



DOWNTOWN PLAN

ANNUAL MONITORING REPORT 2009

This *Downtown Plan* annual report summarizes business and development trends affecting Downtown San Francisco and covers the 2009 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 transportation trends – two key elements supporting the functioning of the Downtown core.



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 relies on a wide range of data including 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, CBRE and NAI-BT Commercial real estate reports, and information gathered from the Department of Building Inspection, and the offices of the Treasurer and Tax Collector, the Controller, and the Assessor/Recorder.

COMMERCIAL SPACE, EMPLOYMENT, AND REVENUE TRENDS

The *Downtown Plan* enabled commercial development to occur in a managed fashion 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 Trends

Pipeline Development

As of the fourth quarter of 2009 there were 870 projects in the citywide development pipeline.¹ Of the pipeline projects, two out of every three are exclusively residential and one in five are mixed-use projects with both residential and commercial components. Only about one in nine projects are commercial developments without a residential component.

These projects, if completed, would add a net total of 16.6 million square feet of commercial space. Within this total, office and retail space would see net gains of 11.7 million and 2.8 million square feet respectively. This would add to the City's 110 million square feet of existing office space and 46 million square feet of existing retail space.

The Downtown C-3 portion of overall commercial development in the pipeline is approximately 3.7 million square feet or as shown in Table 1. Almost all of the proposed commercial space would be added in four areas: Downtown C-3 districts account for 22%; Bayview/Candlestick, 48%; and Mission Bay 9%.² The Bayview Waterfront project, consisting of a number of sites along the southeastern waterfront, would account for nearly eight million square feet of commercial space including office, R&D, and retail³.

Table 1. Commercial Space Pipeline Summary, 4thQ 2009

Neighborhood*	Square Feet	% of Citywide Pipeline
Downtown C-3	3,691,000	22%
Candlestick (Bayview)	7,996,870	48%
Mission Bay	1,545,100	9%
Rest of City	3,415,030	21%
TOTAL	16,648,000	100%

* As summarized in the 4th Quarter 2009, Pipeline Report.

About 15% of pipeline projects are under construction, while another 30% have received building permit approvals and may have already 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 could be available for occupancy in two to four years.⁴

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

	Total Office Square Feet
C-3 District	70,000,000
Total San Francisco	110,100,000
% Office in C-3 District	64%

Source: Costar Group

1 For more information, refer to the Pipeline Report, 4th Quarter 2009, at <http://www.sfplanning.org>

2 The Downtown C-3 district includes a portion of the Transbay Project that includes 4.6 million net commercial square feet.

3 Bayview Waterfront projects include India Basin, Executive Park, and Hunters Point shipyard.

4 For more detailed information regarding pipeline projects, see the *Pipeline Report* at <http://www.sfplanning.org>

Since peaking at its historic high of over 20% in 2002, the overall office vacancy rate declined until the second quarter 2008, when the effects of the global economic recession began to be felt at the local level. As shown in Table 3 below, 2009 ended with citywide vacancy rates at 15.6%, an increase from year-end 2008 when the vacancy rate was 13.1%.

At 14.5%, 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 as the preeminent office location in the region.

Table 3. Office Vacancy Summary, 4th Quarter 2009

	Q4 - 2008	Q4 - 2009	Change
Downtown, Financial District	12.5%	14.5%	2.0%
Non-Financial District	14.0%	17.2%	3.2%
Total San Francisco	13.1%	15.6%	2.5%
Total Bay Area	15.3%	17.6%	2.3%

Source: NAIBT Commercial, Class A & B office space.

Office space absorption

The strongest source of leasing activity remained in the Financial District with 4.3 million square feet, or 65%, of total activity in 2009. By the end of 2009, overall net activity ended with a total of 1,899,674 square feet of negative absorption, up from 1,305,682 square feet of negative absorption in 2008. Nearly half of all negative absorption, or 913,435 square feet, was concentrated in the North Financial District, where the majority of financial and legal firms reside. Two-thirds, or just over 2 million square feet, of San Francisco's occupancy loss over the last two year's can be attributed to the North Financial District.

Office rents

By year end 2009, citywide office rents fell to \$31.07 per square foot, down from \$40.42 per square foot at year end 2008. The Financial District experienced a similar decrease by year end 2009 to \$32.73 per square foot, down from \$45.51 at year end 2008.

Office Investment – Sales Transactions

Four buildings over 100,000 square feet were sold in 2009. Three of these sales were the result of commercial loan defaults.

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 2009 was 3.5%, slightly higher than the Citywide average of 3.2% but still indicating a relatively tight market. For the Downtown, this represents an increase from the 2.7% vacancy rate in 2008, while the Citywide vacancy rate increased slightly from 2.8% during the same period. An additional 282,000 square feet of retail space is in the development pipeline for the Downtown C-3 District, 10% of the citywide total.⁵

Table 4. Retail Vacancy Summary, 4th Quarter 2009

	Q4 - 2008*	Q4 - 2009	Change
Downtown**	2.7%	3.5%	0.8%
San Francisco	2.8%	3.2%	0.4%

Source: CosStar Group

* Revised from 2008 *Downtown Annual Report* that used NAIBT Commercial data.

** Includes the Union Square area, the retail core of the C-3 zone.

⁵ Refer to the annual Commerce and Industry Inventory for the annual net change in retail space.

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 650 have been proposed.

Hotels have invested more than \$42 million to upgrade or refurbish their facilities in the past several years. This investment has been primarily for meeting and ballroom space including:

- Marriott Marquis, 55 4th Street
\$24 million
- Marriott Fishermans Wharf, 1250 Columbus Ave.
\$4.8 million
- Parc 55, 55 Cyril Magnin Street
\$4.5 million
- Stanford Court, 901 California Street
\$5.5 million
- Holiday Inn Civic Center, 50 8th Street
\$3.3 million

Both hotel occupancy and average daily rates decreased during 2009 (Table 5). Although hotel occupancy decreased only slightly from 78.9% to 75.5%, average daily rates decreased 16% to \$160.27.

Table 5.
Hotel Occupancy and Average Daily Rate (ADR)

	2008	2009
Occupancy Rate	78.9%	75.5%
ADR	\$190.28	\$160.27

Source: San Francisco Convention & Visitors Bureau

Employment

As of the second quarter of 2009, San Francisco had approximately 551,100 jobs (Table 6). This represents a loss of about 19,700 jobs from 2008, or about 3%. Although all land use categories declined, job losses were concentrated in Retail and Hotel activities which declined 10% and 8% respectively.

Table 6. San Francisco Employment

Land Use	2008	2009 Q2*	% Change
Office	221,250	212,500	-4%
Retail	103,443	93,500	-10%
PDR	84,710	81,100	-4%
Hotel	19,527	17,900	-8%
Cultural, Institutional, Educational (CIE)**	<u>141,848</u>	<u>146,100</u>	<u>3%</u>
TOTAL	570,778	551,100	-3%

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

* As of second quarter 2009.

** CIE includes 19,200 jobs classified as "Other" (mostly NAICS 814 Private Households).

The majority of office and hotel jobs continue to be located in the larger Downtown area. As of the writing of this report, employment estimates for the C-3 zone were available through the second quarter of 2009 and is reported below. As of the second quarter of 2009, approximately 38% of all San Francisco employment was located in the Downtown C-3 zone.

Office Employment

The Downtown financial district remains the center of office employment in San Francisco. As of the second quarter of 2009, there were 212,500 office jobs in San Francisco (Table 6). Of these jobs, about 128,200 are located in the downtown C-3 district, or 60% of total office employment citywide (Table 7).

Table 7. Estimated Employment - Downtown C-3 Zone

Land Use	2008	2009*	C-3 Share of SF Employment 2009
Office	133,479	128,200	60%
Retail	29,207	26,400	28%
PDR	20,368	19,500	24%
Hotel	12,655	11,600	65%
CIE**	<u>24,758</u>	<u>25,500</u>	17%
TOTAL	218,638	211,100	38%

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

* As of second quarter 2009.

** CIE includes 1,800 jobs classified as "Other" (mostly NAICS 814 Private Households).

San Francisco's Downtown maintains the greatest concentration of office jobs in the region including financial, legal, and other specialized business services. Despite well publicized losses, many of these jobs continue to be in the financial, insurance, and real estate sectors.

Retail Employment

Within San Francisco, retail continues to be concentrated downtown as well as in the City's numerous neighborhood commercial areas. San Francisco's downtown, however, 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 2009, there were 93,500 retail jobs in San Francisco (Table 6). About 26,400 of these jobs could be found in the C-3 district or about 28% of total retail jobs citywide.⁶ This is roughly the same share of retail jobs reported in the 2008 *Downtown Plan Annual Report*.

⁶ For more information on regional trends, business formation and relocation see the *Commerce and Industry Inventory*.

Hotel Employment

The majority of hotel jobs and rooms continue to be located Downtown. As of the second quarter of 2009, there were 17,900 hotel jobs in the City (Table 6). Approximately 11,600 of these jobs were in the C-3 district or about 65% of all hotel jobs citywide. This represents a slight decrease from 2008 when an estimated 67% of hotel jobs were reported downtown; this is likely due to recession-induced layoffs that were concentrated in the downtown area.

Fiscal Revenues

This section describes estimated tax revenues from business tax (including registration and payroll), property tax (including transfer tax and annual tax), sales tax, and hotel taxes for the 2009-2010 fiscal year that runs from July 1st to June 30th of the following year.⁷ The revenue information reported also reflects deposits to the City's general fund, rather than the total amount of all revenues received, and is reported in nominal dollars.⁸

Business Taxes

As shown in Table 8, estimated total business tax revenue in 2009 was \$352.8 million, a 9% decline from \$387.3 million collected in 2008. This is due to the economic recession and reductions in the number of firms paying the tax and the amounts paid. Total business tax revenue is comprised of business payroll tax and registration tax.

Table 8. Fiscal Year Business Taxes

	2008	2009*
Payroll	378,653,616	345,000,000
Registration	<u>8,659,551</u>	<u>7,800,000</u>
TOTAL	\$387,313,167	\$352,800,000

* Estimates from Office of the Controller, FY 2009-10 Six-Month Budget Status Report.

⁷ For example, fiscal year 2009 covers the period between July 1st 2009 and June 30th 2010.

⁸ All revenues would include money allocated by law to specific uses and not available for general city services and expenses.

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 2009, an estimated \$345 million in payroll taxes were collected, down from \$378.7 million in 2008. In light of the recession, business taxes are not expected to resume significant growth in the short term.

Business registration tax is an annual fee assessed for general revenue purposes on all business in the City. Approximately \$7.8 million in business registration fees were collected in 2009, down from nearly \$8.7 million in 2008.

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 2009. Property transfer taxes, however, are estimated to increase. Together, an estimated \$1.08 billion in property related taxes will be collected in 2009 (Table 9).

Table 9. Property Tax and Property Transfer Tax

	2008	2009*
Property Tax	1,021,325,256	1,025,000,000
Property Transfer Tax	48,957,059	58,700,000
TOTAL	\$1,070,282,315	\$1,083,700,000

* Estimates from Office of the Controller, FY 2009-10 Six-Month Budget Status Report.

Real property taxes allocated to the general fund in 2009 are estimated to be \$1.025 billion dollars, up slightly from \$1.021 billion in 2008 (Table 9). This increase is likely due to the annual inflationary limit of Proposition 13. The volume of real estate transactions has decreased significantly in the last year, as have prices.

Property transfer taxes are estimated to have increased during the reporting period. This is due in part to Proposition N, passed by the voters in November 2008 that increased the property transfer tax rate on transactions valued at \$5 million or more from 0.75% to 1.5%. Projected collections for fiscal year 2009 are about \$59 million, up from \$49 million in 2008. (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 the sales price.

Although total property tax revenues remained stable in 2009, revenues may decrease in the short-term as property owners contest current assessments due to declining prices.

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.⁹ 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 2009 sales tax collections are expected to decline 6% to \$95.4 million, from \$101.7 million collected in 2008. Collections for the first quarter of fiscal year 2009 were down 17.7% from the same quarter of the prior year, a larger decline than statewide collections, which declined 14.8%. Approximately 20% of sales tax revenues are estimated to be 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.

Table 10. Sales and Use Tax

	2008	2009*
Amount	\$101,661,770	\$95,400,000

* Estimates from Office of the Controller, FY 2009-10 Six-Month Budget Status Report.

⁹ Effective April 1, 2009, the sales tax rate for the City of San Francisco was increased from 8.5% to 9.5% due to State measures to balance the budget.

The first quarter of fiscal year 2009 marked the ninth quarterly decline in sales tax for the state and the fifth quarterly decline in San Francisco, which, along with the western Bay Area in general, experienced the recession later than other parts of the state. This was due to a local economy buoyed by tourism and with less exposure to the construction sector that was significantly affected by the housing market downturn.

Hotel Tax

There are over 220 hotels in San Francisco with approximately 33,000 rooms.¹⁰ About 62% of these are located in the Downtown C-3 District.

The hotel tax remained at 14% for the 2009 fiscal year reporting period. A substantial portion of this revenue is dedicated to the Moscone Convention Center, museums, and other visitor amenities with the balance deposited into the city's general fund.

As shown in Table 11, \$146.8 million in hotel taxes are expected to be collected and deposited into the general fund in fiscal year 2009, a decrease from 2008 when \$161.7 million was collected. However, due to the recession, hotel taxes were originally budgeted at only \$117.5 million for fiscal year 2009, but collections are expected to surpass this amount by \$30.3 million.

Table 11. Hotel Room Tax

	2008	2009*
Amount	\$161,713,879	\$146,800,000

* Estimates from Office of the Controller, FY 2009-10 Six-Month Budget Status Report.

Occupancy rates have stabilized and show signs of recovering, due in part to continued room rate discounting by hotel operators. Room rates are projected to stabilize and increase more slowly than occupancy, a typical pattern after economic recessions given the difficulty of imposing higher rates on consumers accustomed to lower prices.

¹⁰ 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 and office development growth would occur and that this growth must be managed in order 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 office builders in the special use district. New commercial development would provide revenue sources to cover a portion of the costs of necessary 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.

Housing

Residential Units Completed

As shown in Table 12, 3,366 units were completed from new construction citywide in 2009, up from 3,019 units completed in 2008. Accounting for demolitions and alterations, the total net change in the number of units was 3,454.

Of the total 3,454 net units completed in the City in 2009, most were in the South of Market planning district (Table 13). This surpasses the *Downtown Plan's* goal of adding between 1,000 and 1,500 units to the City's housing stock annually, but does not 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.

In 2009 a total of 1,091 net units were completed in the C-3 District, up from 750 net units completed in 2008. This represents 32% of all housing units completed citywide (Table 13).

Table 12.
San Francisco
Housing Trends

Year	Units Authorized for Construction	Units Completed from New Construction	Net Change In Number of Units*	C-3 Zone Net Units	% in C-3 Zone
2008	2,346	3,019	3,263	750	23%
2009	742	3,366	3,454	1,091	32%
TOTAL	3,088	6,385	6,717	1,841	27%

Source: *Housing Inventory 2009*

* Net Change equals Units Completed less Units Demolished plus Units Gained or Lost from Alterations.

Table 13.
Net New Housing
Completed 2009

	2008	2009	% 2009	% Change 08-09
Downtown C-3 Zone	750	1,091	32%	45%
SoMa planning district (excluding C-3)*	1,390	1,523	44%	10%
Rest of City	1,123	840	24%	-25%
TOTAL	3,263	3,454	100%	6%

Source: *Housing Inventory 2009*

* Housing Inventory planning district, excluding C-3.

Residential Pipeline

The Downtown C-3 has approximately 2,590 units in the development pipeline. A significant share of new housing remains in production outside the Downtown core (Table 14).

Table 14.
Residential Pipeline - 4th Quarter 2009

Neighborhood	Units	% of Citywide Pipeline
Downtown C-3	2,590	6%
*Bayview/Candlestick	13,280	28%
Park Merced / Treasure Island	12,000	26%
Rest of City	18,740	40%
TOTAL	46,610	100%

* Includes Bayview Hunters Point Area A and B, Candlestick, Executive Park, India Basin and Other S. Bayshore.

At the end of the fourth quarter of 2009, about 13,280 new units are proposed to be built in the Bayview/Candlestick area or 28% of the citywide pipeline. Another 12,000 units total, or 6,000 each, are proposed for Park Merced and Treasure Island respectively. 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 2009 is completed, it could add 46,610 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 attracts additional employees 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.

As of the writing of this report the program has collected no money in fiscal year 2009 due to the economic recession. However, the program collected more than \$10.2 million in JHLP fees in fiscal year 2008 (Table 15). Since the program was established in 1985 a total of \$72.3 million has been collected, partially subsidizing the construction of over 1,000 units of affordable housing.

Table 15.
Jobs Housing Linkage Fees Collected

Year	Amount Collected
2008	10,213,342
2009	0
TOTAL	\$10,213,342

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 2008, 347 parking spaces were approved by the Planning Commission in the C-3 district. In 2009, the Commission approved the development of a vacant lot at 1036-1040 Mission Street which resulted in a net decrease of 80 parking spaces.

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

Year	Net Parking
2008	347
2009	-80
TOTAL	267

*Projects approved by the Planning Commission 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, historic trends for the larger area suggest that this target has not been met and that vehicle occupancy may have declined.

In the U.S. Census Superdistrict 1 – an area encompassing Downtown San Francisco, including South of Market and North Beach (Map 2) – the average vehicle occupancy for workers commuting to the area has been declining. In 1980, five years before the *Downtown Plan's* adoption, vehicle occupancy was 1.28 passengers per car. However, in 1990 it dropped to 1.22 and by the 2000 Census, vehicle occupancy had further declined to 1.21.

Map 2. Census Super District 1



Average vehicle occupancy for Downtown workers remains higher than other areas. According to the 2000 Census, Superdistrict 1 had an average vehicle occupancy rate of 1.21 for those working in that area and an occupancy rate of 1.13 for those who live in the area (Table 17).¹¹ These figures compare with a vehicle occupancy rate of 1.18 for all individuals working in San Francisco and an occupancy rate of 1.13 for all San Francisco residents. The entire Bay Area region has an even lower rate of 1.10.¹²

Table 17.
Average Vehicle Occupancy Rates for Workers, Residents

	Work Based*	Residence Based**
Downtown (Superdistrict 1)	1.21	1.13
San Francisco	1.18	1.13
Bay Area	1.10	1.10

* For all workers employed at employment sites in the geographic area designated

** For all residents living in the geographic area designated

Source: Census 2000.

¹¹ 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.

¹² 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.

Citywide estimates of vehicle occupancy rates are also available from the Census Bureau's American Community Survey (ACS) published every two years. In 2000 the vehicle occupancy rate for San Francisco was 1.22; this decreased to 1.14 in the latest survey conducted in 2008.

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.¹³ Of the more than 650,000 total weekday boardings 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 13.4% of total weekday boardings) (Table 18).

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

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

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.

Although commute mode split data for the Downtown C-3 District is not available, data from the 2009 Transportation Management Associations' Commuter Behavior Survey 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.

¹³ 2006 marks the first year that MTA gathered extensive APC data. Data does not exist for other years at this time, although additional surveys are planned.

Transit Impact Development Fee (TIDF)

In 1981, as a precursor to the *Downtown Plan* and responding to significantly increased downtown office development at that time, San Francisco enacted a fee aimed at recovering the transit operating subsidy and capital expansion 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.

In fiscal year 2009, \$4.5 million in TIDF revenues were collected (Table 19). Approximately \$5.4 million was collected in 2008 and 2009. This represents about 4% of the total \$137.4 million in TIDF revenues collected since its inception in 1983.¹⁴

Table 19. TIDF Collections

Fiscal Year	Total Collections
2008	\$889,475
2009	\$4,513,011
TOTAL	\$5,402,486

Source: MTA, 2009

¹⁴ 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 20 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, increasing competition would affect local housing costs compromising the vitality of Downtown. The Plan also states that if employment growth results in many more cars downtown, traffic conditions would deteriorate, significantly affecting the areas sustainability. 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. In the Downtown area itself, this housing is increasingly taking the form of office conversions. This trend, as well as the potential addition of thousands of new units of pipeline housing in and around the area, promises to significantly increase the residential population of Downtown. The Planning Department should closely monitor these conditions to determine if this housing growth could decrease the long term capacity of the area to absorb employment growth or reduce the supply of Class B office space.

Since the Plan was adopted, the growth in Downtown office space has served to enhance the vitality of the area. However, future analysis is needed to determine whether the transportation targets have been met. Some data suggest that transit use has increased while auto occupancy may have declined. Additional transportation information for San Francisco will be available pending the release of the American Community Survey Five-Year data (covering 2005-2009) expected by Fall 2010.



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**FOR MORE INFORMATION:
Call or visit the San Francisco Planning Department**

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*Planning staff are available by phone and at the PIC counter.
No appointment is necessary.*