



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Motion No. 18073

HEARING DATE: APRIL 15, 2010

Date: April 8, 2010
Case No.: 2002.1302U
Project Address: **2235 03rd Street**
And
178 Townsend Street
Plan Area: Eastern Neighborhoods
Block/Lot: 4058/010
And
3788/012
Project Sponsor: Martin Building Company
54 Mint Street, 5th Floor
San Francisco, CA 94103
and
Katie O'Brien
178 Townsend Properties, LLC
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APPROVING AN IMPACT FEE WAIVER FOR 2235 THIRD STREET IN THE AMOUNT OF \$997,608 AND 178 TOWNSEND STREET IN THE AMOUNT OF \$917,952 FOR THE PROVISION OF 6,260 SQUARE FEET OF INDOOR SPACE AND 2,000 SQUARE FEET OF OUTDOOR SPACE FOR A CHILDCARE FACILITY, FOR A TERM OF 55 YEARS, RENT FREE, AT 2235 THIRD STREET.

PREAMBLE

- The Project Sponsor submitted an application for the development of a mixed residential and commercial development at 2235 Third Street, and the Planning Commission approved the Project on August 14, 2008. The Project Sponsor submitted a revised project to the Planning Department for the development of a mixed residential and commercial development on the Land, and the Planning Commission reviewed the Project as part of an information hearing on September 3, 2009. A Letter of Determination was issued by the Planning Department on September 17, 2009 approving the revisions.
- The Project Sponsor submitted an application for the development of a mixed residential and commercial development at 178 Townsend Street, and the Planning Commission approved the Project on September 4, 2008. The Project Sponsor submitted a revised

application for the development of a mixed residential and commercial development on the Land, and the Planning Commission approved the Project on September 3, 2009. These approval actions are incorporated herein by reference.

- In order to address the impacts from the new mixed residential and commercial development permitted under the Eastern Neighborhoods Plan, the Ordinance also imposed an Impact Fee on new residential and non-residential development (the "Fee"). Under Section 327.3(c), the Fee is required to be paid to the City before issuance of the first site or building permit for a development project is issued. As an alternative to payment of the Fee, the Ordinance provides that the City may reduce the Fee obligation at that time if the Project Sponsor agrees to provide specified community improvements. In order for the Project Sponsor to satisfy its Fee obligation by providing such in-kind improvements, the Ordinance requires the City and the Project Sponsor to enter into an "In-Kind Agreement" described in Section 327.3(f).
- The Project Sponsor has requested that the City enter into two In-Kind Agreement relating to 2235 Third Street and 178 Townsend Street for the provision of a 6,260 square foot on-site California Community Care Division licensed child care facility and an approximately 2,000 square foot private outdoor child care play area ("In-Kind Improvements"), located at 2235 Third Street (described below). Specifically the Project Sponsor seeks a \$997,608 waiver for 2235 Third Street and a \$917,952 waiver for 178 Townsend Street. A balance of \$299,752 will be collected at when the first site or building permit is issued for 2235 Third Street.
- The Project Sponsors propose to dedicate 6,260 gross square feet of indoor space and 2,000 square feet of outdoor space of 2235 Third Street as a child care center, rent free, for 55 years. The child care center at Potrero Launch will include a full build out of the interior space and its adjacent outdoor space, ready for occupancy. The entire building, including the child care facility, will be certified LEED Gold. A list of improvements and finishes, or their equivalent as agreed to by both parties, shall be constructed as part of the basic construction, as provided by the property owner. The Project Sponsor shall work with the Program Operator or DCYF to refine the draft layout, complete specific schematics, and possible substitute or equivalent substitutes to this program. Any improvements and/or finishes beyond these specifications are intended to be provided by the child care facility operator, such as furnishings, additional storage, or higher grade finishes. The In-Kind Agreement describes the complete package.
- A Program Operator will be selected through a competitive bidding process. Program Operators will be required to designate 10% of the child care 'slots' to low-income households and serve a broad range of age groups, including infants and toddlers. Proposals that ensure a higher proportion of low income slots, more closely reflect the needs of the neighborhood demographics for both those that work and live in the neighborhood, and prioritize serving households who live in or near the Eastern Neighborhoods, will be more competitive in the selection process.

MOVED, that the Commission hereby authorizes the Eastern Neighborhoods Impact Fee Waiver for 2235 Third Street and 178 Townsend Street based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

- The above recitals are accurate and constitute findings of this Commission.
- **Identified Plan Need.** The Eastern Neighborhoods need analysis identified child care facilities as needed infrastructure to support new development. Planning Code Section 327 designates 8% of all impact fee revenue shall be spent on child care facilities and library materials. The Planning Department projects approximately \$24.7 Million in impact fee revenue for infrastructure over the next five years. Accordingly, roughly \$2 Million dollars must be dedicated to child care facilities or library materials.
- **Interagency Support.** The Department of Children, Youth, and their Families (DCYF) oversees City funded child care facilities, including the expenditure of public funds to support the development of new child care facilities, establishing standards for high quality child care, and providing technical assistance for the development of new child care facilities. DCYF worked closely with the Planning Department and Project Sponsor on the development of this in-kind proposal, including determining that the proposed In-Kind improvement meets the standards for high quality child care, determining the value of the In-Kind improvement, determining the appropriate terms for the Program Operator, and providing on-going technical support. DCYF endorses the proposed in-kind agreement and has committed to participate in the Program Operator selection process and on-going technical support.
- **In-Kind Improvement Valuation.** The Department determines the final value of the proposed 6,260 square foot child care facility with the finishes described above to be \$1,915,560, based on \$306 per gross square foot. The Citywide child care nexus study provides 13 case studies of child care facilities that were developed in San Francisco with public funds, to support programs equivalent to that identified as a community need by the Eastern Neighborhoods Nexus Study. These case studies found that the City spends an average of \$2571 per gross square foot to build or rehab child care facilities. A subset of these projects that include new construction of a new facility rather than rehabilitation of an existing facility cost an average cost of \$306* per gross square foot.
- On February 8, 2010, the Eastern Neighborhood Citizens Advisory Committee (CAC) passed a resolution in support of the provision of a child care facility at 2234 Third Street in lieu of impact fee revenue.

DECISION

The Commission, after carefully balancing the competing public and private interests, and based upon the Recitals and Findings set forth above, in accordance with the standards specified in the Code, hereby approves an impact fee waiver .

¹ Inflated to 2010 dollars.

The Commission approves an in-kind agreement that substantially conforms to the attached drafts and authorizes the Director and City Attorneys' office to make changes as necessary to finalize the agreement.

I hereby certify that the foregoing Motion was adopted by the Planning Commission on April 15, 2010.

Linda Avery
Commission Secretary

AYES: Borden, Lee, Moore, and Miguel
RECUSED: Antonini and Sugaya
NAYES: Olague
ADOPTED: April 15, 2010