

CENTRAL WATERFRONT PLAN MONITORING REPORT 2011–2015





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1. Introduction: Central Waterfront Plan

San Francisco's Eastern Bayfront neighborhoods have historically been the home of the city's industrial economy and have accommodated diverse communities ranging from families who have lived in the area for generations to more recent immigrants from Latin America and Asia. The combination of a vibrant and innovative industrial economy with the rich cultural infusion of old and new residents is central to San Francisco's character. Among many of the components that contributed to the economic and cultural character of the eastern part of the San Francisco were the wide availability of lands suitable for industrial activities (whether or not they were zoned for such) and the affordability of these neighborhoods' housing stock, relative to other parts of the city. Industrial properties continue to be valuable assets to the city's economy as they provide space for innovative local businesses; large, flexible floorplans for a wide range of tenants; and living wage career opportunities to residents without advanced degrees.

Over the past few decades, and particularly during the series of "booms" in high technology industries since the 1990s, the Eastern Bayfront neighborhoods have experienced waves of pressure on its industrial lands and affordable housing stock. Due to their proximity to downtown San Francisco and easy access (via US-101, I-280, and Caltrain) to Silicon Valley, industrially-zoned properties in the Eastern Bayshore, particularly in neighborhoods like South of Market (SoMa), Mission, Showplace Square, and Central Waterfront became highly desirable to office users who were able to outbid traditional production, distribution, and repair (PDR) businesses for those spaces. The predominant industrial zoning designations in these neighborhoods until the late 2000s—C-M, M-1, and M-2—allowed for a broad range of uses, which enabled owners to sell or lease properties to non-PDR businesses as well as developing them into "live-work" lofts that served primarily as a residential use.

Beginning in the late 1990s, the City, residents, community activists, and business owners recog-

nized the need for a comprehensive, community-based planning process to resolve these conflicts and stabilize these neighborhoods into the future. The Eastern Neighborhoods community planning process was launched in 2001 to determine how much of San Francisco's remaining industrial lands should be preserved and how much could appropriately be transitioned to other uses. The planning process also recognized the need to produce housing opportunities for residents across all income levels. In 2008, four new area plans for the Mission, East SoMa, Showplace Square/Potrero Hill, and Central Waterfront neighborhoods were adopted. Respecting the Western SoMa community's request for more time to complete their planning process, the area plan for that neighborhood was undertaken in parallel and completed in 2013. The resulting area plans contained holistic visions for affordable housing, transportation, parks and open space, urban design, and community facilities.

The Eastern Neighborhoods Plans represent the City's and community's pursuit of two key policy goals:

- Ensuring a stable future for PDR businesses in the city by preserving lands suitable to these activities and minimizing conflicts with other land uses; and
- Providing a significant amount of new housing affordable to low, moderate and middle income families and individuals, along with "complete neighborhoods" that provide appropriate amenities for the existing and new residents.

Map 1 shows the Central Waterfront Plan area as generally bounded by Mariposa Street on the north, San Francisco Bay on the east, Cesar Chavez Street/Islais Creek on the south, and Highway I-280 on the west.

MAP 1

Central Waterfront Plan Area Boundaries



The challenges that motivated the Eastern Neighborhoods community planning process were sharply evident in the Central Waterfront when the plans were adopted and continue to be relevant today.

Specifically, the *Central Waterfront Plan* calls for the following:

- » Maintaining Central Waterfront's established character as mixed use, working neighborhood with strong ties to the city's industrial economy;
- » Strategically increasing housing in the Central Waterfront;
- » Establishing a land use pattern that supports and encourages transit use, walking, and biking; and
- » Connecting the neighborhood with its neighbors and the water's edge, and improving the public realm so that it better supports new development and the residential and working population of the neighborhood.

1.1 Summary of Ordinance and Monitoring Requirements

The ordinances that enacted the Eastern Neighborhoods Area Plans (including Western SoMa), adopted by the Board of Supervisors, include a requirement that the Planning Department produce five-year reports monitoring residential and commercial developments in those neighborhoods, as well as impact fees generated, public and private investments in community benefits, and infrastructure.¹ The first set of monitoring reports for Mission, East SoMa, Showplace Square/Potrero Hill, and Central Waterfront were published in 2011, covering the period from January 1, 2006 through December 31, 2010.

The ordinance requires the monitoring reports track all development activity occurring within Area Plan boundaries during the five-year period, as well as the pipeline projecting future development as of the end of the reporting period. Some

of this development activity was considered under the Eastern Neighborhoods Programmatic Environmental Impact Report (EN PEIR), certified by the Board of Supervisors in 2008; and Western SoMa EIR, certified in 2012. However, a few of the developments that have been completed during this period and some of the proposed projects in the pipeline did not (or will not) receive their environmental clearance through these two EIRs, primarily for these four reasons:

- 1) The developments were entitled prior to the adoption of the Plans, under zoning designations that were subsequently changed by the Plans.
- 2) Under the Eastern Neighborhoods Amnesty Program that expired in 2013, legalization of conversions from PDR to office space that took place prior to Plan adoption was allowed.
- 3) Some large-scale developments and Plan Areas that are within or overlap Project Area boundaries (such as Central SoMa and Pier 70) will undergo separate environmental review processes.
- 4) Certain smaller projects did not rely on the rezoning under the EIRs and are therefore excluded.

This report analyzes all development activity within the Eastern Neighborhoods, whether or not projects relied on the EN PEIR. For a list of projects relying on the EN PEIR, please refer to [Appendix D](#).

The *Central Waterfront Area Plan Monitoring Report 2011-2015* is part of the set of Eastern Neighborhoods monitoring reports covering the period from January 1, 2011 to December 31, 2015. Because Western SoMa was adopted in 2013, no monitoring reports have been produced for that Plan Area. However, due to its geographic proximity and overlapping policy goals with the other Eastern Neighborhoods, Planning Department staff, in consultation with the CAC, has shifted the reporting timeline such that the Western SoMa Area Plan Monitoring Report 2011-2015 will be the first five-year report and set the calendar so that future monitoring reports are conducted alongside the other Eastern Neighbor-

¹ Unless otherwise noted, this report will refer to the Eastern Neighborhoods Area Plans, or just Area Plans, as encompassing the Mission, East SoMa, Central Waterfront, Showplace Square/Potrero Hill as well as Western SoMa. References to Plan Areas (or to the names of the individual areas) will describe the areas within the boundaries outline by the individual plans.

hoods. Subsequent time series monitoring reports for the Central Waterfront area and other Eastern Neighborhoods (including Western SoMa) will be released in years ending in 1 and 6.

While the previous Monitoring Report covered only the small amount of development activities in the years immediately preceding and following the adoption of the *Central Waterfront Plan* in 2008, this report contains information and analysis about a period of strong market development and activity in the Central Waterfront. This report relies primarily on the *Housing Inventory*, the *Commerce and Industry Inventory*, and the *Pipeline Quarterly Report*, all of which are published by the Planning Department. Additional data sources include: the California Employment and Development Department (EDD), the U.S. Census Bureau's American Community Survey, the San Francisco Municipal Transportation Agency (SFMTA), Co-Star Realty information, Dun and Bradstreet business data, CBRE and NAI-BT Commercial real estate reports, and information gathered from the Department of Building Inspection, the offices of the Treasurer and Tax Collector, the Controller, and the Assessor-Recorder.

2. Commercial Activity and Job Creation

While the area is itself diverse, Central Waterfront has traditionally been characterized by industrial uses with residential enclaves interspersed between Mariposa and 23rd streets, or what is roughly known as the Dogpatch neighborhood. Commercial land uses occupy almost two thirds of the land area, with light industrial or PDR uses being the largest single category. Schools and cultural destinations comprise a marginal portion of the land use, as does retail and entertainment.

The *Central Waterfront Plan* supports small and moderate size retail establishments in neighborhood commercial areas, while allowing larger retail in the new Urban Mixed Use (UMU) districts only when part of a mixed-use development. The Plan also encourages life science development in the vicinity of Mission Bay and in the core PDR area

generally south of 23rd Street, which contains controls that protect PDR businesses by prohibiting new residential development and limiting new office and retail.

2.1 Commercial Space Inventory

Table 2.1.1 below is an inventory of non-residential space in Central Waterfront as of 2015. Nearly 50% of commercial land use in the Central Waterfront is PDR and almost 30 percent office. The table also shows the importance of the Central Waterfront in the San Francisco's stock of industrial lands. Though the Central Waterfront area only accounts for 1% of the city's overall commercial building space, its share of citywide PDR space is 3%. However, a significant amount of PDR space in the Central Waterfront Plan Area has been converted to other uses in recent years, which will be discussed in the coming sections.

Tables 2.1.2 and **2.1.3** show commercial and other non-residential development activity between 2011 and 2015 in the *Central Waterfront Plan* area and San Francisco, respectively. These tables count newly developed projects on vacant properties or redevelopment of existing properties as well as conversions (i.e., change of use). Non-residential net development in the Central Waterfront made up less than 1% of net citywide total commercial projects completed in the last five years. Between 2011 and 2015, 25,700 square feet of PDR land was converted to other uses, such as mixed-use residential. **Table 2.1.2** also shows a modest gain of retail space during the reporting period. Most commercial projects recently completed in the Central Waterfront are part of mixed-residential developments. One illustrative mixed-residential project is the development at 2235 Third Street, which redeveloped two vacant buildings into a mixed-use building with 196 residential units (39 of them below market rate) and retail, storage, and day care on the ground floor.

Map 2 shows the location of the larger-scale non-residential developments. (See **Appendix Table B-1** for a detailed list of all completed projects.)

TABLE 2.1.1**Commercial Building Space Square Footage, Central Waterfront and San Francisco, 2015**

Non-Residential Land Use	Central Waterfront		Citywide		Central Waterfront as % of San Francisco
	Square Feet	%	Square Feet	%	
Cultural, Institutional, Educational	114,370	5%	29,898,514	13%	0%
Medical	35,498	2%	17,468,039	7%	0%
Office	656,628	29%	107,978,954	45%	1%
Production, Distribution, and Repair	1,045,713	46%	36,265,832	15%	3%
Retail	425,343	19%	42,299,526	18%	1%
Visitor / Lodging	5,219	0%	4,053,422	2%	0%
Total	2,282,771	100%	237,964,287	100%	1%

Source: San Francisco Planning Department Land Use Database (March 23, 2016)

Note: Totals in percentage column may not add up to 100 percent due to rounding.

TABLE 2.1.2**Net Change in Commercial Space, Central Waterfront, 2011–2015**

Year	Cultural, Institutional, Educational	Medical	Office	Production, Distribution, and Repair	Retail	Visitor / Lodging	Total Commercial Sq Ft
2011	–	–	–	–	–	–	–
2012	–	–	–	–	5,339	–	5,339
2013	–	–	–	–	(1,000)	–	(1,000)
2014	–	–	–	(25,700)	10,109	–	(15,591)
2015	3,000	–	–	–	–	–	3,000
Total	3,000	–	–	(25,700)	14,448	–	(8,252)

Source: San Francisco Planning Department

Note: Includes all developments in the Plan Area during reporting period, including those that did not receive CEQA clearance under Eastern Neighborhoods EIR

TABLE 2.1.3**Net Change in Commercial Space, San Francisco 2011–2015**

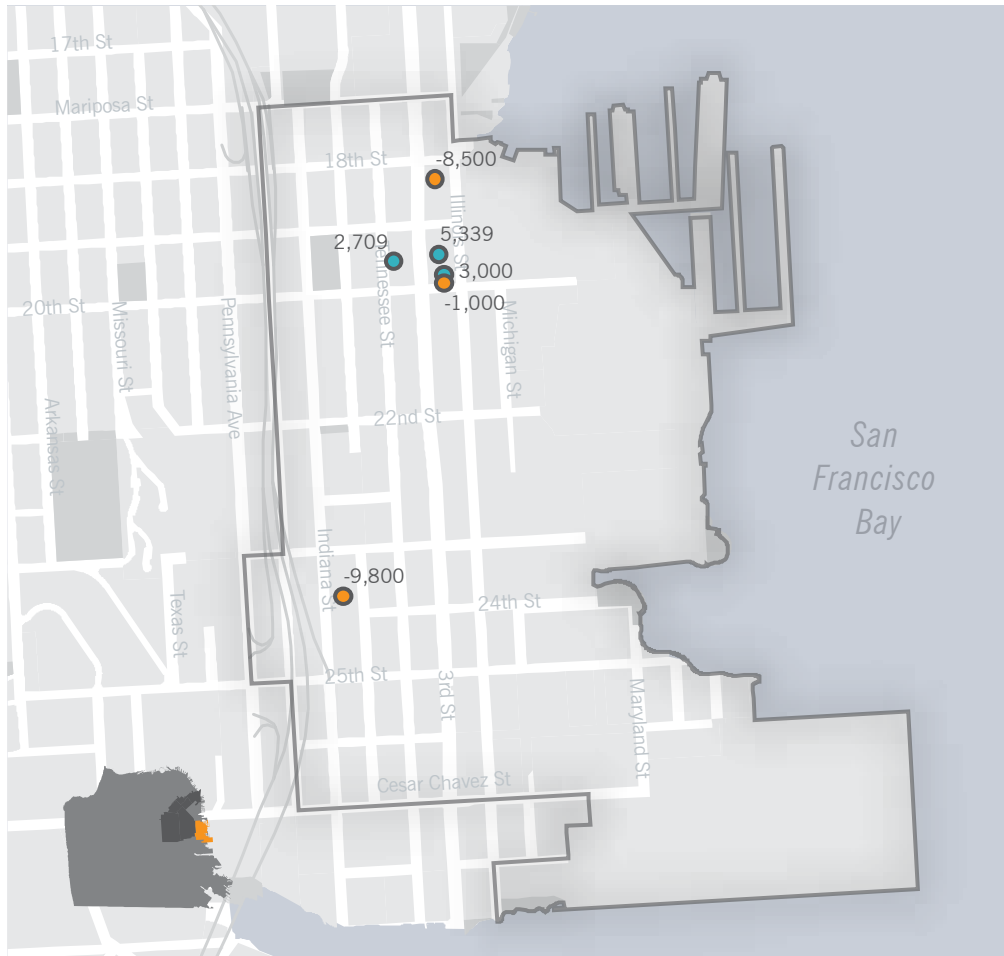
Year Completed	Cultural, Institutional, Educational	Medical	Office	Production, Distribution, and Repair	Retail	Visitor / Lodging	Total Commercial Sq Ft
2011	10,477	–	40,019	(18,075)	16,854	–	49,275
2012	(52,937)	–	24,373	(164,116)	32,445	–	(160,235)
2013	66,417	–	335,914	(236,473)	5,941	(69,856)	101,943
2014	446,803	1,815,700	603,997	(422,157)	11,875	63,286	2,519,504
2015	(21,456)	20,000	460,508	(183,775)	65,419	–	340,696
Total	449,304	1,835,700	1,464,811	(1,024,596)	132,534	(6,570)	2,851,183

Source: San Francisco Planning Department

Note: Includes all developments in the Plan Area during reporting period, including those that did not receive CEQA clearance under Eastern Neighborhoods EIR

MAP 2

Completed Projects Causing Net Change in Commercial Space, Central Waterfront 2011–2015



- Net loss of commercial space
- Net gain of commercial space

FIGURE 2.1**Project at 2235 Third Street (Completed in 2013)**

Source: SF Planning, Paula Chiu

2.2 Commercial Development Pipeline

The commercial development pipeline in the Central Waterfront shows an intensification of the pace of development over the next decade (Table 2.2.1). A major contributor to this intensification is the Pier 70 Waterfront Site project, which will be discussed below.

The pipeline numbers contain two separate subcategories, shown in Table 2.2.1, as “Under Review” and “Entitled.” Under Review projects are those that have filed application with the Planning and/or Building departments and have to clear several hurdles, including environmental (California Environmental Quality Act [CEQA]) review, and may require conditional use permits or variances. Therefore, these projects are considered more speculative. On the other hand, Entitled projects are those that have received Planning Department approvals and are considered much more certain, although many of them may take years to complete construction.

One example of a project that is currently under review is the Pier 70 Waterfront Site, a 28-acre stretch of industrial land. The developer (Forest City) has entered into an agreement with the Port to develop the former shipbuilding and repair space into a mix of office, retail, residential, PDR and open space through a master plan. Under the currently proposed Pier 70 Waterfront Site development, more than 1.1 million square feet will be allocated to office use and over 480,000 square feet for retail use.

While the historic core of the Pier 70 area is estimated to gain 200,000 square feet of PDR space, surrounding former industrial buildings will be converted to other commercial uses with an estimated net loss of about 95,000 square feet of PDR space. These figures for the Pier 70 development are estimates based on currently available data and subject to change pending final approval. The first phase of new construction is expected to begin in 2017 and will require 10 to 15 years for the full build-out.

FIGURE 2.2

One of the Pier 70 Buildings



Source: SF Planning, Paula Chiu

Adjacent to Pier 70, the now non-operational Potrero Power Plant, is a 21-acre site available for mixed development in the coming years. Although both Pier 70 and the Potrero Power Plant will see major changes, which will ultimately affect the neighborhood character, additional community engagement processes are in place to underscore a balanced mix of uses. Another large-scale project under review would provide nearly 14,000 square feet of enterprise workspace located at 1228 25th Street.

Entitled projects that propose to convert PDR to other uses are mostly smaller spaces that will be redeveloped as residential or mixed-use residential buildings. Not all projects call for conversion of PDR space; one project, 1275 Minnesota Street, was permitted and began to expand PDR operations with another 5,500 square feet and more than 2,200 square feet of retail space by the end of 2015. On the other hand, the largest single project (outside of the Pier 70 Waterfront Site) currently under review proposes to construct almost 11,500 square foot PDR and 2,500 square foot of retail at 1228 25th Street.

Table 2.2.2 shows the commercial development pipeline for San Francisco. The development pipeline in the Central Waterfront represents close to 5% of the citywide pipeline. Map 3 shows the locations of the larger proposed commercial developments in the plan area. (See Appendix Table C-1 for a detailed list of pipeline projects.)

TABLE 2.2.1**Commercial and Other Non-Residential Development Pipeline, Central Waterfront Q4 2015**

Development Status	Cultural, Educational, Institutional	Medical	Office	Production, Distribution, and Repair	Retail	Visitor/Lodging	Total Commercial Sq Ft
Under Construction	–	–	–	(76,927)	(6,559)	–	(83,486)
Planning Entitled	–	–	4,206	(73,032)	1,442	–	(67,384)
Planning Approved	–	–	4,206	(41,032)	3,784	–	(33,042)
Building Permit Filed	–	–	–	(32,000)	–	–	(32,000)
Building Permit Approved/Issued/Reinstated	–	–	–	–	(2,342)	–	(2,342)
Under Review	–	–	1,156,586	(247,770)	335,410	–	1,244,226
Planning Filed	–	–	1,156,586	(212,496)	331,637	–	1,275,727
Building Permit Filed	–	–	–	(35,274)	3,773	–	(31,501)
Total	–	–	1,160,792	(397,729)	330,293	–	1,093,356

Source: San Francisco Planning Department

Note: Includes all developments in the pipeline as of December 31, 2015, including those that did not (or will not) receive CEQA clearance under Eastern Neighborhoods EIR

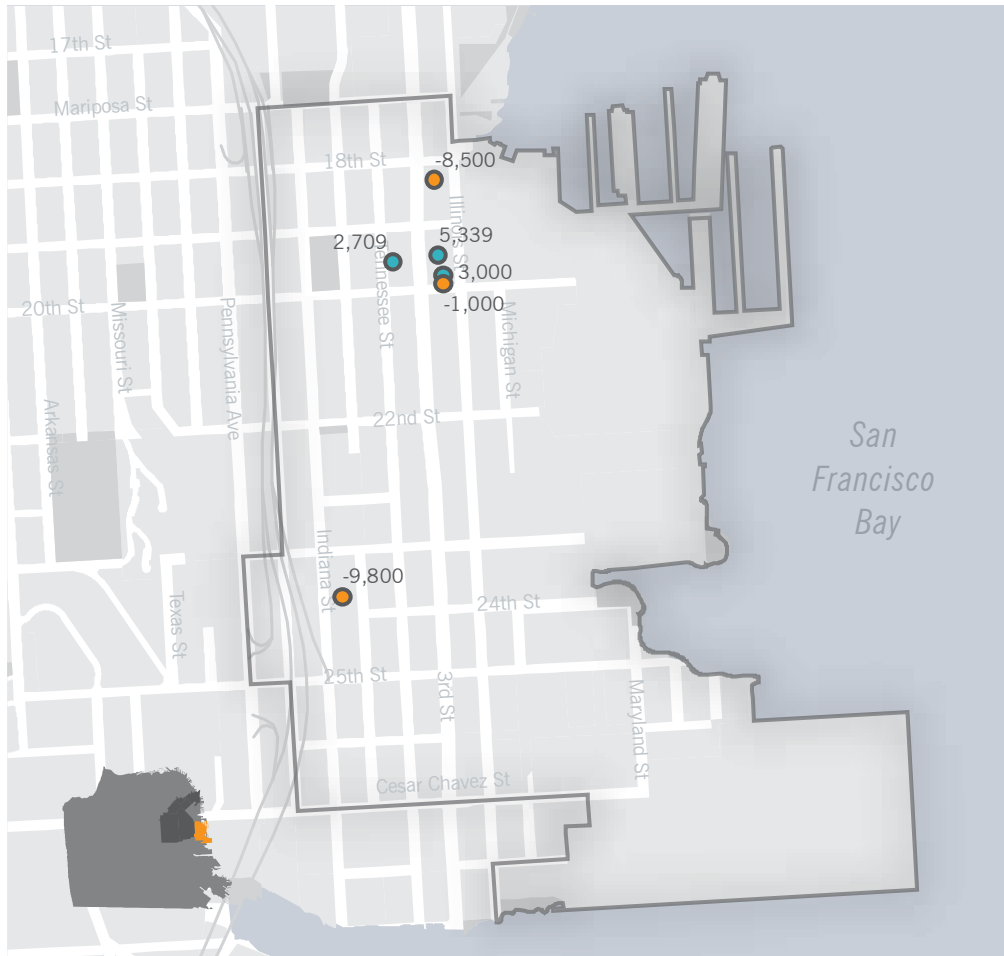
TABLE 2.2.2**Commercial and Other Non-Residential Development Pipeline, San Francisco Q4 2015**

Development Status	Cultural, Educational, Institutional	Medical	Office	Production, Distribution, and Repair	Retail	Visitor/Lodging	Total Commercial Sq Ft
Under Construction	1,098,708	(58,871)	3,894,055	(290,327)	491,366	(189,563)	4,945,368
Planning Entitled	312,600	20,665	5,576,249	332,662	1,268,623	519,906	8,030,705
Planning Approved	1,942	4,665	4,571,993	311,417	1,084,828	458,554	6,433,399
Building Permit Filed	4,343	–	(36,555)	(33,939)	806	–	(65,345)
Building Permit Approved/Issued/Reinstated	306,315	16,000	1,040,811	55,184	182,989	61,352	1,662,651
Under Review	1,042,013	1,875	7,459,214	(1,046,009)	1,594,639	418,557	9,470,289
Planning Filed	1,084,228	1,875	5,955,541	(994,050)	1,552,310	200,747	7,800,651
Building Permit Filed	(42,215)	–	1,503,673	(51,959)	42,329	217,810	1,669,638
Total	2,453,321	(36,331)	16,929,518	(1,003,674)	3,354,628	748,900	22,446,362

Source: San Francisco Planning Department

MAP 3

Commercial and Other Non-Residential Development Pipeline, Central Waterfront Q4 2015



- Entitled
- Under Construction
- Under Review

Note: Only includes projects that will add or remove 5,000 net square feet.

FIGURE 2.3**Project with PDR and Retail addition at 1275 Minnesota Street (Completed in 2016)**

Source: SF Planning, Paula Chiu

2.3 Changes in PDR Uses

As discussed above, the Central Waterfront (and the Eastern Neighborhoods more broadly), has experienced significant economic growth making many areas highly attractive to residential developments. This is especially true for the northern part of the Central Waterfront where the character has shifted from PDR to more mixed-use residential. Mixed-use residential uses are generally able to afford higher land costs than industrial uses, and therefore can outbid PDR businesses for industrially-zoned land. Prior to the adoption of the Eastern Neighborhoods Area Plan, the primary industrial zoning designations of M-1, M-2, and C-M permitted a broad range of uses, which led to the conversion of a significant amount of PDR space to other uses. The PDR losses during the 2011 to 2015 period were absorbed by the creation of new housing, cultural institutional and education (CIE) uses, and retail, producing mainly eating and drink establishments.

Of the one million square feet in PDR space in the Central Waterfront in 2015, 70 percent (about 730,000) of space were located in PDR protection districts (PDR-1 and PDR-2). Nearly 25 percent (almost 235,500) were in the mixed use district (UMU) and less than 10% (about 80,000) were scattered throughout zoning districts not specifically geared towards industrial uses, such as neighborhood commercial (NC) districts. By comparison, the split between PDR space in PDR protection, mixed use, and other districts among the Eastern Neighborhoods is 38%, 34%, and 29%, respectively. According to Co-Star data, asking lease rates for PDR space in the Eastern Neighborhoods are currently \$22 (NNN) and vacancy rates are 4.4%.²

Since the adoption of the *Central Waterfront Area Plan*, PDR space has continued to be converted to

² Data provided by the City of San Francisco's Real Estate Division.

TABLE 2.3.1**Square Footage of PDR Space by Zoning District Type, Central Waterfront and Eastern Neighborhoods, 2015**

Zoning District Type	Central Waterfront	%	Eastern Neighborhoods	%
PDR Protection (1)	730,343	70%	3,465,888	38%
Mixed Use (2)	235,493	23%	3,098,198	34%
Other (3)	79,877	8%	2,669,555	29%
Total	1,045,713	100%	9,233,641	100%

1. Districts that primarily allow PDR activities and restrict most other uses. In Central Waterfront, Mission, and Showplace Square/Potrero Hill, these districts include PDR-1 and PDR-2. In East SoMa and West SoMa, they are the SLI and SALI districts, respectively.

2. Transitional districts that allow industrial uses mixed with non-PDR activities such as housing, office, and retail, often with additional requirements on affordability and PDR replacement. Includes UMU in Central Waterfront, Mission, and Showplace Square/Potrero Hill; MUG, MUO, and MUR in East SoMa; and WMUG and WMUO in Western SoMa.

3. Various districts designated for non-industrial uses like residential, neighborhood commercial, and the like.

Source: San Francisco Planning Department Land Use Database, March 2016

other uses in the neighborhood, as [Tables 2.1.2](#) and [2.2.1](#) illustrate.

Over the five year period between 2011 and 2015, there have been a few projects that converted PDR uses to other uses. One such project, 2121 Third Street, demolished a fueling and storage building from the early 1900s to construct 106 units, 18 units of which (or 17%) are below market-rate, with active ground floor uses in a UMU zoning district. The project was also required to seek a Large Project Authorization under the Eastern Neighborhoods Controls due to its considerable size. These projects have all been built in either UMU district or in districts like Neighborhood Commercial Transit (NCT) and Public (P), which were never intended as PDR protection areas. Another project, 2505 Third Street, converted about 2,400 square feet of PDR space to a brewery and full-service restaurant on the ground floor of the American Industrial Complex.

Lastly, another project, not shown on the list below, was a special case located at 1011 Tennessee Street, was developed from two lots—a vacant lot and a lot with building that burned down in 2007. The parcels were formerly zoned M-2 and as part of the planning approval process rezoned to UMU. The result of the rezoning allowed the project to construct three residential units.

The Planning Department has also undertaken some legislative action to strengthen PDR zoning and enable to location, expansion, and operation of PDR businesses. In addition to some “clean up” language making it easier for PDR businesses to receive permits and share retail spaces, the Department also created a program to allow more office development in certain parcels as a way to subsidize more development of PDR space. Recognizing the financial difficulties of developing new industrial buildings in large “soft site” lots, this program gives developers the ability to construct office space in parcels zoned PDR-1 and PDR-2, located north of 20th Street. The parcels must be at least 20,000 square feet as long as existing buildings are not developed to more than 0.3 floor-to-area ratio (FAR). At least 33% of the space in the new developments must be dedicated to PDR uses.

2.3.1 PDR Protection Policies and Enforcement

Illegal conversions from PDR uses have more recently become an issue in the Eastern Neighborhood Plan areas that the City has sought to resolve. In 2015, the Planning Department has received about 44 alleged complaints of violation for illegal conversions from PDR to Office use in the city ([Table 2.3.3](#)). [Table 2.3.3](#) shows the number of enforcement cases closed and found to be in violation, the cases closed and not found to be in violation, the cases under review and

TABLE 2.3.2**Projects Converting PDR Space in Central Waterfront, 2011–2015**

Project	Zoning	Net PDR	Net Office	Net Retail	Net Units	Affordable Units	Percent Affordable
740 Illinois / 2121 Third St	UMU	(8,500)	–	–	106	18	17%
1275 - 1301 Indiana St	PDR-1-G	(14,800)	–	5,000	71	9	13%
2505 Third St	PDR-1-G	(2,400)	–	2,400	N/A	N/A	N/A

Source: San Francisco Planning Department

Note: Only developments with ten or more units are subject to the City's inclusionary housing requirements.

TABLE 2.3.3**Enforcement Cases for Illegal PDR Conversions, Central Waterfront, Eastern Neighborhoods, and Citywide, 2015**

Case Type	Number of Cases		
	Central Waterfront	Eastern Neighborhoods	Citywide
Closed - Violation	2	6	7
Closed - No Violation	–	9	9
Under Review	–	4	4
Pending Review	6	23	24
Total	8	42	44

Source: San Francisco Planning Department

the cases still pending review. Forty-two of these cases were found in the Eastern Neighborhoods. Out of the 42 total alleged complaints, nine of the cases were not found to be in violation and six were found to be in violation. In the Central Waterfront area two cases were conversions from PDR to office on parcels zoned UMU. For these two cases the owners were issued notices of violation and office tenants were compelled to vacate the properties, as shown in [Appendix E](#).

Most of these complaints describe large warehouses converting into office uses. Generally, for the areas with complaints filed with the Planning Department regarding the conversion of PDR uses to office space, office use is not permitted within the zoning districts. However, some complaints filed are either not valid, meaning that the tenant is either a PDR complying business or the space was legally converted to office space or the space was converted prior to the Eastern Neighborhoods rezoning. For these enforcement cases, there is no

longer a path to legalization; additionally, many of these office conversions are not recent, and they did not take advantage of the Eastern Neighborhoods Legitimization Program. The program was an amnesty program that established a limited-time opportunity whereby existing uses that have operated without the benefit of required permits may seek those permits. However, this program expired 2013.

To resolve and better investigate these complaints, the Planning Department, in collaboration with the Department of Building Inspection (DBI), has committed to work together to prevent future illegal conversion. Over the course of 2015, Planning worked with DBI during project intake to better understand where Planning could potentially identify violations. Planning worked with DBI's IT division to create a flag in the Permit Tracking System (PTS) to alert project intake coordinators of potential illegal conversions. This is a pilot program that can be expanded at a later date to

include other Zoning Districts, if necessary. Planning and DBI continue to work together to monitor this process and plan to meet regularly to discuss additional steps to prevent future conversions. Some complaints received regard real estate advertisements for spaces that are currently vacant and not yet in violation. These situations allowed for Planning to work collaboratively with the Mayor's Office of Economic Workforce and Development (OEWD). When complaints filed related to vacant spaces on the market in PDR zones, Planning works with the property owner to inform them about PDR complying uses and then refers them to OEWD. OEWD hosts a list of businesses with PDR complying uses that are looking to lease spaces within San Francisco. Additionally, a real estate brokers training was conducted in 2015 to help explain what PDR is and Planning resources available. The training also outlined the enforcement process, including potential need to file Letter of Determinations.

2.4 Employment

The *Central Waterfront Plan* area experienced added employment across most land use types tracked by the Planning Department between 2011 and 2015, following the trend experienced across San Francisco and the Bay Area. The uptick in employment reflects a rebound in the regional economy following the "Great Recession." Altogether, employment in the Central Waterfront grew by almost 1,000 jobs over the span of five years to nearly 5,300 jobs with a related increase from 350 to over 410 total establishments, according to the California Employment and Development Department (EDD). The subsections below discuss the job growth in the Central Waterfront by land use category.

2.4.1 Office Jobs

Employment by land use in the Central Waterfront remained at roughly 18% for office jobs, as it is the third major employment sector in the area. According to EDD, the plan area did not see major fluctuations in office jobs in those five years. The job count increased from 772 to 952. Additionally, the number of office establishments increased slightly from 106 to 122, indicating a shift towards "flex space" office format with the ability

TABLE 2.4.1
Employment, Central Waterfront and San Francisco, Q2 2015

Landuse	Central Waterfront				San Francisco			
	Establishments	%	Jobs	%	Establishments	%	Jobs	%
Cultural, Institutional, Educational	16	4%	222	4%	2,010	3%	73,182	11%
Medical	8	2%	28	1%	21,833	37%	60,214	9%
Office	122	30%	952	18%	15,628	27%	293,014	44%
Production, Distribution, and Repair	143	35%	2,524	48%	5,280	9%	88,135	13%
Retail	82	20%	1,503	28%	8,241	14%	130,550	20%
Visitor / Lodging	—	0%	—	0%	311	1%	16,688	2%
Other	42	10%	67	1%	4,961	9%	6,953	1%
Total	413	100%	5,296	100%	58,264	100%	668,736	100%

Source: California Employment Development Department

to accommodate a larger number of employees. This is likely true of “Knowledge Sector” office spaces in general. The Central Waterfront Area office supports office uses towards space located above ground floors in buildings in UMU and PDR-1 districts, with office use restricted to supporting the PDR use above the ground floor.

2.42 Retail Jobs

The number of retail jobs in the Central Waterfront increased slightly by 3% between 2010 and 2015 to about 1,500 and more than 80 establishments. The retail sector represents a little more than a quarter of the plan area’s non-residential use, but only accounts for about one percent of the city’s retail jobs and establishments. Many of these retail jobs are along the 22nd Street corridor in the Dogpatch neighborhood and some new retail on Third Street. As a growing residential neighborhood, many of these retail establishments serve food and drinks. A variety of specialty shops, from gourmet chocolates to artisanal cheese, are found in the neighborhood. Furthermore, some retail jobs happen in the same space as businesses take advantage of their factory location and include a retail component on the ground floor.

2.4.3 PDR Jobs

PDR continues to play a critical role in the city’s economy, providing quality jobs to employees with a broad range of educational backgrounds, supporting local businesses up- and downstream. Though the trends in loss of PDR space have been widely documented, the city and the Central Waterfront both added PDR jobs since 2010. The Central Waterfront’s role as an important location for PDR has continued to build on the “Makers” movement with local design and manufacturing businesses leading the way. This renewed interest in the movement continues to grow in popularity as more independent makers collaborate and create new things together.

The Central Waterfront experienced about 7% increase in PDR employment (to more than 2,500 jobs) between 2010 and 2015 and about 3.5% increase in number of firms (to more than 140). As with other occupations, these increases likely

reflect a recovery from the recession as well as the emergence of “Maker” businesses and production of customized consumer products. An often cited example in the Dogpatch is the American Industrial Center—the A.I.C. complex is home to over a couple hundred of small- and medium-sized businesses with manufacturing and retail hosted on-site.

While the term PDR is often associated with industrial uses, more makers and creators have employed new methods and technologies which change the way products are made from manufacturing to retail. This transition from conventional, “low-tech” manufacturing to the incorporation of “advanced, digital manufacturing” has enabled companies to design and distribute in the same space. The advancements in production and manufacturing also have implications for workers, too. The flow of the local supply chain model has enabled workers to not only gain on the job training, but opportunities for apprenticeship placements and a diverse set of skills. The characteristics of the local supply chain model hold a preponderant potential for a broad spectrum of businesses and creative endeavors.³ The Central Waterfront has roughly 3% of the PDR jobs establishments within the city.

2.4.4 Employment and Commercial Space Trends

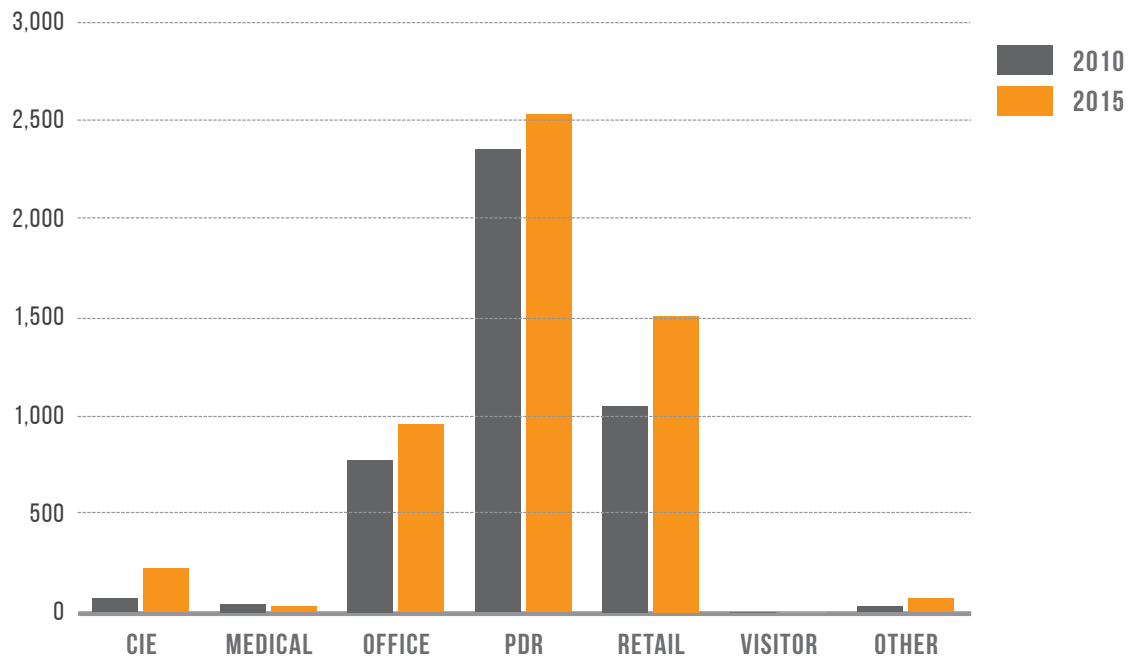
Over the past five years, the Central Waterfront has added a considerable number of jobs, almost 20% growth. In part, many of these new jobs are likely located in commercial space that was vacant at the end of previous decade due to the recession, which has led to lower vacancy rates by the end of 2015.⁴ Another trend that has been underway that may explain the gain in employment without a parallel increase in commercial space is an overall densification of employment (in other words, allowing more jobs to be accommodated within a given amount of space). Several

³ San Francisco as a Lab for US Urban Manufacturing, see http://www.sfmade.org/new/wp-content/uploads/2014_SLMReport.pdf

⁴ Although data to show vacancy rates for the Central Waterfront Plan Area is not available, commercial real estate brokerage firms like Cushman & Wakefield show that vacancy rates for different types of land uses decreased substantially in San Francisco between 2011 and 2015 across different sectors. See Cushman & Wakefield San Francisco Office Snapshot Q4 2015 and Retail Snapshot Q4 2015.

FIGURE 2.4.1

Jobs by Land Use, Central Waterfront, Q3 2010 and 2015

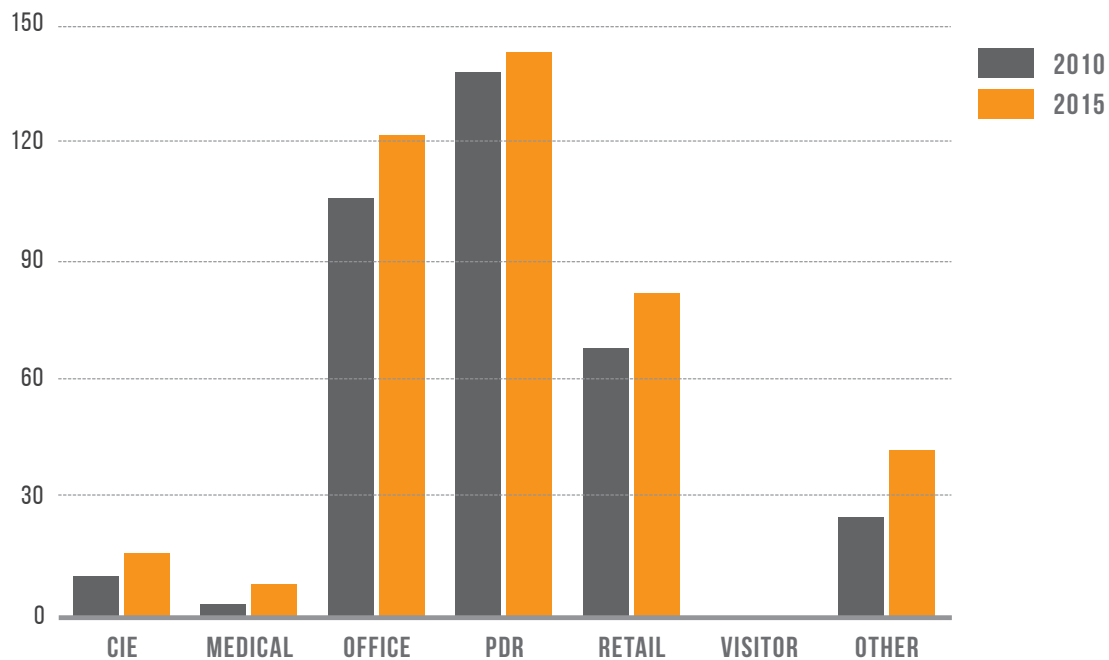


Source: California Employment Development Department

Note: Starting in 2013, the Bureau of Labor Statistics reclassified In-Home Supportive Services (roughly 20,000 jobs citywide) from the Private Household category (classified as "Other") to other classifications, most of which are captured in this report under "Medical".

FIGURE 2.4.2

Establishment by Land Use, Central Waterfront, Q3 2010 and 2015



Source: California Employment Development Department

Note: Starting in 2013, the Bureau of Labor Statistics reclassified In-Home Supportive Services (roughly 20,000 jobs citywide) from the Private Household category (classified as "Other") to other classifications, most of which are captured in this report under "Medical".

important features such as large floor plates, clerestory structures, and loading docks provide flexibility, which could make PDR space favorable for various industries. Increasing cost of land in locations close to city centers and accessible by transportation infrastructure (as is the case with the Eastern Neighborhoods), have resulted in real estate researchers tracking an overall densification of employment across several sectors throughout the country.⁵ This kind of densification can be caused by employees who work remotely (e.g., from home) for some or all days of the week (and therefore total number of employees may not represent total number present everyday as work stations/office space may be shared with colleagues) or firms that accommodate more employees within a given amount of space.

⁵ See 2013 US Workplace Survey by Gensler.

2.4.5 Sales and Property Taxes

Since adoption of the Eastern Neighborhoods Area Plans, the City saw sharp increases in generation of sales and property taxes. In the Central Waterfront, sales tax collections increased every year from 2011 to 2014, going from \$1.1 million to more than \$1.9 million (71%) in five years, as shown on [Table 2.4.2](#). By comparison, sales tax collections citywide increased by 21% during this period. Property tax collection also increased substantially in the Eastern Neighborhoods. In the Central Waterfront, the city collected roughly \$5.7 million in property taxes in 2008, the year before the plan was adopted. By 2015, property taxes in the Central Waterfront area increased to \$10.3 million (or by 81%), as shown on [Table 2.4.3](#).

TABLE 2.4.2

Sales Taxes Collected in Central Waterfront Plan Area, 2011–2015

Year	Central Waterfront	% change from previous year	San Francisco	% change from previous year
2011	\$1,134,590	–	\$75,198,021	–
2012	\$1,378,086	21.5%	\$80,709,201	7.3%
2013	\$1,510,414	9.6%	\$84,261,806	4.4%
2014	\$1,575,266	4.3%	\$89,605,413	6.3%
2015	\$1,934,692	22.8%	\$94,546,142	5.5%
Total	\$7,533,049		\$424,320,583	

Source: San Francisco Controller's Office.

TABLE 2.4.3

Property Taxes Collected in the Eastern Neighborhoods, 2008 and 2015

Area	2008	2015
Central Waterfront	\$5,704,111	\$10,338,391
East SoMa	\$46,831,664	\$63,172,434
Mission	\$37,908,346	\$58,957,413
Showplace Square/Potrero Hill	\$29,446,594	\$47,803,586
Western SoMa	\$17,146,718	\$24,348,243
Total	\$137,037,433	\$204,620,067

Source: SF Assessor's Office for 2008 data (assessed values times tax rate of 1.163%) and Tax Collector's Office for 2015.

3. Housing

Provision of adequate housing to residents of all incomes has long been a challenge in San Francisco. Over the past five years, however, San Francisco has become a poster child for the housing affordability crisis afflicting America's cities and coastal communities throughout California. As discussed in the previous section, the Bay Area, city, and Central Waterfront neighborhood have all seen robust employment growth since the "Great Recession" triggered by the financial crisis in 2007. During this period, the city has added housing units much slower than the creation of jobs. As a result, a growing and more affluent labor force has driven up the costs of housing, making it increasingly difficult for low and moderate income families to remain in San Francisco.

The *Central Waterfront Plan* calls for housing affordable to a wide range of incomes that enhance the mixed-use character of designated areas. The *Plan* also encourages housing compatible with the historic Dogpatch area, especially in scales and densities that reflect the area's fine-grained fabric. The environmental analysis conducted for the Eastern Neighborhoods Environmental Impact Report estimated that between 830 and 3,600 additional units could be developed as a result of the rezoning associated with the *Central*

Waterfront Area Plan.⁶ Mindful of the area's industrial character, new housing will be permitted only in the UMU district, generally north of 23rd Street.

The *Central Waterfront Area Plan* also recognizes the value of sound, existing housing stock and calls for its preservation. Dwelling unit mergers are strongly discouraged and housing demolitions are allowed only on condition of adequate unit replacement.

3.1 Housing Inventory and Net New Housing Production

The Planning Department's latest housing inventory, using US Census and permit data, shows that the South of Market planning district, which includes Central Waterfront, has roughly 26,000 housing units as of the end of 2015; this represents about 7% of the citywide total.⁷ [Table 3.1.1](#) shows that approximately 399 net new units were built in the past five years in the Central Waterfront, compared with 200 net units built between 2006 and 2010. Of the net new units produced, 196 net units were created as a result of conversion from non-residential uses and the remainder as new construction.

⁶ Eastern Neighborhoods Rezoning and Area Plans Environmental Impact Report (2005).

⁷ 2015 San Francisco Housing Inventory.

TABLE 3.1.1

Net New Housing Production, Central Waterfront, 2011–2015

Calendar Year	Units Completed from New Construction	Units Demolished	Units Gained or Lost from Alterations	Net Change in Number of Units
2011	3	–	–	3
2012	32	–	196	228
2013	16	–	–	16
2014	144	–	–	144
2015	8	–	–	8
Total	203	–	196	399

Source: San Francisco Planning Department

Note: Includes all developments in the Plan Area during reporting period, including those that did not receive CEQA clearance under Eastern Neighborhoods EIR.

TABLE 3.1.2**Net New Housing Production, San Francisco, 2011–2015**

Calendar Year	Units Completed from New Construction	Units Demolished	Units Gained or Lost from Alterations	Net Change in Number of Units
2011	348	84	5	269
2012	796	127	650	1,319
2013	2,330	429	59	1,960
2014	3,455	95	156	3,516
2015	2,472	25	507	2,954
Total	9,401	760	1,377	10,018

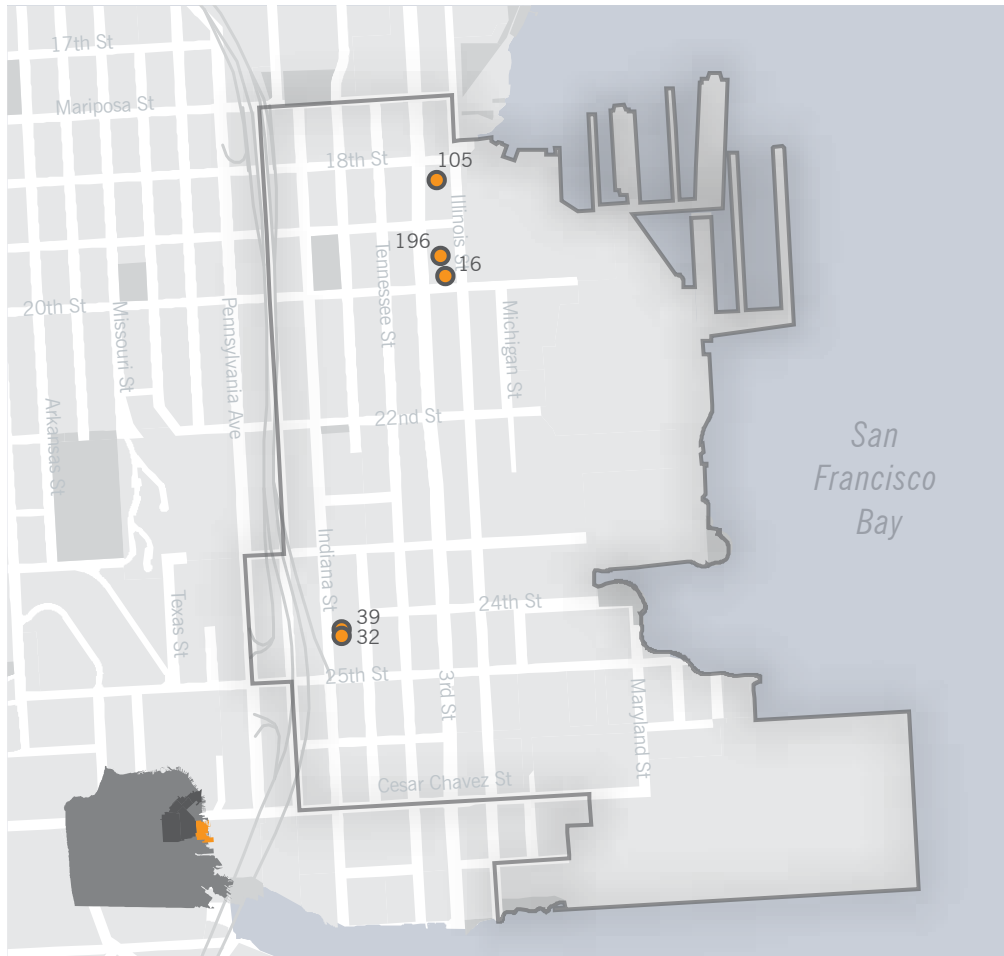
Source: San Francisco Planning Department

FIGURE 3.1**Project at 2121 Third Street (Completed in 2014)**

Source: SF Planning, Paula Chiu

MAP 4

Net New Housing Production Central Waterfront 2011–2015



● Net Units

Note: Projects that added 5 or more net new units.

During the first year of the reporting period, 2011, the construction sector was still recovering from the slow-down of the recession, and only three net units were built. Between 2012 and 2015, however, the Central Waterfront added 200 new units. The yearly average between 2011 and 2015, at about 80 units, has doubled when compared with the average between 2009 and 2010. [Table 3.1.2](#) shows the citywide figures for comparison. [Map 4](#) shows the location of recent housing construction. Additional details about these new development projects can be found in [Appendix Table B-6](#).

3.2 Housing Development Pipeline

As discussed above in 2.2 Commercial Development Pipeline, the pipeline identifies two categories: projects that have submitted planning and building applications (“Under Review”) and projects that have received entitlements and are either awaiting or are under construction (“Entitled”). The latter (particularly those under construction) are considered more likely to add residential or commercial capacity to the city’s building stock in the short-to-medium term, while under review projects may still require clearance from environmental review, variances to planning code restrictions, and discretionary review and are considered likely to add residential or commercial capacity to the city’s building stock in the medium-to-long term. In general, the Planning Department estimates that projects currently under construction can take up to two years to be occupancy ready, “Entitled” projects can take between two and seven years for occupancy, while projects Under Review” can take as many as ten years for occupancy, if they are approved.

The pipeline for net new housing development in the Central Waterfront as of the end of 2015 is 1,381 units, of which 510 are Under Review. Roughly 551 units are Entitled, and more than 320 units are currently under construction, as shown on [Table 3.2.1](#). The pipeline for the Central Waterfront accounts for about a bit less than 2% of the total number of projects in the city, though only 4% of the number of units, which suggests that some of the new projects pending approval, such as the Pier 70 Waterfront Site, are

of larger scale than housing developments in the pipeline for San Francisco as a whole.

The current housing pipeline is much more robust than it was at the end of 2010, shown in the previous Monitoring Report. In that year, only three projects (with a total of 269 units) were under construction, two projects with 10 units were entitled, and four projects with 127 units were under review. As of the end of 2015, the number of entitled projects will substantially increase the number of units by many folds, reflecting a much stronger market and willingness by developers to build new housing.

[Map 5](#) shows the location of these proposed housing projects by development status. [Appendix Table C-6](#) provides a detailed list of these housing pipeline projects.

3.3 Affordable Housing in the Central Waterfront

San Francisco and the *Central Waterfront Plan* have a number of policies in place to facilitate the development of affordable housing. This section describes some of these policies and summarizes the extent to which affordable housing was built in the Plan Area over the past five years.

The *Central Waterfront Plan* recognizes that housing affordability, together with a mix of housing types, fosters a diverse and vibrant community. The *Plan* relies on three mechanisms to provide affordable housing in the plan area:

- a) Providing a high percentage of affordable units, above and beyond the City’s Inclusionary Program, in new mixed income projects in UMU Districts;
- b) Allowing developers of market-rate housing to dedicate land for the development of 100 percent affordable housing available to very low and low-income households; and
- c) Encouraging the provision of moderate affordable units on-site, as housing available to middle income households (those making below 150 percent of the median income).

TABLE 3.2.1**Housing Development Pipeline, Central Waterfront, and San Francisco, Q4 2015**

Development Status	Central Waterfront			San Francisco		
	No. of Units	No. of Affordable Units	No. of Projects	No. of Units	No. of Affordable Units	No. of Projects
Construction	464	62	5	8,816	979	232
Planning Entitled	252	10	4	31,546	6,141	353
Planning Approved	112	0	2	27,617	12	80
Building Permit Filed	69	10	1	1,529	73	36
Building Permit Approved/ Issued/ Reinstated	71	–	1	2,400	6,056	237
Under Review	1,880	14	17	21,752	1,797	708
Planning Filed	1,761	0	14	17,575	1,574	206
Building Permit Filed	119	14	3	4,177	223	502
Total	2,596	86	26	62,114	8,917	1,293

Source: San Francisco Planning Department

Note: Includes all residential developments in the pipeline as of December 31, 2015, including those that did not (or will not) receive CEQA clearance under Eastern Neighborhoods EIR.

FIGURE 3.2**Project at 660–680 Indiana Street (Under Construction)**

Source: SF Planning, Paula Chiu

3.3.1 Affordable Housing Efforts: Citywide, Eastern Neighborhoods, and Central Waterfront

The City of San Francisco has a number of programs to provide housing opportunities to families whose incomes prevent them from accessing market-rate housing. The San Francisco Housing Authority (SFHA) maintains dozens of properties throughout the City aimed at extremely low (30% of Area Median Income (AMI), very low (50% of AMI) and low (80% of AMI) income households. Households living in SFHA-managed properties pay no more than 30% of their income on rent, and the average household earns roughly \$15,000. SFHA manages four properties within the Eastern Neighborhoods boundaries: two in the Mission and two in Showplace Square/Potrero Hill.

The City has also launched HOPE SF, a partnership between the SFHA, the Mayor's Office of Housing and Community Development (MOHCD), community organizations, real estate developers, and philanthropies to redevelop some of the more dilapidated public housing sites into vibrant mixed-income communities with a central goal of keeping existing residents in their neighborhoods. One of the Hope SF projects, Potrero Terrace/Annex is located in the Eastern Neighborhoods (Showplace Square/Potrero Hill). MOHCD also maintains a number of funding programs to provide capital financing for affordable housing developments targeting households earning between 30% and 60% of AMI, low-income seniors, and other special needs groups. In most cases, MOHCD funding is leveraged to access outside sources of funding, such as Federal Low Income Housing Tax Credits, allocated by the State.

One of the most powerful tools to promote affordable housing development in San Francisco is the inclusionary housing program specified in Section 415 of the Planning Code. This program requires that developments of 10 or more units of market rate housing must restrict 12% of the units to families earning below 55% of AMI (for rental units) or 90% of AMI (for ownership units). Developers can opt to build the units "off-site," within a one-mile radius from the original development, as long as units are sold to households earning less

than 70% of AMI. In this case, the requirement is increased to 20% of the total number of units in the two projects. The income and rent limits for housing units managed by the Mayor's Office of Housing are included in [Appendix G](#).

The Mayor, Board of Supervisors, Planning Department, and Mayor's Office of Housing have recently passed or introduced legislation to further expand the supply of affordable housing throughout the City. The City currently has legislation to encourage the development of accessory dwelling units (ADUs) within existing residential buildings in Supervisor Districts 3 and 8. These ordinances remove obstacles to the development of ADUs, including density limits and parking requirements, in order to incentivize a housing type that has been identified as a valuable option for middle-class households that do not require a lot of space.⁸ The Central Waterfront area's boundaries are in District 10 and a proposal to expand a similar policy to the rest of the City is currently under discussion.

Another policy that has the potential to add thousands of units of affordable housing to the city's stock is the Affordable Housing Bonus Program (AHBP), which is currently under review by the City. As one of the legislative options, the program would allow developers in certain areas to build an additional two stories above what is allowed by their height limit district, in exchange for providing additional affordable housing, with a special focus on middle-income families that currently cannot access housing through the market. With the exception of 100% affordable projects, the AHBP would not apply to parcels in the Eastern Neighborhoods, as most do not currently have density restrictions. The program is intended to expand housing development options outside of the Eastern Neighborhoods, where housing development has been limited in recent decades.

In addition to the programs described above, the Eastern Neighborhoods Area Plans also placed a high priority on the production and protection of affordable housing, and created policies to

8 Wegmann, Jake, and Karen Chapple. "Hidden density in single-family neighborhoods: backyard cottages as an equitable smart growth strategy." *Journal of Urbanism: International Research on Placemaking and Urban Sustainability* 7.3 (2014): 307-329.

expand access to housing opportunities to low and moderate-income families. For example, market-rate housing developments in UMU district are required to restrict between 14.4% and 17.6% of their units to families at or below 55% of AMI for rental and 90% of AMI for ownership, depending on the amount of “upzoning” given to the property by the Plans. If these units are provided off-site, the requirement ranges from 23% to 27%. In the UMU and Mission NCT district, developers also have the option of dedicating land to the City that can be developed as 100% affordable projects.

Additionally, developers can pay a fee in lieu of developing the units themselves, which the City would then use to finance the development of 100% affordable housing projects. Funds collected through these “in-lieu fees” are managed by the MOHCD and can be spent anywhere. However, In addition, 75% of infrastructure impact fees collected in the Mission NCT and East SoMa Mixed Use-Residential (MUR) districts are required to be set aside for affordable housing and spent within those districts themselves. The Plans also require bedroom mixes in its mixed use districts to encourage two- and three-bedroom units that are suitable to families, including the units sold or leased at below-market rates. Lastly, in order to reduce the costs and incentivize housing production, the Plans removed density controls and parking requirements in many of its zoning districts, particularly those well-served by public transit and pedestrian and bike infrastructure.

3.4 Net New Affordable Housing Production, 2011–2015

Affordable housing was a high community priority during the Eastern Neighborhood planning process. The Eastern Neighborhoods Plans aim to provide new housing to meet the needs of low, moderate, and middle income households. Affordable inclusionary units are required of market-rate developments larger than 10 units.

As [Table 3.4.1](#) shows, 68 affordable net units were built during the five-year monitoring period (2011-2015), as compared to two affordable units developed in the previous five years (2006-2010). The 68 affordable net units built between

2011 and 2015 make up 33.5% of the 203 newly constructed units built in the Central Waterfront (shown on [Table 3.1.1](#)), substantially greater than the inclusionary housing minimum of 12%. The percentage is greater than the minimum because many residential development projects choose to provide on-site units, with two projects providing more than the minimum requirement. Only one project (800 Indiana Street) chose to pay the “in-lieu” fee (shown on [Table 3.4.3](#)) and paid over \$21 million to the City’s housing development program, managed by MOHCD. New affordable units are estimated to cost roughly \$550,000 in construction (not including land), towards which MOHCD contributes about \$250,000, requiring the developer to raise the rest from Federal, State, and other sources. Therefore, it is estimated that the “in-lieu fees” collected in the Central Waterfront in this period, if successfully leveraged into additional external funding and used to build projects on publicly controlled land, could yield an additional 75 units.⁹

By comparison, the citywide share of new affordable housing construction was 27%, over 2,700 units. Looking into the future, Central Waterfront has 72 affordable entitled units in the pipeline, including 62 that are already under construction, compared to the 7,120 citywide entitled units (less than 1%). Additional details about these affordable housing projects can be found in [Appendix C](#).

⁹ The development costs of affordable housing units are rough estimates based on recent projects that have received assistance from MOHCD.

TABLE 3.4.1**Net New Affordable Housing Production, Central Waterfront, 2011–2015**

Calendar Year	Public Subsidy	Inclusionary	Secondary Units	Total
2011	–	–	–	–
2012	–	43	–	43
2013	–	2	–	2
2014	–	23	–	23
2015	–	–	–	–
Total	–	68	–	68

Source: San Francisco Planning Department

Note: Includes all developments in the Central Waterfront Plan Area during reporting period, including those that did not rely on the Eastern Neighborhoods EIR and those that have not yet received CEQA clearance.

* Secondary Units are not income restricted

TABLE 3.4.2**Net New Affordable Housing Production, San Francisco, 2011–2015**

Calendar Year	Public Subsidy	Inclusionary	Secondary Units	Total
2011	141	4	60	205
2012	377	98	38	513
2013	464	216	30	710
2014	449	249	57	755
2015	213	286	53	552
Total	1,644	853	238	2,735

Source: San Francisco Planning Department and Mayor's Office of Housing and Community Development

Note: Secondary units are considered "naturally affordable" and are not income restricted like units produced through the inclusionary housing program or through public subsidies.

TABLE 3.4.3**Housing Developments Opting for Affordable Housing "In-lieu" Fee, Central Waterfront, 2011–2015**

ADDRESS	YEAR	TOTAL FEE AMOUNT
800 INDIANA ST	2015	\$21,503,695

Source: San Francisco Mayor's Office of Housing

FIGURE 3.3**View of Project at 800 Indiana Street (Under Construction)**

Source: SF Planning, Paula Chiu

MAP 6

Net New Affordable Housing, Central Waterfront, 2011–2015



● Inclusionary affordable units in market-rate project

FIGURE 3.4

Project at 1201–1225 Tennessee Street (Under Construction)



Source: SF Planning, Paula Chiu

3.5 Housing Stock Preservation

A key component in promoting neighborhood affordability and stability is to preserve the existing stock of housing. New housing development in San Francisco is costly and preserving homes can prevent displacement of vulnerable households. The *Central Waterfront Area Plan* supports the preservation of the area's existing housing stock and prohibits residential demolition unless this project ensures sufficient replacement of housing units. Restrictions on demolitions also help to preserve affordable and rent-controlled housing and historic resources.

A neighborhood's housing stock can also change without physical changes to the building structure. Conversions of rental housing to condominiums can turn housing that is rent controlled and potentially accessible to moderate income households to housing that can be occupied by a narrower set of residents, namely, those with access to down payment funds and enough earning power to purchase a home. Lastly, rental units can be "lost" to evictions of various types, from owners moving in to units formerly occupied by tenants to the use of the Ellis Act provisions in which landlords can claim to be going out of the rental business in order to force residents to vacate their homes.

One important priority of the Plan's housing stock preservation efforts is to maintain the existing stock of single room occupancy (SRO) hotels, which often serve as a relatively affordable option for low income households. [Appendix H](#) includes a list of SRO properties and number of residential units.

The following subsections document the trends in these various types of changes to the housing stock in the *Central Waterfront Area Plan* and San Francisco between 2011 and 2015, and compare the most recent five year period with the preceding five-year period.

3.5.1 Units lost to alteration or demolition

In this most recent reporting period, no units were lost through demolished or alteration in the Central Waterfront. In the previous reporting period (2006-2010), one unit was lost to demolition.

3.5.2 Condo Conversions

Condo conversions increase San Francisco's homeownership rate, estimated to be at about 37% in 2014. However, condo conversions also mean a reduction in the city's rental stock. In 2014, an estimated 58% of households in the

TABLE 3.5.1

Condo Conversion, Central Waterfront and San Francisco, 2011–2015

Year	Central Waterfront		San Francisco		Central Waterfront as % of Citywide Total	
	No of Bldgs	No of Units	No of Bldgs	No of Units	No of Bldgs	No of Units
2011	–	–	200	472	0%	0%
2012	1	1	201	488	0.50%	0.20%
2013	–	–	147	369	0%	0%
2014	–	–	239	727	0%	0%
2015	–	–	149	500	0%	0%
Totals	1	1	936	2,556	0.11%	0.04%

Source: San Francisco Department of Public Works

Central Waterfront were renters, which reflects 10% more than 2009. Consistent with numbers found in 2009, in 2014 about 1% of San Francisco's rental units are in the Central Waterfront.¹⁰

Table 3.5.1 shows that in the last five years, one unit in one building in the Central Waterfront was converted to condominiums, compared to eight units in four buildings between 2006 and 2010. The one unit conversion in the Central Waterfront between 2011 and 2015 represents less than 1% of all condo conversions citywide.

3.5.3 Evictions

Evictions by owners that choose to move in to their occupied rental units or use the Ellis Act provisions to withdraw their units from the rental market affect the housing stock. These evictions effectively remove units from the rental housing stock and are, in most cases, precursors to condo conversions.

¹⁰ San Francisco Neighborhood Profiles, American Community Survey 2010-2014. San Francisco Planning Department 2016. The neighborhood boundaries for the Central Waterfront in the Neighborhood Profiles do not match perfectly with the Plan Area boundaries, though they are very close. Therefore, these percentages should be read as approximations.

Table 3.5.2 shows that between 2011 and 2015 owner move-ins led to evictions in four units (compared to no loss of units between 2006 and 2010). Owner move-in evictions in the Central Waterfront accounted for less than 1% of the citywide total between 2011 and 2015. Other types of evictions, also tabulated in Table 3.6.2, include evictions due to breach of rental contracts or non-payment of rent; and includes evictions in order to perform capital improvements or substantial rehabilitation. These are tabulated under the "Other" column.

3.6 Jobs Housing Linkage Program

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

TABLE 3.5.2

Evictions, Central Waterfront and San Francisco, 2011–2015

Year	Central Waterfront			San Francisco			Central Waterfront as % of Citywide Total		
	Owner Move In	Ellis Act Withdrawal	Other	Owner Move In	Ellis Act Withdrawal	Other	Owner Move In	Ellis Act Withdrawal	Other
2011	2	0	2	123	54	1102	2%	0%	0%
2012	1	0	0	172	99	1343	1%	0%	0%
2013	0	0	0	275	229	1368	0%	0%	0%
2014	0	0	1	315	101	1550	0%	0%	0%
2015	1	0	0	425	142	1518	0%	0%	0%
Totals	4	–	3	1,310	625	6,881	0%	0%	0%

Source: San Francisco Rent Board

Note: Evictions classified under "Other" include "at fault" evictions such as breach of contract or failure to pay rent.

of 25,000 gross square feet or more to contribute to the fund. Between fiscal year 2011-2012 and 2015-2016, commercial developments in the Central Waterfront Plan Area generated over \$900,000 for affordable housing development by the city.

TABLE 3.6.1

Jobs Housing Linkage Fees Collected, Central Waterfront, FY 2011/2012–2015/2016

Fiscal Year	Revenue
2011–12	\$–
2012–13	\$–
2013–14	\$608,160
2014–15	\$303,688
2015–16	\$–
Total	\$911,848

Source: Department of Building Inspection as of June 1, 2016

4. Accessibility and Transportation

In recent years, the City invested heavily in the T–Third Street light rail service to improve transit accessibility in the Central Waterfront. While there are multiple Muni stops and a light rail line along Third Street, transit use is only the second most prominent mode of travel to work for employed residents of the area (Table 4.1.1). As compared to city figures, Central Waterfront commuters travelled by alternative modes at slightly lower rates. The 2009-2014 American Community Survey estimated that 43 percent of Central Waterfront residents used transit to work while 42% commuted by car; 35% took public transportation; 4% walked, and 5% biked. The number of people working from home was estimated at 5%. Citywide, 47% of commuters travel by car, 32% by transit; 10% walked, 3% biked, and 2% commuted by other means; 7%, however, worked from home.

TABLE 4.1.1

Commute Mode Split, Central Waterfront and San Francisco, 2011–2015

Transport Mode	Central Waterfront		San Francisco		Central Waterfront as % of San Francisco
	No of Commuters	%	No of Commuters	%	
Car	598	42%	199,470	44%	0%
Drove Alone	459	32%	165,151	36%	0%
Carpooled	139	10%	34,319	8%	0%
Transit	493	35%	150,222	33%	0%
Bike	63	4%	17,356	4%	0%
Walk	77	5%	46,810	10%	0%
Other	67	5%	10,579	2%	1%
Worked at Home	126	9%	32,233	7%	0%
Total	1,424	100%	456,670	100%	0%

Source: 2009–2014 American Community Survey

FIGURE 4.1**K-Ingleside/T-Third Street Light Rail along Third Street**

Source: SF Planning, Paula Chiu

4.1 Eastern Neighborhoods TRIPS Program

The Eastern Neighborhoods Transportation Implementation Planning Study (EN TRIPS) Report assessed the overall transportation needs for the Eastern Neighborhoods and proposed a set of discreet projects that could best address these needs in the most efficient and cost beneficial manner. EN Trips identified three major projects for prioritization:

- 1) Complete streets treatment for a Howard / Folsom streets couplet running between 5th and 11th streets
- 2) Complete streets and transit prioritization improvements for a 7th Street and 8th Street couplet running between Market and Harrison streets in East SoMa
- 3) Complete streets and transit prioritization improvements for 16th Street (22-Fillmore) running between Church and 7th streets.

Other broader improvements were also discussed including street grid and connectivity improvements through the northeast Mission and Showplace Square, bicycle route improvements throughout particularly along 17th Street, and mid-block signalizations and crossings in South of Market.

4.2 Transportation Improvements

While the three transportation priority projects assessed by EN TRIPS study described above do not directly extend into the Central Waterfront boundaries, other transportation improvement studies are underway. The *Central Waterfront Plan* calls for circulation improvements to better serve existing and new development with emphasis on the street network. With a number of major development projects within proximity under discussion—such as Pier 70, Mission Rock, and Warriors arena—the coming developments

will significantly increase transit ridership in the Muni network, which has already seen ridership increases from new development.

As job and population growth have outpaced the existing transportation service network in recent years, city agencies including the San Francisco Planning Department, San Francisco Municipal Transportation Agency (SFMTA) and San Francisco County Transportation Authority (SFCTA) recognize the transportation improvement needs to better serve the southeast Bayfront neighborhoods, including those in the Central Waterfront area. In August 2015, SFMTA and SFCTA released the phase two of *Waterfront Transportation Assessment* (WTA) report, which covers the SoMa/Mission Bay/Central Waterfront area.¹¹

The expected growth in travel demand may result in substantially increased travel volumes on Third Street due to its growing residential population and expansion of “knowledge sector” jobs in the area, especially considering its proximity to Mission Bay, and Muni connections. As part of the Central Subway project, the City has already invested heavily in the T-Third Street light rail service in the Central Waterfront. In coordination with the Central Subway project, all trains will increase from one-car to two-car trains once the project is completed. New rail cars are expected to be delivered in summer of 2017, which will help prioritize two-car trains. Additionally, the T-Third Street light rail will also increase weekday peak hours service to accommodate for the travel volumes. By 2019, trains are expected to operate at seven to eight minute intervals during peak service from the Dogpatch to the Bayview/Sunnydale area while service will operate at three to five minute intervals during peak service from Mission Bay to Chinatown. Another route, line number 33, will be rerouted into Mission Bay by fall of 2020 and see increase frequency to support service improvements by 2020. A new route, line number 58, will be considered to supplement route 48 services by spring 2017. The new 58 route will run on 24th Street between Connecticut and Diamond during AM and PM peak hours.¹²

¹¹ Waterfront Transportation Assessment – Phase 2. See http://www.sfcta.org/sites/default/files/content/Planning/WTA/WTA_final_report.pdf

¹² Showplace Square/Potrero Hill and Central Waterfront Transportation Investments, San Francisco Municipal Transportation Agency.

Additionally, the proposed Mission Bay Loop is another component of the T-Third light rail and Central Subway projects. Located at the blocks of 18th, Illinois, and 19th Streets, the loop would allow trains to switch back the way they came more quickly and thus increase service between Mission Bay and the Market Street Muni metro area during peak periods and special events.¹³

4.3 Pedestrian and Bicycle Improvements

The *Central Waterfront Plan* calls for the creation of a network of “Green Connector” streets with wider sidewalks and landscaping improvements that connect open spaces and improves area walkability. Specifically, the Plan proposes to create a greenway along 22nd Street to connect Warm Water Cove to Dogpatch’s commercial core. Additional greenways are proposed along Minnesota Street to connect Esprit and Muni parks. These and other specific streetscape improvements remain under study as of the writing of this report.

In January 2011, San Francisco’s *Better Streets Plan*, adopted by the Board of Supervisors in December 2010, went into effect. The plan contains design guidelines for pedestrian and streetscape improvements and describes streetscape requirements for new development. Major themes and ideas include distinctive, unified streetscape design, space for public life, enhanced pedestrian safety, universal design and accessibility, and creative use of parking lanes. The *Better Streets Plan* only describes a vision for ideal streets and seeks to balance the needs of all street users and street types. Detailed implementation strategies will be developed in the future based on specific project proposals.

In 2014, San Francisco adopted Vision Zero, a commitment to eliminating traffic-related fatalities by 2024. The City has identified capital projects to improve street safety, which will build on existing pedestrian, bicycle, and transit-rider safety programs. The T-Third Street light rail service would see some upgrades to its traffic signal detection system winter 2017. The first of three phases along 3rd Street would begin to replace

¹³ Environmental Assessment for Mission Bay Transit Loop Project. See https://www.sfmta.com/sites/default/files/projects/EA%20FINAL%20version%20%288-7-13%29_Reduced%20Size.pdf

TABLE 4.2.1.**Vision Zero Projects in Central Waterfront Plan Area**

Project Name	Start Date (EST)	Current Phase	Current Phase	Total Budget (EST)
Green Connections - 22nd Street	Summer 2014	Winter 2017/18	DESIGN	\$3,500,000.00
Replace Video Detection on 3rd Street Phase 1	Winter 2015/16	Winter 2015/16	CONSTRUCTION	\$300,000.00

Source: San Francisco Municipal Transportation Agency

FIGURE 4.2**22nd Street Green Connections Plan**

Source: San Francisco Green Connections, SF Planning, SFMTA and SF DPH, March 2014

12 of 67 intersection video detection systems with wireless technology, which will improve reliability, accuracy and offer easier maintenance. The cross-traffic detection system would be sensitive to both motor vehicles and bicycles. As for bicycle improvements, a new stretch of bike route is planned for Minnesota Street, parallel to 3rd Street, between 23rd and Cesar Chavez streets.¹⁴ Additionally, SFMTA anticipates to install class III bicycle facilities have been established on Indiana Street between Mariposa and 26th Street, and Illinois between Mariposa and Illinois Street.¹⁵

¹⁴ 3rd Street Traffic Signal Detection Upgrade – Phase 1 Construction. See <http://www.sfcta.org/sites/default/files/content/Executive/Meetings/cac/2015/05%20May/Presentations/Prop%20K%20Grouped%20Allocation%20CAC%2005.27.15%20RE-FORMATTED.pdf>

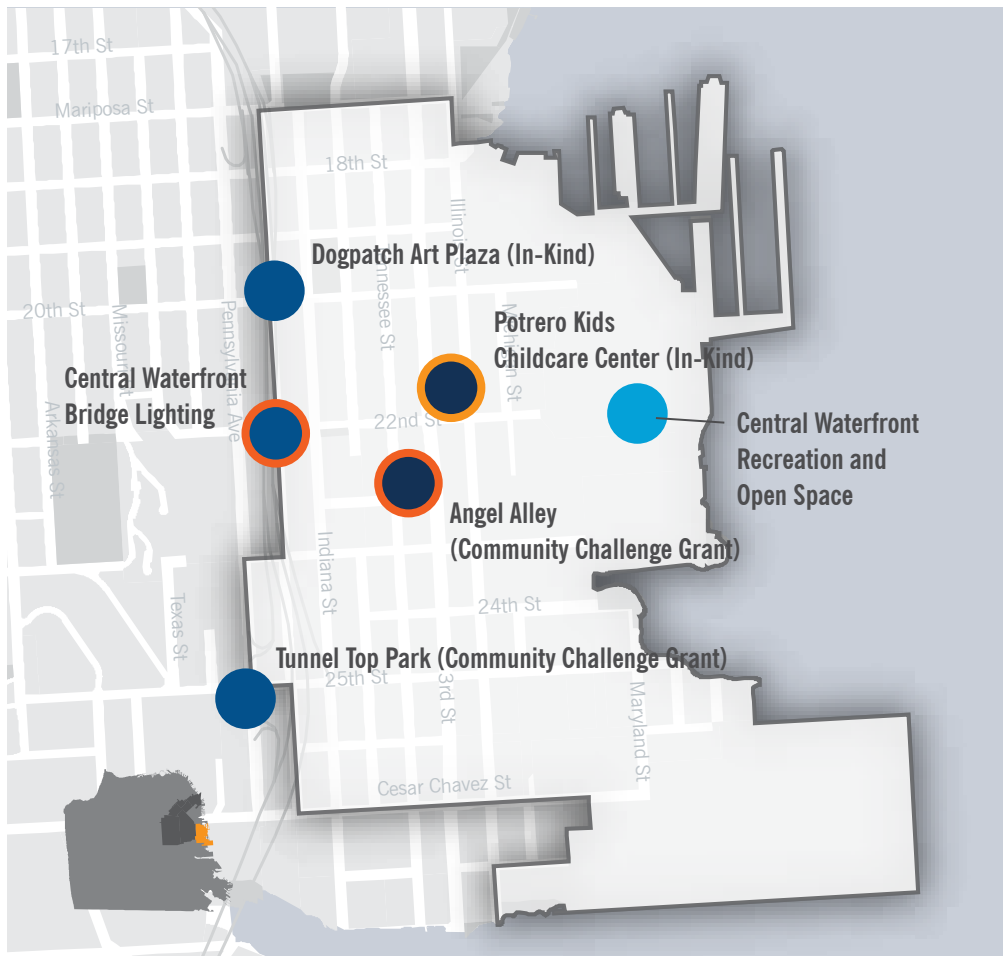
¹⁵ Interagency Plan Implementation Committee, Annual Report, January 2016.

5. Community Improvements

The Eastern Neighborhoods Plan included Public Benefits a framework for delivering infrastructure and other public benefits. The public benefits framework was described in the Eastern Neighborhoods “Implementation Document,” which was provided to the public, the Planning Commission, and the Board of Supervisors at the time of the original Eastern Neighborhoods approvals. This Implementation Document described infrastructure and other public benefits needed to keep up with development, established key funding mechanisms for the infrastructure, and provided a broader strategy for funding and maintaining newly needed infrastructure. Below is a description of how the public benefit policies were originally derived and expected to be updated. **Map 7** shows the location of community improvements

MAP 7

Community Improvements in the Central Waterfront, 2011–2015



Project Status

- Complete
- Construction / Near Construction
- Planned
- Conceptual

Project Size

- Major
- Community

paid for by EN impact fees that are underway or completed in Central Waterfront between 2011 and 2015.

5.1 Need, Nexus and Feasibility

To determine how much additional infrastructure and services would be required to serve new development, the Planning Department conducted a needs assessment that looked at recreation and open space facilities and maintenance, schools, community facilities including child care, neighborhood serving businesses, and affordable housing.

A significant implementation tool that was created through the Eastern Neighborhoods Plans was the establishment of the Eastern Neighborhoods Community Impact Fee and Fund. Nexus Studies were conducted as part of the original Eastern Neighborhoods effort, and then again as part of a Citywide Nexus and Levels-of-Service study described below. Both studies translated need created by development into an infrastructure cost per square foot of new development. This cost per square foot determines the maximum development impact fee that can be legally charged. After establishing the absolute maximum fee that can be charged legally, the City then tests what maximum fee can be charged without making development infeasible. In most instances, fees are ultimately established at lower than the legally justified amount determined by the nexus. Because fees are usually set lower than what could be legally justified, it is understood that impact fees cannot address all needs created by new development.

Need for transportation was studied separately under EN Trips and then later under the Transportation Sustainability Program. Each infrastructure or service need was analyzed by studying the General Plan, departmental databases, and facility plans, and with consultation of City agencies charged with providing the infrastructure or need. As part of a required periodic update, in 2015, the Planning Department published a Citywide Needs Assessment that created levels-of-service metrics for new parks and open space, rehabilitated parks and open space, child care, bicycle facilities, and pedestrian facilities (“San Francisco Infrastructure

Level of Service Analysis”).

Separate from the Citywide Nexus published in 2015, SFMTA and the Planning Department also produced a Needs Assessment and Nexus Study to analyze the need for additional transit services, along with complete streets. This effort was to provide justification for instituting a new Transportation Sustainability Fee (TSF) to replace the existing Transit Development Impact Fee (TDIF). In the analysis, the derived need for transit from new development is described providing the same amount transit service (measured by transit service hours) relative to amount of demand (measured by number of auto plus transit trips).

Between the original Needs Assessment, and the Level-of-Service Analysis, and the TSF Study the City established metrics that establishes what is needed to maintain acceptable infrastructure and services in the Eastern Neighborhoods and throughout the city. These metrics of facilities and service needs are included in [Appendix I](#).

5.2 Recreation, Parks, and Open Space

The maintenance of existing, and provision of new, recreation and park facilities are also called for by the *Central Waterfront Plan*. As an industrial area, many parts of the Central Waterfront Plan Area are not within walking distance of an existing park or other open space that serves workers and residents. Specifically, the *Plan* identifies a need for 1.9 acres of new open space to serve both existing and new residents, workers, and visitors.

One of the major developments for open space and recreation identified in the *Plan* is the development of Crane Cove Park on Pier 70 and the expansion of Warm Water Cove. This component of the Blue Greenway/Bay Trail—a project to improve the city’s southerly portion of the 500 mile, nine-county, region-wide Bay Trail—would create nine acres for open space and recreation, making it the largest park within the plan area. The completed park would include a variety of landscape and plaza areas, public accessibility to the Bay’s thousand feet of shoreline, adaptive reuse of historic resources, and views of the city skyline.

FIGURE 5.1

Aerial Perspective Rendering of Crane Cove Park, Central Waterfront



Source: SF Port/AECOM Schematic Design, October 2015

Additionally, the *Plan* proposes to encourage some private open space in residential neighborhoods and utilization of existing rights-of-ways to provide pocket parks. In addition to Crane Cove Park, the City has been working with the Port of San Francisco on the expansion of Warm Water Cove. Located at 19th and Illinois streets, Crane Cove Park may support over 1,200 feet of Bay edge access, and a small boat/aquatic center.

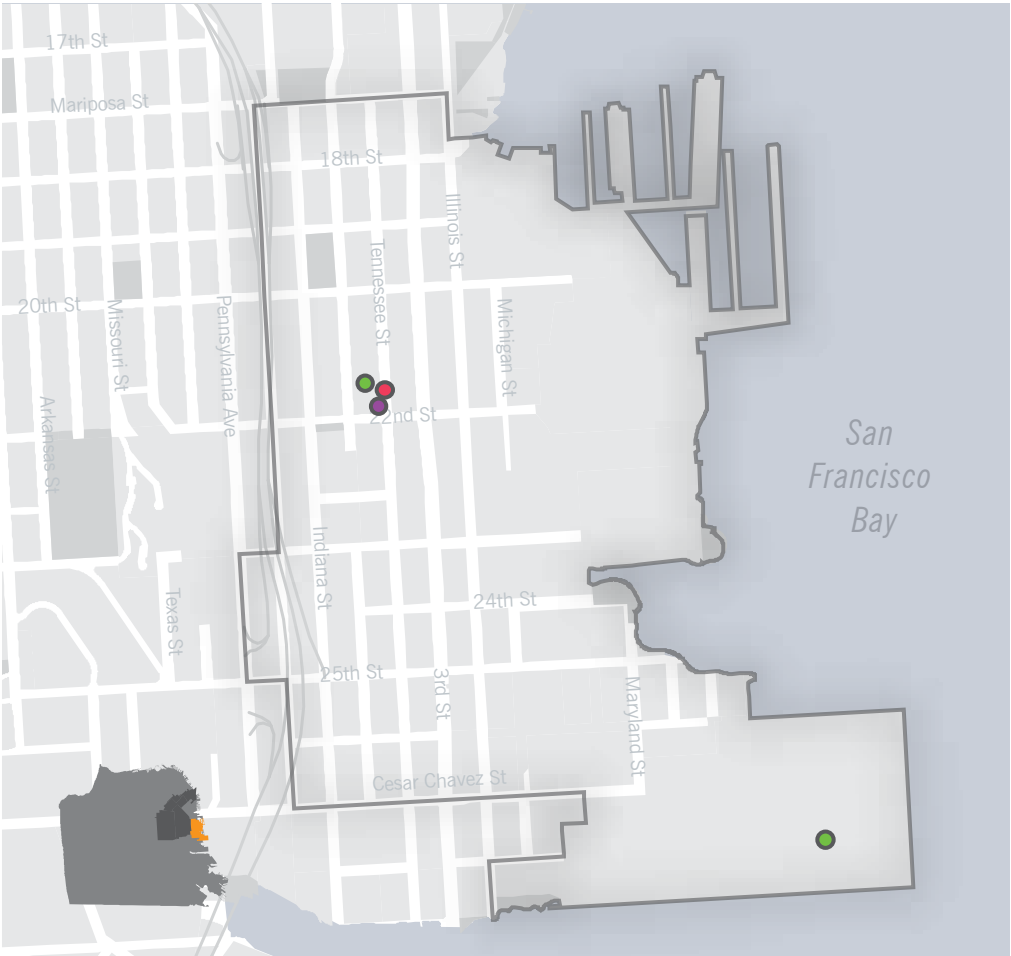
5.3 Community Facilities and Services

As more new housing development is expected in the Central Waterfront, new residents would increase the need to add new community facilities and to maintain and expand existing ones. Community facilities can include any type of service needed to meet the needs of residents. These facilities include libraries, parks and open space, schools, and child care. The Central Waterfront area generally lack publicly accessible places, such as a public library, to host community meetings. Community based organizations also provide many services to area residents including health

and human services, and cultural centers. One example in the Dogpatch neighborhood is Alive & Free (formerly called the Omega Boys Club) a non-profit center aimed at youth development and violence prevention.

The Central Waterfront is expected to increase its limited housing supply in future. A few limited number of neighborhood services and amenities meet the needs of residents or workers as shown on (Map 8). As new housing development is expected in the Central Waterfront, new residents will increase the need to add new community facilities and to maintain and expand existing ones.

MAP 8
Community Facilities in the Central Waterfront



- | | |
|---------------------------------|-----------------|
| ● Hospitals | ● Schools |
| ● Libraries | ● Fire Stations |
| ● Community Based Organizations | ● Churches |
| ● Child Care Facilities | |

5.4 Historic Preservation

A number of Planning Code amendments have been implemented in support of the Historic Preservation Policies within the Eastern Neighborhoods Plan Areas. These sections of the Planning Code provide for flexibility in permitted uses, thus encouraging the preservation and adaptive reuse of historic resources. The most effective incentive to date is the application of Section 803.9 of the Planning Code within the East and Western SoMa Plan Areas. Approximately 10 historic properties have agreed to on-going maintenance and rehabilitation plans in order to preserve these significant buildings.

In the Central Waterfront, the Dogpatch Historic District¹⁶ has been designated as a Historic District under Article 10 of the Planning Code. The Dogpatch Historic District, an approximately nine-block enclave found between Indiana and Third Streets, from 18th to Tubbs Streets, was comprised of unique flats, cottages, industrial, commercial and civic buildings. Many of these buildings were built between 1870 and 1930 and home to many industrial workers due to its proximity to the shipyards and other maritime-related industries. When an opportunity for new construction or infill occurs, historic buildings within the district should be utilized and referenced for design context such that the design is sensitive to the district's existing character.

5.4.1 Commercial Uses in Certain Mixed-Use Districts

Within certain mixed-use districts, the Planning Code principally or conditionally permits various commercial uses. The approval path for these commercial uses varies depending on the zoning district, historic status, and proposed use. The table in [Appendix K](#) illustrates Planning Code Section 803.9. Depending on the proposed use, approval may be received from either the Zoning Administrator or with Conditional Use Authorization from the Planning Commission. Depending on the zoning district, the historic status may

either be: Article 10 Landmark (A10), Contributing Resources to Article 10 Landmark Districts (A10D), Article 11 Category I, II, III and IV (A11), Listed in or determined eligible for National Register (NR), or Listed in or determined eligible for California Register (CR).

For use of this Planning Code section, the Historic Preservation Commission must provide a recommendation on whether the proposed use would enhance the feasibility of preserving the historic property. Economic feasibility is not a factor in determining application of the code provision. The incentive acknowledges that older buildings generally require more upkeep due to their age, antiquated building systems, and require intervention to adapt to contemporary uses. The property owner commits to preserving and maintaining the building, restoring deteriorated or missing features, providing educational opportunities for the public regarding the history of the building and the district, and the like. As a result the owner is granted flexibility in the use of the property.

Department staff, along with advice from the Historic Preservation Commission, considers the overall historic preservation public benefit in preserving the subject property. Whether the rehabilitation and maintenance plan will enhance the feasibility of preserving the building is determined on a case-by-case basis. Typically, the Historic Preservation Maintenance Plan from the Project Sponsor will outline a short- and long-term maintenance and repair program. These plans vary in content based on the character-defining features of the property and its overall condition. Maintenance and repair programs may include elements, like a window rehabilitation program, sign program, interpretative exhibit, among others.

5.5 Neighborhood Serving Establishments

Neighborhood serving businesses represent a diversity of activities beyond typical land use categories such as retail. Everything from grocery stores, auto shops and gas stations, to banks and schools which frequently host other activities, can be considered “neighborhood serving.” This section defines neighborhood serving as those activities of an everyday nature associated with a

16 Ordinance Designating the Dogpatch Historic District (No. 66-03, File No. 020972, Approved 4/18/2003)

high “purchase” frequency (see [Appendix L](#) for a list of business categories).

By this definition, the Central Waterfront is lacking in the typical mix of neighborhood serving establishments such as grocery stores, banks, and pharmacies. Typical commercial anchors such as grocery stores and pharmacies are not present in the area. However, the area is home to nearly 50 neighborhood serving businesses and establishments employing over 520 people. These tend to be smaller businesses frequented by local residents and workers.

As shown in [Table 5.5.1](#), neighborhood serving businesses in the Central Waterfront are mostly restaurants and a variety of other food and drink establishments. To illustrate the disparity, food services and drinking places make up 47%, food and beverage make up 13%, and food manufacturing make up 4% of neighborhood serving establishments in Central Waterfront compared to citywide figures at 44%, 8%, and less than 1%, respect Many of These these businesses are located throughout the Central Waterfront but concentrated along 3rd and 22nd Streets ([Map 9](#)).

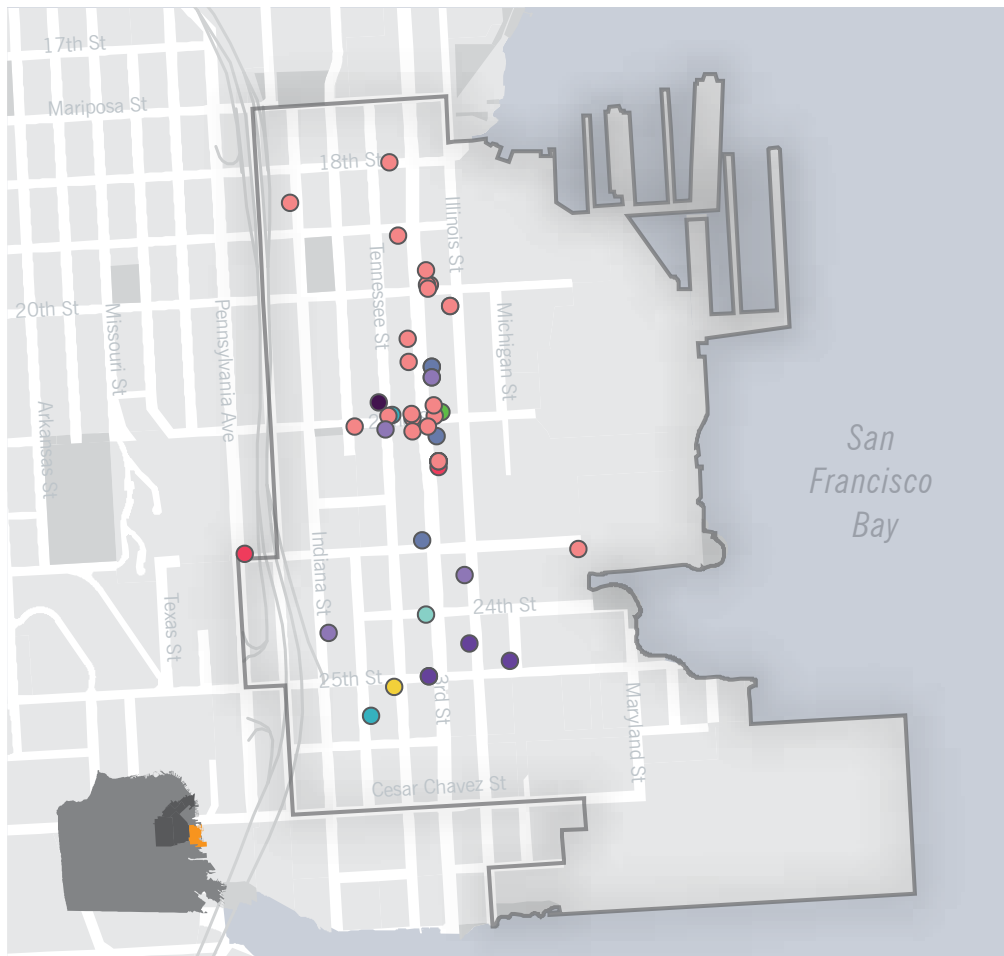
TABLE 5.5.1
Neighborhood Serving Establishments, Central Waterfront

Type	Establishments	Employment
Full-Service Restaurants	8	183
Snack and Nonalcoholic Beverage Bars	5	58
All Other Specialty Food Stores	3	42
Limited-Service Restaurants	4	42
Drinking Places (Alcoholic Beverages)	4	29
Sporting Goods Stores	1	26
Cafeterias, Grill Buffets, and Buffets	1	26
General Automotive Repair	3	19
Electronics Stores	3	17
Gasoline Stations with Convenience Stores	1	15
Pet Care (except Veterinary) Services	1	12
Retail Bakeries	2	11
Fitness and Recreational Sports Centers	1	11
Family Clothing Stores	1	8
Beauty Salons	2	8
Baked Goods Stores	1	7
Civic and Social Organizations	1	6
Nail Salons	1	5
Florists	1	2
Beer, Wine, and Liquor Stores	1	2
Fruit and Vegetable Markets	1	1
Used Merchandise Stores	1	1
Total	47	528

Source: California Employment Development Department

MAP 9

Neighborhood Serving Businesses in the Central Waterfront



- | | |
|---|--|
| ● 311 - Food Manufacturing | ● 522 - Credit Intermediation |
| ● 443 - Electronics and Appliance | ● 532 - Rental and Leasing Services |
| ● 445 - Food and Beverage | ● 611 - Educational Services |
| ● 446 - Health and Personal Care | ● 624 - Social Assistance |
| ● 447 - Gas Stations | ● 713 - Amusement, Gambling and Recreation |
| ● 448 - Clothing and Accessories | ● 722 - Food Services and Drinking Places |
| ● 451 - Sporting goods, Hobby, Musical Instrument and Books | ● 811 - Repair and Maintenance |
| ● 452 - General Merchandise | ● 812 - Personal and Laundry Services |
| ● 453 - Miscellaneous | ● 813 - Religious and Civic Organizations |
| ● 519 - Other Information | |
- Note: Based on 3-digit NAICS code occupation

6. Implementation of Proposed Programming

Along with establishing fees, and providing a programmatic framework of projects, the EN approvals included amendments to the City's Administrative Code establishing a process to choose infrastructure projects for implementation on an ongoing basis.

6.1 Eastern Neighborhoods Citizens Advisory Committee

The Eastern Neighborhoods Citizens Advisory Committee (EN CAC) started meeting on a monthly basis in October 2009. The CAC is comprised of 19 members of the public appointed by the Board of Supervisors or the Mayor. The CAC focuses on implementation of the Eastern Neighborhoods Implementation Program and priority projects. Together with the Infrastructure Plan Implementation Committee (IPIC), discussed below, the CAC determine how revenue from impact fees are spent. The CAC also plays a key role in reviewing and advising on the Five-Year Monitoring Reports.

The EN CAC has held monthly public meetings since October, 2009. For more information on the EN CAC, go to <http://encac.sfplanning.org>.

6.2 Eastern Neighborhoods Community Facilities and Infrastructure Fee and Fund

The Eastern Neighborhoods Community Facilities and Infrastructure Fee include three tiers of fees that are based on the amount of additional development enabled by the 2009 Eastern Neighborhoods rezoning. In general, Tier 1 fees are charged in areas where new zoning provided less than 10 feet of additional height. Tier 2 fees are for those areas that included between 10 and 20 feet of additional height, and Tier 3 fees are for areas that included for 20 feet or more of additional height. Fees are adjusted every year based on inflation of construction costs.

Table 6.2.1 shows the original fees (2009) and the fees as they exist today (2016).

TABLE 6.2.1

Eastern Neighborhoods Infrastructure Impact Fees per Square Foot, 2009 and 2016

	Original Fee		2016 Fee	
	Residential	"Non-Residential"	Residential	"Non-Residential"
Tier 1	\$8.00	\$6.00	\$10.19	\$7.65
Tier 2	\$12.00	\$10.00	\$15.29	\$12.74
Tier 3	\$16.00	\$14.00	\$20.39	\$17.84

Source: San Francisco Planning Department

The fees established above are proportionally divided into five funding categories as determined by the needs assessment, nexus studies, and feasibilities studies, including housing, transportation/transit, complete streets, recreation and open space, and child care. In the Mission District NCT and MUR (Mixed-Use Residential) Districts, 75% of fees collected from residential development is set aside for affordable housing for the two respective Plan Areas. The first \$10,000,000 collected are targeted to affordable housing preservation and rehabilitation. To date, the City has collected more than \$48 million in impact fees, as shown on Table 6.2.2.

TABLE 6.2.2**Eastern Neighborhoods Infrastructure Impact Fees Collected to Date**

Category	Collected
HOUSING	\$4,742,000
TRANSPORTATION / TRANSIT	\$16,936,000
COMPLETE STREETS	\$6,733,000
RECREATION AND OPEN SPACE	\$17,518,000
CHILDCARE	\$2,416,000
Total	\$48,345,000

Source: San Francisco Planning Department

Note: Amount collected includes in-kind improvements

Over the 2016–2020 period, the City is projected to collect \$145 million from the Eastern Neighborhoods impact fee program, as shown on [Table 6.2.3](#).

TABLE 6.2.3**Eastern Neighborhoods Infrastructure Impact Fees Projected, 2016–2020**

Category	Collected
HOUSING	\$26,411,000
TRANSPORTATION / TRANSIT	\$30,302,000
COMPLETE STREETS	\$38,542,000
RECREATION AND OPEN SPACE	\$43,912,000
CHILDCARE	\$5,931,000
Total	\$145,098,000

Source: San Francisco Planning Department

TABLE 6.2.4**Eastern Neighborhoods Infrastructure Impact Fees Collected, 2011–15**

Area	Revenue	Projects
East SoMa	\$14,635,000	39
Western SoMa	\$6,940,000	11
Mission	\$5,357,000	43
Central Waterfront	\$10,034,000	19
Showplace/Potrero	\$11,384,000	26
Total	\$48,350,000	138

Source: San Francisco Planning Department

6.3 Infrastructure Plan Implementation Committee Process

The IPIC’s purpose is to bring together City agencies to collectively implement the community improvement plans for specific areas of the City including the Eastern Neighborhoods Plan Areas. The IPIC is instrumental in creating a yearly expenditure plan for impact fee revenue and in creating a bi-annual “mini” Capital Plan for the Eastern Neighborhoods. The annual Expenditure Plan is specific to projects that are funded by impact fees. The bi-annual Eastern Neighborhoods Capital Plan also includes infrastructure projects that are funded by other sources, and projects where funding has not been identified.

6.4 Eastern Neighborhood MOU

In 2009, the Planning Department entered into a Memorandum of Understanding with San Francisco Public Works, SFMTA, Rec and Park, and MOHCD to assure commitment to implementing the EN Plans. A key component of the agreement was the establishment of a list of priority projects:

- » Folsom Street
- » 16th Street
- » Townsend Street
- » Pedestrian Crossing at Manalo Draves Park
- » 17th and Folsom Street Park
- » Showplace Square Open Space

6.5 First Source Hiring

The First Source Hiring Program was first adopted in 1998 and modified in 2006. The intent of First Source is to connect low-income San Francisco residents with entry-level jobs that are generated by the City’s investment in contracts or public works; or by business activity that requires approval by the City’s Planning Department or permits by the Department of Building Inspection. CityBuild works in partnership with Planning Department and DBI to coordinate execution of First Source Affidavits and MOUs.

CityBuild is a program of the Office of Economic and Workforce Development and is the First Source Hiring Administrator. In accordance with

Chapter 83: First Source Hiring Program, developers must submit a First Source Affidavit to the Planning Department prior to planning approval. In order to receive construction permit from DBI, developers must enter into a First Source Hiring MOU with CityBuild. Developers and contractors agree to work in good faith to employ 50% of its entry-level new hiring opportunities through the CityBuild First Source Hiring process.

Projects that qualify under First Source include:

- » any activity that requires discretionary action by the City Planning Commission related to a commercial activity over 25,000 square feet including conditional use authorization;
- » any building permit applications for a residential project over 10 units;
- » City issued public construction contracts in excess of \$350,000;
- » City contracts for goods and services in excess of \$50,000;
- » leases of City property; and
- » grants and loans issued by City departments in excess of \$50,000.

Since 2011 CityBuild has managed 442 placements in 72 First Source private projects in the three zip codes encompassing the Eastern Neighborhoods Plan Areas (94107, 94110, 94103), not including projects in Mission Bay, approved under the former Redevelopment Agency. They have also placed 771 residents from the three-zip code area in projects throughout the city.

In 2011, the City also implemented a first of its kind, the Local Hire Policy for Construction on publicly funded construction projects. This policy sets forth a mandatory hiring requirement of local residents per trade for construction work hours. This policy superseded the First Source Hiring Program on public construction contracts. Since 2011, a cumulative 37% of the overall 6.2 million work hours have been worked by local residents and 58% of 840,000 apprentice work hours performed by local residents.

7. Ongoing Planning Efforts

The Central Waterfront of San Francisco continues to grow, accommodating both new housing and neighborhood commercial services, while maintaining many historic industrial maritime functions. As more development is realized in the neighborhood, the public realm of the Central Waterfront should receive appropriate improvements that better serve residents and employees.

The *Central Waterfront / Dogpatch Public Realm Plan* will set the framework for public space improvements in the neighborhood, guiding the investment of impact fees and other sources in the streetscapes and parks which tie the area together.¹⁷ Through a robust community engagement process, the plan will finalize a prioritized list of streetscape, open space, and other public realm projects. Working with neighborhood residents, businesses, and property owners, the plan will produce detailed design for the highest priority projects, with conceptual designs for the remaining projects. Finally, the Plan will provide robust cost estimates for each of the projects. As of July 2016, the *Public Realm Plan* is engaging with residents and neighborhood groups to gather feedback regarding streetscape design opportunities in the corridor through public workshops.

Additionally, the 22nd Street Green Connections Project (in conjunction with the *Public Realm Plan*) will continue to host community meetings to address long-range design decisions to create “living streets.” A series of public workshops will gather input regarding streets, sidewalks, and mobility in the Dogpatch neighborhood. Funding for the 22nd Street project was confirmed by the end of 2015 and next steps involving design, contracting and construction is expected to commence over the next couple of years.¹⁸

In October 2015, University of California San Francisco (UCSF) acquired three new properties at 566, 590 and 600 Minnesota Street in the

¹⁷ Central Waterfront/Dogpatch Public Realm Plan. See <http://sf-planning.org/central-waterfront-dogpatch-public-realm-plan>

¹⁸ 22nd Street Green Connection Streetscape Project. See http://default.sfplanning.org/Citywide/Dogpatch_CtrlWaterfront/2016.02.10_DNWP_GBD_22nd_St_GREEN_CONXN.pdf

Dogpatch neighborhood.¹⁹ These three properties, formerly warehouses, are zoned UMU and located within the Life Science and Medical Special Use District, with the intent to support medical office and life science (biotechnology) uses. Due to the location's proximity to the UCSF Mission Bay campus, these recently acquired properties are currently evaluated as potential affording housing sites for graduate students and trainees and could accommodate up to 610 units, which will support up to 810 residents.²⁰ In addition to student housing, neighborhood serving commercial uses, transportation demand management strategies and pedestrian improvements are being explored as part of the development plan. Additional properties—including 2130 Third Street and 777 Mariposa Street—were also acquired as part of UCSF's development plan in the Dogpatch area. The building at 2130 Third Street is intended for office, clinical and research space pediatric and adolescent mental health services while the eventual use for the building at 777 Mariposa Street has not been declared yet. As of writing, UCSF is currently in community engagement phase and has not formally filed applications for building permits.

19 UCSF Acquires 3 New Properties for Potential Student Housing. See <https://www.ucsf.edu/news/2015/10/136651/ucsf-acquires-3-new-properties-potential-student-housing>

20 Proposed Minnesota Street Housing Development. See <https://www.ucsf.edu/cgr/cgr-projects/proposed-minnesota-street-housing-development>



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The Planning Department would also like to acknowledge the efforts of community organizations and the thousands of community members who have worked with us over the years to develop the Eastern Neighborhoods Community Plans.

For Information on the Eastern Neighborhoods Area Plans, visit:

<http://easternneighborhoods.sfplanning.org>