tax is highly volatile as it is collected only at the time of sale and based on sales price.

4 July 1st 2010 to June 30th 2011.

5 All revenues would include money allocated by law to specific uses and not available for general city services and expenses.

Table 8. Business Taxes

Revenue Source ($ Millions)	FY 2008-09	FY 2009-10	FY 2010-11*	*% Change 2009-2010*
Payroll	$378.6	$345.6	**$353.8**	*2.4%*
Registration	$8.7	7.9	**$8.1**	*2.5%*
TOTAL	**$387.3**	**$353.5**	**$361.9**	***2.4%***

* Estimates from Office of the Controller, FY 2010-11 Six-Month Budget Status Report.

Table 9. Property Tax and Property Transfer Tax

Revenue Source ($ Millions)	FY 2008-09	FY 2009-10	FY 2010-11*	*% Change 2009-2010*
Property Tax	$1,021.3	$1,060.3	**$1,020.0**	*-3.8%*
Property Transfer Tax	$49.0	$83.7	**$94.6**	*13.0%*
TOTAL	**$1,070.3**	**$1,144.0**	**$1,114.6**	***-2.6%***

* Estimates from Office of the Controller, FY 2010-11 Six-Month Budget Status Report.

Table 10. **Sales and Use Tax**

Revenue Source ($ Millions)	FY 2008-09	FY 2009-10	FY 2010-11*	*% Change 2009-2010*
Sales and Use Tax	$101.7	$95.4	**$99.5**	*3.0%*

* Estimates from Office of the Controller, FY 2010-11 Six-Month Budget Status Report.

Table 11. **Hotel Room Tax**

Revenue Source ($ Millions)	FY 2008-09	FY 2009-10	FY 2010-11*	*% Change 2009-2010*
Hotel Room Tax	$161.7	$135.5	**$148.9**	*9.9%*

* Estimates from Office of the Controller, FY 2010-11 Six-Month Budget Status Report.

Sales Tax

Sales tax revenues fluctuate with economic conditions and reflect consumer confidence and spending. Of the 9.5% sales tax rate, San Francisco receives 1% with the rest going to the State and other districts. A portion of this revenue is deposited in the City's general fund with the balance allocated by law for specific programs and services.

As shown in Table 10, fiscal year 2010 sales tax collections are expected to increase 3% to $99.5 million, from $96.6 million collected in 2009. This increase was largely due to a 2.7% increase in taxable sales at restaurants and furniture stores. An estimated 20% of sales tax revenues are collected in the Downtown C-3 zoned area, which continues to account for roughly one-quarter of general retail store sales tax and business to business sales tax.

Hotel Tax

There are over 220 hotels in San Francisco with approximately 33,000 rooms.[6] About 62% of these are located in the Downtown C-3 District.

The hotel tax remained at 14% for the 2010 fiscal year reporting period. A substantial portion of this revenue is dedicated to the Moscone Convention Center, grants for the arts, museums, and other visitor amenities with the balance deposited into the city's general fund.

As shown in Table 11, $148.9 million in hotel taxes are expected to be collected and deposited into the general fund in fiscal year 2010. This represents nearly a 10% increase from 2009 when $135.5 million was collected, but an 8% decrease from 2008 when $161.7 million was collected.

6 This information is from the Visitors and Convention Bureau which tracks primary visitor hotel operations that account for the vast majority of sales tax revenues; a variety of smaller establishments also exist within the City.

DOWNTOWN SUPPORT INFRASTRUCTURE

This section discusses the *Downtown Plan's* housing and transportation targets. The *Downtown Plan* was developed under the assumption that significant employment growth and office development would occur and that this growth must be managed to remain sustainable. Absent new policies and programs, automobile traffic would continue to grow and important historic buildings located north of Market Street could be lost. The Plan established a special use district around the Transbay Terminal to shift office construction to that area as a means of reducing further disruption of the financial center north of Market. As an incentive to save historic buildings and to shift construction to the South of Market (SoMa), the Plan enabled owners of buildings designated for preservation to sell development rights to developers in the special use district. New commercial development would provide revenue to partially cover the costs of urban service improvements. Specific programs were created to address needs for additional housing, transit, child care and open space, as were specific targets for new housing production and transportation management.

In December 2010, the Transfer of Development Rights ordinance was amended by the Board of Supervisors to allow eligible owners of historic buildings to sell development rights to any C-3 zoned lot.

Housing

Residential Units Completed

Citywide, only 1,082 units were completed from new construction in 2010, down 68% from 3,366 units completed in 2009 (Table 12). Accounting for alterations, conversions and demolitions, the total net change in the number of units was 1,230, 23% of which were in the C-3 zoned districts.

In the Downtown C-3, 281 net units were completed in 2010. One hundred and fifty net units were completed in SoMa. Together, these areas represent over one-third of

Table 12. San Francisco Net Housing Change

Change	2008	2009	2010	*% change 2009-2010*
New construction	3,019	3,366	1,082	-68%
+ alterations, conversions	273	117	318	
- less demolitions	-29	-29	-170	
Total net change	**3,263**	**3,454**	**1,230**	**-64%**
% in C3	*23%*	*32%*	*23%*	-28%

Source: *Housing Inventory 2010*
* Net change accounts for units gained or lost due to alterations, conversions and demolitions.

Table 13. Downtown Net Housing Change

Area	2008	2009	2010	*% change 2009-2010*
Downtown C-3 Zone	750	1,091	281	-74%
SoMa*	1,390	1,523	150	-90%
Rest of City	1,123	840	799	-5%
TOTAL	**3,263**	**3,454**	**1,230**	**-64%**

Source: *Housing Inventory 2010*
* Housing Inventory SoMa planning district, excluding C-3.

net housing completed in 2010, but housing production downtown has slowed considerably since 2009, down 74% for the C-3 and 90% for SoMa (Table 13). Although housing production in 2010 meets the *Downtown Plan's* goal of adding between 1,000 and 1,500 units to the City's housing stock annually, it fails to meet the goal of 4,159 units per year established by the state Housing and Community Development Department (HCD) for the 2007-2014 reporting period (as part of the regional housing needs allocation (RHNA) process).

Residential Pipeline

As of the fourth quarter 2010, the Downtown C-3 had 4,736 units in the development pipeline, or 11% of the citywide pipeline. A significant share of new housing remains in production outside the downtown area (Table 14).

Over 10,400 new units are proposed at Candlestick Point, or 24% of the citywide pipeline. Another 6,000 are proposed on Treasure Island and 5,859 in Park Merced. Although historically only 85% of the pipeline is constructed within five to seven years from the date of application, if the total pipeline at the end of fourth quarter 2010 is completed, it could add 44,210 net new housing units to the City's housing stock. (Table 14). For more detailed information regarding pipeline projects, see the Pipeline Report at *http://www.sfplanning.org*

Jobs Housing Linkage Program (JHLP)

Prompted by the *Downtown Plan* in 1985, the City determined that large office development, by increasing employment, attracts new residents and therefore increases demand for housing. In response, the Office Affordable Housing Production Program (OAHPP) was established in 1985 to require large office developments to contribute to a fund to increase the amount of affordable housing. In 2001, the OAHPP was re-named the Jobs-Housing Linkage Program (JHLP) and revised to require all commercial projects, with a net addition of 25,000 gross square feet or more, to contribute to the fund.

Due to the current economic recession the program has collected no money since fiscal year 2008 when $10.2 million in JHLP fees were collected (Table 15). Since the program was established in 1985 however, a total of $72.3 million has been collected to partially subsidize the construction of over 1,000 units of affordable housing.

Table 14.
Residential Pipeline - 4th Quarter 2010

Rank	Area	Units	*% of Citywide Pipeline*
1	Candlestick	10,435	*24%*
2	Treasure Island	6,000	*14%*
3	Park Merced	5,859	*13%*
4	Downtown C-3	4,736	*11%*
5	Market Octavia	2,025	*5%*
	Rest of city	15,155	34%
	TOTAL	**44,210**	***100%***

Table 15.
Jobs Housing Linkage Fees Collected

Fiscal Year	Revenue
2008-09	$10,213,342
2009-10	$0
2010-11*	$0
TOTAL	**$10,213,342**

* Department of Building Inspection as of 6/1/11

Transportation

This section reports on *Downtown Plan* transportation targets including an inventory of parking spaces, vehicle occupancy rates, peak period transit ridership, commute mode split, and fees collected by the Transit Impact Development Fee (TIDF) as required by the Downtown Plan monitoring ordinance.

Parking Inventory

The *Downtown Plan* sought to limit the number of long-term parking spaces to the number that existed in 1984. This goal has generally been achieved. The supply of off-street parking has continued to grow however. There are approximately 35,200 off-street parking spaces in the Downtown C-3 district, about 22% of the 159,700 off-street parking spaces citywide (SFMTA Parking Census 2010).

In terms of recent changes to the supply of parking, available information only includes projects approved by the Planning Commission which likely underestimates the number of spaces added. For example projects permitted as of right, including those in redevelopment areas, typically do not require Planning Department approval and are not counted as a result.

In 2010, 250 net parking spaces were approved in the C-3 district, including 240 new spaces as part of the CityPlace retail development at 939 Market Street. Since 2008, 517 parking spaces have been approved in the Downtown C-3.

Table 16.
Net Parking Change - Downtown C-3 District*

Year	Net Parking
2008	347
2009	-80
2010	250
TOTAL	**517**

* Approved projects only

Vehicle Occupancy Rate

The *Downtown Plan* sought to increase ridesharing into downtown from 1.48 persons per vehicle in 1985 when the plan was adopted, to 1.66 persons per vehicle by the year 2000. Although ridesharing data for the Downtown C-3 is not available, available information suggests that this target has not been met and that vehicle occupancy may have declined.

In Census Superdistrict 1 – a much larger area covering the northeastern portion of San Francisco (Map 2) – the average vehicle occupancy for workers has been declining. In 1980, five years before the *Downtown Plan's* adoption, vehicle occupancy was 1.28 passengers per car. In 1990 it dropped to 1.22 and by the 2000 Census, vehicle occupancy had dropped to 1.21.

Map 2. Census Super District 1

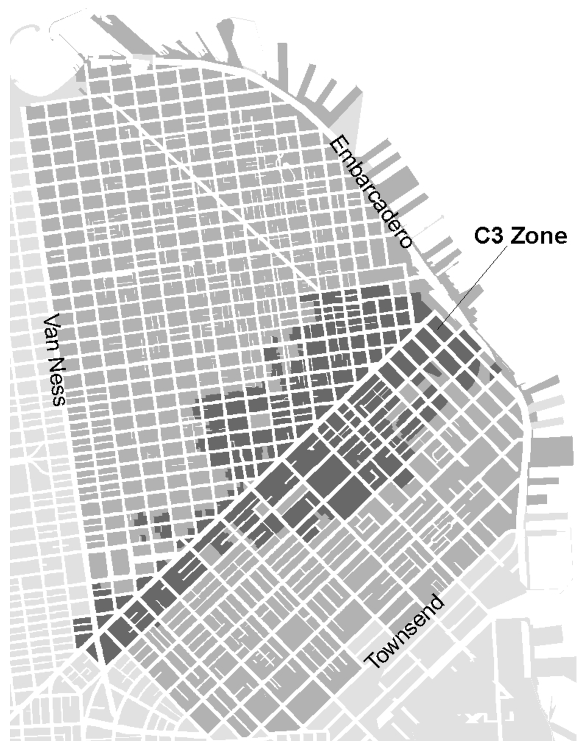

Table 17.
Average Vehicle Occupancy Rates for Workers and Residents

Area	*Census 2000*		*ACS 2009****	
	Workers	Residents	Workers	Residents
San Francisco	1.18	1.13	1.15	1.10
Superdistrict 1*	1.21	1.13	NA	1.08
Downtown C-3 zoned census tracts**	NA	NA	NA	1.07
Bay Area	1.10	1.10	1.08	1.08

* Superdistrict 1 covers northeast San Francisco and is the smallest area information available from Census 2000
** Includes Downtown C-3 zoned census tracts; this information is not available from Census 2000
** ACS 2009 estimates are subject to margins of error of around .02, therefore the difference since 2000 may not be statistically significant

Average vehicle occupancy for Superdistrict 1 however, remains higher than other areas. According to the 2000 Census, Superdistrict 1 had an average vehicle occupancy rate of 1.21 for workers and 1.13 for residents (Table 17).[1] These figures compare with a vehicle occupancy rate of 1.18 for all individuals working in San Francisco and 1.13 for all San Francisco residents. The entire Bay Area region had an even lower rate of 1.10.[2]

Initial vehicle occupancy rates are now available from the 2009 American Community Survey (ACS) for the City of San Francisco and the Bay Area. For smaller areas, such as Superdistrict 1 and the Downtown C-3, information is only available for residents.

These estimates however, continue to show a drop in average vehicle occupancy for both workers and residents. In 2000 the vehicle occupancy rate for San Francisco was 1.18 for workers and 1.13 for residents; as estimated by the 2009 ACS, this dropped to 1.15 for workers and 1.10 for residents.

For Superdistrict 1, vehicle occupancy rates for residents dropped to 1.08 (from 1.13). For census tracts covering the Downtown C-3 zone, vehicle occupancy for residents was even lower at 1.07.

1 The vehicle occupancy rate is the average number of individuals riding in a vehicle. The lowest possible rate is 1, where all vehicles are single occupant.

2 Occupancy rates for Superdistrict 1 are from Tables 17, 18 and 19 of the 2000 Census Data Summary #5 (Journey-to-Work in the San Francisco Bay Area), released in June 2005. These rates are for commute trips to work and do not necessarily reflect peak period patterns.

Peak Period Transit Ridership

According to available Automatic Passenger Count (APC) data collected by the Municipal Transportation Agency (MTA) in 2006, the downtown area continues to maintain the highest number of peak period transit trips in the city with nearly one-third having downtown as their origin or destination. Of the more than 650,000 total weekday boarding's in 2006, more than 280,000 (43.3%) occurred during the peak period. Of these peak period trips, almost 88,000 had downtown as their origin or destination (or 31% of total weekday boarding's) (Table 18).

Table 18.
Peak Period Transit Ridership to and from Downtown 2006

Area	Ridership	% of Total Trips
San Francisco	282,520	100%
Downtown	87,738	31%

Source: Municipal Transportation Agency (MTA), 2006

Downtown Commute Mode Split

The *Downtown Plan* assumed that transit share of all peak period trips into the Downtown C-3 District would increase from 64% when the Plan was adopted in 1984, to 70% by 2000. It is not clear whether this goal has been met, although available information suggests that transit share has increased.

Complete commute mode information for the Downtown C-3 District was not available as of the writing of this report. Data from the 2009 Transportation Management Associations' Commuter Behavior Survey however, estimated transit ridership at approximately 72% for select buildings surveyed in the Downtown Financial District core, where transit share is highest. This however represents only a portion of the overall C-3 District.

Commute mode information is also available for employed residents by Supervisor District from the 2005-2009 American Community Survey (ACS). Supervisorial districts 3 and 6 generally encompass the same area as Super District 1 and include the larger downtown area (Map 2).

According to the 2005-2009 ACS, most District 3 employed residents used transit to get to work (29%) and one in four used a car (25%). Transit share was down from 31% in 2000 while car use was also down from 29% ten years ago. All other modes show slight increases, except biking which decreased from 2% to 1%. The number of people working from home increased from 5% to 8%.

District 6 has seen substantial residential growth over the past decade. According to the 2005-2009 ACS, most District 6 employed residents used transit to get to work (39%) and one in four used a car (25%). Transit share was up slightly from 37% in 2000 while car use was unchanged from ten years ago. District 6 residents are more likely to walk to work than residents elsewhere: although the number walking to work remained about the same, the proportion of residents walking to work dropped from 26% to 21%. Residents commuting by bike increased from 3% in 2000 to 4%, while the number of people working from home increased from 5% to 7%.

Transit Impact Development Fee (TIDF)

In 1981, as a precursor to the *Downtown Plan* and responding to significantly increased downtown office development at the time, San Francisco enacted a fee to recover a portion of additional transit operating and capital costs incurred by this growth. Initially, all new office developments were required to pay $5 per square foot of office space to cover the added transit service to downtown office buildings. In 2004, the Municipal Transportation Agency (MTA) modified this fee to include all proposed non-residential developments in San Francisco.

About $160,000 in TIDF revenues have been collected to date for fiscal year 2010 (Table 19). Approximately $5.56 million has been collected since 2008. This represents about 4% of the total $142.3 million in TIDF revenues collected since its inception.[3]

Table 19.
TIDF Collections

Fiscal Year	Revenue
2008-09	$889,475
2009-10	$4,513,011
2010-11*	$159,470
TOTAL	**$5,561,956**

* Department of Building Inspection as of 6/1/11

3 This total also includes $5.5 million in interest charges on TIDF fees paid by installments between 1983 and 2001.

CONCLUSION

The *Downtown Plan* directed that dense employment growth be concentrated in the C-3 district and immediately adjacent areas. In order to accommodate this growth, the Plan contains a series of goals, policies and targets that were designed to ensure that new development would represent a net benefit to the City.

By most measures, the San Francisco *Downtown Plan* has been a success. It has aided in the creation of one of the most successful core areas of any American city. The vitality, job and housing density, retail activity and overall character of the downtown have improved dramatically in the past 25 years. These trends must continue to be monitored to enable this continued success and to ensure that unintended consequences do not occur.

The housing and transportation goals are among the most significant in the *Downtown Plan*. The Plan states that without sufficient and appropriate housing to serve new commercial development, local housing costs would increase, compromising the vitality of downtown. The Plan also states that if employment growth increases the number of cars downtown, thereby significantly increasing traffic, the areas sustainability could be affected. As a result, the Plan contains various targets relating to each.

Housing targets have been met as the City has produced more housing than the Plan called for. The cost of housing has increased substantially since the adoption of the Plan, yet this is in part the result of regional economic forces and job growth that has increased the attractiveness of San Francisco and the Bay Area. This housing is increasingly taking the form of downtown office conversions. This trend, along with the potential addition of thousands of new units of pipeline housing, promises to significantly increase the residential population of downtown.

Since the Plan was adopted, the growth in downtown office space has served to enhance the vitality of the area. But further analysis of transportation trends is needed. Available data suggests that while transit use has increased for downtown workers, the areas growing residential population is more likely to own cars but may not be driving more. Also, ridesharing may have declined, but this could be due to an increase in other forms of transportation including an increase in the number of individuals working from home. These trends will be analyzed when additional transportation information for San Francisco becomes available from the American Community Survey in the future.

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

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