BAYVIEW INDUSTRIAL TRIANGLE ZONING UPDATE
SAN FRANCISCO PLANNING DEPARTMENT | JANUARY 2020
Goals of BIT Redevelopment Plan (1980-2020):

- Preserve & expand industrial and commercial development
- Create buffer between industrial areas and residential/commercial uses on 3rd Street
- Relocate residential structures from industrial areas to nearby residential areas, allowing for new industrial development
- Address blight & support economic development
Bayview Industrial Triangle (BIT) Zoning Update: Why Update the Zoning and Why Now?

- Redevelopment Plan expires on June 30, 2020
- Zoning will revert to an outdated district

**Potential Impacts:**
- Increased rents
- Property speculation
- PDR businesses competing against market rate office and housing leading to business displacement
- Change of uses without notification

**Zoning Update goal:**
- Stabilize community and businesses in the BIT
- Growth of PDR off Third Street
- Encourage Housing and Retail on Third Street
Bayview Industrial Triangle (BIT): Proposed Zoning – PDR-1-G

- Retain and encourage existing production, distribution, and repair activities
- Encourage new businesses
- Prohibits Residential and Office uses
- Limits Retail and Institutional uses
Bayview Industrial Triangle (BIT): Proposed Zoning – NCT-3

- NCT-3: Neighborhood Commercial Transit – Moderate-Scale
  - Supports neighborhood-serving commercial uses on lower floors and housing above
  - Maximizes residential and commercial opportunities near major transit
  - Housing density is not limited by lot area
  - Emphasis on neighborhood-serving businesses
What is PDR?

Production

Manufacturing
Construction
Printing & Publishing
Audio, Film, & Video
Media
Arts

Distribution

Wholesale
Transportation
Utilities
Distribution

Repair

Contractors
Auto
Repair
What are modern PDR uses?

Roam Robotics
Robotic exoskeletons and orthoses

Cosmo
Design, prototyping, and manufacturing

Tempo
Circuit-board maker
Other uses allowed in PDR districts

- **SF Design Center**
  - Trade Shop & Arts

- **Danzhaus Dance Center**
  - Dance School

- **1275 Minnesota**
  - Art Gallery, Retail, & Event Space

- **Gus’ Community Market**
  - Grocery Store

- **Meals on Wheels**
  - Catering for Elderly

- **Veritable Vegetable**
  - Produce Distribution

- **Craftsman and Wolves**
  - Cafe

- **Seven Stills/Laughing Monk**
  - Brewery/Distillery

- **Pump It Up**
  - General Entertainment
Other uses allowed in PDR districts

- SF Design Center
  Trade Shop & Arts

- Danzhaus Dance Center
  Dance School

- 1275 Minnesota
  Art Gallery, Retail, & Event Space

- Gus’ Community Market
  Grocery Store

- Meals on Wheels
  Catering for Elderly

- Veritable Vegetable
  Produce Distribution

- Craftsman and Wolves
  Cafe

- Seven Stills/Laughing Monk
  Brewery/Distillery

- Pump It Up
  General Entertainment

PDR districts also allow up to 33% of accessory Office space
Why should we retain PDR?
Good pay relative to education

70% of SFMade’s employees are from low- to moderate-income households

2018 Median wages

**PDR**

$78,500

**Retail**

$49,800

Jobs for people without 4-year degrees

<table>
<thead>
<tr>
<th>Job Type</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>PDR</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td></td>
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2012-2016 Educational Attainment in Bayview

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School or Less</td>
<td>25%</td>
</tr>
<tr>
<td>Some College/Associated Degree</td>
<td>26%</td>
</tr>
<tr>
<td>College and/or Professional Degree</td>
<td>49%</td>
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Sources: SFMade; 2012-2016 American Community Survey

Source: EmSI Labor Market Analytics, Quarterly Census of Employment and Wages (QCEW)

Bayview Industrial Triangle Zoning Update
## Why should we retain PDR?

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2017</th>
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<tbody>
<tr>
<td>PDR Businesses</td>
<td>4,812</td>
<td>4,878</td>
</tr>
<tr>
<td>Employees in PDR Businesses</td>
<td>84,710</td>
<td>98,000</td>
</tr>
<tr>
<td>Employees in PDR Businesses (Bayview)</td>
<td></td>
<td>12,400</td>
</tr>
</tbody>
</table>

### Industries include:
- Construction
- Transportation and Warehousing
- Utilities
- Information
- Wholesale
- Food Manufacturing
- Apparel Manufacturing
- Printing and Publishing
- Repair Services
- Transportation Equipment
- Building Supplies
- Film & Sound Recording

Source: 2017 Commerce and Industry Inventory, Bureau of Labor Statistics data
Why should we retain PDR?

**Demand for Manufacturing Space**

- **15** manufacturers placed in over 75,000 square feet in 2019
- **30** production manufacturers currently looking for space
- **5+** calls per month from small and large production manufacturers looking for space
- **High demand for well-priced (<$2/SF), flexible, and smaller (<5,000 SF) PDR spaces in multi-tenant buildings**

Source: SFMade
Why should we retain PDR?

**Vacancy**

2.2% industrial space vacancy in San Francisco

Source: CoStar, 2019

**Employment**

28,100 industrial jobs added between 2007 and 2016

Source: BAE Piers 90-94 Backlands Market Assessment, CoStar Research
PDR Businesses: Good Eggs

SPACE NEEDS
- In search of more space
- Will begin leasing a space in Oakland that is more affordable and four times the size of current space

WORKFORCE
- ~550 employees, 20% from District 10
- Team growing in hourly and salary positions
- $21/hour base salary with an emphasis on providing a living wage
- Benefits:
  - Medical subsidies
  - Medical subsidy for dependents
  - Free meals
  - Stock options
  - On-the-job training
PDR Businesses: Recology Recycling Plant

WORKFORCE

- Of 210 employees, over **90%** of entry level positions hired from the Bayview 94124 zip code
- Tend to advance and hire from within
- Everyone participates in employee stock ownership program
- Positions: mechanics, equipment operators, forklift drivers, maintenance, weigh masters, sorters (most entry level position)
- Salaries
  - **$58k** for entry level sorters
  - **$85k-95k** for maintenance and weighmaster

Sources: Recology.com, interview with Maurice Quillen, general manager, Pier 96 facility
PDR Businesses: Tenant Improvements

Examples

- Azalina’s
- Laughing Monk Brewery
- Charles Chocolates
- Pet Camp

Photo: Mashable Brand X, YouTube
What do PDR businesses need?

- Specific industrial space requirements:
  - Parking and loading
  - Affordable rent
  - Large space
  - Ability to access and use space at all hours of the day
Unintended Consequences: Office and Housing out-compete PDR

### AVERAGE LEASE RATES

<table>
<thead>
<tr>
<th>SPACE USE</th>
<th>PER SF / YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>$80 to $100</td>
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<tr>
<td>PDR</td>
<td>$12 to $20+</td>
</tr>
<tr>
<td>Housing</td>
<td>$59</td>
</tr>
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*Sources: Zillow, Loopnet, RENTCafe*
Citywide PDR Strategy (in progress)

- Compile all of the city’s policies into one place
- Analyze current trends
- Identify potential strategies to enhance the viability of PDR businesses and space throughout San Francisco
- Issues under consideration:
  - Update design standards for PDR uses
  - Allowing businesses related to PDR, like “open air sales”
  - Encourage PDR on sites currently without PDR uses
  - Update lab definitions in the Planning Code
  - Minimizing conflicts with lab, office, residential uses
  - Reducing challenges to PDR in neighborhood commercial districts, where possible
Bayview Industrial Triangle (BIT) Zoning Update: Outreach and Engagement to Date

- Bayview CAC (June, July, September, October 2019)
- Southeast Community Facility Advisory Committee (June 2019)
- Hunters Point Shipyard CAC (August 2019)
- Bayview Industrial Triangle Businesses Focus Group (August 2019)
- Bayview Merchants Association (August 2019)
- Community meeting with BIT property and business owners (August 2019)
- Friday office hours in the BIT (September 20th and 27th, 2019)
- Community workshop (November 2019)
Bayview Industrial Triangle (BIT) Zoning Update: What We’ve Heard

**PDR**
- Support to retain PDR businesses off Third Street
- Desire for flexible PDR uses in the BIT
- Concern about viability and longevity of PDR businesses and demand for PDR space

**HOUSING**
- General consensus of support for residential along Third Street
- Limited requests to provide housing in the proposed PDR area

**OFFICE**
- Support for office type uses in the industrial areas of the BIT

**OVERALL COMMENTS**
- Take a comprehensive look at Bayview (not just BIT)
- The BIT needs activation to address homeless and RV problem
- The BIT is the gateway to the Bayview
What We’ve Heard:
Need for Housing and Office

Housing pipeline
17,429 units

Office pipeline
~2.7 million square feet
Upzonings are an increase in allowed density, height or allowable uses for an area. Recent upzonings have included:

- Financial feasibility of impact fees
- Public benefits
- Assessing the ability of surrounding facilities and community to accommodate increased density
- Environmental review under the California Environmental Quality Act (CEQA)
Changes we’ve made in response to feedback

- Removed PDR buffer zone to allow for more flexibility
- Adjusted from NC-3 to NCT on Third Street to allow for greater density of housing
- Considering a cannabis overlay to restrict cannabis retail and growth in the BIT
Bayview Industrial Triangle (BIT): Proposed Zoning

- Stabilize community and businesses in the BIT
- Growth of PDR off Third Street
- Encourage Housing and Retail on Third Street
Bayview Industrial Triangle (BIT) Zoning Update:
Existing and Proposed Height Limits

EXISTING ALLOWED
REDEVELOPMENT
PLAN HEIGHTS

PROPOSED / UNDERLYING
EXISTING HEIGHT

EXISTING ALLOWED HEIGHTS

BAYVIEW INDUSTRIAL
TRIANGLE

40 FEET

65 FEET IF 2ND FLOORS AND ABOVE ARE RESIDENTIAL

PROPOSED ALLOWED HEIGHTS

BAYVIEW INDUSTRIAL
TRIANGLE

65 FEET

LA SALLE AVE

GALVEZ AVE

INNES AVE

JERROLD AVE

KIRKWOOD AVE

QUINT ST

NEWHALL ST

MEINDEL ST

PHILPS ST

MCKINNON AVE

KIRKWOOD AVE

LA SALLE AVE

GALVEZ AVE

INNES AVE

JERROLD AVE

KIRKWOOD AVE

QUINT ST

NEWHALL ST

MEINDEL ST

PHILPS ST

MCKINNON AVE
Bayview Industrial Triangle (BIT) Zoning Update: Environmental Review

- Planning Department has initiated the environmental review process for the BIT legislation
- Notices were mailed to all property owners and tenants and interested stakeholders on our mailing lists
Bayview Industrial Triangle (BIT) Zoning Update: Future Conversations

Cultural District Strategic Plan

- Describes the District’s landscape
  - demographic and economic profile
  - elements of the District’s cultural heritage
  - identifies areas of concern that inhibit preservation of District’s unique culture
  - Proposed legislative, economic, and other solutions and strategies to support the Cultural District

- Documents the Community’s Legacy

CULTURAL DISTRICT FOCUS AREAS

- Historic Preservation
- Tenant Protections
- Arts & Culture
- Economic & Workforce Development
- Land Use
- Cultural Competency
Bayview Industrial Triangle (BIT) Zoning Update:
Next Steps

- February 6, 2020: Bayview CAC Presentation
- February 2020: Planning Commission hearing (tentative)
- Spring 2020: Legislation adoption
- Post-June 2020: African American Arts and Cultural District Process
THANK YOU!

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https://sfplanning.org/bayview-industrial-triangle-zoning-update
PDR Zoning Today

PDR in San Francisco

= Bayview Industrial Triangle