



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

To: Planning Commission

From: AnMarie Rodgers, Joshua Switzky, and Steve Wertheim,
Citywide Planning Division

Re: Housing Strategies in San Francisco and Contextualizing the
Central SoMa Plan

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Over the next few weeks you will be considering the Central SoMa Plan. During this time it is important to ask: are we doing enough for housing? The purpose of this memo is to convey the Plan's proposal for housing, and to put this plan within the context of all of the housing strategies taking place in the City. Central SoMa is based upon solid concepts that are central to the City's and the region's future: putting jobs in the right location and producing as much housing as is optimal in this location in the context of all other land use and transportation decisions citywide. Above all, every plan must be considered in the broader context of planning for the broader City over time, as no parcel, site, block, or neighborhood is a self-contained eco-system or isolated decision.

Central SoMa Delivers Significant Housing Benefit & Capacity

The Central SoMa Plan legislation as currently proposed and reflected in the legislation introduced by Mayor Farrell and Supervisor Kim would likely produce approximately 7,100 new housing units. While Central SoMa is often discussed as primarily a "jobs" plan, the plan provides for a substantial amount of new housing capacity. These 7,100 units would represent over 5% of the City's zoned capacity for housing in a 17-block area that contains only 0.8% of the City's land. In fact, the baseline plan proposal would result in equal square footage for housing and jobs (roughly 8 million square feet each). The Central SoMa Plan, if approved, would deliver as much housing as the Rincon Hill and Transbay Redevelopment Plans combined, both housing-focused plans creating the densest neighborhood in the City. And, Central SoMa provides housing primarily in mid-rise building types that fit with the character of SoMa and the well-considered intentional evolution of the skyline. The Central SoMa Plan, if approved, would deliver more new housing than did the Market & Octavia Plan (6,000 units) — another housing-centric plan that spans 376 acres, over 60% more area than the 230 acres of Central SoMa. Notably, the Central SoMa Plan also provides as much housing as each of the Candlestick Point and Treasure Island projects will achieve (7,200 and 7,800 respectively) -- both of which were complete redevelopment of massive publicly-owned sites each substantially larger in area than Central SoMa — while Central SoMa still achieves the additional long-term citywide jobs objectives in a much higher-density mixed

use environment than is being delivered in these other areas. Combined with the existing 5,500 housing units currently in the neighborhood, Central SoMa will have a residential population density of about 80,000 people per square mile¹ (not including workers and visitors), which notably denser than both Paris and Barcelona.

Most of the area's hundreds of developable sites are expected to be housing, with a modest percentage of these sites expected to develop with hotel, institutional, and small office uses, and most buildings having ground floor retail, PDR, or community facilities.

However, testimony from the Planning Commission and Board of Supervisors has made it clear that there is interest in the Plan maximizing the amount of housing possible under its Environmental Impact Report: approximately 8,300 new housing units.

Central SoMa Provides Jobs for the City that Cannot Be Accommodated Elsewhere

The Central SoMa Plan area is the best location for anticipated job growth in the City. It is even more important for jobs to be located near transit than housing. This is true whether you are considering the issue from either a vehicular emissions or environmental perspective or from a walkability or human point of view. Numerous studies have shown that people's travel behavior is far more sensitive to distance from mass transit on the destination (i.e. work, shopping, school) end of the trip than on the home end. Compounding this truth is that job space is occupied more densely than housing, so it is much more effective in terms of concentrating more people, activity and major destinations near transit. This means that transit is viable and attractive for more people living in more places to access more activities and opportunities. Forgoing the finite opportunity here and thus locating jobs elsewhere would exacerbate traffic and air quality issues, keep the region from being able to meet its State-mandated targets for greenhouse gas reduction, and increase the transportation cost-burdens for lower-income workers. Outside of Central SoMa, there are very few places in San Francisco with the capacity for new jobs, and none that have the transit infrastructure of this neighborhood. San Francisco has a long-standing policy of centralizing and locating high-density job growth in a compact area near the highest quality transit and limiting spread of jobs in residential neighborhoods around the City. This is both a practical and appropriate policy. If the jobs were to move outside of San Francisco, the environmental and livability outcomes would be even worse, as we could expect the jobs to be located in areas like suburban San Mateo and Santa Clara counties.

Jobs-Housing Balancing is an Important Citywide and Regional Issue, But is Not Relevant at the Neighborhood Scale

The jobs-housing balance (in sheer numbers) or jobs-housing fit (in terms of incomes) of any specific parcel, block, or neighborhood plan is not reasonable to exam outside the context of the city as a whole (and arguably an even larger geography of the commute-shed). No

¹ Population density is gross density including streets, parks, freeway, and non-residential property. Assuming average of 2.3 residents per unit, 12,600 units total (5,500+7,100). Plan area is 230 acres, or 0.36 square miles. Paris is 55,000 residents/sq mi, Barcelona is 41,000 residents/sq mi.

project or plan sits outside of the context of the city as a whole; the housing built in Central SoMa has no more direct relation to the jobs within the boundaries of the Central SoMa plan area than does the housing planned and built in Hayes Valley or Potrero Hill or Treasure Island or Parkmerced. The workforce is housed throughout the entire city, though jobs are appropriately concentrated in key areas to enhance accessibility. The Central SoMa Plan was developed in the context of all the plans that have been considered in the City over the past 15 years along with those in the works, and in consideration of these citywide overall capacity figures to ensure that the local jobs-housing balance is stabilized and improved over the long term.

The Central SoMa Plan, if adopted, would accommodate approximately 7,100 housing units (for 9,600 workers) and space for approximately 32,000 jobs². With adoption of Central SoMa as currently proposed, the City would have residential buildout capacity of about 136,000 units for approximately 313,000 new residents (of which about 184,000 would be workers³) and job buildout capacity for about 167,000 additional jobs. These figures would bring us roughly in line with what the adopted 2017 Plan Bay Area expects San Francisco to accommodate through 2040 in order to meet state mandated greenhouse gas emissions targets. While we could and should continue to add capacity for housing to ensure that there is opportunity to build more housing faster to improve housing affordability, the overall capacity picture for the City is one where there is and would continue to be sufficient zoned housing capacity to house the zoned capacity for new workers.

Adding More Housing in Central SoMa Can Be Achieved With Certain Costs

Can additional housing be added within Central SoMa? The answer is yes, but there are ramifications to that choice. Under the plan Environmental Impact Report, an additional 1,200 units could be added to the current Plan, totaling approximately 8,300 new housing units, without the uncertainty of additional time, study, and delay.

² The job figures of 50,000 and 40,000 are frequently cited by members of the public as attributable to the Plan or the Plan area. These figures are not correct and are the result of misunderstandings. The 50,000 figure comes from an early environmental review document that was looking at a much broader area than the current plan area, including buildout of portions of the downtown and Transbay under existing zoning. The total maximum non-residential buildout within the current Plan area itself under the proposed Plan is 8 million square feet, of which approximately 7 million would likely be office and the remainder PDR, ground floor retail, hotel, institutional and community uses. The maximum job capacity of this 8 million square feet is approximately 32,000 jobs. The EIR very conservatively estimated the job density for office space at 200 gross square feet per worker versus the long-standing city metric of 276. This aggressive metric was used to be conservative because no updated studies had yet been conducted on the subject. In 2016, the City engaged a consultant to conduct a study of current office worker densities downtown, SoMa and citywide using a variety of methods in order to inform such analyses. The conclusion was that the actual density calculation that should be used is 240 square feet per worker. This metric is now being used in analyses going forward and should be considered as the actual likely capacity. The upshot is that the Central SoMa EIR notably overestimated the potential number of workers that could be accommodated in the Plan area.

³ Average household is 2.3 persons and 1.35 workers.

Following are potential modifications to the proposed Plan we have identified that could be pursued to gain the 1,200 unit capacity under the EIR:

1. Raise the lot size threshold for requiring some non-residential uses from 30K to 40K sf, which would allow two sites (Wells Fargo and 330 Townsend) to go completely residential, adding approximately 650 units. This reduces the number of potential large office sites from 7 to 5, reducing the likely office development by about 800,000 square feet, and reducing the expected jobs in the area by about 3,500.
2. Rezone lots along Bryant and 6th Streets, primarily adjacent to the Flower Mart, to CMUO instead of WMUO, thus allowing housing there, which would allow up to 600 additional units.

These strategies would increase the likely housing count to 8,300 units and reduce the likely job potential to 28,500 jobs.

To go beyond 8,300 units at this juncture would require revisiting the Plan, including some of the Plan's core principles. It would also add significant delay and costs to plan adoption. Within the Plan area, the vast majority (75%) of the projected 28,500⁴ jobs would be expected to occur in the area's five remaining large office developments: the Flower Mart, Tennis Club/88 Bluxome, 598 Brannan, 725 Harrison, and One Vassar (2nd and Harrison). To yield more housing units while keeping the neighborhood's proposed height limits would require shifting one or more of the five remaining major office sites to be housing. It is important to note that each of these five sites has an active application filed with the Department. Notably, four of these five projects include housing on their sites in addition to office space, three of which would include 100% affordable housing sites on their properties. As well, a key principle of the Plan has been to achieve a balance of significant density while ensuring a quality of place characteristic of SoMa.

To increase the amount of foreseeable housing in Central SoMa beyond 8,300 units would require revisiting the Central SoMa Plan's Environmental Impact Report – a process which is likely to take a substantial amount of time and effort. Delay is important because immediate housing production is part of the complete Central SoMa package. As has been discussed, legislation could streamline and expedite approval of the 7,100 units of housing envisioned by the plan by invoking Assembly Bill 73 adopted last year (sponsored by Assemblymember David Chiu). If the plan is adopted with use of AB73, housing in Central SoMa may come to fruition faster here than anywhere else in the City not covered by a Development Agreement. At present, we have applications on file for 1,800 housing units in the Plan area which are waiting for and reliant on Plan adoption. Notably, delay would imperil the federal financing for a 200-unit affordable housing project at 5th and Howard, as well as postpone at least 1,600 other units that would be ready to start construction in the next couple of years.

⁴ Assuming the lot size threshold for requiring non-residential uses is increased from 30,000 to 40,000 square feet as described above.

However, it is possible that some additional capacity for housing could be determined feasible and desirable in Central SoMa, and even more capacity in a broader area. To examine this possibility without endangering immediate housing production, Planning staff could undertake a high-level study to assess potential options for increasing housing capacity in the broader SoMa area. Based on that assessment of options, at the direction of the Commission (and provided with necessary resources) staff could pursue more in-depth planning efforts to flesh these out and undertake the necessary environmental review to enable consideration of such plans or measures. Note that, as described below, the Citywide division has already proposed in its work program for the coming years (FY18/19 and 19/20) a planning process to examine the Fourth & King Railyards and immediately adjacent areas, which we anticipate will consider rezoning along with necessary environmental review.

Adding Housing Capacity Is Happening Across the City

The City of San Francisco currently has approximately 392,000 units. We have an entitled pipeline of 47,250 units⁵, of which 6,275 are currently under construction. An additional 18,000 units are currently proposed and under review⁶. Under today's zoning, another 68,000 units could be entitled now. Most of these pipeline and potential units have been enabled by legislation passed by the City in the past 13 years, as the City has dramatically expanded its housing potential with a rapid succession of housing-oriented plans and policies. Of the City's current housing capacity, over 70% was created within the past decade and a half. During the same time period, many of these same planning efforts significantly reduced job capacity in broad areas of the City⁷ while others increased it in focused areas, resulting in an overall shift of the geography of job capacity citywide rather than a net increase overall. The following is a partial list of these recently adopted efforts to increase housing capacity:

- **Citywide Initiatives: Total 23,500**
 - Accessory Dwelling Units (2014/2016): 14,000 units
 - Density Bonus Programs, including 100% Affordable Housing Bonus and Home SF (2016/2017): 9,500 units
- **Area Plans: Total 24,600**
 - Rincon Hill+Transbay (2005): 7,000 units
 - Market & Octavia (2008): 6,000 units
 - Balboa Park Station (2009): 1,800⁸ units
 - Eastern Neighborhoods/Western SoMa (2008/2013): 9,800 units
- **Master Plan/Development Agreements: Total 35,600**
 - Candlestick Point/Hunters Point Shipyard (2010): 10,500 units combined (7,200 and 3,300 respectively)

⁵ Including all of the approved master plan development agreements (approx. 30,000 units).

⁶ Including proposed individual specific housing projects filed in Central SoMa and other pending rezonings described in this memo (eg Hub, India Basin, etc).

⁷ Particularly Market & Octavia, which rezoned a significant chunk of the C-3 to disallow office and require housing, and Eastern Neighborhoods, which eliminated the ability to build office space in large swaths of the former M districts where high-density office space had been a principally permitted use.

⁸ Excluding Balboa Reservoir

- Pier 70 (2017): 2,000 units
- HOPE SF (2017): 1,900 units
- Mission Rock (2018): 1,400 units
- Executive Park (2012): 2,800 units
- Treasure Island (2011): 7,800 units
- Parkmerced (2011): 5,600 units
- Schlage Lock (2009): 1,700 units
- Trinity (2006): 1,900 units

It is important to note that the adoption of these plans and policies, along with the more streamlined review processes (eg Community Plan Exemption) that accompanied them are substantially responsible for the notable increase in annual housing production that has taken place in recent years in San Francisco. Since their passage, the City has seen a substantial increase in housing production annually, with an average of 4,000 units per year from 2014 through 2017, compared to an average of less than 1,000 units per year during the 1990s and 2,200 units per year during the 2000s. Given that almost none of the major master plan development agreement projects have yet to begin production, the current pace of housing construction has the potential to increase further over the coming years.

More Plans to Increase Housing Capacity are in Development Now

In addition to the current capacity plus Central SoMa, in the next couple of years there will be multiple additional opportunities to increase the City’s housing potential based on projects and plans currently underway. These include:

- 700 Innes/India Basin master plan (expected 2018): 1,200 units
- The Market/Van Ness “Hub” plan (expected 2019): 2,500 units (beyond the existing Market & Octavia Plan)
- Potrero Power Station/PG&E Switchyard master plan (expected 2019): 2,700 units
- Balboa Reservoir master plan (expected 2019): 1,100 units

In addition to these efforts already underway, which would add 7,500 units to the City’s capacity, the Planning Department is intending to begin over the coming year the following efforts on our work program⁹:

- Study of the 4th and King Railyards and immediately adjacent areas¹⁰
- Creation of a local density bonus program (like HOME-SF) for density decontrolled zoning districts like those in the Eastern Neighborhoods and Market & Octavia Plan areas.
- Neighborhood discussions in the Excelsior, D9 (including Mission between Cesar Chavez and Randall, the Alemany Corridor, and the Portola), and the Bayview (including rezoning the remaining M parcels along 3rd Street).

⁹ Reviewed and approved by the Planning Commission on February 8, 2018, pending release by the Mayor’s Office in June.

¹⁰ While the specific study area boundaries have not been determined, this scope was initially conceived of including blocks of Showplace Square and Western SoMa proximate to the railyards. This planning effort could also include portions of Central SoMa.

While these efforts have not yet begun or quantified the additional housing potential that could arise, it would be safe to say the cumulative net addition would be several thousand units.

Additional Ideas for Increasing Housing Capacity Beyond Central SoMa

While these underway and soon-to-begin plans are likely to yield over 10,000 more units in a few specific areas, the time is right for the City to develop even more strategies for housing, especially strategies to look both beyond the eastern half of the City where plans over the past 15 years have focused and to add a broader range of housing types throughout the City. Given the City's broader housing needs and the extent to which South of Market has been the ongoing focus of successive planning efforts over the past 15 years, a more comprehensive consideration of the City seems warranted. Such ideas could include:

- Expansion of ADU program to allow more flexibility
- Development of a "Missing Middle" program to permit new low-scale and mid-scale multi-family housing that fit within the context of lower density neighborhoods
- Consideration of further neighborhood or corridor-specific planning
- Further use of AB73 to declare additional sustainability districts to speed up housing entitlements