

“PUBLIC BENEFITS” Zoning what it is and how it works

A Briefing to the Western SoMa Citizens
Planning Task Force
January '08

Is public benefits the same as
developer fees.....?

No

Is public benefits the same as
affordable housing.....?

No

Is public benefits the same as
public infrastructure.....?

No

Public Benefits refers to a range of needed community improvements that can be addressed through the land use planning and zoning process

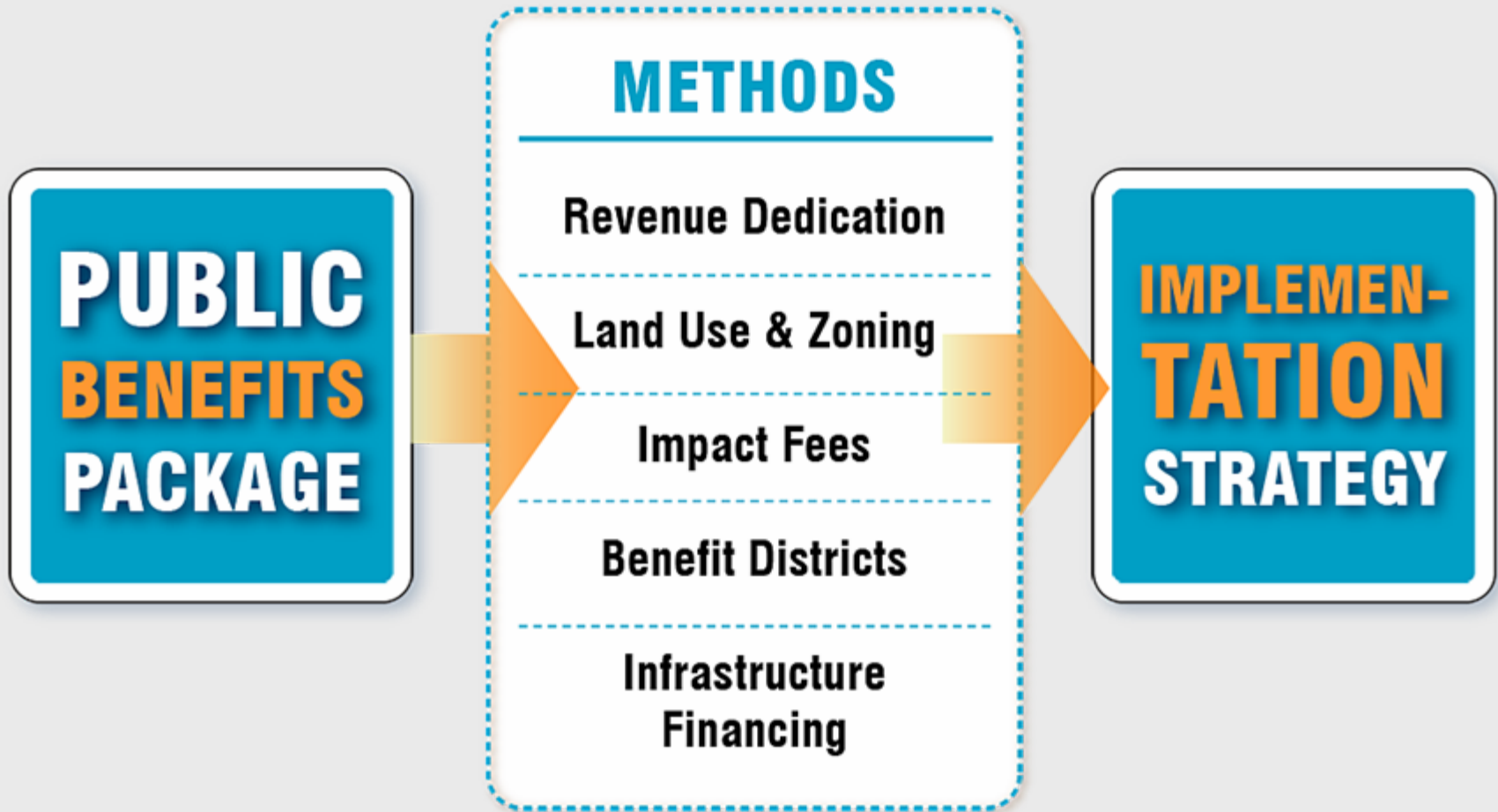
Planning process has community-building objective as much as it is development planning

The basic concept:

- New development will intensify demands on limited open spaces, community facilities and services, street network and transit, etc
- A comprehensive public benefits package will address these public needs and demands.
- Needs Assessment: Analysis to measure each neighborhood's needs for various improvements.
- Public Benefits Program: Plan to finance, develop and implement the required improvements.
 - Public Improvements Program
 - Funding Strategy
 - Implementation Plan
 - Monitoring and Reporting

The basic Public Benefits model

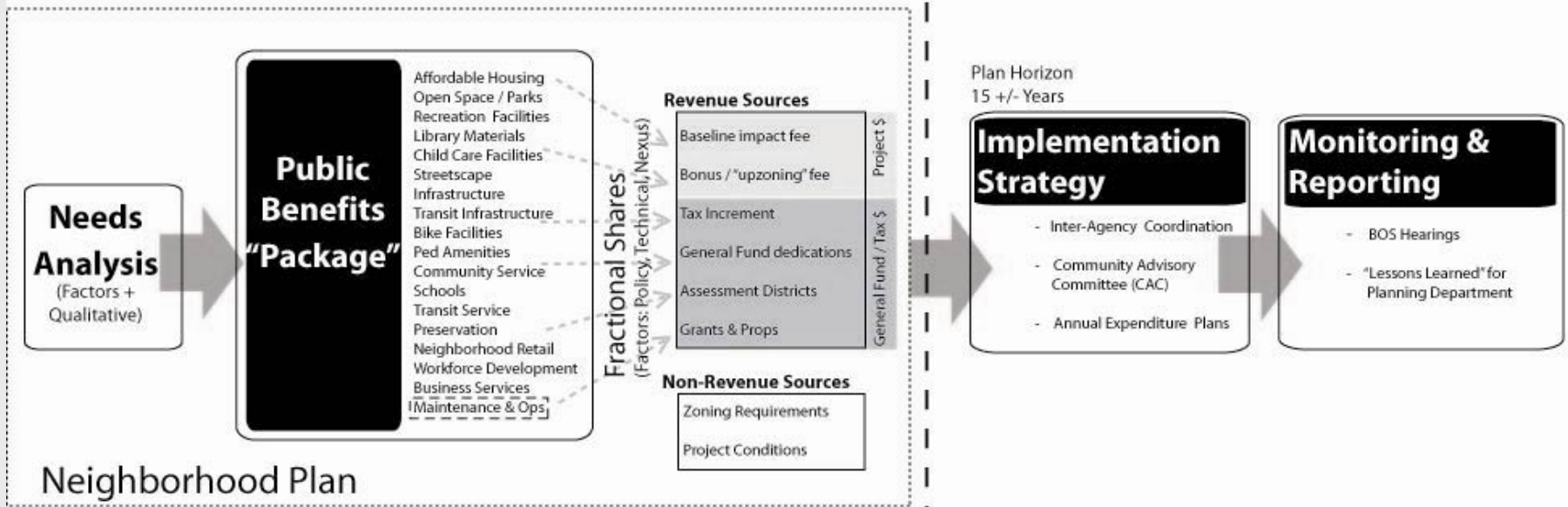
(Planning Department presentation to Planning Commission)



But in fact it's not quite that simple....

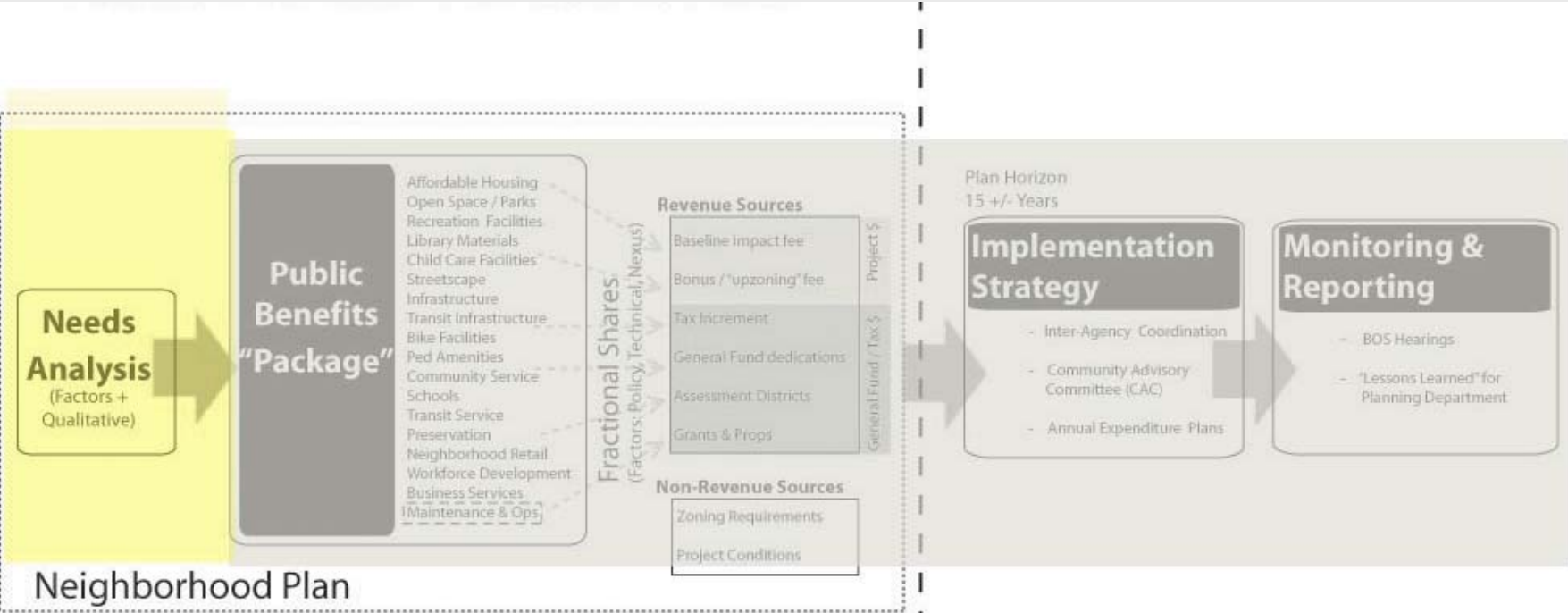
Woah, this is complicated....

"Public Benefits" Process & Parts



Let's break it down

Needs Analysis



“Needs”= Analysis to measure the neighborhood’s needs for improvements

Existing needs (“deficiencies”)

+

Needs created by or exacerbated by new development

[Extrapolated from projected development scenario (ie, from zoning plan)]

Initial quantitative “Needs Assessment” of *current* conditions already done for Western SoMa

Needs Assessment

San Francisco Eastern Neighborhoods

December 17, 2007

Prepared for:

San Francisco Planning
Department

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Appendix B: Western SOMA

This appendix describes the existing conditions and current needs in the Western SOMA neighborhood.³² Figures in the main report display the boundaries of this neighborhood, labeled Western SOMA Additional Area. Seifel did not project future needs for this neighborhood because it is not included in the Planning Department's Eastern Neighborhoods rezoning study area.

Appendix Table B-1 summarizes the assessment of existing conditions and current needs presented in this appendix. All category definitions are identical to those in the main text.

A. Open Space, Parks and Recreational Facilities

- **Open Space and Parks – Citywide**—*Need factor: 4.5 acres/1,000 residents*
No citywide open space currently exists within Western SOMA. However, sufficient amounts of citywide open space are accessible to neighborhood residents. The current citywide open space provision is a ratio of approximately 6.3 acres per 1,000 residents.
- **Open Space and Parks – District, Neighborhood and Subneighborhood**—*Need factor: one acre/1,000 residents*
Western SOMA contains one subneighborhood park of 0.23 acres. Large portions of the neighborhood lack access to neighborhood and/or subneighborhood open space (Figure V-1).
- **Recreational Facilities**—*Citywide provision of 21.58 square feet/resident*
No recreational facilities currently exist within Western SOMA. Based on current population, the existing need for recreational facilities in Western SOMA is 95,000 square feet.

B. Community Facilities and Services

- **Education**—*Need factor: Based on desired number of students per school type in San Francisco*
No schools are currently located in the Western SOMA neighborhood. As such, Seifel was unable to calculate the existing surplus or deficit in the schools capacity. However, given that surplus capacity currently exists in the nearby Eastern Neighborhoods schools, education needs in Western SOMA are likely currently fulfilled.
- **Public Libraries – Facilities**—*Need factor: Library department does not indicate need for new library branches*
Two libraries serve Western SOMA: the Main Library and the Mission Bay Branch (Figure V-5). Library service is sufficient in the neighborhood.
- **Police – Facilities**—*Need factor: Police department does not indicate need*
The SFPD's Southern Station is located within the Western SOMA neighborhood boundary (Figure V-6). The new station in Mission Bay will serve Western SOMA residents once SFPD relocates Southern Station to Mission Bay.

³² Analysis completed in September 2006.

- **Police – Equipment**—*Need factor: 2.7 officers/1,000 residents; 2 squad cars/7 officers; 0.77 squad cars/1,000 residents*
Seifel was unable to obtain information on the adequacy of current equipment or current equipment needs.
- **Fire**—*General Plan factor: 1/2 mile service area; Fire Department factor: Based on response time*
The SFFD currently has 4 fire stations that serve Western SOMA and an additional station planned in Mission Bay. Based on the 1/2-mile service area standard, there is a coverage gap in the western half of the neighborhood, but this does not necessarily indicate inadequate levels of service. The SFFD bases service standards on response time, and the department's 300-second response time goal is reported by SFFD as being met in Western SOMA.
- **Health Care**—*Citywide provision: 0.03 centers/1,000 residents*
No public health clinics are located in Western SOMA. However, the entire neighborhood is within one mile of an existing health center (Figure V-8). Therefore, although the equivalent of 0.1 centers would be required to bring Western SOMA to Citywide standards, the neighborhood has no functional need for an additional center.
- **Human Service Agencies**—*Citywide provision: 0.06 centers/1,000 residents*
Three of the City's human service agencies are located in Western SOMA (Figure V-8). An additional seven agencies are located within one-quarter mile of the neighborhood's northern boundary. On a per capita basis, a surplus of human service agencies exists in Western SOMA.
- **Child Care**—*Need factor: 52.7 spaces/1,000 residents, 22.4 spaces/1,000 workers*
Using the methodology described in the memorandum, Western SOMA has an existing need for 434 licensed child care spaces.

C. Neighborhood Serving Businesses—No standard need factors

Anecdotal evidence suggests that neighborhood serving business are lacking in Western SOMA, but the Planning Department does not have information on the current number and square footage of neighborhood serving businesses in the area.

D. Housing

- **Affordable Housing Needs**—*Need factor: 64% of new production is affordable*
ABAG estimates that 64 percent of new housing production in San Francisco will need to be affordable to low and moderate income households, as indicated in the Hausrath Socioeconomic Impact Analysis. Based on historical affordable housing production in the City, Seifel estimates that the City of San Francisco will produce about 25 percent of new housing affordable to low and moderate income households. This estimate is based on projections of achievable affordable housing development from a combination of the City's inclusionary housing program and non-profit housing development.

Analysis Categories	Need Factor	Existing Condition	Current Demand/Need	Existing Need (Surplus)
Open Space & Parks - Citywide ^a	4.5 acres/1,000 residents	4,772 acres	756,967 residents	(1,366) acres
Open Space & Parks - District, Neighborhood & Subneighborhood	1.0 acres/1,000 residents	0.23 acres	Based on Geography	See Figure 2
Open Space & Parks (Operating Costs)	6170 \$/acre	Existing park not included in maintenance evaluation		
Recreational Facilities	21.58 SF/resident	0 SF	4,425 residents	95,492 SF
Recreation Facilities (Operating Costs)	0.254 \$/SF	N/A	N/A	N/A
Education (Schools) ^b	0.317 students/housing unit	0 student capacity	N/A	0 student capacity
High School (9-12)	0.102 students/housing unit	0 student capacity	N/A	0 student capacity
Middle School (6-8)	0.069 students/housing unit	0 student capacity	N/A	0 student capacity
Elementary School (K-5)	0.146 students/housing unit	0 student capacity	N/A	0 student capacity
High School (9-12)	1,611 students/school	0 schools	N/A	0 schools
Middle School (6-8)	1,389 students/school	0 schools	N/A	0 schools
Elementary School (K-5)	656 students/school	0 schools	N/A	0 schools
Public Libraries (Facilities)	No standard need factor, no additional facilities anticipated to be needed	0 libraries	Based on Geography	0 libraries
Public Libraries (Materials)	\$ 74 fee/resident	N/A	4,425 residents	N/A
Police (Facilities)	No standard need factor, no additional facilities anticipated to be needed	1 stations	Based on Geography	0 stations
Police (Equipment)	0.77 squad cars/1,000 residents	Data unavailable	4,425 residents	N/A
Fire ^c	1/2 mile service area	4 stations	Based on response time	0 stations
Health Care	0.03 centers/1,000 residents	0 centers	4,425 residents	0.1 centers
Human Service Agencies	0.06 centers/1,000 residents	3 centers	4,425 residents	(2.7) centers
Child Care ^d	52.7 spaces/1,000 residents; 22.4 spaces/1,000 workers	351 spaces	785 spaces	434 spaces
Infants (0 to 24 months)	3.3 spaces/1,000 residents; 5.6 spaces/1,000 workers	58 spaces	158 spaces	100 spaces
Pre-School (2 to 5 years)	19.2 spaces/1,000 residents; 16.8 spaces/1,000 workers	233 spaces	514 spaces	281 spaces
School Aged (6 to 13 years)	30.1 spaces/1,000 residents; 0 spaces/1,000 workers	60 spaces	113 spaces	53 spaces
Drug Stores	1.3 SF/housing units	Anecdotal evidence of lack of neighborhood serving businesses.		
Supermarkets	8.1 SF/housing units	Anecdotal evidence of lack of neighborhood serving businesses.		
Full Service Restaurants	5.8 SF/housing units	Anecdotal evidence of lack of neighborhood serving businesses.		
Limited Service Restaurants	4.0 SF/housing units	Anecdotal evidence of lack of neighborhood serving businesses.		
Personal Service	2.5 SF/housing units	Anecdotal evidence of lack of neighborhood serving businesses.		
Other Neighborhood Serving Retail	1.3 SF/housing units	Anecdotal evidence of lack of neighborhood serving businesses.		
Affordable housing needs	0.64 affordable units/total units	N/A	2,215 total units	N/A

Western SoMa
Assessment of
Current Needs
(per Seifel study)

DETERMINING NEEDS -- QUANTITATIVE ANALYSIS

Existing Neighborhood
Goals:

Impacts From New Housing:



Analysis Categories	Existing Need (Surplus)	Future Conditions Needed	Need Projection
Open Space, Parks and Rec Facilities			
Citywide Open Space & Parks	(1,366) acres	18.9 acres	Facilities sufficient to support existing and projected population
Neighborhood Open Space & Pks	2.3 acres	4.2 acres	6.5 acres
Open Space & Parks Maintenance		\$25,908 annl labor cost	30% of 1 Gardener (annual)
Open Space Rec Facilities	126,060 SF	90,614 SF	216,675 SF
Rec Facilities Maintenance	Staffed	\$23,008 annl labor cost	30% of 1 Custodian (annual)

TOTAL NEED

Note: Western SoMa *future* conditions needs still to be determined, based on zoning plan....

“Needs Assessments” have tended to be quantitative/factors-driven
➤ end result is emphasis on ‘bricks and mortar’ public benefits

Can complement assessment with other methods of analyzing needs....

DETERMINING NEEDS – Qualitative Analysis?

For example, for Eastern Neighborhoods plan areas:

- Feedback at Public Workshops
 - East SoMa Workshops in October 2006, February 2007
 - Mission Workshops in November 2006, March 2007
 - Showplace Square/Potrero Workshops in December 2006
 - Community Groups Meetings in September 2006, November 2006
- Office Hours
 - Throughout Spring/Summer 2007 for each neighborhood
- Feedback Sheet
 - Distributed at Mission and E SoMa workshops to solicit independent feedback on affordable housing, public benefits

DETERMINING NEEDS -- “Healthy Development” Analysis?

Western SoMa plan could also utilize DPH’s “Healthy Development Management Tool” to analyze community needs

THE ANALYTICAL METHOD(S) FOR DETERMINING PUBLIC BENEFITS FOR EXISTING AND FUTURE DEVELOPMENT NEEDS IS UP TO THE TASK FORCE

Assessing the Community's Needs

By The Numbers:

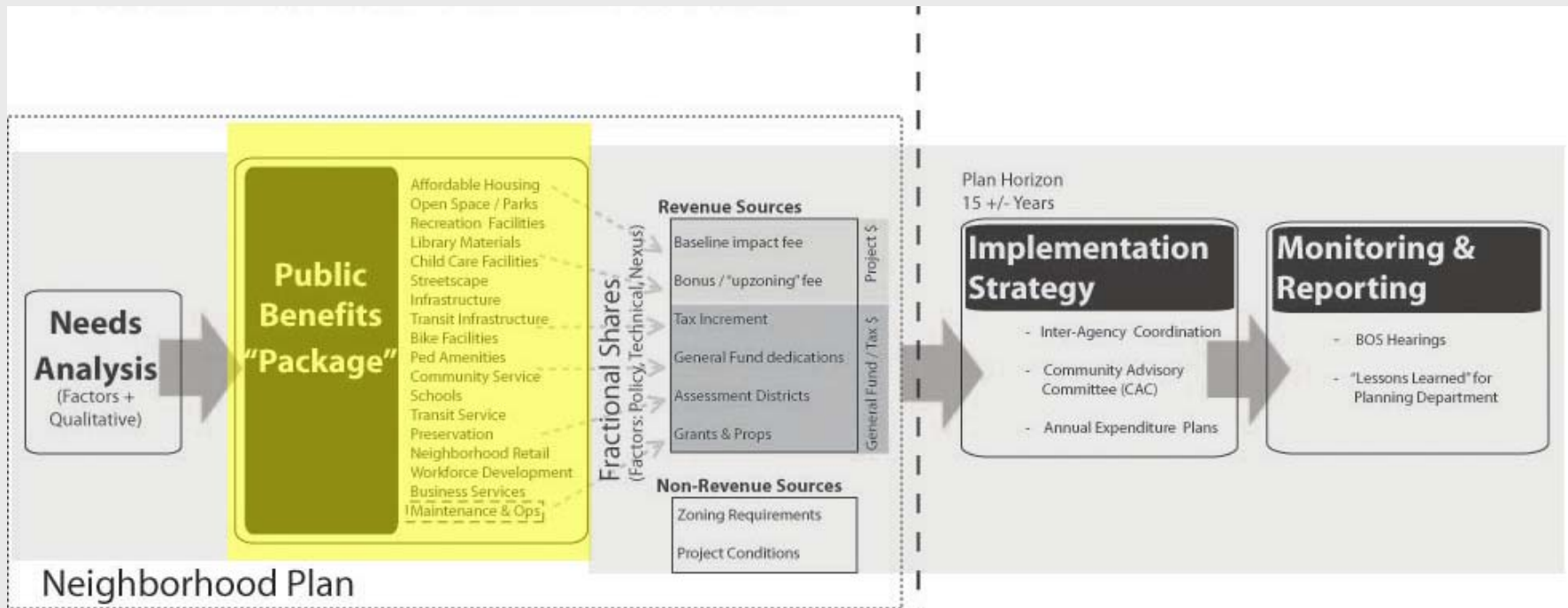
On The Ground:

Other Methods:



Community Need	Quantitative	Qualitative	
Open Space	<ul style="list-style-type: none"> • 5.5 acres per 1000 residents Citywide • 1 acre per 1000 residents within a 10 minute walk of every home 	<ul style="list-style-type: none"> • More open space on Folsom fields • Look at 5th/Clementina, City L-shaped impound parcel • Greyline bus parcel is possible open space site • Filipino Recreation Center - need open space at this site • More community gardens like Howard & Ross St. • More pocket parks in residential areas 	
Recreational Facilities	<ul style="list-style-type: none"> • 21.5 square feet of neighborhood facilities per resident 	<ul style="list-style-type: none"> • Include recreation uses i.e. soccer fields • Multi-use community facilities • Youth facilities, particularly for youths over 13, needed 	

Public Benefits “Package”



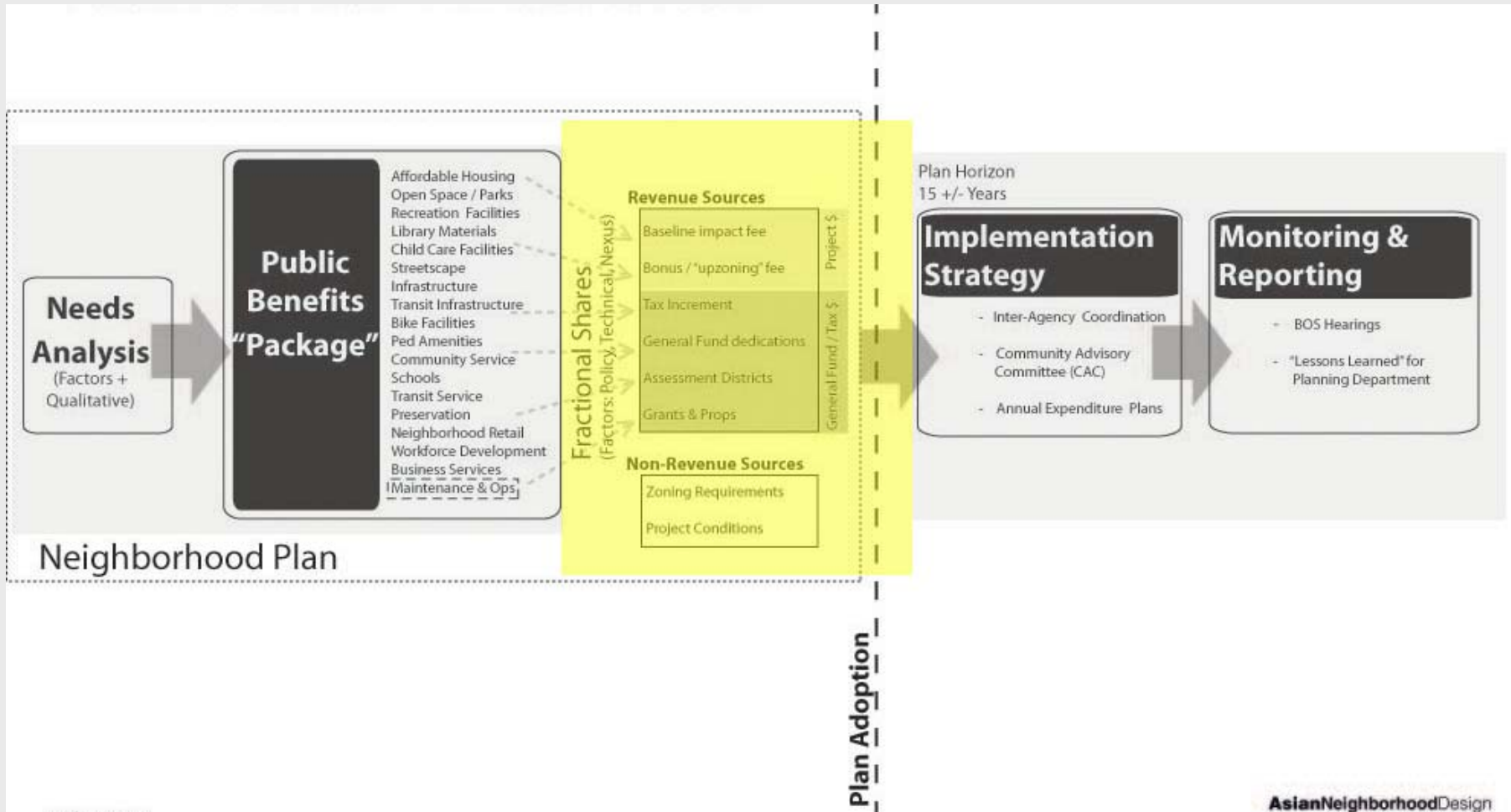
Public Benefits “Package” is based on the Community Needs Analysis

- The package drives the overall need for funding and for implementation mechanisms
- Different public benefits lend themselves to different sources of revenue and different processes for implementation
- Level of specificity of PBs projects in the Neighborhood Plan’s “program document” may vary
 - Some can be detailed and ready for quick implementation
 - Others may require subsequent design and operational specifications
 - Some may even require additional environmental review to implement
- But important to remember that Public Benefits as a component of the Neighborhood Plan is a “Package” of long term community needs, not just goodies that development fees can pay for

Eastern Neighborhoods Proposal (so far)

- Open Space Improvements
- Transit and Transportation Improvements
- Community Facilities and Services
 - Child Care
 - Library Services and Materials
 - Human Services, Health Care and Art & Cultural Facilities
- PDR, Local and Neighborhood Serving Businesses
- Affordable Housing

Revenue Sources + fractional shares (“nexus”)



FUNDING STRATEGY

Paying for COMMUNITY NEEDS

- Development Impact Fees
- Dedicated Tax Revenues
- Assessment Districts
- Grants and Bonds



Each revenue source has opportunities and constraints in how it can be used towards the Public Benefits package

→ policy priorities, technical/logistical pragmatics, “nexus” issues

FUNDING PUBLIC BENEFITS – DEVELOPMENT IMPACT FEES

A mechanism to capture value added through planning and rezoning



Constraints on development impact fees

Lawyers interpreting city-imposed development fees through restrictions of “State Mitigation Act”

- Can only be used to finance impacts caused by new development
- Can only be used to finance capital costs
- Requires nexus analysis to demonstrate impact being addressed by fee

Constraints on development impact fees

City also evaluating *feasibility* of different levels of impact fees as financial “burden” on development

- “Sensitivity” analysis for fees may be driving factor rather than legal “nexus”, as studies seem to be showing greater levels of impact than development alone can shoulder...?

Example Site 1	
Size	41,994 SF or 0.96 Acres
Inclusionary Housing	15% Onsite
Changes	
Zoning	M-1 to MUP Remove Density Limit (600 Lot SF per Unit)
Height	50 to 55 Feet 0 Floors Added
Units	70 to 108
Parking	1 to .75 Space/Unit
EN Public Benefit Fund	\$15/NRSF
Approximate Site Value	\$9.8M to \$12.0-12.2M 23 to 25% Increase

Example Site 2	
Size	14,825 SF or 0.34 Acres
Inclusionary Housing	15% Onsite
Changes	
Zoning	SSO to MUR Remove Density Limit (200 Lot SF per Unit)
Height	40 to 85 Feet 4 Floors Added
Units	27 to 63
Parking	1 to .75 Space/Unit
EN Public Benefit Fund	\$25/NRSF
Approximate Site Value	\$3.8M to \$5.3M

Tiered Development Impact Fees

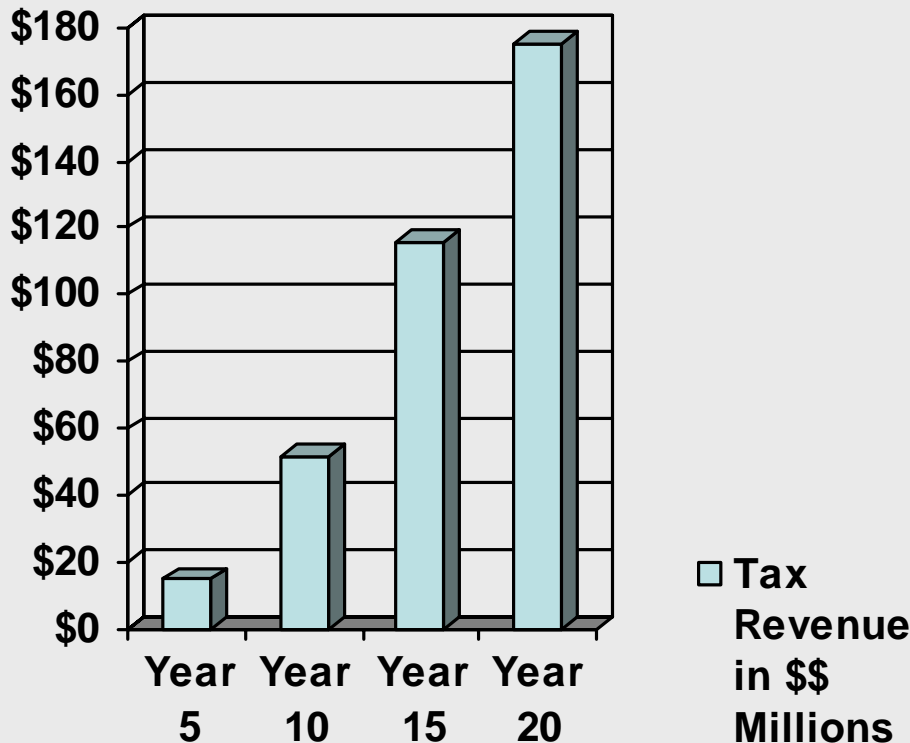


- Assessed on net new square feet where additional development potential is granted
 - Tiered fee linked to degree of added development value
 - Can be fee or other exaction (eg, “in-kind” provision of public benefits)
-
- Assessed on all net new square feet
 - Rates vary based on impact of Residential, Commercial, & PDR
 - Can be structured to incentivize reuse of vacant sites

“Large Sites” – unique opportunities for Development Impact Fees?

- Opportunity for “in kind” on-site improvements to satisfy public benefits requirements?
such as
 - Streetscape improvements
 - Dedication of open space
 - Provision of public facilities
 - Increase in affordable housing provision
 - eg, a ‘land dedication’ alternative being explored for the other Eastern Neighborhoods plan areas – large development would dedicate a portion of site for affordable housing development
- In a similar way, Western SoMa is exploring other types of dedicated on-site improvements and facilities as public benefits for development potential

FUNDING PUBLIC BENEFITS – DEDICATED TAX REVENUES



(Projected for other Eastern Nhoods plans)

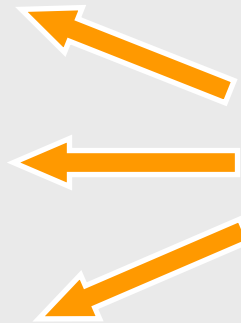
- Ideally through “tax increment financing” mechanism to earmark portion of increased property tax revenues from new development in Plan Area
 - Needs to be explicitly built into Neighborhood Plan as funding source
 - TIF requires enabling legislation at state level
- Revenue can be targeted for specific improvements that might otherwise have constraints on using development impact fees
 - Egs, transit, economic development, services, maintenance, etc
- Projections for Eastern N’hoods not including W SoMa, new development could bring up to \$172 million to City’s General Fund over 20 years.

FUNDING PUBLIC BENEFITS – DEDICATED TAX REVENUES

What is the appropriate scale of geography for funding public benefits?

-- 'system' approach vs. strictly neighborhood/sub-geography

- Some improvements/PBs are truly local
- Others are sub-area systems improvements (eg, “eastern nhoods”)
- Others may be even broader network improvements



FUNDING PUBLIC BENEFITS – ASSESSMENT DISTRICTS

Assessment
Districts



- Assessment & Finance Districts require 2/3 Vote
- Currently used in retail districts; landscape and lighting districts
- Potential use for ongoing Maintenance: Open space and streetscape maintenance, security, etc
- Qs – is proposing self-taxing districts politically viable? What kinds of specified improvements might be appropriate? How large an area should be in an assessment district (very targeted, or broader)?

FUNDING PUBLIC BENEFITS – GRANTS AND BONDS

- State / Regional / Local Match
 - In-process application for ABAG’s PDA designation
- Grants and Propositions
 - Working with DPW, MTA, Rec/Park and MOH

Also

“Non-revenue” Provision of PUBLIC BENEFITS – Zoning Requirements

- Inclusionary housing
- Street tree planting, landscaping
- Provision of private open space
- “Green” construction

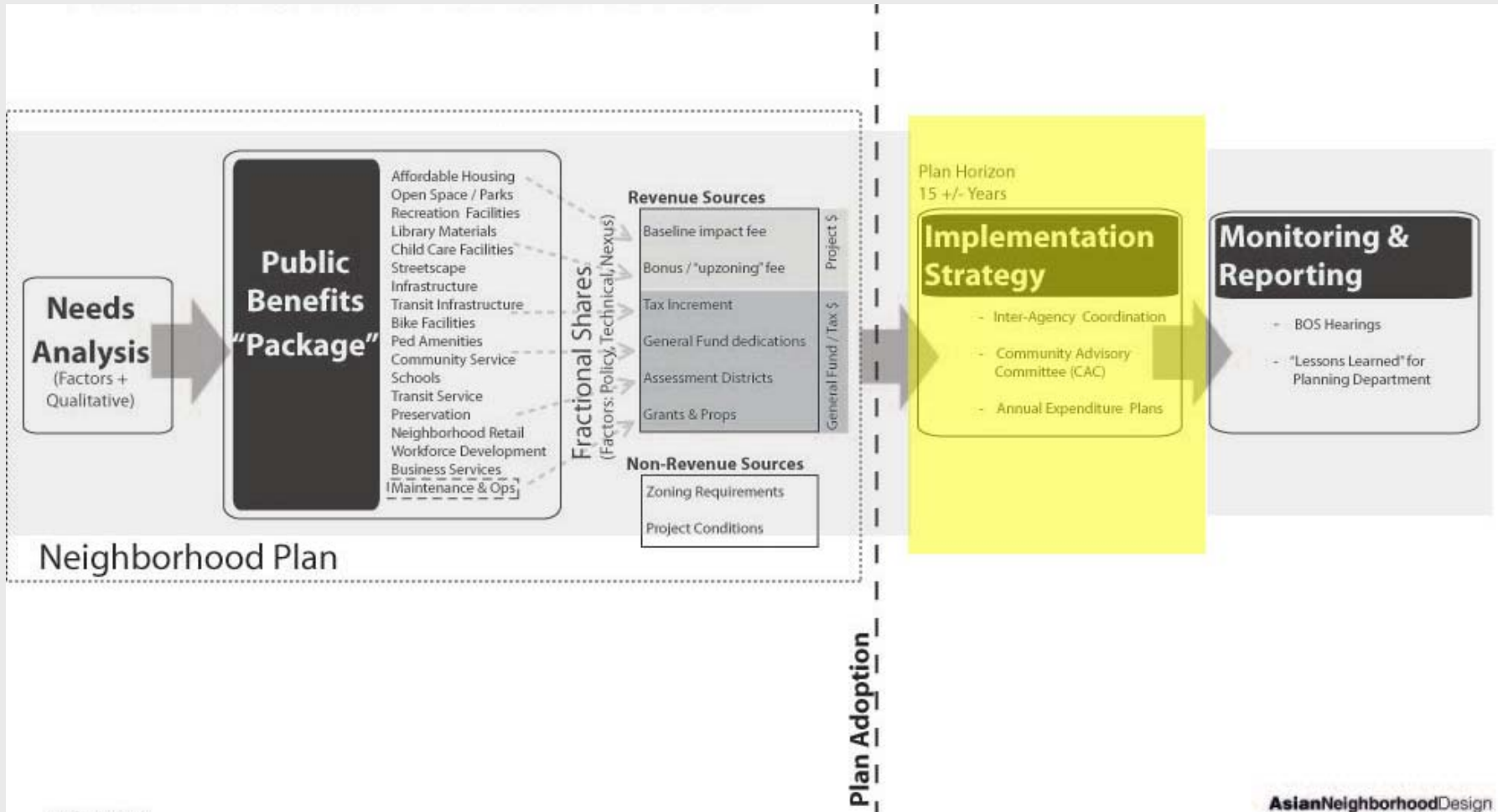
Remember: the overall Funding Strategy is a bundle of revenue sources that in combination will pay for the full “Package” of neighborhood Public Benefits

→ development fees are just one slice of the funding pie

- Development Impact Fees
- Zoning Requirements
(= developers’ contribution/commitment)
- Dedicated Tax Revenues
- Grants and Bonds
(= city’s contribution/commitment)
- Assessment Districts
(= community’s contribution/commitment)



Implementation Strategy



Great, but...

Once the Neighborhood Plan is adopted, how does all this get implemented?

- “Interagency Planning and Implementation Committee” to coordinate responsible and relevant city agencies
 - City planning dept’s key coordinating role—a new ‘mandate’ for the department
 - Need to sort out and establish DCP’s long term staffing role
 - How functional will the new IPIC be over time...?
- “Community Advisory Committee” formation with role in retaining “ownership” and responsibility for facilitating the Plan’s public benefits outcomes (eg, Western SoMa “CAC” could be reconfiguration of Citizens Planning Task Force)
 - What is appropriate role and structure of a CAC?
 - How to ensure a constructive relationship between the IPIC and the CAC?
- Annual expenditure plans
 - Prioritization of PBs projects/programs on yearly basis – set by CAC
 - Dynamic depending on funding streams, synchronization with other projects, level of detail planning, community urgencies, etc etc
 - Expenditure plan developed by IPIC according to priorities
 - Approved by CAC
 - Authorized by BoS

Implementation Strategy – some specifics still being sorted out

- Who collects and monitors proceeds?
 - Revenue sources include impact fees, tax increment, other dedicated sources
 - Collected and administered across multiple plan areas, or just *within* plan areas?
 - Annual update of fee per CPI index
- How revenue expenditures are directed?
 - Establish criteria for prioritizing projects - plan policies, track growth, etc?
 - Community: CAC/ Advisory Committee
 - City: Interagency Planning and Implementation Committee, Capital Planning Committee
- How to create a flexible Public Benefits fund?
 - Change priorities as needs shift
 - Change funding directives as other sources meet needs

Implementation Strategy – some specifics still being sorted out

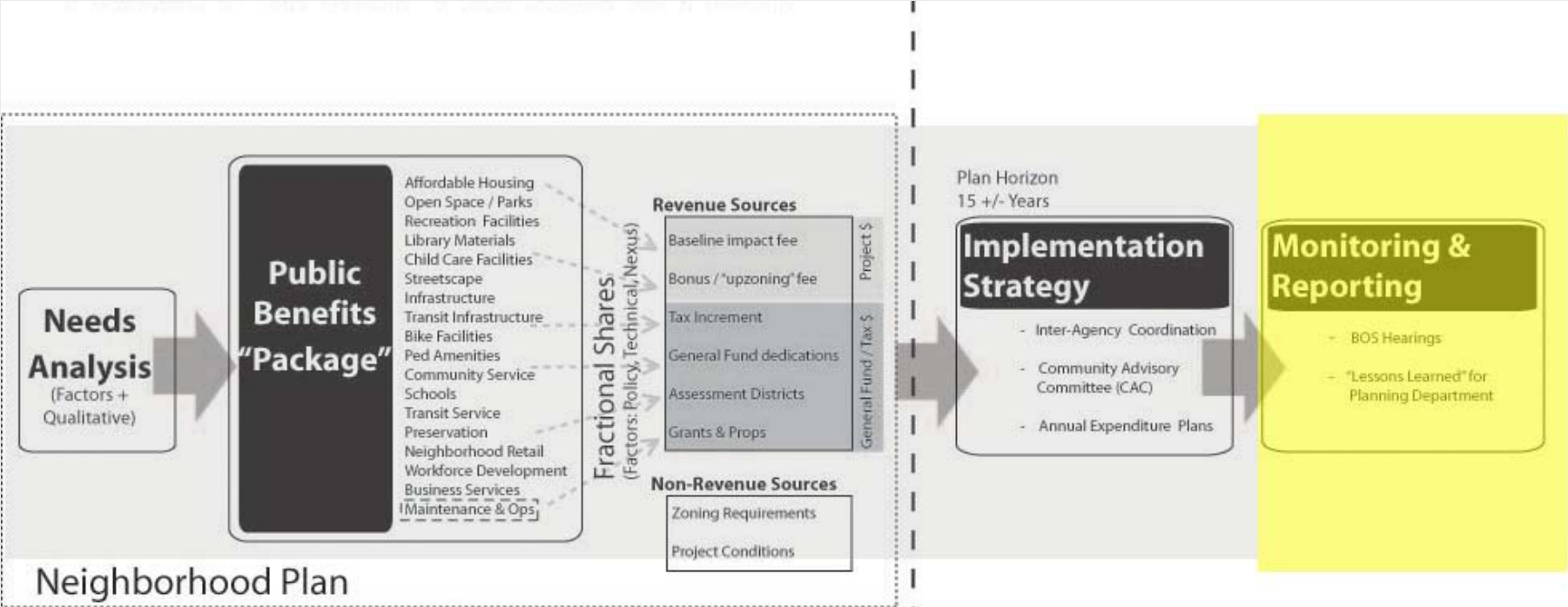
Some of these mechanisms and processes for PBs implementation need to be established through the Board of Supervisors

→ Market/Octavia Plan paving the way on much of it, but will likely be some de-bugging needed...

City Must Pursue:

- Dedicated Revenue mechanism i.e Tax Increment
- Assessment Districts
- Small business efforts & outreach
- Grants coordination office

Monitoring and Reporting



Learning over time

Public Benefits is still experimental at this point

→ institutionalizing the mechanisms and making it operational will require assessment and corrections as needed

- Institutionalizing “policy memory”
- Building in a monitoring process for expenditures, progress
 - Annual expenditure plan proposed by IPIC and approved by Board
 - Monitoring reports – annually and 5-year (Market/Octavia model)
 - Annual hearing at Planning Commission
- CAC advisory to Board of Supervisors as needed – friendly bird-dogging of city progress

End

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