

SHOWPLACE SQUARE/ POTRERO HILL AREA PLAN MONITORING REPORT 2011–2015





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AREA PLAN MONITORING REPORT
2011–2015**

San Francisco Planning Department
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POTRERO 1010
NOW LEASING

1010

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1. Introduction: Showplace Square/Potrero Hill Area Plan¹

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 was 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.

Moreover, most of the residential areas in these neighborhoods are well-served by public transportation (including two BART stops in the Mission), have vibrant cultural amenities, and feature many attractive older buildings. These neighborhood assets and new employment opportunities have served as strong magnets for high wage earners and market rate housing developers, creating a strong influx of new, more affluent residents.

Beginning in the late 1990s, the City, residents, community activists, and business owners recognized the need for a comprehensive, community-based planning process to resolve these conflicts and stabilize the 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 recognized the need to produce housing opportunities for residents of all income levels, which requires not just the development of new units at market rates, but also opportunities for low and moderate income families. 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's 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:

- 1) 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
- 2) Providing a significant amount of new housing affordable to low, moderate and middle income families and individuals, along with "complete neighborhoods" that provide

¹ Unless otherwise noted, this report will refer to the Showplace Square/Potrero Hill Area Plan, Showplace Square/Potrero Hill neighborhood, and "Showplace Square/Potrero Hill" interchangeably, as the area shown on [Map 1](#).

appropriate amenities for the existing and new residents.

The vitality and strength of Showplace Square/Potrero Hill as a mixed use neighborhood requires appropriate spaces for a range of land uses. The *Showplace Square/Potrero Hill Plan* calls for the following: a) build on the existing character of the area and stabilize it as a place for living and working; b) retain Showplace Square's role as an important location for PDR activities; c) strengthen and expand Showplace Square/Potrero Hill as a residential, mixed-use neighborhood; and d) ensure the provision of a comprehensive package of public benefits as part of rezoning.

Map 1 shows the *Showplace Square/Potrero Hill Area Plan* boundaries as generally along Potrero Avenue to the west, Bryant and 7th Streets to the north, Highway 280 to the east, and 26th Street to the south. While the area is itself diverse, Showplace Square is a center for commerce with an important furniture and interior design center that serves a national market. A number of light industrial production, distribution and repair (PDR) businesses continue to operate in Showplace Square. By contrast, Potrero Hill south of Mariposa Street is largely residential.

MAP 1

Showplace Square/Potrero Hill Area Plan Boundaries



1.1 Summary of Ordinance and Monitoring Requirements

The ordinances that enacted the Eastern Neighborhoods Area Plans², including Showplace Square/Potrero Hill, 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 and public and private investments in community benefits and infrastructure. 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 ordinances require the monitoring reports to track all development activity occurring within Area Plans 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 Environmental Impact Report (EN PEIR), certified in 2008 approved by the Board of Supervisors in 2004; and Western SoMa EIR, approved in 2008 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 Area Plans 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 are exempt from extensive environmental review due to their limited size and impact 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 “tiered off” the EN EIR through a Community Plan Exemption (CPE) relying on the EN PEIR. For a list of projects that received their entitlements through a CPE relying on the EN PEIR, please refer to [Appendix D](#).

The *Showplace Square/Potrero Hill 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 the Western SoMa Community Plan was adopted in 2013, no monitoring reports have been produced for that Area Plan. 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 *Showplace Square/Potrero Hill 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 Neighborhoods. Subsequent time series monitoring reports for Showplace Square/Potrero Hill and other Eastern Neighborhoods will be released in years ending in 1 and 6.

While the previous Monitoring Reports covered only the small amount of development activities in the years immediately preceding and following the adoption of the *Eastern Neighborhood Plans* in 2008, this report contains information and analysis about a period of intense market development in Showplace Square/Potrero Hill. 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.

² Unless otherwise noted, this report will refer to the Eastern Neighborhoods Area Plans, or just Area Plans, as encompassing the Mission Area Plan, East SoMa Area Plan, Central Waterfront Area Plan, Showplace Square/Potrero Hill Area Plan as well as Western SoMa Community Plan. References to Plan areas (or to the names of the individual areas) will describe the areas within the boundaries outline by the individual plans.

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 Space & Employment

The *Showplace Square/Potrero Hill Plan* supports small and moderate size retail establishments in neighborhood commercial areas, including 18th and 20th Streets, while allowing larger retail in the new Urban Mixed Use districts only when part of a mixed-use development. The PDR district contains controls that protect PDR businesses, especially design related establishments, by prohibiting new residential development and limiting new office and retail. The Plan also allows for “Knowledge Sector” PDR businesses in the PDR district generally north of 17th Street, as well as the Urban Mixed Use District.

FIGURE 2.0.1
300 De Haro Street



Source: SF Planning, Audrey Harris

2.1 Commercial Space Inventory

Table 2.1.1 below is an inventory of non-residential space in Showplace Square/Potrero Hill as of 2015. The table reflects the mix of uses, noting that office and PDR activities each occupy a little over a third of the commercial space in the neighborhood. Cultural, institutional and educational, medical and retail uses together make up another third of non-residential buildings. The table also shows the importance of Showplace Square/Potrero Hill in San Francisco’s stock of industrial and office lands. Though the neighborhood only accounts for 3% of the city’s overall commercial space, its share of PDR space is much higher, at 6%. However, as will be discussed in the sections below, in recent decades PDR space has been subject to intense pressures from uses that are able to pay higher land rents, such as office and market-rate residential.

Table 2.1.2 below shows commercial and other non-residential development activity in Showplace Square/Potrero Hill between January 1, 2011 and December 31, 2015 while **Table 2.1.3** shows

TABLE 2.1.1**Commercial Building Space Square Footage, Showplace Square/Potrero Hill and San Francisco, 2015**

Non-Residential Land Use	Showplace Square/ Potrero Hill		Citywide		Showplace Square/Potrero Hill as % of San Francisco
	Area	%	Area	%	
Cultural, Institution, Educational	684,895	11%	29,898,514	13%	2%
Medical	352,229	6%	17,468,039	7%	2%
Office	2,087,455	34%	107,978,954	45%	2%
Production, Distribution, and Repair	2,032,761	34%	36,265,832	15%	6%
Retail	899,825	15%	42,299,526	18%	2%
Visitor / Lodging	2,770	0%	4,053,422	2%	0%
Total	6,059,935	100%	237,964,287	100%	3%

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

FIGURE 2.1.1**888 Brannan Street**

Source: SF Planning, Audrey Harris

corresponding figures for San Francisco. These tables count newly developed projects (on vacant properties or redevelopment of existing properties) as well as conversions from one use to another. Between 2011 and 2015, a significant amount of PDR land, nearly 163,764 square feet, was converted to other uses, especially office.

The property at 808 Brannan Street, converted its previously existing PDR space into new offices in 2013, complete with conference areas, breakrooms and additional restrooms. The year 2014 included a similar case with the conversion of 113,753 square feet of PDR space into office space. The property located at 888 Brannan, shown in [Figure 2.1.1](#), completed the PDR to office space conversion with an additional loss in retail space (2,603 square feet). The Planning Department designated this property a historical resource as part of the Showplace Square/Northeast Mission Historic Resource Survey and made

office use principally permitted without vertical controls. In both cases, the properties were located in the UMU zoning districts, districts that are intended to promote a vibrant mix of uses while maintaining the characteristics of this formerly industrially-zoned area. [Table 2.1.2](#) also shows the considerable gain in cultural, institutional and educational space (419,070 square feet) with the completion of SF General Hospital, located at 1001 Potrero Avenue.

Non-residential development in Showplace Square/Potrero Hill made up about 15% of the citywide total commercial projects completed in the last five years, similar to its share of citywide development between 2006 and 2010. [Map 2](#) shows the location of the latest completed projects. [Appendix Table B-4](#) provides details on these recently completed commercial projects in Showplace Square/Potrero Hill.

TABLE 2.1.2

Net Change in Commercial Space, Showplace Square/Potrero Hill, 2011–2015

Year Completed	Cultural, Institutional, Educational	Medical	Office	Production, Distribution, and Repair	Retail	Visitor / Lodging	Total Commercial Sq Ft
2011	–	–	–	–	–	–	–
2012	–	–	–	–	–	–	–
2013	–	–	43,881	(43,881)	–	–	–
2014	419,070	–	157,634	(163,764)	2,603	–	415,543
2015	–	–	–	–	–	–	–
Total	419,070	–	201,515	(207,645)	2,603	–	415,543

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

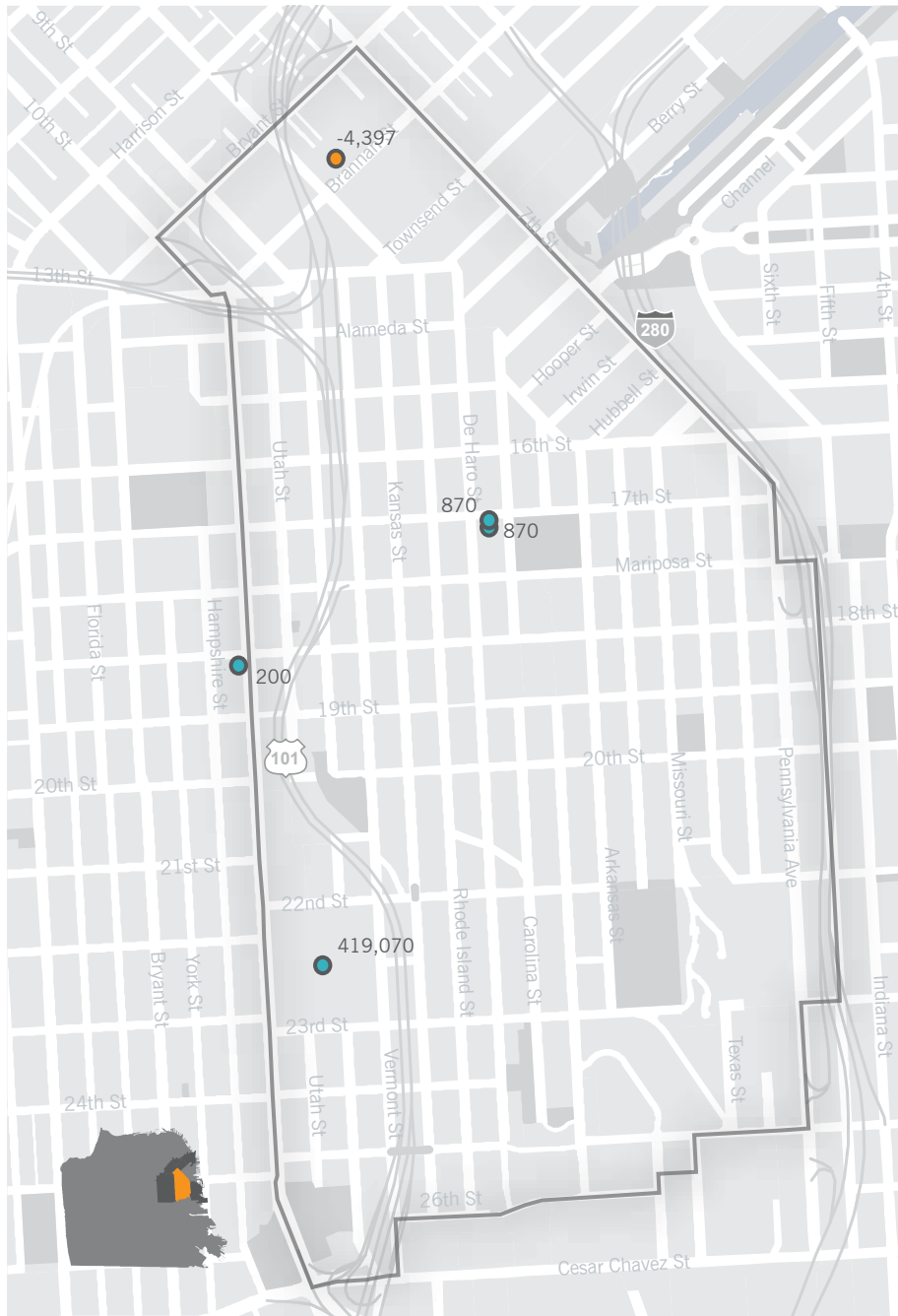
Year Completed	Cultural, Institutional, Educational	Medical	Office	Production, Distribution, and Repair	Retail	Visitor / Lodging	Total Commercial Sq Ft
2011	10,477	–	40,019	(18,075)	16,854	–	49,275
2012	(52,937)	–	24,373	(164,116)	32,445	–	(160,235)
2013	66,417	–	335,914	(236,473)	5,941	(69,856)	101,943
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, Showplace Square/Potrero Hill, 2011–2015



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

2.2 Commercial Development Pipeline

The commercial development pipeline in Showplace Square/Potrero Hill shows a continuation of the trends that have taken place during the reporting period of 2011-15 (Table 2.2.1). Showplace Square/Potrero Hill will continue to see some of its PDR space converted to other uses, such as residential, retail and some office space. It is important to interpret the pipeline numbers as two separate subcategories, shown in Table 2.2.1 as “Under Review” and “Entitled.” Under review projects are those that have filed an application with the Planning and/or Building Departments and have to receive necessary approvals and permits, including environmental (CEQA) review. Projects under review are just in the beginnings of the various permitting phases that projects must endure before it is finally completed. Therefore, these projects should be 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 finally complete their construction and receive certificates of occupancy.

Projects that are under review total a net 168,513 loss in square footage of commercial space, mostly resulting from the conversion of PDR and office space to residential uses. Conversion of PDR space accounts for most of the loss of commercial space (211,816 square feet). Live Potrero Hill located at 1200 17th Street, has requested to convert roughly 105,000 square feet of PDR space into residential and retail space. Another large-scale project currently under review would result in the loss of about 62,700 square feet of PDR space and 8,000 square feet of office space to build 299 dwelling units at 1601-1677 Mariposa Street, also known as 485 Carolina. If all of these projects come to fruition, Showplace Square/Potrero Hill will see the lost PDR space transition mostly into mixed-use residential buildings (see Appendix Table C-4).

The projects in the pipeline that have been entitled show about a 418,999 square footage gain of non-residential uses in Showplace Square/Potrero Hill in the near future. If all of these developments are completed, the Planning Department expects

about a 73,600 square footage gain in office space and a loss of about 58,700 square feet of PDR space. There will also be a modest gain in retail space (2,208 square feet) with the potential completion of 1512 20th Street and 140 Pennsylvania Avenue. The largest single entitled project is the new construction of 100 Hooper Street, a design and manufacturing organic incubator for consumer products, with a strong design and technical component (142,784 square feet of PDR and 284,471 square feet of office/cultural, institutional and educational space³), as further explained in Section 2.3.

Table 2.2.2 shows the commercial development pipeline for San Francisco for comparison. The development pipeline in Showplace Square/Potrero Hill represents less than one percent of the citywide pipeline. However, at 319,656 square feet, the amount of net PDR loss in Showplace Square/Potrero Hill represents about 40% of the loss across the Eastern Neighborhoods and 27% of the loss citywide. It should be noted that two-thirds of the loss in PDR in the pipeline are attributable to projects that have not yet received entitlements. Map 3 shows the locations of the larger proposed commercial developments in the plan area. (See Appendix Table C-4 for detailed information.)

³ Calculated as 284,471 square feet of office space only in Table 2.2.1 and Appendix Table C-5

TABLE 2.2.1**Commercial and Other Non-Residential Development Pipeline, Showplace Square/Potrero Hill, Q4 2015**

Development Status	Total Commercial Sq Ft	Cultural, Educational, Institutional	Medical	Office	Production, Distribution, and Repair	Retail	Visitor/Lodging
Under Construction	(131,584)	-	-	-	(166,549)	34,420	545
Planning Entitled	418,999	284,471	-	73,611	58,709	2,208	-
Planning Approved	-	-	-	72,600	(72,600)	-	-
Building Permit Filed	-	-	-	-	-	-	-
Building Permit Approved/ Issued/ Reinstated	418,999	284,471	-	1,011	131,309	2,208	-
Under Review	(168,513)	35,695	-	(28,070)	(211,816)	35,678	-
Planning Filed	(148,314)	35,695	-	(28,070)	(188,467)	32,528	-
Building Permit Filed	(20,199)	-	-	-	(23,349)	3,150	-
Total	118,902	320,166	-	45,541	(319,656)	72,306	545

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

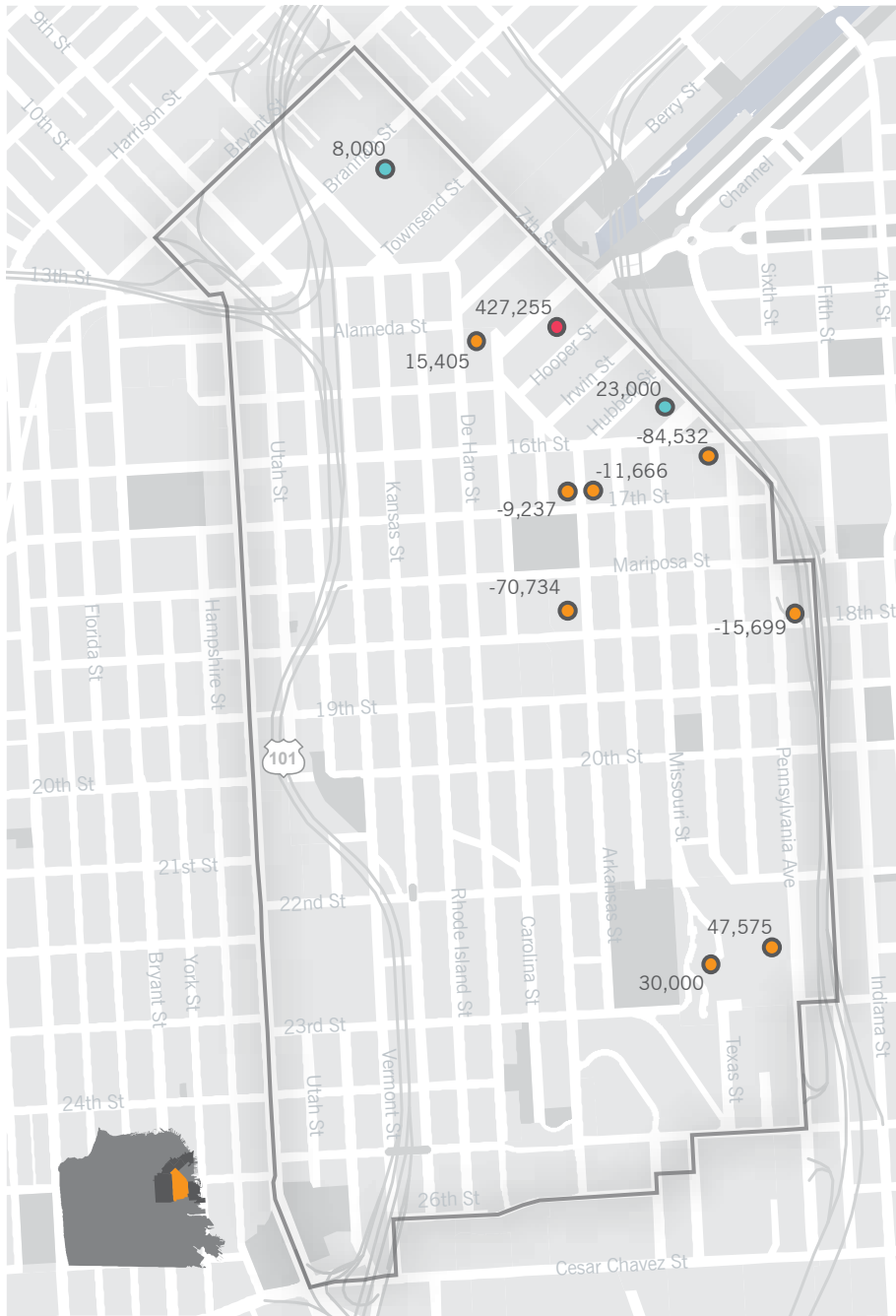
TABLE 2.2.2**Commercial and Other Non-Residential Development Pipeline, San Francisco, Q4 2015**

Development Status	Total Commercial Sq Ft	Cultural, Educational, Institutional	Medical	Office	Production, Distribution, and Repair	Retail	Visitor/Lodging
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, Showplace Square/Potrero Hill, Q4 2015



- Entitled
- Under Construction
- Under Review

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

2.3 Changes in PDR Uses

As discussed above, Showplace Square/Potrero Hill (and the Eastern Neighborhoods more broadly), has experienced economic changes that have made many areas highly attractive to residential and office development and resulted in the loss of PDR space. Residential and office uses are generally better 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 Plans, the primary industrial zoning designations – 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 activities.

Of the approximate 2 million square feet in PDR space in Showplace Square/Potrero Hill in 2015, just below 20% was scattered throughout zoning districts not specifically geared towards industrial uses, such as neighborhood commercial (NC) zones. Roughly 914,120 (45%) were located in PDR protection districts (PDR-1 and PDR-2) and 37% were in the mixed use UMU district. By comparison, in the Eastern Neighborhoods, the split between PDR space in PDR protection, mixed use, and other districts 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%.⁴

Since the adoption of the *Showplace Square/Potrero Hill Area Plan*, PDR space has continued to be converted to other uses in the neighborhood, as [Tables 2.1.2](#) and [2.2.1](#) illustrate.

An investigation of the conversion of PDR space in Showplace Square/Potrero Hill shows that such conversion had occurred primarily within UMU zoning, and largely outside of the zoning districts created specifically to protect PDR uses (in the case of Showplace Square/Potrero Hill, PDR-1 and PDR-2), as detailed in [Table 2.3.2](#). In addition to the project at 808 Brannan Street, detailed above, another project is the conversion of PDR space located at 888 Brannan Street into office space. These projects have been built in the UMU district, created under the Area Plan as a “transitional” zoning designation that allows for a mixture of uses, including light industrial, office, and residential (with higher affordability standards).

The Planning Department has also undertaken some legislative action to strengthen PDR zoning

⁴ 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, Showplace Square/Potrero Hill and Eastern Neighborhoods, 2015

Zoning District Type	Showplace/Potrero	%	Eastern Neighborhoods	%
PDR Protection (1)	914,119	45%	3,465,888	38%
Mixed Use (2)	754,101	37%	3,098,198	34%
Other (3)	377,264	18%	2,669,555	29%
Total	2,045,484	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

TABLE 2.3.2**Projects Converting PDR Space by Zoning District Type, 2011–2015**

Project	Zoning	Net PDR	Net Office	Net Retail	Net Units	Affordable Units	Percent Affordable
850-870 BRANNAN ST (AKA 888 BRANNAN ST)	UMU	-113,753	113,753	-4,397	0	Below threshold	0%
808 BRANNAN ST	UMU	-43,881	43,881	0	0	Below threshold	0%
1717 17TH ST & 310 CAROLINA ST	UMU	-6,130	0	7,000	2	Below threshold	0%
Total		(163,764)	157,634	2,603	2		0%

Source: San Francisco Planning Department

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

and enable to location, expansion, and operation of PDR businesses. In addition to making it easier for PDR businesses to receive permits and share retail spaces, the Department created a program called the Office/PDR Cross-Subsidy Program in June 2014 to allow more office development in certain parcels as a way to subsidize more development of PDR space (Planning Code section 210.3.c). 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 (FAR) ratio. At least 33% of the space in the new developments must be dedicated to PDR uses. To date, only one development located at 100 Hooper Street has taken advantage of this program.

Located adjacent to the California College of the Arts campus and the Arts and Design Education Special Use District (see Section 7: On-going Efforts), 100 Hooper is set to be a creative mixed-use commercial campus that will present a unique opportunity to leverage the economies of office space and PDR space in the city's main design district. In addition to strict controls on the ratio of office space to PDR space as mentioned in the Planning Code condition of approvals, the project sponsors had to provide a description of the kind of non-PDR businesses intended for the site and a plan for how they will co-exist with the PDR businesses and any strategies required to achieve

that balance. In collaboration with PlaceMade, an SFMade focused initiative on partnering with the city and with private sector developers to create industrial space, a PDR Business Plan was developed that outlines strategies for providing flexible PDR space typology mix; designing office spaces attractive to design-related technology and engineering firms that seek to be co-located with PDR companies; engaging strategic partners at all phases of development and in ongoing operations; and focusing on access and pathways to PDR-related jobs at the project site. The Plan also contains a detailed workforce and hiring strategy program for potentially generating 450 PDR-related jobs and information about how the office space will work to subsidize the development of the PDR space.

FIGURE 2.3.1

Rendering of 100 Hooper Street



Source: PFAU LONG ARCHITECTURE

2.3.1 PDR Enforcement

Illegal conversions from Production, Distribution and Repair (PDR) uses have more recently become an issue in the Eastern Neighborhood Area Plans 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 space. 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 Showplace Square/Potrero Hill, no illegal conversions from PDR uses were identified. The remaining cases are still pending review.

In many of the cases, office tenants are hybrid uses where PDR also takes place, but may not be the principal use of the space. If an office use is confirmed to be in operation, Planning encourages the company to alter their business practice to fit within the PDR zoning categories or vacate the property. Generally, the complaints filed with the

Planning Department are regarding the conversion of PDR uses to office space, not permitted within these zoning districts. However, some complaints that are filed are either not valid, meaning that the tenant is either a PDR complying business or the space was legally converted to office space, 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 in 2013.

In investigating the alleged violations, the Planning Department discovered that the building permit histories often included interior tenant improvements without Planning Department review. These permits do not authorize a change of use to office. To prevent future unauthorized conversions

of PDR space the Planning Department worked proactively with the Department of Building Inspection (DBI). Over the course of 2015, Planning worked with DBI during project intakes to better understand the routing criteria and how to ensure Planning review. Both departments' IT divisions worked together 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.

Planning works collaboratively with the Mayor's Office of Economic Workforce and Development (OEWD). When Planning receives inquiries or complaints related to either vacant spaces in PDR zones or possible unauthorized spaces, requiring a PDR tenant. Planning informs the property owner about PDR complying uses and refers them to OEWD. OEWD currently has a list of PDR complying businesses that are looking to lease spaces within San Francisco. Additionally, a training for real estate brokers was conducted in 2015. The purpose of the voluntary training was to help explain what PDR is and what resources Planning

has available for them to utilize prior to leasing a property. The training also outlined the enforcement process, including the process for requesting a Letter of Determination for appropriate use of PDR space. Future trainings will occur based on interest.

2.4 Employment

Showplace Square/Potrero Hill added employment across all land use types tracked by the Planning Department between 2011 and 2015, following a trend that has taken place in San Francisco and the Bay Area. This growth in employment reflects a rebound in the regional economy following the "Great Recession" of the previous decade, but also the robust growth in high technology sectors and related industries in recent years.⁵ Altogether, employment in Showplace Square/Potrero Hill grew from roughly 13,000 jobs in 2010 to almost 16,000 in 2015 with a related increase from 1,045 to 1,090 total establishments, according to the California Employment and Development Department (EDD). The subsections below discuss the job growth in Showplace Square/Potrero Hill by land use category.

⁵ See annual San Francisco Planning Department Commerce & Industry Inventory, 2008-2015.

TABLE 2.4.1
Employment, Showplace Square/Potrero Hill and San Francisco, Q2 2015

Landuse	Showplace Square/Potrero Hill				San Francisco			
	Establishments	%	Jobs	%	Establishments	%	Jobs	%
Cultural, Institutional, Educational	41	4%	1,294	8%	2,010	3%	73,182	11%
Medical	157	14%	529	3%	21,833	37%	60,214	9%
Office	337	31%	6,754	42%	15,628	27%	293,014	44%
Production, Distribution, and Repair	242	22%	4,380	28%	5,280	9%	88,135	13%
Retail	202	19%	2,792	18%	8,241	14%	130,550	20%
Visitor / Lodging	1	0%	1	0%	311	1%	16,688	2%
Other	110	10%	148	1%	4,961	9%	6,953	1%
Total	1,090	100%	15,899	100%	58,264	100%	668,736	100%

Source: California Employment Development Department

2.4.1 Office Jobs

The largest increase in jobs in Showplace Square/Potrero Hill between 2010 and 2015 was in cultural, institutional and educational occupations. According to EDD, the neighborhood experienced a 50% increase in cultural, institutional and educational jobs in those 5 years. Second to cultural, institutional and educational occupations was office occupation. The neighborhood experienced a 40% increase in office jobs in the last 5 years. However, the number of cultural, institutional and educational and office establishments only increased by about 28% and 18% (respectively), indicating a shift towards cultural, institutional and educational, and office workplaces with a larger number of employees or occupying formerly vacant space. In 2015, Showplace Square/Potrero Hill held about 2% of all of the city's office jobs and establishments (see [Table 2.4.1](#)).

2.4.2 Retail Jobs

San Francisco is also a regional shopping destination and 20% of all jobs are in retail/entertainment (see [Figure 2.4.1](#)). There were about 2,800 retail jobs in Showplace Square/Potrero Hill, about 18% of total jobs in the area; this also represented 2% of all citywide retail jobs.

2.4.3 PDR/Light Industrial Jobs

Although no longer a center for industry, 13% of San Francisco jobs are in light industrial production, distribution, or repair (PDR) businesses. These businesses contribute to the city's economy by providing stable and well-paying jobs for the 49% of San Franciscans without a four-year college degree (29% only have a high school diploma or less) and by supporting various sectors of the economy. Of all of the job categories represented in [Figure 2.4.1](#), PDR jobs were the only category where there was a loss of jobs between 2010 and 2015. In 2010 there were 4,529 PDR jobs in Showplace Square/Potrero Hill. In 2015 there were 4,380 PDR jobs in Showplace Square/Potrero Hill, about a 3% decrease from 2010. The 2015 figures represent about 28% of total jobs in the area or less than 1% of all citywide PDR jobs, as shown in [Appendix F](#).

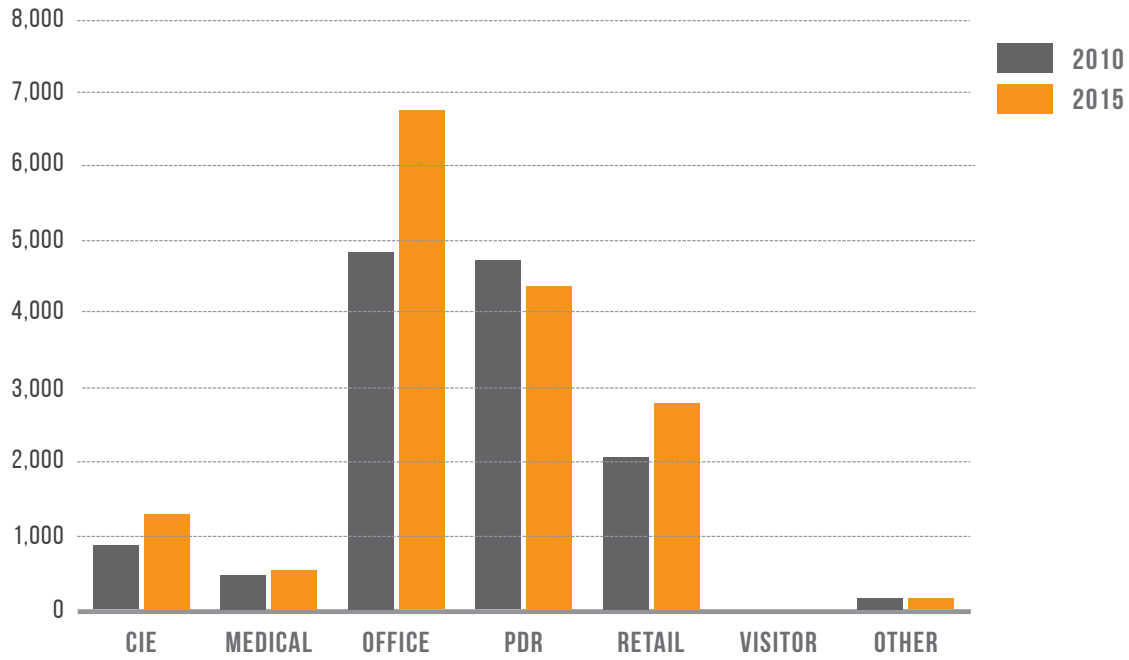
2.4.4 Employment and Commercial Space Trends

As discussed in the previous section, there are approximately 118,902 net square feet in the commercial development pipeline in Showplace Square/Potrero Hill. In part, many of these new jobs are likely located in commercial space that was vacant at the end of the recession of the previous decade, leading to lower vacancy rates. 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). With the increasing cost of land in locations close to city centers and accessible by transportation infrastructure (as is the case with the Eastern Neighborhoods), real estate researchers have tracked an overall densification of employment across several sectors throughout the country. This kind of densification can be caused by employees who work from home for some or all days of the week (and therefore may share office space with colleagues) or firms that accommodate more employees within a given amount of space.

2.4.5 Sales and Property Taxes

Since the Eastern Neighborhood Area Plans were adopted, the City has also seen sharp increases in collections of sales and property taxes. In Showplace Square/Potrero Hill, sales tax collections increased every year from 2011 to 2014, going from about \$3 million to \$3.7 million in four years, an increase of 22%. By comparison, sales tax collections citywide increased by 21% during this period. Property tax collection also increased substantially in the Eastern Neighborhoods. In Showplace Square/Potrero Hill, the city collected roughly \$29.5 million in property taxes in 2008, the year before the plan was adopted. By 2015, property taxes in Showplace Square/Potrero Hill increased by 62% to \$47.8 million, as shown on [Table 2.4.3](#).

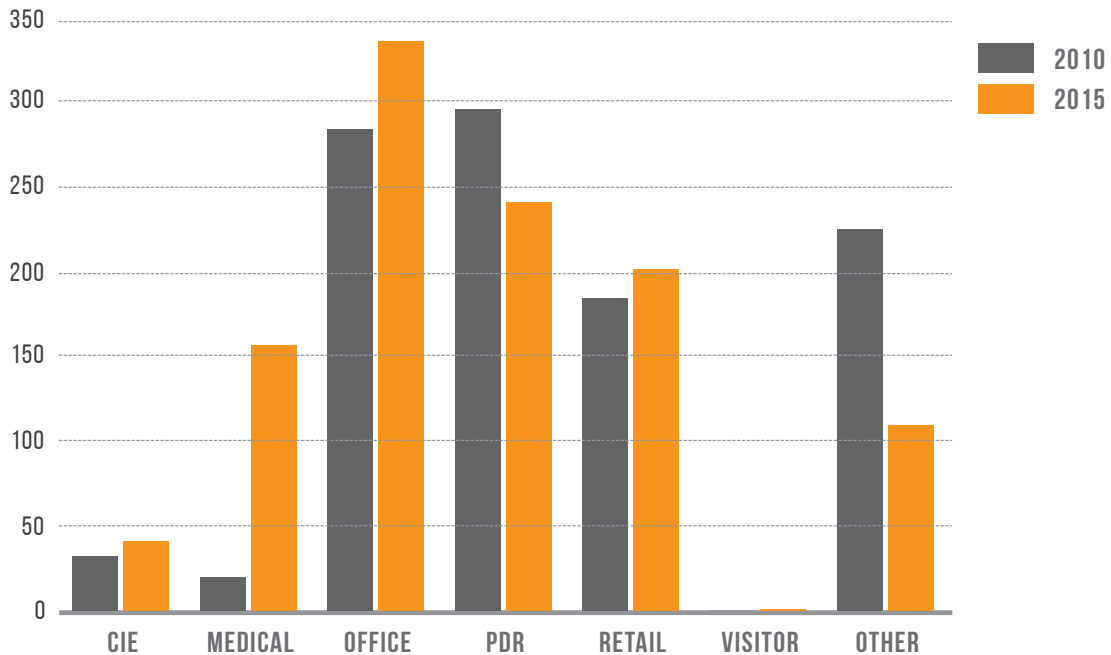
FIGURE 2.4.1
Jobs by Land Use, Showplace Square/Potrero Hill, Q3 2010 and 2015



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, Showplace Square/Potrero Hill, 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".

TABLE 2.4.2**Sales Taxes Collected in Showplace Square/Potrero Hill and San Francisco, 2011–2015**

Year	Showplace Square/ Potrero Hill	% change from previous year	San Francisco	% change from previous year
2011	\$3,023,617	–	\$75,198,021	–
2012	\$3,417,790	13.0%	\$80,709,201	7.3%
2013	\$3,484,255	1.9%	\$84,261,806	4.4%
2014	\$3,713,883	6.6%	\$89,605,413	6.3%
2015	N/A	–	\$94,546,142	5.5%
Total	\$18,555,430		\$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

The 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 epitomized the housing affordability crisis afflicting American cities and coastal communities throughout California. As discussed in the previous section, the Bay Area, city, and Eastern Neighborhoods 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 more slowly than new employees. 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 *Showplace Square/Potrero Hill Plan* calls for housing affordable to a wide range of incomes that enhance the mixed-use character of the area. The

Plan also encourages housing compatible with the lower density dwellings on Potrero Hill, in scales and densities that reflect the area’s finer-grained fabric. The Plan envisioned that as many as 2,700 additional units can be accommodated within the plan boundaries. The *Showplace Square/Potrero Hill Plan* also recognizes the value of sound, existing housing stock and call 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 New Housing Production

According to the 2010 Census, there were almost 6,400 units in the *Showplace Square/Potrero Hill Area Plan* boundaries in April 2010; this represents less than 2% of the citywide total. [Table 3.1.1](#) shows that 58 net new units were built in the past five years in Showplace Square/Potrero Hill, compared with approximately 643

units built between 2006 and 2010. Of the net new units produced, 2 were conversions from non-residential uses and the rest were completed from new construction or alterations. During the first two years of the reporting period, 2011 and 2012, the construction sector was still recovering from the slow-down of the recession, and only 3 net units were built. Between 2013 and 2015, however, Showplace Square/Potrero added 55 new units, or about 18 units per year. [Table 3.1.2](#) shows the citywide figures for comparison. About 1% of the net increase in the City's housing stock in the last five years was in Showplace Square/Potrero Hill. [Map 4](#) shows the location of recent housing construction. Additional details about these new development projects can be found in [Appendix Table B-9](#).

3.2 Housing Development Pipeline

As discussed above in the Commercial Activity chapter, the pipeline should be analyzed along two different 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. The latter (particularly those under construction) are considered much 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 require clearance from environmental review, variances to planning code restrictions, and discretionary review. In general, the Planning Department estimates that projects that are currently under construction can take up

TABLE 3.1.1
New Housing Production, Showplace Square/Potrero Hill, 2011–2015

Calendar Year	Units Completed from New Construction	Units Demolished	Units Gained or Lost from Alterations	Net Change in Number of Units
2011	5	2	3	6
2012	–	2	(1)	(3)
2013	–	(1)	1	2
2014	20	–	7	27
2015	27	1	–	26
Total	52	4	10	58

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.

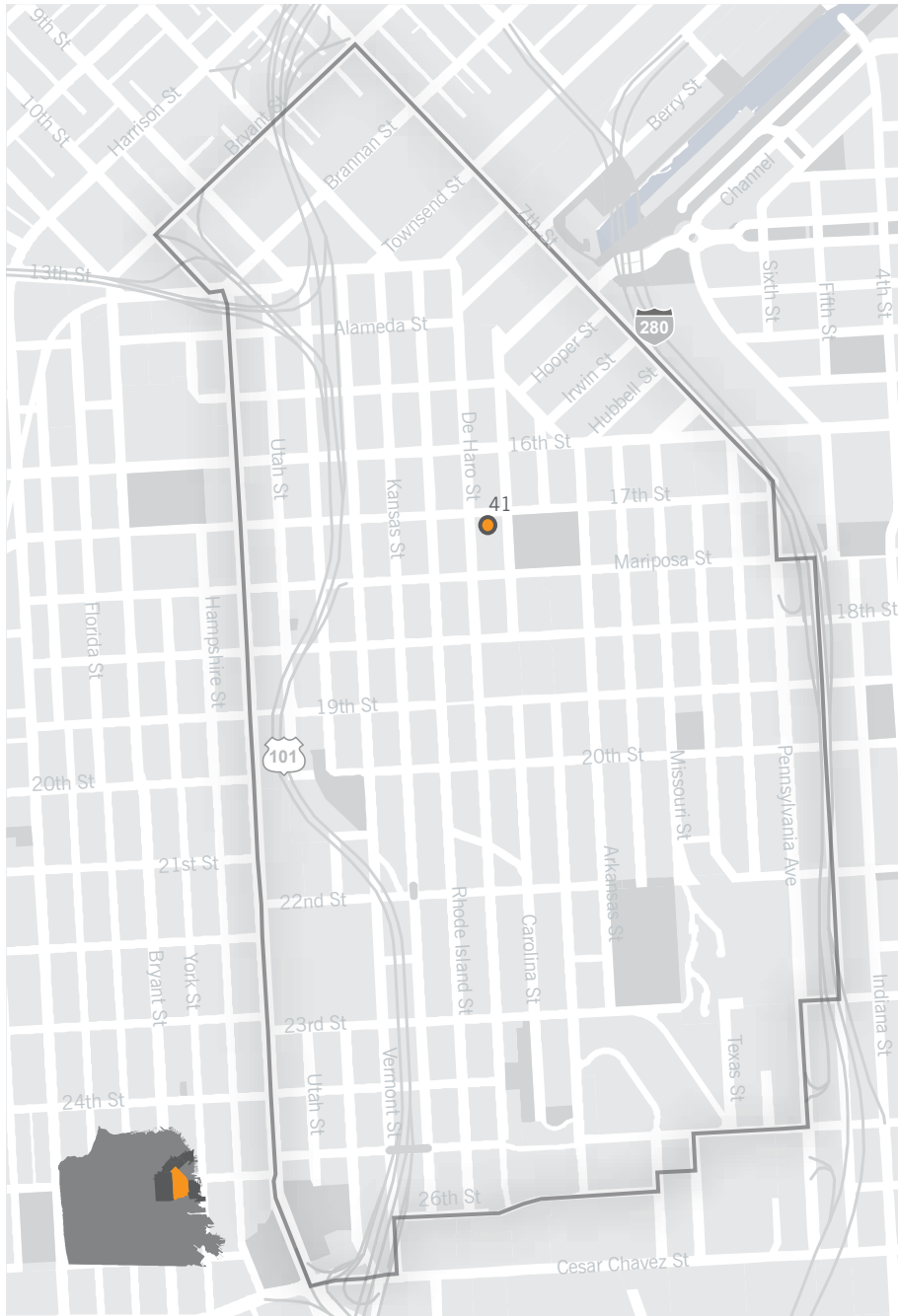
TABLE 3.1.2
New Housing Production, San Francisco, 2011–2015

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

MAP 4

New Housing Production Showplace Square/Potrero Hill, 2011–2015



● Net Units

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

to two years to be ready for occupancy, entitled projects can take between two and seven years, while projects under review can take as many as ten years, if they are indeed approved.

The pipeline for new housing development in Showplace Square/Potrero as of the end of 2015 is 4,511 units, of which 2,645 are under review. Sixty-five units are entitled and 1,801 are currently under construction, as shown on [Table 3.2.1](#). The pipeline for the Showplace Square/Potrero accounts for 3% of the total number of projects in the city and 7% of the number of units, which suggests that new projects are of a slightly bigger 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 9 projects (with a total of nine units) were under construction, 11 projects with 81 units were entitled, and 8 projects with 1,651 units were under review. As of the end of 2015, four times as many projects were under review for more than two times the number of units, 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-9](#) provides a detailed list of these housing pipeline projects.

TABLE 3.2.1

Housing Development Pipeline, Showplace Square/Potrero Hill and San Francisco, Q4 2015

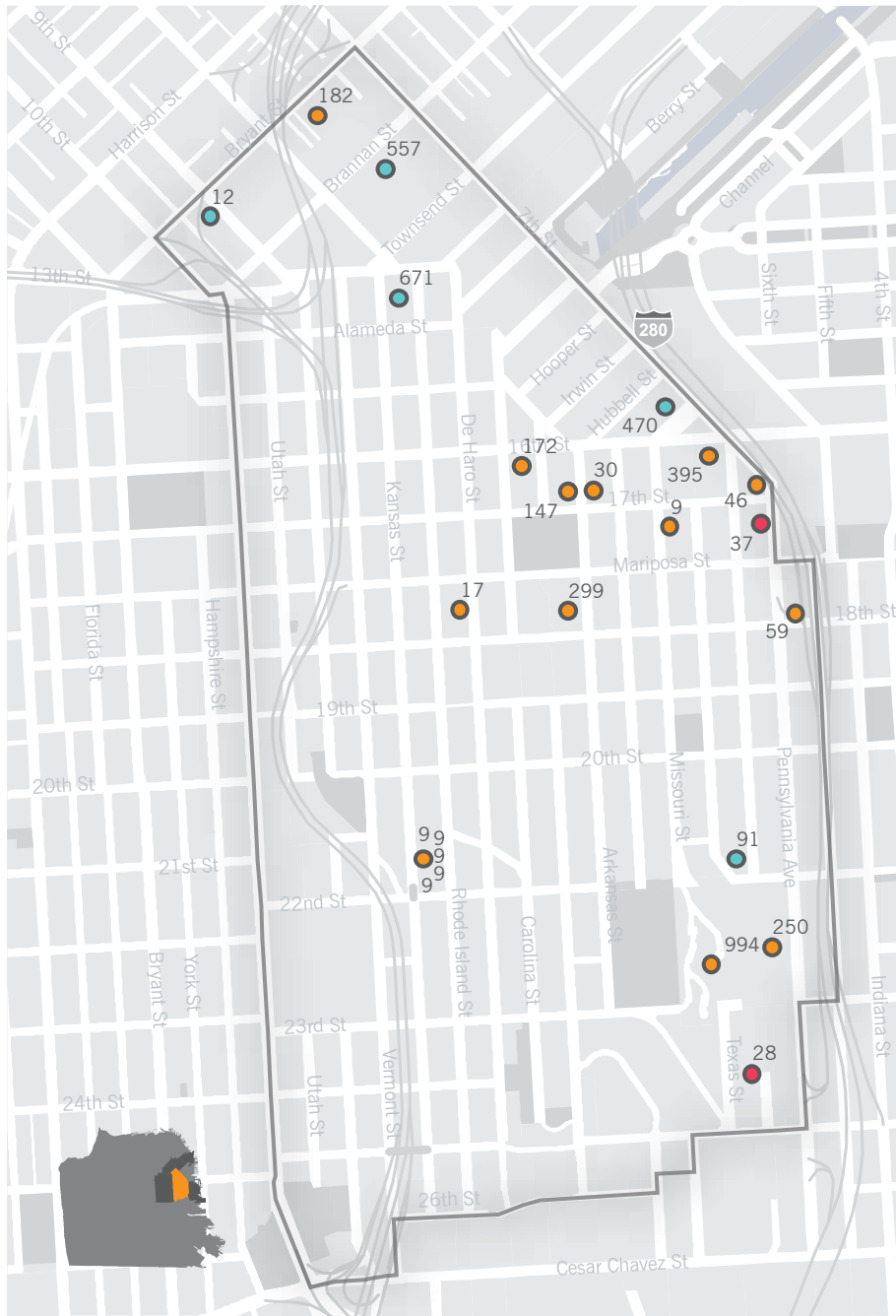
Development Status	Showplace Square/Potrero Hill		San Francisco	
	No. of Units	No. of Projects	No. of Units	No. of Projects
Construction	1,808	9	8,816	232
Planning Entitled	84	18	31,546	353
Planning Approved	2	3	27,617	80
Building Permit Filed	–	–	1,529	36
Building Permit Approved/ Issued/ Reinstated	82	15	2,400	237
Under Review	2,634	34	21,752	708
Planning Filed	2,537	16	17,575	206
Building Permit Filed	97	18	4,177	502
Total	4,526	61	62,114	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.

MAP 5

Housing Development Pipeline by Development Status, Showplace Square/Potrero Hill, Q4 2015



- Entitled
- Under Construction
- Under Review

Note: Only includes residential developments with 5 or more units.

3.3 Affordable Housing in Showplace Square/Potrero Hill

San Francisco and Showplace Square/Potrero Hill have a number of policies in place to facilitate the development of affordable housing. This section describes some of these policies and shows the extent to which affordable housing was built in the Plan area over the past five years.

3.3.1 New Affordable Housing Production

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 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. Four of these properties are located within the Eastern Neighborhoods boundaries: two in the Mission, located at 390 Valencia Street and 3138 Kamille Court; and two in Potrero Hill, located at 911 Missouri Street and 1095 Connecticut Street (Potrero Annex).

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" (in a different building), within a 1-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. 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, 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 households. With the exception of 100% affordable projects, the Bonus Program 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 Citywide 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 expand access to housing opportunities to low and moderate-income families. For example, market-rate housing developments in the Urban Mixed Use (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.

Developers also have the option of paying a fee in lieu of developing the units themselves, which the City can use to finance the development of 100% affordable projects. Funds collected through these “in-lieu fees” are managed by the Mayor’s Office of Housing and Community Development and can be spent anywhere in the City. However, 75% of fees collected in the Mission NCT and East SoMa MUR districts are required to be spent within those districts themselves. The Plans also require bedroom mixes in its mixed use districts to encourage 2- and 3-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

As discussed in this report’s introduction, expanding access to affordable housing opportunities was a high priority for the communities in the Eastern Neighborhoods during the planning process, and it has only gained more urgency in recent years. Showplace Square/Potrero Hill, along with the other Eastern Neighborhood Area Plans has been a symbol of the pressures of exploding housing costs on neighborhood stability and character. As [Table 3.4.1](#) shows, only seven affordable units were built during the 2011-15 five-year monitoring period. About half of these units (3) were built within a quarter-mile of Jackson Park. Five of the total seven units are considered to be only “naturally affordable.” Typically, these are smaller units and are sometimes referred to as “granny units” and are affordable to households with moderate incomes (80-120% AMI), however, these units are not income-restricted. The two inclusionary units built between 2011 and 2015, as a part of the construction of 1717 17th Street with 20 units, make up about 3% of the 58 net new units built in Showplace Square/Potrero Hill (shown in [Table 3.1.1](#)), lower than the inclusionary housing minimum of 12%. The two units were made affordable to moderate households (80-120% AMI).

TABLE 3.4.1
Net New Affordable Housing Production, Showplace Square/Potrero Hill, 2011–2015

Calendar Year	Public Subsidy	Inclusionary	Secondary Units	Total
2011	–	–	1	1
2012	–	–	–	–
2013	–	–	1	1
2014	–	2	3	5
2015	–	–	–	–
Total	–	2	5	7

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.

The percentage is lower than the minimum because three projects, including 1717 17th Street (shown on Table 3.4.3), chose to pay a fee to the City equivalent to 20% of the total number of units rather than building the units on-site. This fee raised nearly \$1.3 million for the City's housing development program managed by MOHCD. New affordable units are estimated to cost roughly \$550,000 in construction costs (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 Showplace Square/Potrero Hill in this period, if successfully leveraged into additional external funding and used to build projects on publicly controlled land, could yield an additional two to three units.⁶ Moreover, projects with fewer than

10 units are exempt from the inclusionary housing requirement.

The inclusionary housing production in Showplace Square/Potrero Hill accounts for less than 1% of the citywide production (853 units, as shown in Table 3.4.2 between 2011 and 2015). Because no publicly subsidized developments were completed in this period, Showplace Square/Potrero Hill only built 0.3% of the city's affordable units (2,735) during the period. Looking into the future, Showplace Square/Potrero Hill has 168 affordable entitled units in the pipeline, including 160 that are already under construction, compared to the 7,120 citywide entitled units (2%).

⁶ The development costs of affordable housing units are rough estimates based on recent projects that have received assistance from MOHCD.

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

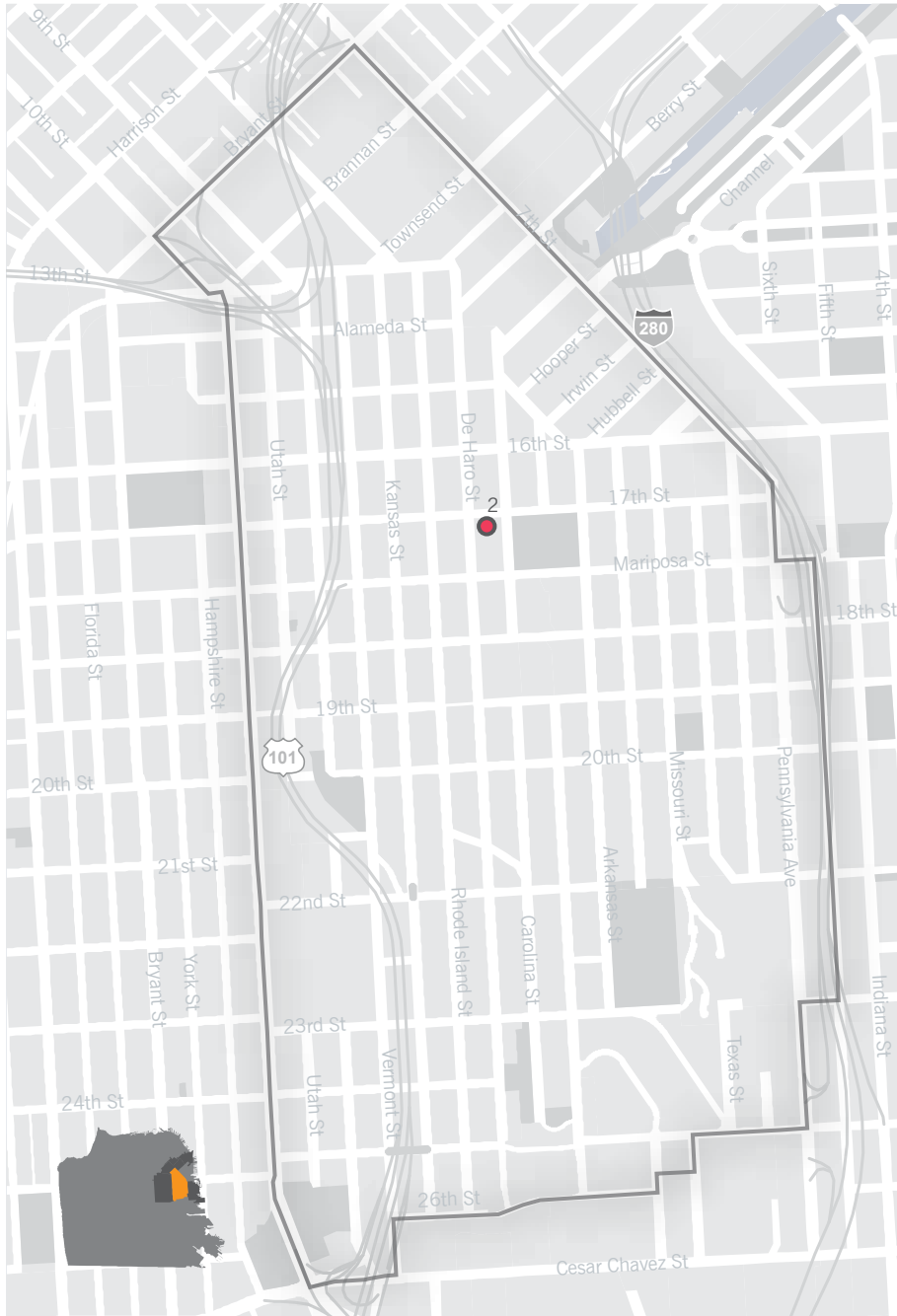
Housing Developments Opting for Affordable Housing "In-lieu" Fee, Showplace Square/Potrero Hill, 2011–2015

ADDRESS	YEAR	TOTAL FEE AMOUNT
1717 17TH ST	2012	\$174,697
310 CAROLINA ST	2013	\$1,119,205
520 9TH ST	2015	\$589,802
Total		\$1,293,902

Source: San Francisco Mayor's Office of Housing

MAP 6

New Affordable Housing, Showplace Square/Potrero Hill, 2011–2015



● Inclusionary affordable units in market-rate project

3.5 Housing Stock Preservation

The *Showplace Square/Potrero Hill Plan* supports the preservation of the area's existing housing stock and prohibits residential demolitions unless these would result in sufficient replacement of housing units. Demolitions are also restricted to ensure the preservation of affordable 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 who wish to no longer rent their property can evict tenants.

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 Showplace Square/Potrero Hill and San Francisco between 2011 and 2015 and comparing the most recent five years with the preceding 5-year period.

3.5.1 Units Lost to Alteration or Demolition

In this most recent reporting period, seven units were lost in Showplace Square/Potrero Hill ([Table 3.5.1](#)) or about 0.6% of units lost citywide. All of the units lost in Showplace Square/Potrero Hill were lost due to one correction to official records and six due to demolitions. [Table 3.5.2](#) shows San Francisco figures for comparison.

3.5.2 Condominium Conversions

The type of housing opportunities determines the type of people who live in the neighborhood. For example, single-family homes tend to support families and/or larger households, which are typically homeowners, while flats or apartments tend to be occupied by a single-person or smaller

TABLE 3.5.1
Units Lost, Showplace Square/Potrero Hill, 2011–2015

Calendar Year	Units Lost Through Alterations by Type of Loss					Units Demolished	Total Units Lost
	Illegal Units Removed	Units Merged into Larger Units	Correction to Official Records	Units Converted	Total Alterations		
2011	–	–	–	–	–	2	2
2012	–	–	–	–	–	2	2
2013	–	–	1	–	1	1	2
2014	–	–	–	–	–	–	–
2015	–	–	–	–	–	1	1
Total	–	–	1	–	1	6	7

Source: San Francisco Planning Department

TABLE 3.5.2**Units Lost, San Francisco, 2011–2015**

Calendar Year	Units Lost Through Alterations by Type of Loss					Units Demolished	Total Units Lost
	Illegal Units Removed	Units Merged into Larger Units	Correction to Official Records	Units Converted	Total Alterations		
2011	39	22	1	3	65	84	149
2012	2	23	1	1	27	127	154
2013	70	38	2	0	110	427	537
2014	24	20	1	0	45	95	140
2015	100	12	1	3	116	25	141
Total	235	115	6	7	363	758	1,121

Source: San Francisco Planning Department

households, which are largely renters; group housing and assisted living quarter are housing types available for the elderly and people who have disabilities.

Condo conversions increase San Francisco's homeownership rate, estimated to be at about 37% in 2014, about the same in 2010. However, condo conversions also mean a reduction in the city's rental stock. Compared to the rest of the city's share of renters (67%), Showplace Square/Potrero Hill has a comparable share of renters. In 2014, an estimated 74% of households in Showplace Square/Potrero Hill were renters. Almost 7% of San Francisco's rental units are in Showplace

Square/Potrero Hill as of 2014, about the same figure as in 2010.⁷

Table 3.5.3 shows that in the last five years, 64 units in 25 buildings in Showplace Square/Potrero Hill were converted to condominiums. In all, approximately 3% of all rental units in Showplace Square/Potrero Hill were converted to condominiums between 2011 and 2015. This represents one percent of all condo conversions citywide.

⁷ The following 2010 census tracts were used to approximate the Showplace Square/Potrero Hill Area Plan boundaries: 178.02 and 180.00. According to the 2006-2010 American Community Survey, there are roughly 2,550 renter-occupied units in Showplace Square/Potrero Hill.

TABLE 3.5.3**Condo Conversion, Showplace Square/Potrero Hill and San Francisco, 2011–2015**

Year	Showplace Square/Potrero Hill		San Francisco		Showplace Square/Potrero Hill as % of Citywide Total	
	No of Bldgs	No of Units	No of Bldgs	No of Units	No of Bldgs	No of Units
2011	3	7	200	472	2%	1%
2012	8	18	201	488	4%	4%
2013	2	5	147	369	1%	1%
2014	7	18	239	727	3%	2%
2015	5	16	149	500	3%	3%
Totals	25	64	936	2,556	3%	3%

Source: San Francisco Department of Public Works

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 also cause changes to the housing stock. These evictions effectively remove units from the rental housing stock and are, in most cases, precursors to condo conversions.

Table 3.5.4 shows that owner move-ins led to evictions in 39 units. Similarly, Ellis Act withdrawals led to 17 evictions during the most recent reporting period. Owner move-in evictions and Ellis Act evictions in Showplace Square/Potrero Hill accounted for 3% each of the citywide total between 2011 and 2015. Other types of evictions, also tabulated in Table 3.5.4, include evictions due to breach of rental contracts or non-payment of rent; this could also include evictions to perform capital improvements or substantial rehabilitation.

3.6 Jobs Housing Linkage Fee Program (JHLP)

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 of 25,000 gross square feet or more to contribute to the fund. Between fiscal year 2011/12 and 2015/16, commercial developments in Showplace Square/Potrero Hill generated roughly \$478,500 to be used for affordable housing development by the city, as shown in Table 3.6.1. Based on the MOHCD estimate of \$550,000 (not including the cost of land) required to build one affordable

TABLE 3.5.4

Evictions, Showplace Square/Potrero Hill and San Francisco, 2011–2015

Year	Showplace Square/Potrero Hill			San Francisco			Showplace Square/Potrero Hill 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	4	4	16	123	54	1102	3%	7%	1%
2012	8	2	13	172	99	1343	5%	2%	1%
2013	7	1	15	275	229	1368	3%	0%	1%
2014	9	5	16	315	101	1550	3%	5%	1%
2015	11	5	12	425	142	1518	3%	4%	1%
Totals	39	17	72	1,310	625	6,881	3%	3%	1%

Source: San Francisco Rent Board

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

TABLE 3.6.1

Jobs Housing Linkage Fees Collected, Showplace Square/Potrero Hill, FY 2011/12–2015/16

Fiscal Year	Revenue
2011–12	\$–
2012–13	\$414,222
2013–14	\$–
2014–15	\$64,287
2015–16	\$–
Total	\$478,509

Source: Department of Building Inspection as of 6/1/16

housing unit, the fees collected in the 2014-2015 fiscal year could potentially contribute to one affordable unit.

4. Accessibility and Transportation

As the only arterial that runs in the east-west direction and connects the North Mission, Showplace Square, and Mission Bay, the 16th Street corridor is the focus of a number of competing demands. At present, car use remains the predominant mode of travel to work for employed residents of Showplace Square and Potrero Hill (Table 4.1.1). The 2010-2014 American Community Survey estimated that 47% of Showplace Square/Potrero Hill residents commuted by car, while 24% used transit. About 8% walked to work and 8% reported biking. The number of people working from home was estimated at 9%.

Compared to the city as a whole, Showplace Square/Potrero Hill commuters travelled by car more and less by transit. Citywide, 44% of commuters travel by car and 33% by transit; 10% walked to work, 4% biked, and 2% commuted by other means; only 7% however worked from home.

4.1 Transportation Improvements – EN Trips

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

Other broader improvements were also discussed including street grid and connectivity improvements through the northeast Mission and Showplace Square, bicycle route improvements

TABLE 4.1.1
Commute Mode Split, Showplace Square/Potrero Hill and San Francisco, 2011–2015

Transport Mode	Showplace Square/Potrero Hill		San Francisco		Showplace Square/Potrero Hill as % of San Francisco
	No of Commuters	%	No of Commuters	%	
Car	4,234	47%	199,470	44%	2%
Drove Alone	3,675	41%	165,151	36%	2%
Carpooled	559	6%	34,319	8%	2%
Transit	2,132	24%	150,222	33%	1%
Bike	752	8%	17,356	4%	4%
Walk	703	8%	46,810	10%	2%
Other	306	3%	10,579	2%	3%
Worked at Home	843	9%	32,233	7%	3%
Total	8,970	100%	456,670	100%	2%

Source: 2014 American Community Survey 5-year estimate

throughout particularly along 17th Street, and mid-block signalizations and crossings in South of Market.

4.2 Pedestrian and Bicycle Improvements

The Potrero Hill Neighborhood Transportation Plan (Potrero NTP) developed a community-based transportation plan for the southern Potrero Hill neighborhood of San Francisco, identifying multi-modal transportation priorities at the neighborhood scale and working with stakeholders to prioritize near and mid-term improvements. A central component of the Potrero Hill Neighborhood Transportation Plan addresses traffic calming and pedestrian realm improvements. The preliminary design for these improvements focused on five priority intersections in the Potrero Terrace and Annex site. Selected in part because they rely on the Walking School Bus routes to Daniel Webster and Starr King Elementary Schools, these five intersections are critical to safe pedestrian circulation on the site. Preliminary design calls for bulb outs and other traffic calming measures that will improve safety while reclaiming significant street space for pedestrian use.

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 first round will include 245 projects, including several in Showplace Square/Potrero Hill, shown on [Table 4.2.1](#). One major set of projects is the streetscape & transit enhancements to Potrero Avenue from Division to Cesar Chavez. The goal is to provide a more pedestrian-friendly and multimodal street. Bicycle and pedestrian safety improvements such as cycle tracks, or other bicycle facilities, widened sidewalks, additional crossings, bus and corner bulbouts and new streetscape landscaping will be constructed along the two streets between 2nd and 13th Streets. This project is also a "Priority Project" for Eastern Neighborhood implementation.

TABLE 4.2.1.

Vision Zero Projects in Showplace Square/Potrero Hill

Project Name	Start Date (EST)	Completion Date (EST)	Current Phase	Total Budget (EST)
Bicycle and pedestrian improvements (Division St. at 9th)	Winter 2014/15	Summer 2015	DESIGN	\$300,000
Bicycle intersection treatments (Division St. at 8th/Townsend)	Winter 2014/15	Fall 2015	DESIGN	\$200,000
Streetscape & Transit enhancements (Potrero Ave. from Division to Cesar Chavez)	Winter 2014/15	Winter 2015/16	DESIGN	\$4,100,000
Pedestrian Safety Improvements	Winter 2014/15	Winter 2015/16	DESIGN	TBD
Division St., 8th and 9th Bike & Ped Spot Improvements	Winter 2014/15	Winter 2015/16	DESIGN	\$300,000

Source: San Francisco Municipal Transportation Agency



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 underway or completed in Showplace Square/Potrero Hill 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 part of 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, MTA 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).

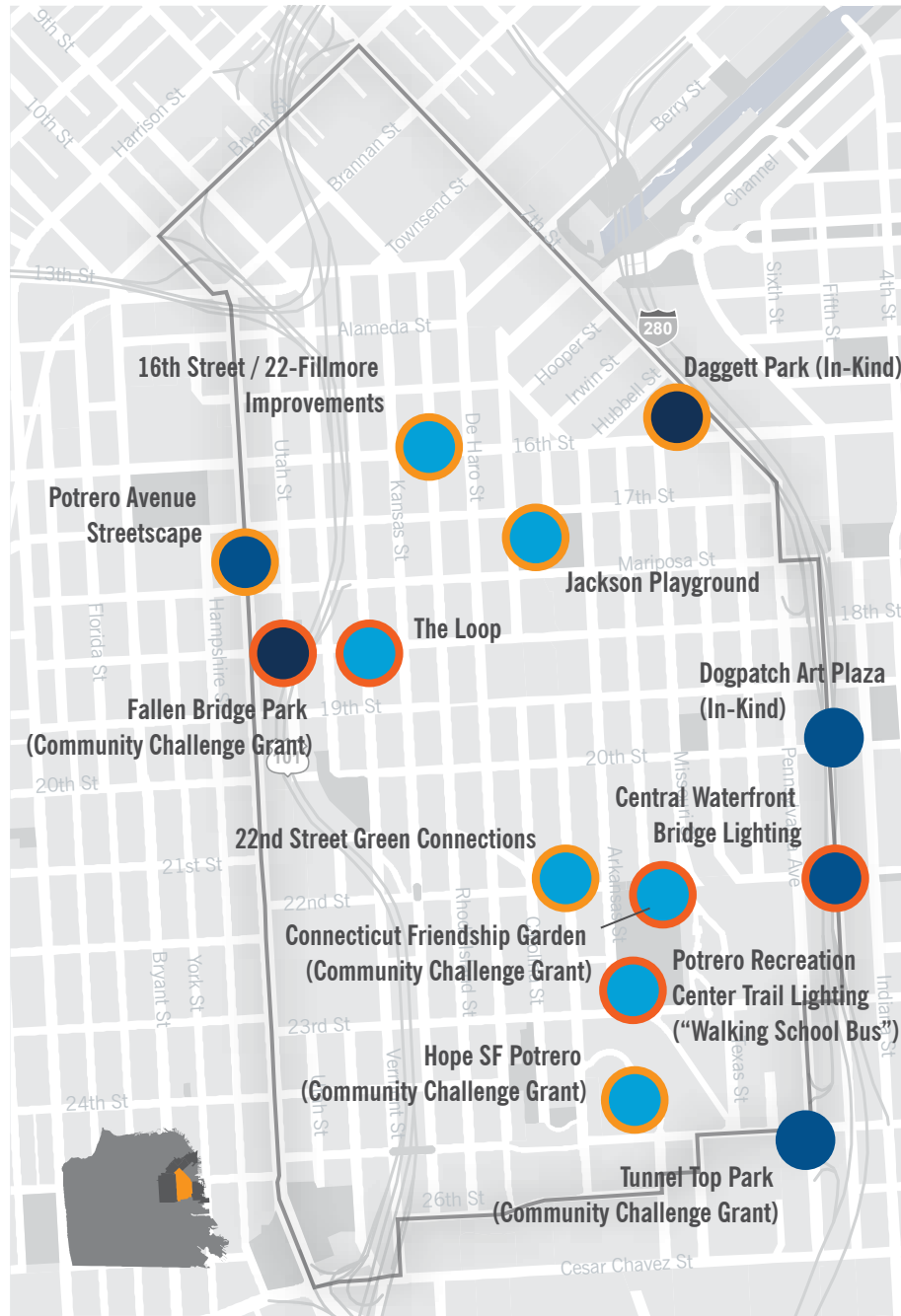
Between the original Needs Assessment, and the Level-of-Service Analysis, and the TSF Study the City has established metrics that establishes what is needed to maintain acceptable infrastructure and services in the Eastern Neighborhoods and throughout the City. These metrics of facilities and service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

5.2 Recreation, Parks and Open Space

The *Showplace Square/Potrero Hill Area Plan* calls for the maintenance of existing, and provision of new, recreation and park facilities. Showplace Square’s history as an almost exclusively industrial area has meant that this area has comparatively

MAP 7

Community Improvements in Showplace Square/Potrero Hill, 2011–2015



Project Status

-  Complete
-  Construction / Near Construction
-  Planned
-  Conceptual

Project Size

-  Major
-  Community

little access to open space as compared with the rest of the city. The conversion of portions of this area for residential and mixed use development has created the need for additional open space to serve both existing and new residents, workers and visitors.

To implement these improvements, the *2010 Showplace Square Open Space Plan* was conducted between April and December of 2009. Ultimately eight opportunity sites for new open space were identified, along with conceptual designs and cost estimates for each. Potential improvements include:

- » Enlarging Jackson Playground to incorporate community serving activities. This could occur along the Arkansas and/or Carolina Street front-ages.
- » Green, pedestrian-friendly streets along Hooper St. and Wisconsin St.
- » A new park along the Daggett St. right-of-way.
- » A new plaza and other amenities at the “Norcal Triangle” Site at 7th and Berry Streets.
- » Enlarging and improving open space amenities at the Townsend Circle
- » A new park at the “Wolfe’s Cafe” site along the 8th Street right-of-way between Irwin and 16th Streets.

At the time of the adoption of Eastern Neighborhoods Plan, the only funding source for any of these potential improvements would come from the impact fee program designed to support public infrastructure. Moreover, it was estimated that this source alone will only be enough to construct one new open space in Showplace Square. Of the eight projects, Daggett is under construction, and a more specific scope for Jackson Playground is being developed, as described below.

Daggett Park. The park is located on the previous Daggett paper-street right-of-way at 16th Street and 7th Street. The 0.9 acre park, currently under construction is being constructed as part of an in-kind agreement of the Daggett Triangle Development. The park will feature a large unprogrammed lawn area, ample seating, architectural play features, dog run, drought-resistant trees and landscaping and other storm runoff features. The

park, initially conceived as part of the Showplace Square Open Space Plan, was prioritized for implementation by the EN CAC. In the Plan, it was noted that it was critical that at least one new substantial open space be provided and funded through the Eastern Neighborhood impact fee program to support public infrastructure. The park is currently under construction and is expected to be complete by Summer 2016.

Jackson Playground. Jackson Playground is generally bounded by 17th Street, Carolina Street, Mariposa Street and Arkansas Street within the Showplace Square / Potrero Hill neighborhood. It currently features a clubhouse, play equipment, picnic areas, tennis courts, basketball courts and two ball fields. The Showplace Square Open Space Plan envisioned extending the boundaries of the park into Carolina Street and Arkansas Street to enable additional usable space. San Francisco Recreation and Park with the Friends of Jackson Playground, Live Oak School and other stakeholders are currently working on conceptual ideas for park improvements including the possibility of extending the boundaries of the park into the right-of-way.

5.3 Community Facilities and Services

As a significant amount of new housing development is expected in Showplace Square/Potrero Hill, new residents will 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 day-to-day needs of residents. These facilities include libraries, parks and open space, schools and child care. Community based organizations also provide many services to area residents including health, human services, and cultural centers. Section 6, below, discusses the process of implementation of the community benefits program, including the collection and management of the impact fees program.

Map 8 shows over 50 of the existing community facilities in Showplace Square/Potrero Hill. Community based organizations currently provide a wide range of services at over 10 sites throughout Showplace Square/Potrero Hill, ranging from

FIGURE 5.2.1
Daggett Park Under Construction



Source: CMG Archstone

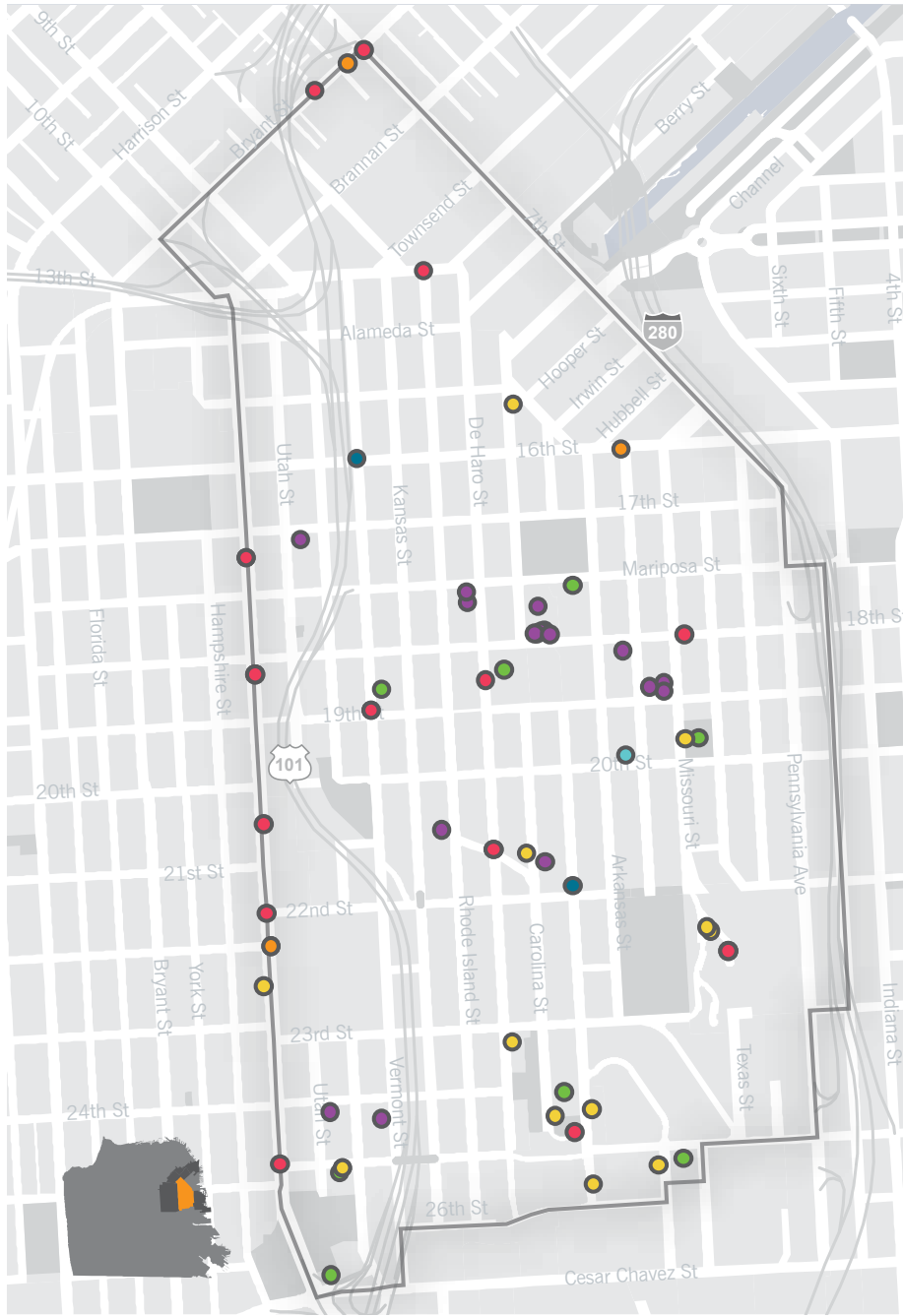
FIGURE 5.2.2.
Jackson Park



Source: Golden Gate Mother's Group

MAP 8

Community Facilities in Showplace Square/Potrero Hill



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

cultural support services to places where families can find support services and early childhood education.

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 Area Plans. Approximately 10 historic properties have agreed to on-going maintenance and rehabilitation plans in order to preserve these significant buildings. The following list names the Article 10 landmarks in Showplace Square/Potrero Hill:

- » Pacific Hardware and Steel Company located at 700-768 7th Street
- » Potrero Hill Neighborhood House located at 953 De Haro Street
- » The Kerrigan House located at 893 Wisconsin Street
- » #37 Engine and #9 Truck Firehouse located at 2501 25th Street

Showplace Square/Potrero Hill Area Plan also includes the Showplace Square Heavy Timber and Steel-frame Brick Warehouse and Factory Historic District as a California Register Historic District.

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 that otherwise are not permitted. The approval path for these commercial uses varies depending on the (1) zoning district, (2) historic status, and (3) 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 (ZA) 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 (HPMP) 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. This section defines neighborhood serving as those activities of an everyday nature associated with a high “purchase” frequency (see [Appendix L](#) for a list of business categories used). Grocery stores, auto shops and gasoline stations, banks and schools that

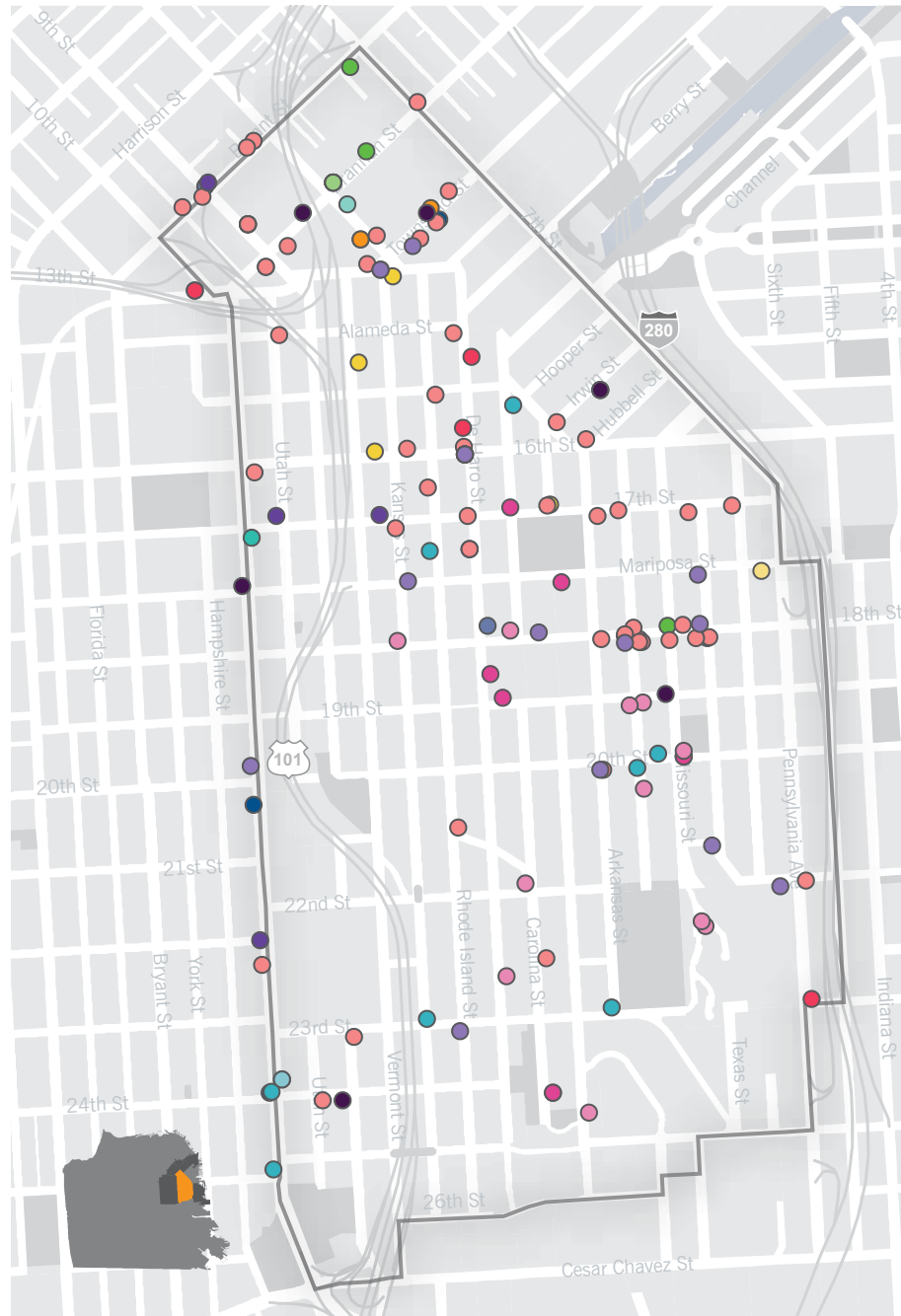
TABLE 5.5.1**Neighborhood Serving Establishments in Showplace Square/Potrero Hill**

Type	Establishments	Employment
Supermarkets and Other Grocery (except Convenience) Stores	6	426
Full-Service Restaurants	23	392
Elementary and Secondary Schools	8	250
Snack and Nonalcoholic Beverage Bars	11	149
Limited-Service Restaurants	11	112
Fitness and Recreational Sports Centers	4	100
Sporting Goods Stores	3	99
Civic and Social Organizations	4	98
Child Day Care Services	11	89
Discount Department Stores	1	77
Cafeterias, Grill Buffets, and Buffets	3	66
Pharmacies and Drug Stores	2	49
Drinking Places (Alcoholic Beverages)	2	21
Nail Salons	3	20
Beauty Salons	5	18
Commercial Banking	3	14
Used Merchandise Stores	5	12
Pet Care (except Veterinary) Services	3	11
General Automotive Repair	2	8
Retail Bakeries	1	7
Book Stores	1	6
Religious Organizations	1	5
Beer, Wine, and Liquor Stores	1	5
Gasoline Stations with Convenience Stores	1	5
Clothing Accessories Stores	2	5
Convenience Stores	1	3
Women's Clothing Stores	1	3
Dry cleaning and Laundry Services (except Coin-Operated)	1	3
Electronics Stores	1	2
Other Clothing Stores	2	2
Coin-Operated Laundries and Dry cleaners	1	2
Libraries and Archives	1	1
Hobby, Toy, and Game Stores	1	1
All Other General Merchandise Stores	1	1
Total	127	2,062

Source: California Employment Development Department

MAP 9

Neighborhood Serving Businesses in Showplace Square/Potrero Hill



- 311 - Food Manufacturing
- 443 - Electronics and Appliance
- 445 - Food and Beverage
- 446 - Health and Personal Care
- 447 - Gas Stations
- 448 - Clothing and Accessories
- 451 - Sporting goods, Hobby, Musical Instrument and Books
- 452 - General Merchandise
- 453 - Miscellaneous
- 519 - Other Information
- 522 - Credit Intermediation
- 532 - Rental and Leasing Services
- 611 - Educational Services
- 624 - Social Assistance
- 713 - Amusement, Gambling and F
- 722 - Food Services and Drinking F
- 811 - Repair and Maintenance
- 812 - Personal and Laundry Service
- 813 - Religious and Civic Organizat



frequently host other activities, among many other uses, can be considered “neighborhood serving.” By this definition, Showplace Square/Potrero Hill is home to about 127 neighborhood serving businesses and establishments employing a little over 2,000 people.

As shown in [Table 5.5.1](#), the top 10 neighborhood serving establishments in Showplace Square/Potrero Hill include grocery store, eating places (full- and limited-service restaurants), schools, gyms, community organizations and various retail stores. These businesses are typically along 16th, 17th and generally in the northern half of the Plan area, as shown on [Map 9](#).

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 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 includes three tiers of fees that are based on the amount of additional development enabled by the 2009 Eastern Neighborhoods rezoning, later including the Western SoMa 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.

Below is a chart of the original fees (2009) and the fees as they exist today.

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 feasibility 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 Area Plans. 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 a little over \$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

As shown in Table 6.2.4, approximately \$11.4 million were collected from 26 projects in Showplace Square/Potrero Hill between 2011 and 2015. Overall, roughly \$48.4 million has been collected in all of the Eastern Neighborhoods.

TABLE 6.2.4
Eastern Neighborhoods Infrastructure Impact Fees
Collected, 2011–2015

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 IPIC Process

The purpose of the Infrastructure Plan Implementation Committee (IPIC) is to bring together City agencies to collectively implement the community improvement plans for specific areas of the City including the Eastern Neighborhood Area Plans. Defined in Article 36 of the San Francisco Administrative Code, 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 SF 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 Program

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 the 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;
- » 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 Area Plans (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 Efforts

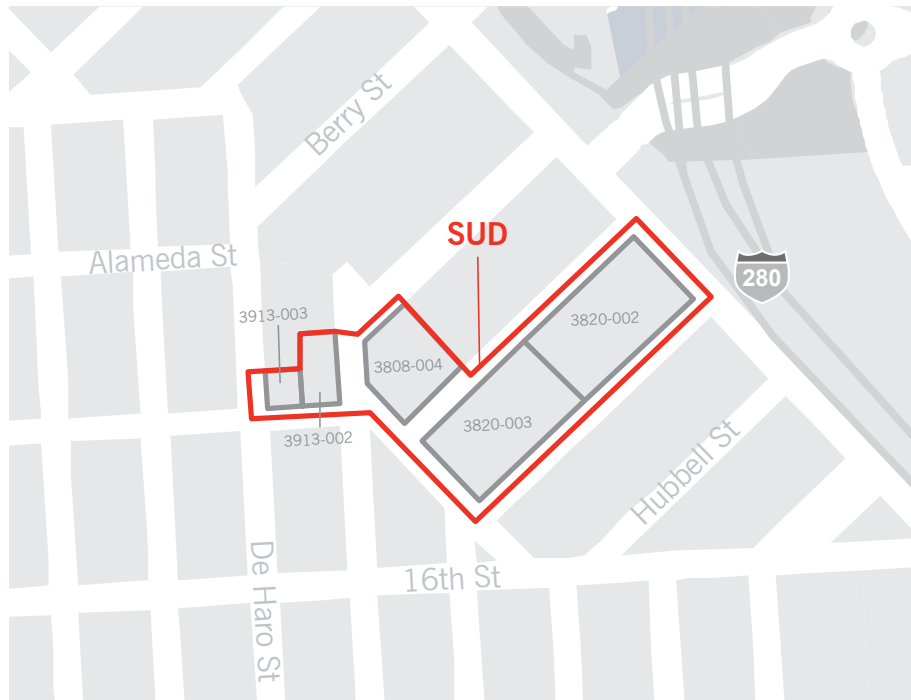
Showplace Square Open Space Plan. The *Showplace Square/Potrero Hill Area Plan* noted that a total of four acres of new space should be provided to accommodate expected growth. The 2010 Showplace Square Open Space Plan provided conceptual designs for eight possible open space projects including Daggett Park and the expansion and improvement of Jackson Square Playground. The purpose of the Open Space Plan was to identify potential open space opportunities and to identify and prioritize the most viable ones. Of the eight projects, Daggett is under construction, and a more specific scope for Jackson Playground is being developed.

Arts and Design Educational Special Use District. On November 22, 2011, Supervisor Malia Cohen introduced a proposed ordinance which would amend the San Francisco Planning Code to create the Art & Design Educational Special Use District (SUD). The SUD permits postsecondary educational institutions without use size limitations, to allow student housing and to allow the Zoning Administrator to authorize temporary structures without public hearing provided the structure is occupied by a use allowed by the SUD at 1111 8th Street, The California College of the Arts. The SUD area is bounded by the east side of De Haro Street, the northside of 151st Street, the east side of 8th Street, the north side of Irwin Street, the west side of 7th Street, the south side of Hooper Street and the south side of Channel Street ([Map 10](#)). The purpose of creating the Art & Design

Educational Special Use District is to facilitate the continued operation of the California College of the Arts and to provide a regulatory scheme for potential future expansion of the California College of the Arts. Adopted April 25, 2013, this SUD provides a regulatory scheme for potential and future phased expansion of the campus.

MAP 10

Arts and Design Educational Special Use District





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Audrey Harris, *Planner*

Adrienne Hyder, *Graphic Design/Cartography*

Paolo Ikezoe, *Planner*

Mathew Snyder, *Planner*

Michael Webster, *Cartography*

Citizens Advisory Committee of the Eastern Neighborhoods Plan

Current Members:

Chris Block, Walker Bass, Chirag Bhakta, Joe Boss,

Don Bragg, Marcia Contreras, John Elberling,

Keith Goldstein, Oscar Grande, Bruce Kin Huie,

Henry Karnilowitz, Toby Levy, Robert Lopez,

Fernando Martí, Dan Murphy, Kristian Ongoco,

Abbie Wertheim

Previous Members:

Alisa Shen, Arthur Reis, Maureen Sedonaen, Kate Sofis,

Cyndy Comerford, Julie Leadbetter

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>