



PART II: **CENTRAL SOMA IMPLEMENTATION STRATEGY**

# **REQUIREMENTS FOR NEW DEVELOPMENT**

## REQUIREMENTS FOR NEW DEVELOPMENT

### Context

Goal #1 of the Central SoMa Plan is to increase the capacity for jobs and housing in the neighborhood, so as to help address social, economic, and environmental concerns. However, increasing the population of the neighborhood requires significant investments in infrastructure. As such, the City places requirements on new development to help ameliorate and mitigate its impacts. As well, various land use controls are also put in place to ensure that new development in Central SoMa reflects the characteristics of SoMa and achieves of the ideals put forward by the Plan.

The purpose of this document is to provide a comprehensive catalogue of the new development requirements proposed by the Central SoMa Plan. These new requirements are in addition to all current ones, including financial contributions from the Transportation Sustainability Fee, Jobs-Housing Linkage Fee, Child Care Fee, Schools Fee, and Eastern Neighborhoods Impact Fee.<sup>1,2</sup>

### Approach

The new requirements have been calibrated such that development projects are financially feasible while maximizing the City's ability to ameliorate impacts.

This calibration is an essential part of meeting the Plan's vision for a sustainable neighborhood. Were the

requirements set too low, the City would get needed development, but not be able to address its impacts. Were requirements set too high, development would not occur because it would be financially infeasible, and thus the City would get neither the development nor the public benefits.

The financial feasibility is based on models commissioned by the Planning Department and undertaken by Seifel Consulting. These models examined a range of development types and sizes. That being said, every development project in San Francisco has its own unique set of circumstances which cannot be accounted for by this model. As such, the City recognizes that these requirements may make some particularly challenging development projects financially infeasible.

### Methodology

The increase in development is calculated as follows:

- For parcels being rezoned from SALI or SLI to MUO or WSMUO, the increase in development capacity is the new height limit.
- For other parcels, the increase in development capacity is the difference between the new height limit and the old height limit.

After determining the increased development capacity, parcels in the Plan Area were divided into five categories. If the Plan does not propose to increase development capacity on the site, then no new requirements would apply.<sup>3</sup> If the Plan does propose to increase development capacity, then a parcel has been assigned one Tier for any residential development that occurs, and one Tier for any non-residential development that occurs, as shown in Table 1 and in Figures C.1 and C.2.

1 For the Eastern Neighborhoods Impact Fee, parcels currently fall into one of three Fee Tiers (Per Planning Code Section 423.2, established in 2008 for parcels in East SoMa and 2013 for parcels in Western SoMa): 1) Tier 1 are parcels which received no increase in their height limit by the Eastern Neighborhoods Plan, 2) Tier 2 are parcels which received a 9 to 28 foot increase in their height limit, and 3) Tier 3 are parcels which received an increase in their height limits greater than 28 feet. These Fee Tiers will be readjusted based on the change in height limits proposed by the Central SoMa Plan, as follows: 1) parcels that do not receive an increase in height will remain at their current Eastern Neighborhoods Fee Tier; 2) parcels in Tier 1 which receive a height limit increase of 9 to 28 feet will move to Tier 2; 3) parcels in Tier 1 which receive a height limit increase greater than 28 feet will move to Tier 3; and 4) parcels in Tier 2 which receive a height limit increase greater than 9 feet will move up to Tier 3. These adjustments are independent of the assignment of Central SoMa Tiers, discussed below.

2 The amount of these existing fees can be found here (note that these numbers are updated annually): [http://default.sfpplanning.org/administration/Master\\_Impact\\_Fee\\_Schedule\\_2016\\_DBI\\_Register-040416.pdf](http://default.sfpplanning.org/administration/Master_Impact_Fee_Schedule_2016_DBI_Register-040416.pdf)

3 Note that this discussion does not include design and/or sustainability requirements discussed in the Implementation Matrix, which would apply to all projects in the Plan Area.

Table 1

**CENTRAL SOMA DEVELOPMENT TIERS**

INCREASED DEVELOPMENT CAPACITY	RESIDENTIAL	NON-RESIDENTIAL
15-45 feet	Tier A	Tier A
50-85 feet	Tier B	
90-165 feet	Tier C	Tier B
170 feet or more	Tier D	

The requirements for each Tier are discussed below.

**Residential Development**

The following requirements are proposed for the residential portion of any new development.

Note that the Below Market Rate (BMR) housing requirements proposed here are different than (i.e., less than) those adopted by the City through June 2016’s Proposition C, which are 25% for the on-site option and 33% for the off-site and in-lieu options. The proposed Central SoMa BMR requirements were based on analysis completed many months before the recent passage of Prop C and were considered in tandem with the comprehensive set of other new proposed development requirements proposed under the Plan. Prop C permits the Board of Supervisors to adjust its

initial percentages of 25% and 33%; to inform any such change Prop C directed the City to conduct a financial feasibility assessment, underway by the Controller’s Office as of publication of this document in early August 2016. The final Central SoMa Plan will be considered in light of the citywide BMR requirements that exist at the time of Plan approval in 2017; as such the Plan’s proposals may need to adjust based on the overall changes to the citywide BMR program requirements. However, the Plan rates proposed in this document, combined with other measures (such as the new Central SoMa Fee and existing Jobs-Housing Linkage Fee), are sufficient for the City to achieve its target of 33% housing affordability in all new development in the Plan Area while still providing other necessary public benefits.

Also note that impact fees are paid once at initiation of construction, while a Mello-Roos Community Facilities District (CFD) is paid annually for at least 30 years.<sup>4</sup> As such, overall the requirements for Tier C are greater overall than those for Tier B (because it contributes to the CFD), even though some of the individual requirements are lower.

<sup>4</sup> Though the actual length of the tax could be longer. This will be determined at the establishment of the Community Facilities District upon Plan adoption.

Table 2

**REQUIREMENTS FOR RESIDENTIAL DEVELOPMENT**

REQUIREMENT	TIER A	TIER B	TIER C	TIER D
Below Market Rate Housing: On-Site Option	16%	20%	18%	18%
Below Market Rate Housing: Off-Site and In-Lieu Options	28%	33%	30%	33%
Central SoMa Fee	N/A	\$20	N/A	\$20
Mello-Roos Community Facilities District	N/A	N/A	Condo: <u>\$6.44/nsf/yr</u> Rental: <u>\$2.59/nsf/yr</u>	Condo: <u>\$6.44/nsf/yr</u> Rental: <u>\$2.59/nsf/yr</u>
Community Facilities Fee	<u>\$1.30/gsf</u>	<u>\$1.30/gsf</u>	<u>\$1.30/gsf</u>	<u>\$1.30/gsf</u>
Transferable Development Rights	N/A	N/A	N/A	N/A
Production, Distribution, and Repair (PDR)	N/A	N/A	N/A	N/A

N/A = Not applicable

## Non-Residential Development

The following requirements are proposed for the non-residential portion of any new development.

Note that the proposed PDR requirements are slightly different than those introduced by the Board of Supervisors on August 2, 2016 as a proposed November 2016 ballot measure. If the proposed ballot measure is approved by the voters in November, the final Central SoMa Plan may need to adjust these requirements. However, the rates proposed currently by the Plan are sufficient to meet the Plan target of no net loss of PDR due to the rezoning of industrial areas by the Plan.

See above for a discussion of the relative financial impact of fees versus the CFD.

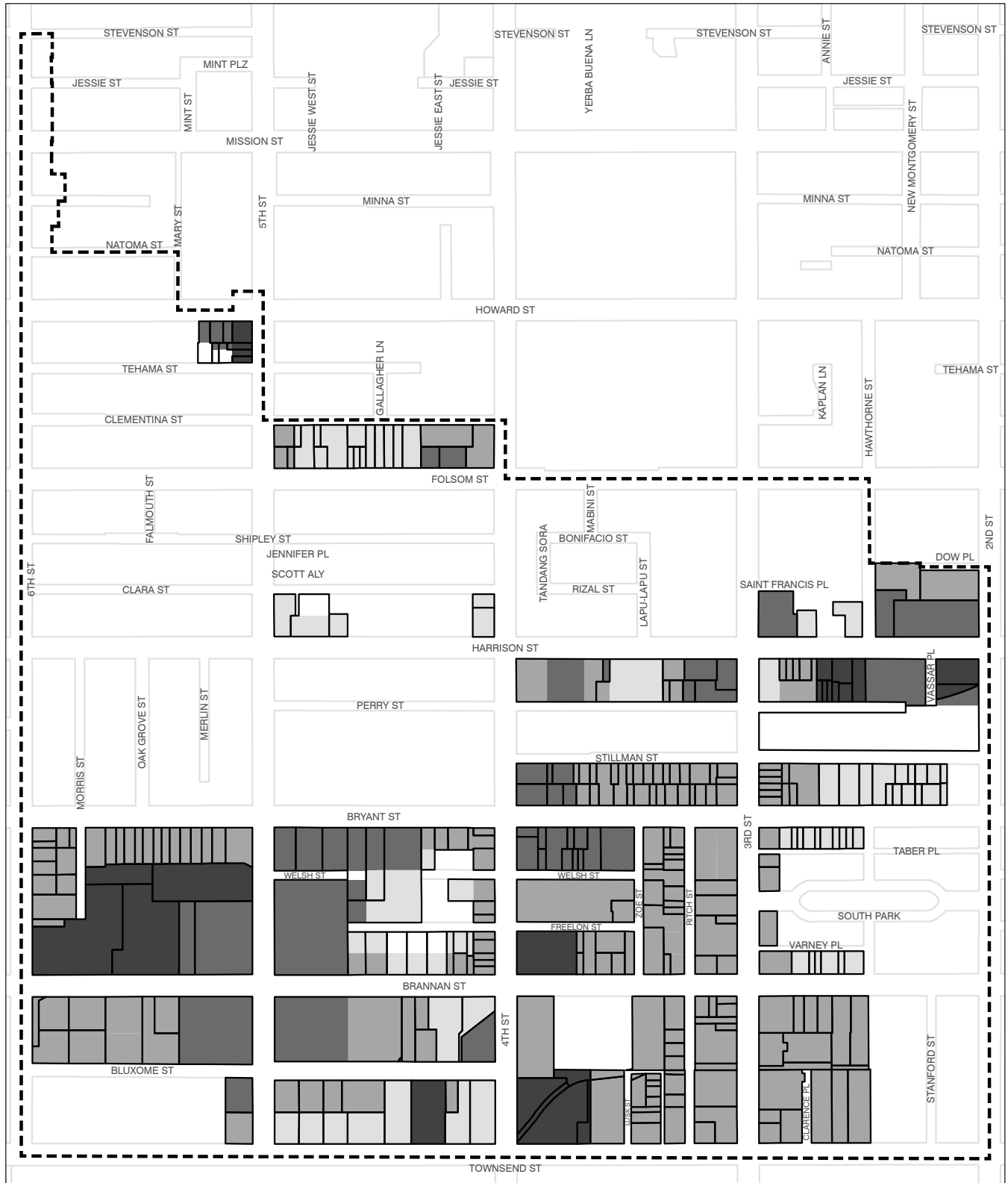
*Table 3*

### REQUIREMENTS FOR NON-RESIDENTIAL DEVELOPMENT

REQUIREMENT	TIER A	TIER B
Central SoMa Fee		
<ul style="list-style-type: none"> <li>▪ for projects seeking an Office Allocation</li> </ul>	\$13.75	\$2
<ul style="list-style-type: none"> <li>▪ for projects not seeking an Office Allocation</li> </ul>	\$33.75	\$22.75
Mello-Roos Community Facilities District	N/A	\$4.48/gsf/yr
Community Facilities Fee	\$1.75	\$1.75
Transferable Development Rights	N/A	1.25 FAR
Production, Distribution, and Repair (PDR)		
<ul style="list-style-type: none"> <li>▪ for projects seeking an Office Allocation in areas formerly zoned SALI</li> </ul>	0.5FAR or 100% replacement, whichever is higher	0.5FAR or 100% replacement, whichever is higher
<ul style="list-style-type: none"> <li>▪ for projects seeking an Office Allocation in areas formerly zoned SLI</li> </ul>	0.5FAR or 50% replacement, whichever is higher	0.5FAR or 50% replacement, whichever is higher
<ul style="list-style-type: none"> <li>▪ for projects not seeking an Office Allocation</li> </ul>	N/A	N/A

N/A = Not applicable

Figure C.1



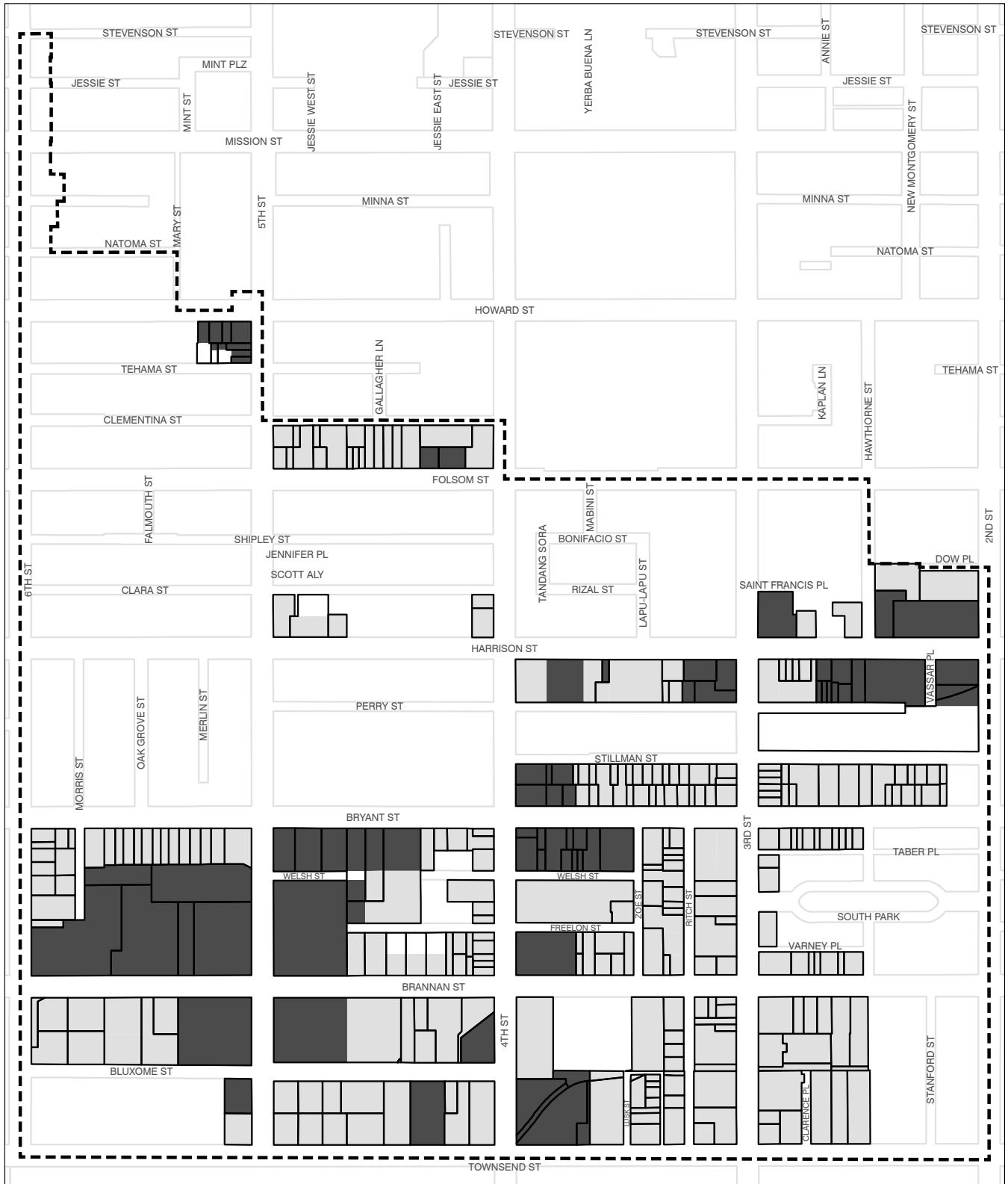
**Residential Fee Tiers**  
CENTRAL SOMA

- Tier A (15'-45' increased development capacity)
- Tier B (50'-85' increased development capacity)
- Tier C (90'-165' increased development capacity)
- Tier D (170' or more increased development capacity)

1,000 Feet



Figure C.2



**Non-residential Fee Tiers**

CENTRAL SOMA

- Tier A (15'-85' increased development capacity)
- Tier B (Over 90' increased development capacity)

1,000 Feet

